

**NOTICE**  
**APOLLO TYRES LTD**

Regd.Office: 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi-682 031 (Kerala), India

NOTICE is hereby given that the 40th Annual General Meeting of the members of APOLLO TYRES LTD will be held as under: -

DAY	:	Wednesday
DATE	:	August 7, 2013
TIME	:	10.00 a.m.
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 accounts of the Company for the year ended March 31, 2013 and the report of the Directors and of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr Nimesh N Kampani, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr S Narayan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr A K Purwar, who retires by rotation, and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration by passing the following resolution as an Ordinary Resolution with or without modification(s):-

"RESOLVED THAT 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 until the conclusion of the next annual general meeting of the Company for auditing the accounts of the Company for the financial year 2013-2014 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 other than those referred to herein above."

**SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -  
"RESOLVED THAT Mr Vikram S Mehta, who was appointed by the Board of Directors of the Company as an additional director with effect from February 6, 2013 and who holds office as such upto the date of the ensuing annual general meeting and in respect of whom the Company has, as required by section 257 of the Companies Act, 1956, received a notice in writing from a member signifying his intention to propose his candidature for the Office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. 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 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act' including any modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval(s), as may be required, of the financial institutions and other lenders who have granted term loans to the Company, Mr Neeraj Kanwar, Managing Director be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from May 28, 2014, with such designation as the Chairman & Managing Director may decide from time to time and for payment of remuneration, perquisites and terms and conditions as set out in the explanatory statement attached to this notice.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to vary and/or modify the terms and conditions of re-appointment including remuneration and perquisites payable to Mr Neeraj Kanwar, Managing Director in such manner as may be agreed to between the Board and Mr Neeraj Kanwar, Managing Director within and in accordance with the limits prescribed in Schedule XIII of the Act or in accordance with the changes that may be effected in Schedule XIII of the Act and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Act.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr Neeraj Kanwar, Managing Director be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under sub paragraph (A) of paragraph 1 of section II of part II of Schedule XIII of the Act by making such compliances as provided in the said Schedule.

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

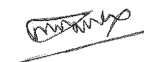
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution: -  
"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act' including any modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval(s), as may be required, of the financial institutions and other lenders who have granted term loans to the Company, Mr Sunam Sarkar, CFO & Whole time director be and is hereby re-appointed as a Whole time director of the Company for a period of five years with effect from January 28, 2014, with such designation as the Chairman & Managing Director may decide from time to time and for payment of remuneration, perquisites and terms and conditions as set out in the explanatory statement attached to this notice.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorised to vary and/or modify the terms and conditions of appointment including remuneration and perquisites payable to Mr Sunam Sarkar, CFO & Whole time director in such manner as may be agreed to between the Board and Mr Sunam Sarkar, CFO & Whole time director within and in accordance with the limits prescribed in Schedule XIII of the Act or in accordance with the changes that may be effected in Schedule XIII of the Act and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Act.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr Sunam Sarkar, CFO & Whole time director be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under sub paragraph (A) of paragraph 1 of section II of part II of Schedule XIII of the Act by making such compliances as provided in the said Schedule.

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

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



(P N Wahal)  
Company Secretary

Place: Gurgaon

Dated: May 10, 2013

#### NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The enclosed proxy form, if intended to be used, should reach the registered office of the Company duly completed not less than forty eight hours before the scheduled time of the meeting.**
- The Register of Members and Share Transfer Books shall remain closed from July 22, 2013 to August 7, 2013 (both days inclusive) for payment of dividend on equity shares. 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.
- Please bring your copy of the annual report to the meeting.
- The relevant explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the special businesses set out above is annexed hereto.
- 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 Shareholding maintained under section 307 of the Companies Act, 1956 will be available for inspection at the meeting.
- Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the annual general meeting.
- Information under clause 49 of the listing agreement with the stock exchanges in respect of Directors seeking appointment/re-appointment at the annual general meeting (Item Nos. 3 to 5 & 7 to 9 of the notice) is given hereinafter.
- 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.
- 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.
- Members holding shares in physical form 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. immediately to the Company.
- 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.

Financial Year Ended	Due date of Transfer	Financial Year Ended	Due date of Transfer
31.03.2006	30.08.2013	31.03.2010	29.08.2017
31.03.2007	30.03.2014	31.03.2011	11.09.2018
31.03.2008	19.08.2015	31.03.2012	13.10.2019
31.03.2009	23.08.2016		

- The Company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the e-mail addresses indicated in your respective depository participant accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered e-mail address for serving notices/documents including those covered under section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website ([www.apollotyres.com](http://www.apollotyres.com)) of the Company and the other requirements of

the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their e-mail addresses updated with the depository participants. Members holding shares in physical mode are also requested to update their e-mail addresses by writing to the Company quoting their folio number(s).

13. 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 an "Unclaimed Suspense Account" held by the Company. In compliance with the said amendment, the Company sent three reminders to the registered members of the Company in respect of such shares and has thereafter initiated the process of dematerialisation and transfer of said unclaimed/undelivered shares 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 dispatch the said share certificate(s) to the rightful owner or where such shares have already been dematerialised, credit the shares to the demat account held by them in their name.
14. 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.
15. 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.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

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

Mr Vikram S Mehta, was appointed by the Board as an additional Director on the Board of your Company w.e.f. February 6, 2013. Pursuant to section 260 of the Companies Act, 1956, Mr Mehta, holds office upto the date of the ensuing annual general meeting. A notice under section 257 of the Companies Act, 1956 has been received from a member along with a deposit of Rs 500/- proposing the candidature of Mr Mehta as a Director of the Company.

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

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

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

At the annual general meeting held on July 18, 2008, Mr Neeraj Kanwar was re-appointed as Joint Managing Director of the Company for a period of 5 years effective from May 28, 2009. The Remuneration Committee at its meeting held on April 29, 2009 had re-designated him as Managing Director. The present tenure of Mr Neeraj Kanwar as Managing Director will expire on May 27, 2014. The Board of Directors of your Company at the board meeting held on May 10, 2013 have approved the re-appointment of Mr Neeraj Kanwar as Managing Director for a further period of 5 years w.e.f. May 28, 2014 on the following terms and conditions :-

1. Salary: Rs 24 lac per month with suitable increases as may be determined by the Board of Directors of the Company from time to time, not exceeding 50% increase in salary by way of annual increment each year.
2. Commission: As may be decided from time to time by the Board/Committee of the Directors, subject to an overall ceiling of 2% of the net profits of the Company, computed in the manner laid down in Section 309 (5) of the Companies Act, 1956 (Act).
3. Perquisites, Allowances & other Benefits: Mr Neeraj Kanwar shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, reimbursement of expenses or allowances for gas, electricity, water, furnishings, repairs, servant salary, medical reimbursement, leave travel concession, club fee, medical/accident insurance and such other perquisites and allowances as may be allowed under the Company's rules/schemes and available to other employees of his category, restricted to an amount not exceeding 300% of annual salary.

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

4. Other benefits:
  - a) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these, whether singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall be in accordance with the rules of the Company.
  - b) Earned Leave: On full pay and allowances as per the rules of the Company.
  - c) Encashment of leave at the end of the tenure, in accordance with the rules of the Company, if any, will not be included in the computation of the ceiling on perquisites.
  - d) Provision of car(s) for use on Company's business and telephones at residence.
5. The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
6. The above remuneration payable to Mr Neeraj Kanwar, Managing Director is subject to the condition that the total remuneration including commission and all the perquisites as mentioned above shall not exceed 5% of the net profits for one such director, and if there is more than one such director, 10% for all of them together in accordance with section 198 and 309 of the Act, or any amendment thereto or any other provisions as may be applicable.
7. Notwithstanding any thing to the contrary contained herein, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites and allowances as specified in Schedule XIII to Mr Neeraj Kanwar as minimum remuneration, subject to other compliances of Schedule XIII of the Act.
8. The appointee shall, subject to the applicable provisions of the Act (including any statutory modification or re-enactment thereof, for the

time being in force), also be eligible for housing, education and medical loan and other loans or facilities as applicable in accordance with the rules of the Company.

The resolution for re-appointment of Mr Neeraj Kanwar as Managing Director requires approval of the Company in general meeting in pursuance of sections 198, 269, 309 and 311 read with Schedule XIII of the Act.

Your Directors recommend the resolution set out at item no. 8 of the notice for your approval by way of an Ordinary Resolution.

A copy of the resolution passed by the shareholders at the annual general meeting held on July 18, 2008, the resolution passed by the Remuneration committee of the Board of Directors and the resolution passed by the Board of Directors in their meeting held on May 10, 2013 are open for inspection of the members, during business hours between 11.00 am to 5.00 pm on all working days of the Company upto the date of the meeting at the registered office of the Company.

Mr Neeraj Kanwar is son of Mr Onkar S Kanwar, Chairman & Managing Director of the Company.

No other Director except Mr Neeraj Kanwar, Managing Director himself and Mr Onkar S Kanwar, Chairman & Managing Director being his relative is interested in the resolution.

The explanatory statement read with the proposed resolution may be treated as an abstract of the terms of re-appointment and memorandum of interest under section 302 of the Act.

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

At the annual general meeting held on July 18, 2008, Mr Sunam Sarkar, CFO of the Company was re-appointed as a Whole time director for a period of 5 years effective from January 28, 2009. The present tenure of Mr Sunam Sarkar as a Whole time director will expire on January 27, 2014. The Board of Directors of your Company at the board meeting held on May 10, 2013 have approved the re-appointment of Mr Sunam Sarkar as a whole time director for a further period of 5 years w.e.f. January 28, 2014 on the following terms and conditions :-

1. Salary: Rs 5.62 lac per month with suitable increases as may be determined by the Chairman & Managing Director of the Company from time to time, not exceeding 50% increase in salary by way of annual increment each year.
2. Performance bonus/commission: Performance bonus of Rs 8.25 lac per month or such higher amount as may be decided by Chairman & Managing Director of the Company, from time to time, based on certain performance criteria.

or

Commission as may be decided from time to time, by Chairman & Managing Director of the Company, subject to an overall ceiling of 1% of the net profits of the Company, computed in the manner laid down in section 309 (5) of the Act.

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

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

4. Other benefits :
  - a) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these, whether singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall be in accordance with the rules of the Company.
  - b) Earned Leave: On full pay and allowances as per the rules of the Company.
  - c) Encashment of leave at the end of the tenure, in accordance with the rules of the Company, if any, will not be included in the computation of the ceiling on perquisites.
  - d) Provision of car(s) for use on Company's business and telephones at residence.
5. The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
6. The above remuneration payable to Mr Sunam Sarkar, CFO and Whole time director is subject to the condition that the total remuneration including performance bonus/commission and all the perquisites as mentioned above shall not exceed 5% of the net profits for one such director and if there is more than one such director, 10% for all of them together in accordance with section 198 and 309 of the Act, or any amendment thereto or any other provisions as may be applicable.
7. Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites and allowances as specified in Schedule XIII to Mr Sunam Sarkar as minimum remuneration, subject to other compliances of Schedule XIII of the Act.
8. The appointee shall, subject to the applicable provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), also be eligible for housing, education and medical loan and other loans or facilities as applicable in accordance with the rules of the Company.
9. Mr Sunam Sarkar, CFO is appointed as Whole time Director by virtue of his employment in the Company.

The resolution for re-appointment of Mr Sunam Sarkar as Whole time director requires approval of the Company in general meeting in pursuance of sections 198, 269, 309 and 311 read with Schedule XIII of the Act.

Your Directors recommend the resolution set out at item no. 9 of the notice for your approval by way of an Ordinary Resolution.

A copy of the resolution passed by the shareholders at the annual general meeting held on July 18, 2008, the resolution passed by the Remuneration committee of the Board of Directors and the resolution passed by the Board of Directors in their meeting held on May 10, 2013

are open for inspection of the members, during business hours between 11.00 am to 5.00 pm on all working days of the Company upto the date of the meeting at the registered office of the Company.

No other director except Mr Sunam Sarkar is concerned or interested in the resolution.

The explanatory statement read with the proposed resolution may be treated as an abstract of the terms of re-appointment and memorandum of interest under section 302 of the Act.

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

### **Item No.3**

Mr Nimesh N Kampani, aged 67 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	-	JM Financial Ltd.
Chairman	-	JM Financial & Investment Consultancy Services Pvt. Ltd., JM Financial Trustee Company Pvt. Ltd., JM Financial Institutional Securities Pvt. Ltd., JM Financial Services Ltd., Capital Market Publishers India Pvt., Ltd. and Kampani Consultants 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	:	KSB Pumps Ltd. and JM Financial Services Ltd.
- Member	:	Britannia Industries Ltd., JM Financial Trustee Co. Pvt. Ltd. and JM Financial Institutional Securities Pvt. Ltd.

Share Transfer & Shareholders/Investor's Grievance and Ethics/Compliance Committee:-

Member	:	Britannia Industries Ltd.
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He is not holding any shares in the Company.

### **Item No. 4**

Dr S Narayan, aged 70 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., Artemis Medicare Services Ltd., Seshasayee Paper and Board Ltd., Aviva Life Insurance Co. Ltd., India Infoline Ltd., Castlewood Trading Pvt. Ltd. and Yogya Systems Pvt. Ltd.

Dr S Narayan also holds membership of Audit Committee of Godrej Properties Ltd., Dabur India Ltd., Artemis Medicare Services Ltd. and Seshasayee Paper & Board Ltd.

He is not holding any shares in the Company.

### **Item No. 5**

Mr A K Purwar, aged 67 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 member of the advisory board for the Institute of Indian Economic 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 43 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., PHL Finance Pvt. Ltd., India Venture Advisors Pvt.Ltd.
Director	-	Vardhman Textiles Ltd., Reliance Communications Ltd., Jindal Steel & Power Ltd., India Infoline Ltd., Jindal Power Ltd., C & C Constructions Ltd., Sri Kavery Medical Care (Trichy) Ltd., PHL Capital Pvt Ltd., Vardhman Chemtech Ltd., Energy Infratech Pvt. Ltd., ONGC-Tripura Power Co. Pvt. Ltd. and Mizuho Securities Pvt. Ltd.

He also holds Membership of Committees in the following companies :-

Audit Committee - Chairman	-	Reliance Communications Ltd. and ONGC-Tripura Power Co. Pvt. Ltd.
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Member - Jindal Power Ltd., Sri Kavary Medical Care (Trichy) Ltd., PHL Finance Pvt. Ltd. and PHL Capital Pvt. Ltd.

Shareholder Grievance Committee

Chairman - Reliance Communications Ltd.

He is not holding any shares in the Company.

#### Item No. 7

Mr Vikram S Mehta, aged about 61 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 was co-opted as an additional Director of the Company w.e.f. February 6, 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.

He holds Directorship in Mahindra & Mahindra Ltd., Colgate Palmolive Ltd., Larsen & Toubro Ltd. and NV Advisory Services Pvt. Ltd.

He is holding 6,000 shares in the Company.

#### Item No. 8

As the 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 2.5 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 as Joint Managing Director in 2006 and elevated to the position of 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 has served as 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 combining work with liberal doses of fun.

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

Mr Neeraj Kanwar is on the board of PTL Enterprises Ltd., Sunlife Trade Links Pvt. Ltd., Artemis Medicare Services Ltd., Apollo Tyres AG, Apollo Tyres Cooperatief U.A., Apollo Vredestein B.V. (Supervisory Board), Apollo (South Africa) Holdings (Pty) Ltd., Apollo Tyres Holdings (Singapore) Pte. Ltd, Apollo Tyres (Middle East) FZE, PAN Aridus LLC, Apollo Tyres BV, Apollo Tyres (UK) Pvt. Ltd., Apollo Tyres Global (R&D) B.V. and Scalini Limited.

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

Audit Committee - PTL Enterprises Ltd. and Artemis Medicare Services Ltd.

Shareholder Grievance Committee - PTL Enterprises Ltd.

He is holding 2,12,380 shares in the Company.

#### Item No. 9

Mr Sunam Sarkar, aged about 47 years, is a commerce graduate from St. Xavier's College, Calcutta University, a Diploma in International Management from INSEAD, France and a Masters in Management from Lancaster University, UK and has over 25 years of experience in the field of sales, marketing, business operations and corporate strategy. He is associated with the Company since 1999.

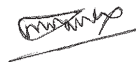
His acumen in the area of alliances, business development and corporate communications and corporate social responsibilities has enabled the organisation to evolve into a market leader in tyre industry and a significant player in global market.

He is on the board of Apollo (South Africa) Holdings (Pty) Ltd. and Apollo Vredestein B.V. (Management Board) .

He is not holding any shares in the Company.

By Order of the Board

For Apollo Tyres Ltd



(P N Wahal)

Company Secretary

Place: Gurgaon

Dated: May 10, 2013

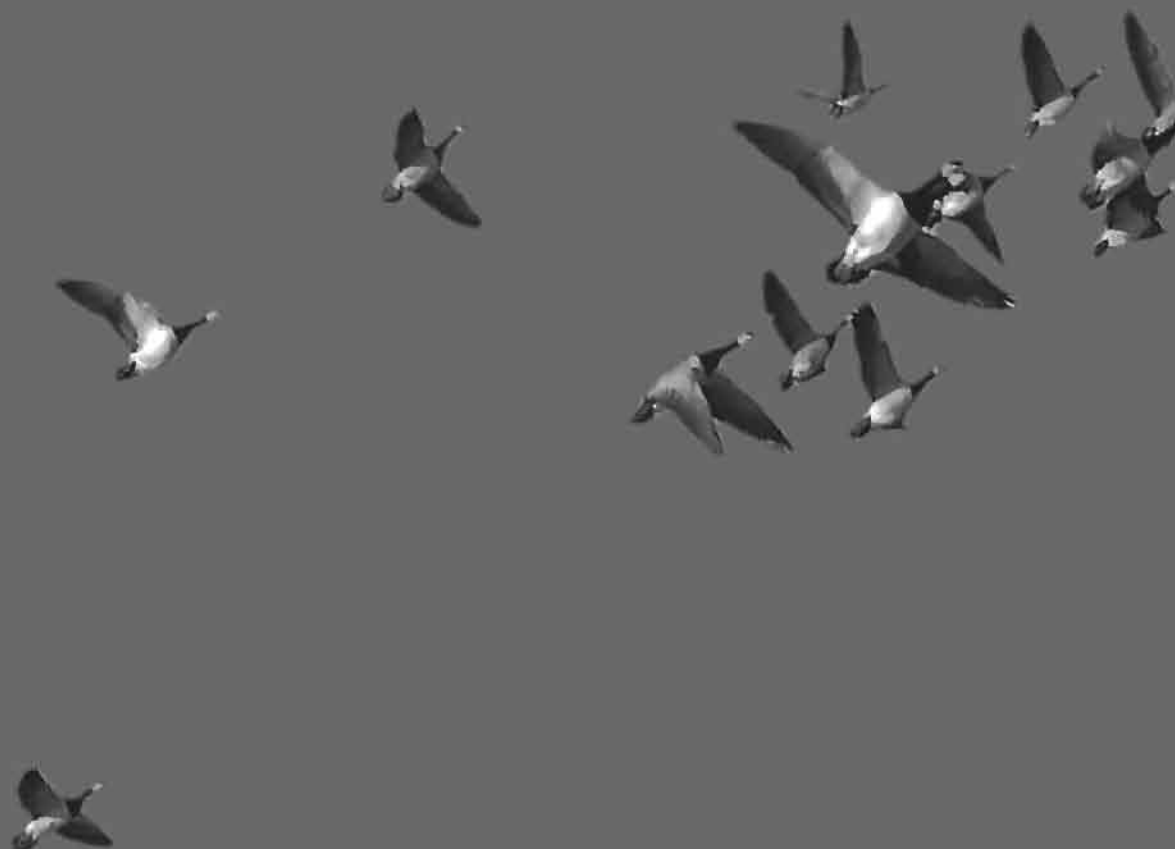


Those who changed history, changed it by going the distance.

The world would be a lesser place if 'one small step for man' had not taken place or if we did not endeavour 'to be the change' we want to see. At Apollo Tyres we believe we have found the change we want to be. By being sustainable – embracing business practices that ensure longevity of business with minimum stress on resources, responsible value creation for all stakeholders and regard for the environment – we have made a move in the appropriate direction.

These are exciting times for all of us, abounding with opportunities and challenges. But to make the most of these we need to constantly *go the distance...* live a dream, take giant steps for mankind and create history.

This Annual Report is not just a summary of our financial processes but also an insight into how we are trying to make a difference in the lives we are connected with.







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Where others see challenges, we at Apollo have carved opportunities. Today Apollo's tyres are sold across 100 countries, including some of the most evolved markets in Europe and America. We have the capacity to address consumer demand across our operations and continue to invest in upgradation of equipment and R&D facilities. Our success mantra is simple – always put the Customer First ... and then take care of the minutest detail to ensure that they get an unparalleled product and service.





Imagination  
is more  
important  
than  
knowledge

- Albert Einstein



# CHAIRMAN'S MESSAGE

Dear Shareholder,

There is no greater motivation for us than your faith and trust in the company. At Apollo Tyres, we have always believed in You-First. Behind each of our milestones and achievements, lies a story where Apolloites won the day through sheer perseverance, grit and doing things differently – all this with an aim to deliver quality products and higher services levels to our customers.

You would recently have read about our indirect acquisition of 100% of the shareholding of Cooper Tire & Rubber Company through a wholly owned subsidiary in an all-cash transaction valued at approximately USD 2.5 billion. This deal is expected to close sometime in the second half of 2013 making your company the 7<sup>th</sup> largest tyre company globally with strong presence in high-growth end- markets across four continents. The acquisition of Cooper will provide access to the strong US and China markets and de-risk the dependence on the Indian market which is going through a corrective phase. I will, of course, come back to you with more details once the transaction closes, and until then let us take a look at some of the key achievements of your company during the course of last year.

A most heartening development is that your company's efforts are now gaining global recognition. To begin with, Apollo was conferred with the **Tire Manufacturer of the Year 2012** award by Tire Technology International. Enterprise Asia honoured Apollo Tyres at the **Asia Responsible Entrepreneurship Awards (AREA) 2012 South Asia**, with an award in the health

promotion category, for the HIV-AIDS initiative and Giugiaro Design won the Good Design Award 2012 from the Museum of Architecture & Design and the European Centre for Architecture Art Design & Urban Studies for the company's Ultrac Vorti project.

On the financial front, Apollo Tyres has once again gained further strength at a time when the global automotive industry is plagued with a slump. I am happy to report that the company's net profit for FY13 stood at Rs. 6.1 billion, a growth of almost 50% over the previous year. While net sales saw a modest growth of 5%, climbing to Rs. 127.9 billion in FY13 from Rs. 121.5 billion in FY12, a tight rein on cost and creating operational excellence helped your company to post an operating profit growth of 29% to reach Rs. 15.5 billion. Further, the Board of Directors at Apollo has recommended a dividend of 50%.

In pursuit of sustainable growth, Apollo is actively seeking newer avenues for value creation. The company has already established its marketing hub in Bangkok, Thailand – much like its Middle East Operations in Dubai, UAE – to take care of the interests of its consumers in the region. At the same time, it is exploring new export markets in Africa, Europe, Australia and South America.

We have also initiated the process of reorganising our African business, which is expected to contribute towards improving operating margins at the consolidated level. To this effect, Apollo Tyres has entered into an agreement with Sumitomo Rubber Industries (SRI), by which Sumitomo will take over the operations of Apollo Tyres South Africa including the Ladysmith

plant, Dunlop brand rights in 32 countries in Africa, employees of the head office and sales & distribution team. We have retained the Durban plant and will manufacture and distribute Apollo Tyres' brands – Apollo and Vredestein.

Continuing its product and technology leadership in the commercial vehicle segment, Apollo Tyres once again pushed the industry benchmarks a notch higher by launching new cross ply Steer Axle tyres, XMR, for extra mileage and durability. Additionally, staying true to its collaborative approach, Apollo specially developed tyres, with low rolling resistance, for Mahindra & Mahindra's electric car E20. At the 11<sup>th</sup> International Mining & Machinery Exhibition 2012, in Kolkata, your company introduced Apollo XTRAX 40.00-57, the largest tyre produced in India. On the raw material sustainability front, the company manufactured the first tyre made of alternate forms of natural rubber – extracted from Russian Dandelion and Guayule.

Looking ahead, I am certain that team Apollo will do justice to its legacy by creating new benchmarks with its dedicated projects on operational efficiencies, expansion opportunities and a range of new products. I look forward to updating you during the course of the year of the status of our transformational acquisition and making your company into a truly global entity.

Wishing you all the very best.



Onkar S Kanwar  
Chairman & Managing Director





# VICE CHAIRMAN'S MESSAGE

Dear Shareholder,

It has been a year of firsts and new beginnings at Apollo. In the pages that follow, you will get a glimpse of the events and activities of the agile company you have invested in. It has been our philosophy to focus on delivering top financial performance and investing to ensure that we can sustain growth levels in the long term.

With a focus to build Apollo global brands, we reorganised our African Operations to focus on our two core brands – Apollo and Vredestein. Recently we have announced an indirect acquisition of 100% of the shareholding of the US-based Cooper Tires & Rubber Company through a wholly owned subsidiary in an all-cash transaction valued at approximately USD 2.5 billion. This will make Apollo the 7<sup>th</sup> largest tyre company globally and helps your company in accessing new markets and de-risking the dependence on the Indian market.

While we continued to work on the 4 distinct goals for Apollo – *Quality, Innovation, Sustainability and Common Culture*, the year saw a laser sharp focus on two areas – R&D and Brand. We opened up our global R&D centre in Enschede, the Netherlands. The state-of-the-art facility now serves as a hub for the development and testing of car and van tyres for all product brands. The commercial vehicle R&D centre in Chennai has also been expanded and strengthened. The new R&D centres in Asia and Europe are actively exploring mobility solutions which leave

minimal footprint on the environment. The idea here is to stay ahead of the curve when it comes to being an eco-friendly manufacturer and be prepared to adopt all new legislations pertaining to noise, speed and breaking. Thanks to the various R&D initiatives, Apollo Tyres is the OEM supplier to the many global car manufacturers.

To ensure that Apollo can achieve consistent performance over a long period of time, the year saw a heavy investment in building the 'apollo' brand in India and beyond. The 'You-First' based theme of our campaign saw an enthusiastic response from customers, dealers as we garnered a high share of voice in the category.

We have also made tremendous progress on our core goals. I am delighted to mention that we have been able to put in place a systematised, established process for *innovation*. And we are already seeing the benefits trickling in – be it at the shop-floor or at the product channel level. This approach has empowered not just our employees, but our business associates as well, who now feel more engaged and confident when collaborating with Team Apollo. *Quality* has become a hallmark at Apollo. Adhering to the rigorous quality standards of global car manufacturers would not have been possible if quality was not a cornerstone for success at the company.

On a softer note, the company is also striving to establish a *Common Culture* across its operations. This will equip each

employee to offer the same Apollo experience to a customer, irrespective of location, work environment or market dynamics. This was matched with an increased emphasis on our people – from leadership development to rotational assignments to experiential learning programmes.

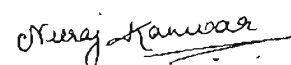
In our *Sustainability* journey, we have arrived at a crucial milestone. Going forward, starting FY13, Apollo Tyres will bring out a combined report – a financial statement and a commentary on its sustainability efforts across the business. At Apollo Tyres, we believe that the only way to do business is responsibly and with transparency.

In 2011, we had set an audacious goal of breaking into the top 10 tyre companies club with revenues of USD 6 billion by 2016. However, given the dramatic and exciting pace set in the last year, I am confident that we will go beyond this in the current year.

I am confident that the young and dynamic team at Apollo Tyres will deliver on its promise and continue to exceed customer expectations. Going the distance at every turn!

I look forward to be in touch with you.

With best regards,



Neeraj Kanwar  
Vice Chairman and  
Managing Director



At Apollo, we go the distance so that our customers not only benefit from a superior product performance, but also enjoy a safe driving experience. So when our customers in Scandinavia, the Baltic States and Russia needed the ultimate winter tyre, we unveiled the Nord-Trac 2. This revolutionary tyre not only provides excellent performance on different types of snow and ice but also ensures optimal handling on both wet and dry surfaces.



One  
small step  
for man,  
one  
giant leap  
for mankind

- Neil Armstrong

# SUPERVISORY BOARD



**Onkar S Kanwar**  
Chairman & Managing Director



**M R B Punja**  
Former Chairman, Industrial Development Bank Of India



**Dr. V P Joy**  
Secretary (Finance), Government of Kerala



**Arun Kumar Purwar**  
Former Chairman, State Bank of India



**Shardul S Shroff**  
Managing Partner, Amarchand &  
Mangaldas & Suresh A Shroff & Co



**Nilesh N Kampani**  
Chairman, JM Financial Group



**Vikram S Mehta**  
Former Chairman,  
Shell Group of Companies



**Robert Stalnmetz**  
Former Chief of International,  
Business Continental AG



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



**Neeraj Kanwar**  
Vice Chairman & Managing Director



**K S Srinivas**  
Special Secretary, Industries (IP)  
Department, Government of Kerala



**K Jacob Thomas**  
Managing Director,  
Vaniyapara Rubber Co. Ltd



**U S Oberoi**  
Chief, Corporate Affairs  
& Wholetime Director



**Sunam Sarkar**  
Chief Financial Officer  
& Wholetime Director



**P N Wahal**  
Company Secretary

# MANAGEMENT BOARD



**Onkar S Kanwar**  
Chairman & Managing Director



**Satish Sharma**  
Chief, India Operations



**Dr. Luis C Ceneviz**  
Chief Executive Officer,  
Apollo Vredestein B V



**Riaz Haffjee**  
Chief Executive Officer,  
Apollo Tyres South Africa (Pty) Ltd



**Sunam Sarkar**  
Chief Financial Officer  
& Wholetime Director



**Marco Paracciani**  
Chief Marketing Officer



**Robert Steinhilber**  
Non Executive Director





**Neeraj Kanwar**  
Vice Chairman & Managing Director



**P K Mohamed**  
Chief Advisor, R&D



**Tapan Mitra**  
Chief, Human Resources



**Geurav Kumar**  
Group Head, Corporate Strategy & Finance



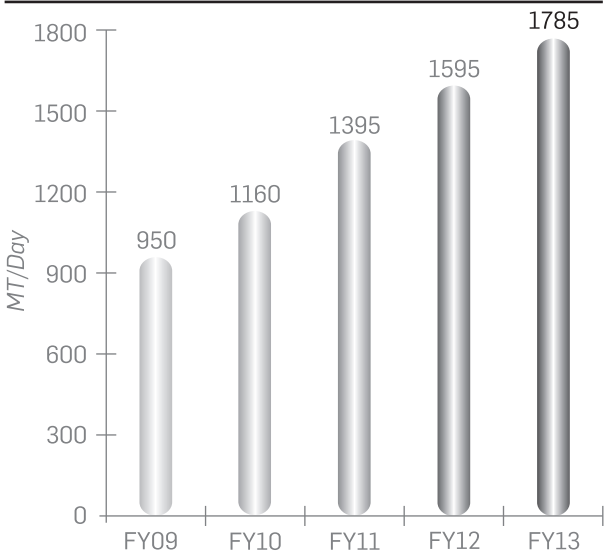
**Peter Snel**  
Group Head, R&D Passenger Vehicles



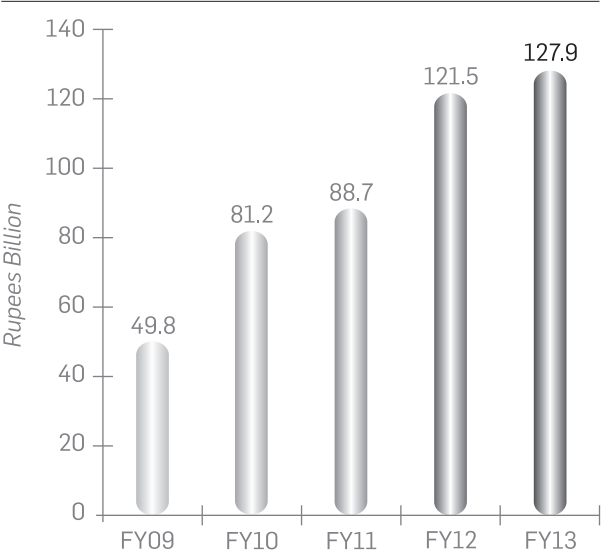
**P N Wahal**  
Company Secretary

# PERFORMANCE HIGHLIGHTS

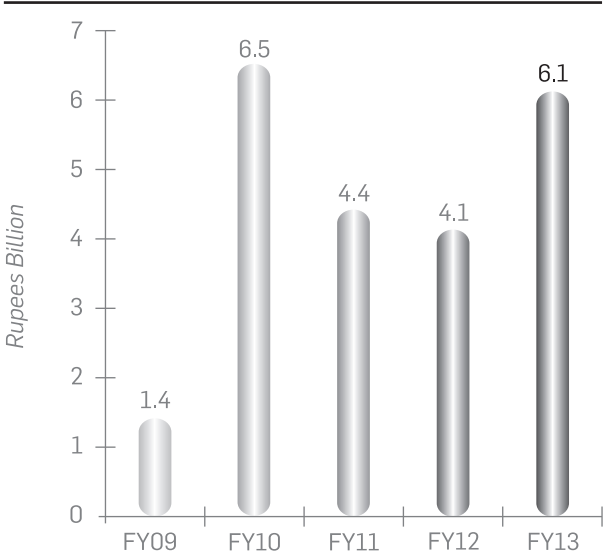
## CAPACITY



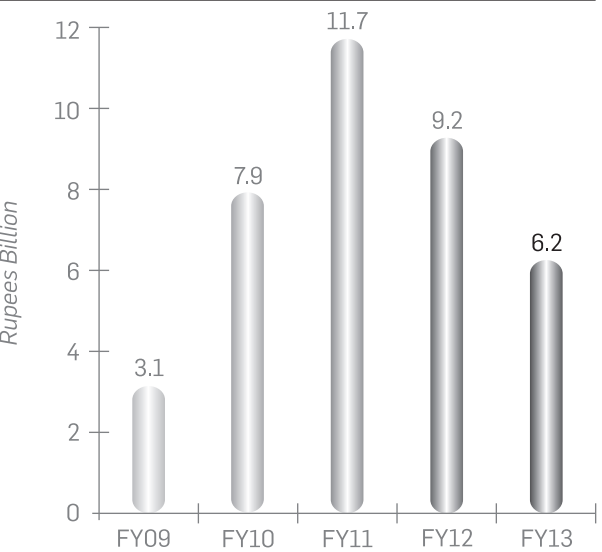
## NET SALES



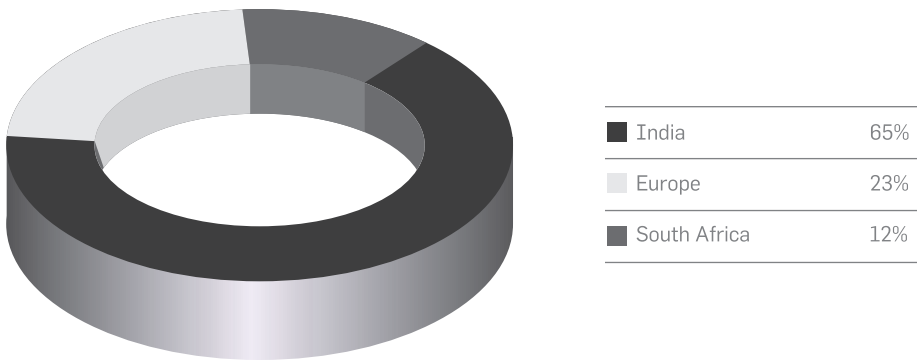
## NET PROFIT



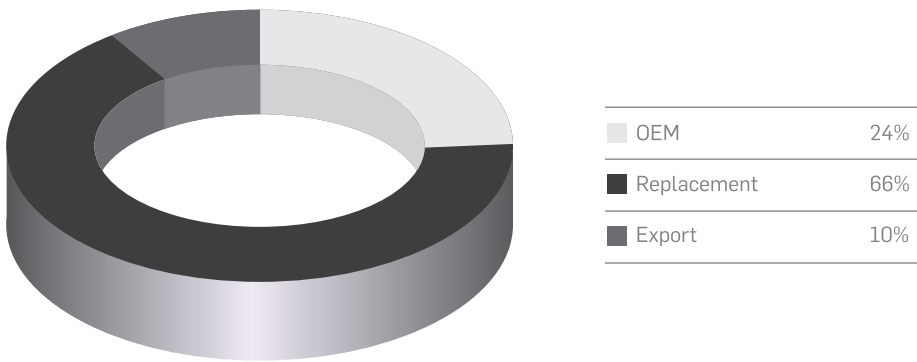
## CAPITAL EXPENDITURE (Capex)



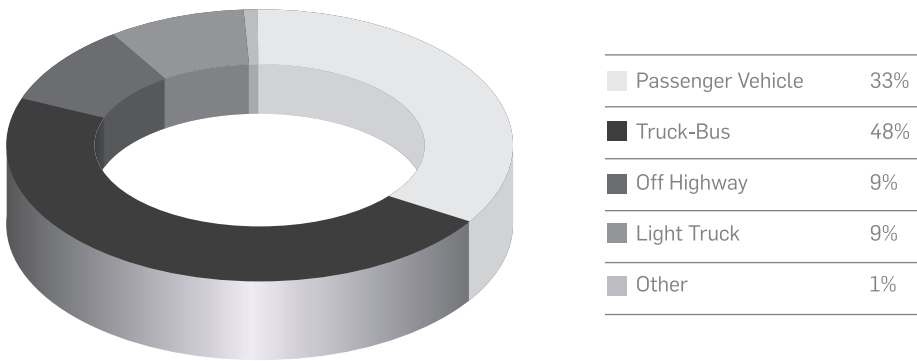
## REVENUE SEGMENTATION BY GEOGRAPHY



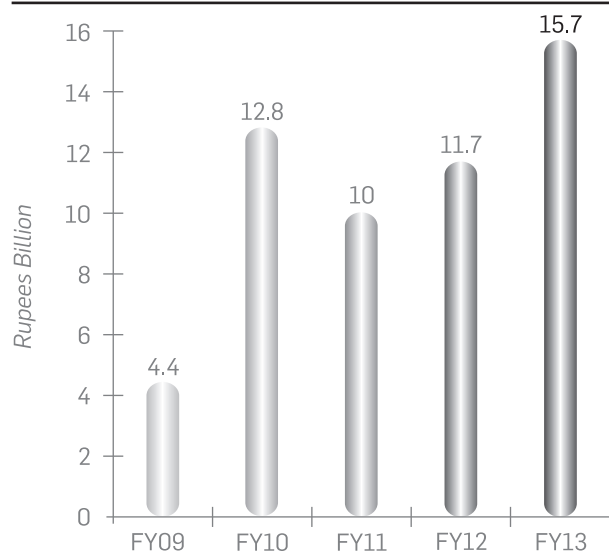
## REVENUE SEGMENTATION BY CUSTOMER



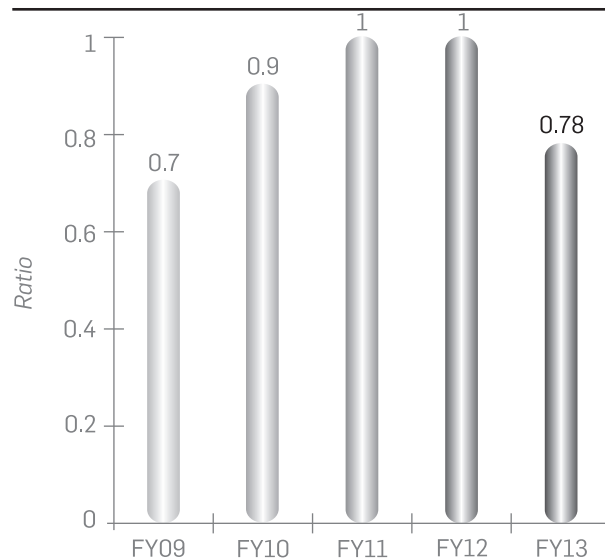
## REVENUE SEGMENTATION BY PRODUCT



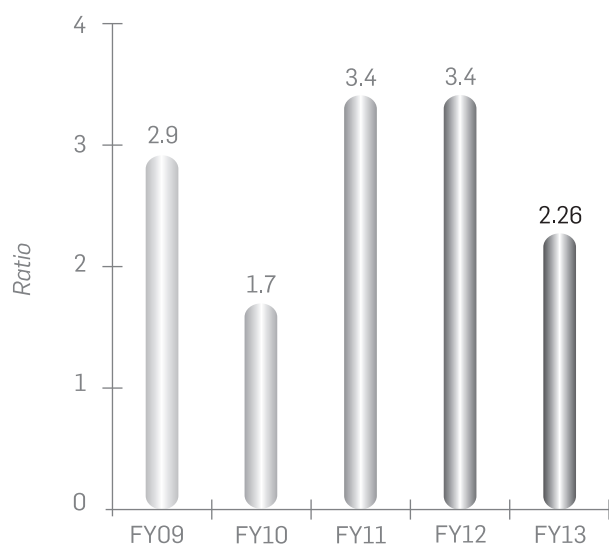
## EBIDTA\*



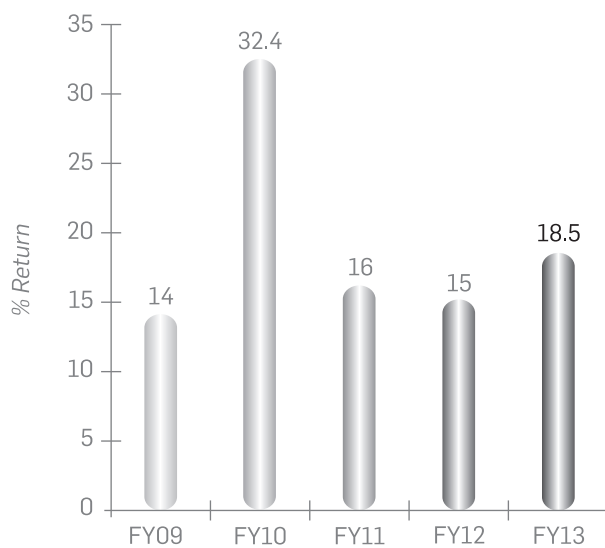
## DEBT: EQUITY



## DEBT: EBITA\*

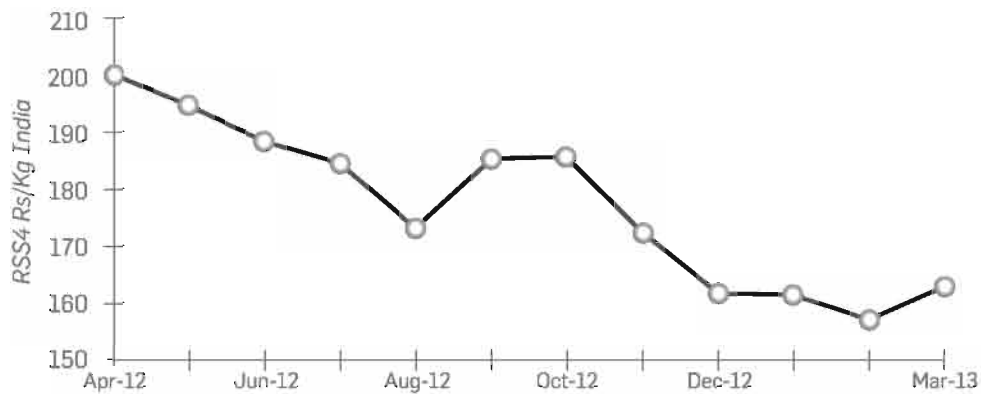


## RETURN ON CAPITAL EMPLOYED

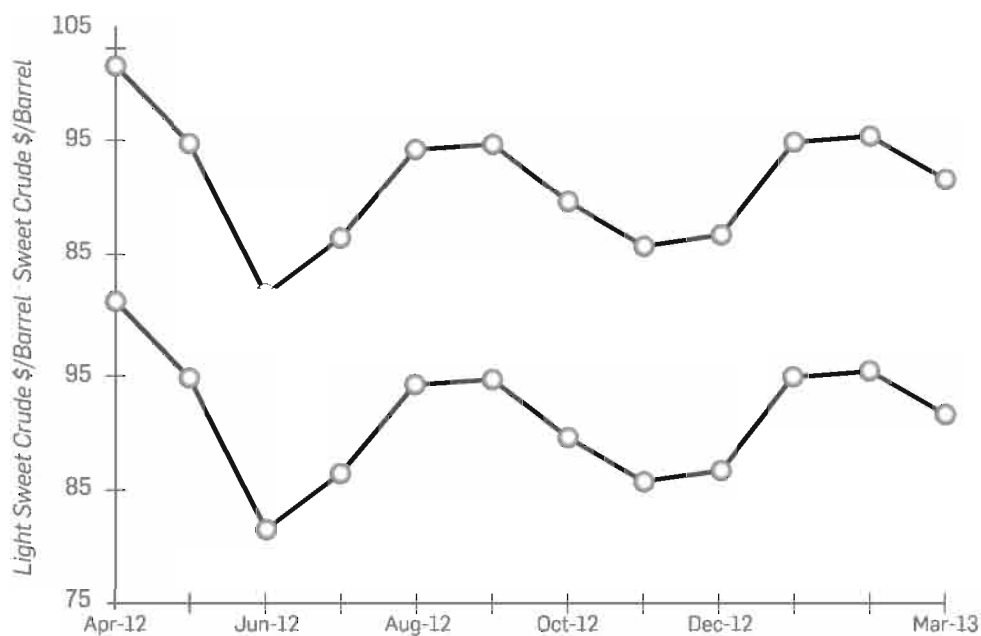


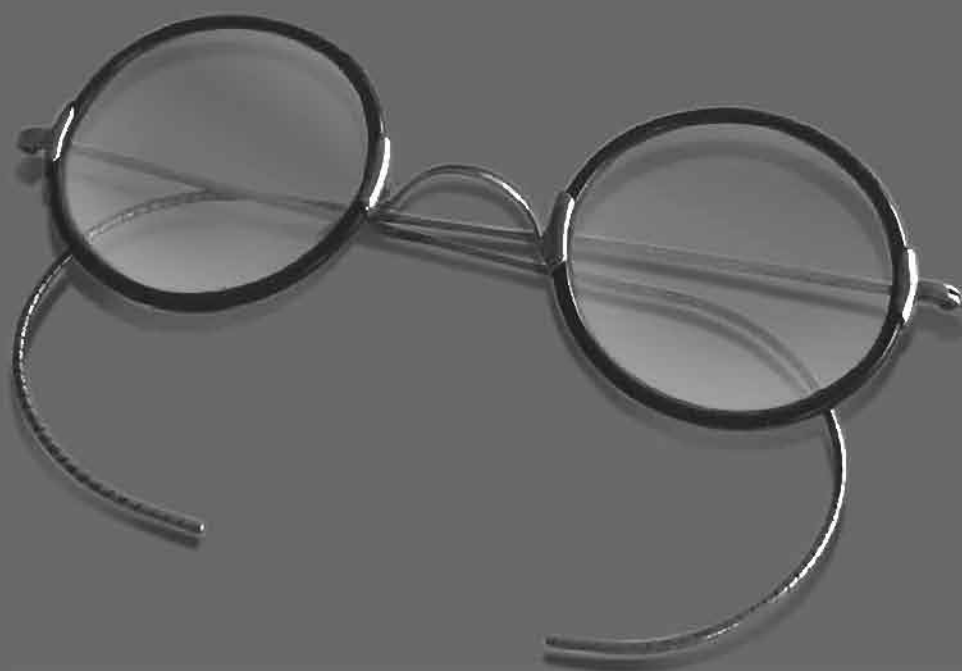
\* Including Exceptional Items

# NATURAL RUBBER PRICE MOVEMENT



# CRUDE OIL PRICE MOVEMENT





To be in sync with the demands of an ever-changing world and its shortages, Apollo is actively seeking newer ways to conserve natural resources and move towards the usage of eco-friendly raw materials. While a number of projects have been undertaken to realise our efforts – from upgrading machinery to sensitising employees on environment related issues – Russian Dandelion and Guayule are being extensively researched as possible solutions to natural rubber shortage.





Be the  
change  
you want  
to see

- Mahatma Gandhi



# MANAGEMENT DISCUSSION & ANALYSIS

Apollo Tyres, as an organisation, has always believed in going the distance to ensure that its customers derive maximum benefits from its products and services, and have a comfortable and a safe driving experience. To this end, the organisation intensified its focus on quality, technology, new markets, widened its reach in the domestic markets and developed a holistic product portfolio in FY13.

However, against the backdrop of a global auto slowdown and a deluge of imports from China and South Korea, the growth in sales, across geographies, was conservative, even as the company upped its efficiencies across operations – India, Europe and Africa – to create greater value for its stakeholders. A moderate drop in raw material prices was the only relief factor.

The company closed FY13 with a 5.28% addition to its revenues, with a 29.39% growth in operating profit. From a revenue segmentation position, Indian Operations accounted for 65% of net sales, with Europe and Africa contributing 23% and 12% respectively. The replacement segment, including exports from respective manufacturing locations, brought in the bulk of revenues. In terms of products, truck-bus and passenger vehicle tyres account for the largest share.

In February 2013, Apollo Tyres was honoured with the Tire Manufacturer of the Year Award, at the Tire Technology International Awards for Innovation and Excellence 2013. The ceremony took place in Cologne, Germany, at the Tire Technology Expo and the jury comprised an expert panel of tyre industry professionals and thought leaders. Apollo Tyres also won the AIMA R K Swamy High Performance Brand Award 2012. This Award was in appreciation of brand Apollo's performance on the ground, in addition to its recognition, publicity, loyalty and brand equity.

## MARKET OVERVIEW

The past fiscal saw the Indian economy growing a shade over 5%, the lowest in a decade. At the same time, the industrial output (IIP) was at about 1% as compared to 3.4% the previous year. Mining and agriculture were the two sectors that were under the weather in FY13.

The automotive industry, often considered to be a barometer of the usually buoyant Indian economy, was not immune to the

global slowdown. In FY13, the Indian automotive industry was beset with weak customer sentiment and high interest rates. Passenger car sales crashed for the first time in 10 years, with the market shrinking by 1%. The sharpest drop was seen in sales of commercial vehicles – multi and heavy – by almost 26%. Off road vehicle market too remained lackadaisical with tractor sales declining by around 4%. The light commercial vehicle market managed a weak growth of 1%.

The Indian tyre industry, in particular, was affected by decreased demand from the OEMs, moderate consumption in the replacement market and muted exports. Price corrections to the tune of about 2% were rolled out, while profitability got a boost with depreciating raw material cost.

In FY13, the European economy continued to be plagued with a difficult domestic situation. The limited success of the austerity programmes translated to higher

levels of sovereign debt. Moreover, rising unemployment and lower disposable income added up to poor consumer sentiments, finally resulting in a decline in demand – posing an even greater challenge to an economic recovery. The governments of two of the biggest economies in Europe, France and Italy, were unable to survive the mandate of the people and lost on populist promises. More recently, the Cyprus situation has again fuelled the fear of a debt crisis.

The overall GDP growth in Euro zone countries in CY12 was less than 1%. Germany continued to provide economic leadership in the region. Euro was volatile against all major currencies with the exchange rate versus USD averaging to 1.29 with a low of 1.21 and a high of 1.36 in FY13. New car registrations in Europe dropped by 8% in CY12, compared to the previous year.

The financial year began with a low demand for summer tyres. With winter tyre inventories piling up, customers were not willing to order big numbers. Sales slowed down even further in the second half of CY12, due to the European economic situation. A late winter added to the woes, hugely impacting the sale of winter tyres. The replacement market was about 13% of the consumer tyre market in FY13, with conservative sales in almost all categories. The demand contracted even more sharply in southern countries as compared to the western and eastern European countries.

Raw material prices remained at a high in the first half of the fiscal, declining in the latter part of



*Apollo launched its high decibel advertising campaign with the 'You-First' theme*

the year. However, gains on natural rubber prices were moderated by oil based raw material.

At the South African Operations, the low growth in the economy, in FY13, could be attributed to the crisis that hit Europe, pressures on the mining industry and the country's relatively high unemployment rate. The country's GDP is expected to be at 2.8% in FY13. The Consumer Price Index was at 5.9%, driven by food prices amongst others.

In August 2012, the South African government launched the National Development Plan 2030 with a view to eliminate poverty and reduce inequality by expanding economic opportunity for all. According to the World Economic Forum's Global Competitiveness Survey published in September 2012, South Africa was rated first for regulation of securities

exchanges, second for soundness of banks, second for availability of financial services and third for financing through the local equity market.

The local car market grew a bit more than the anticipated 9%. This is likely to bode well for the replacement market in the years to come. The light commercial vehicle category showed a growth of 6.7% in the past fiscal, while the heavy commercial vehicle market grew by 3.1%. Although the vehicle market registered growth, it was not enough to have a significant impact on the replacement market.

The excessive imports have woken up the South African tyre industry to the need of being competitive and maintaining an edge. The South African Operations too bore the brunt of the imports as it lost some market

share in the commercial vehicle category. To address the situation, the local tyre manufacturing industry implemented a system of assisting the South African Revenue Services (SARS) in highlighting potential cases of under invoicing of imported tyres, leading to a reduction in the number of cheaper tyres being dumped into the market. The weakening of the Rand against the US dollar during the last quarter of the financial year also hindered the extent of cheap imports flooding the market.



The Integrated Waste Tyre Management Plan by the Recycling and Development Initiative of South Africa (REDISA) obligates local tyre manufacturers and importers of tyres to subscribe to the plan and pay a levy of R2.30 + VAT on every kilogram of new rubber tyre. The introduction of this plan has led to majority of the tyre manufacturers and importers increasing their prices in order to fund the fee.

On the raw material front, in FY13, crude stabilised and the demand for inputs declined during the latter part of the year. Natural rubber, the largest contributor to tyre costs, declined over this period against market forecasts of a spike, as tyre producers were forecast to increase demand.

## INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian tyre industry grew by around 8% in FY13. The pressure on the margins continued mostly because of a shrinking market. Indian tyre makers manufactured about 125.4 million tyres, with the 7 leading players accounting for 80% of all the production.

While the replacement market continued to remain crucial for the truck-bus category, the OEM sales played a key role in the passenger vehicle segment. Overall, the Indian replacement market is estimated to have grown by about 4% in the year under consideration. The ban on mining in certain states impaired replacement demand for commercial vehicle tyres. Growth in truck-bus radials category

continues, leading to longer replacement cycles. Radials now have an almost 60% share in the OEM basket and 22% in replacement.

Export-import traffic, construction activities, lower interest rates, proliferation of hub and spoke model, growth of organised retailing, improved road infrastructure, enhanced agriculture income, timely monsoon and reasonable customer sentiments emerged as the key influencers for the industry. In the future, an increase in outlay for buses under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) scheme, by the government, is expected to aid the automotive and auto ancillary industry.

Entry of new players like Sumitomo and Continental intensified the competition in an industry that continues to attract global majors. Large manufacturers, including Apollo, Bridgestone, MRF and JK Tyres ramped up radial capacities for the passenger and commercial vehicle tyre categories. Michelin's mega project in Chennai, Tamil Nadu, India will also commence production later in the current financial year.

A cautious economic revival, better demand in the OEMs and replacement categories and a favourable play of the influencers is likely to result in moderate growth in the coming fiscal.

In Europe, passenger vehicle tyre sales in the replacement market contracted as per data from the industry association. Winter tyre sales declined further due to a late winter season and excess

opening inventory with dealers. The agriculture tyre sales also showed lower sales numbers as compared to the previous year.

In FY13, the legislation on labelling on tyres was also implemented in Europe. This is seen to be gradually impacting the market dynamics as consumers can now make a direct choice based upon label values. The company's European Operations, Apollo Vredestein BV, are in compliance with this regulation.

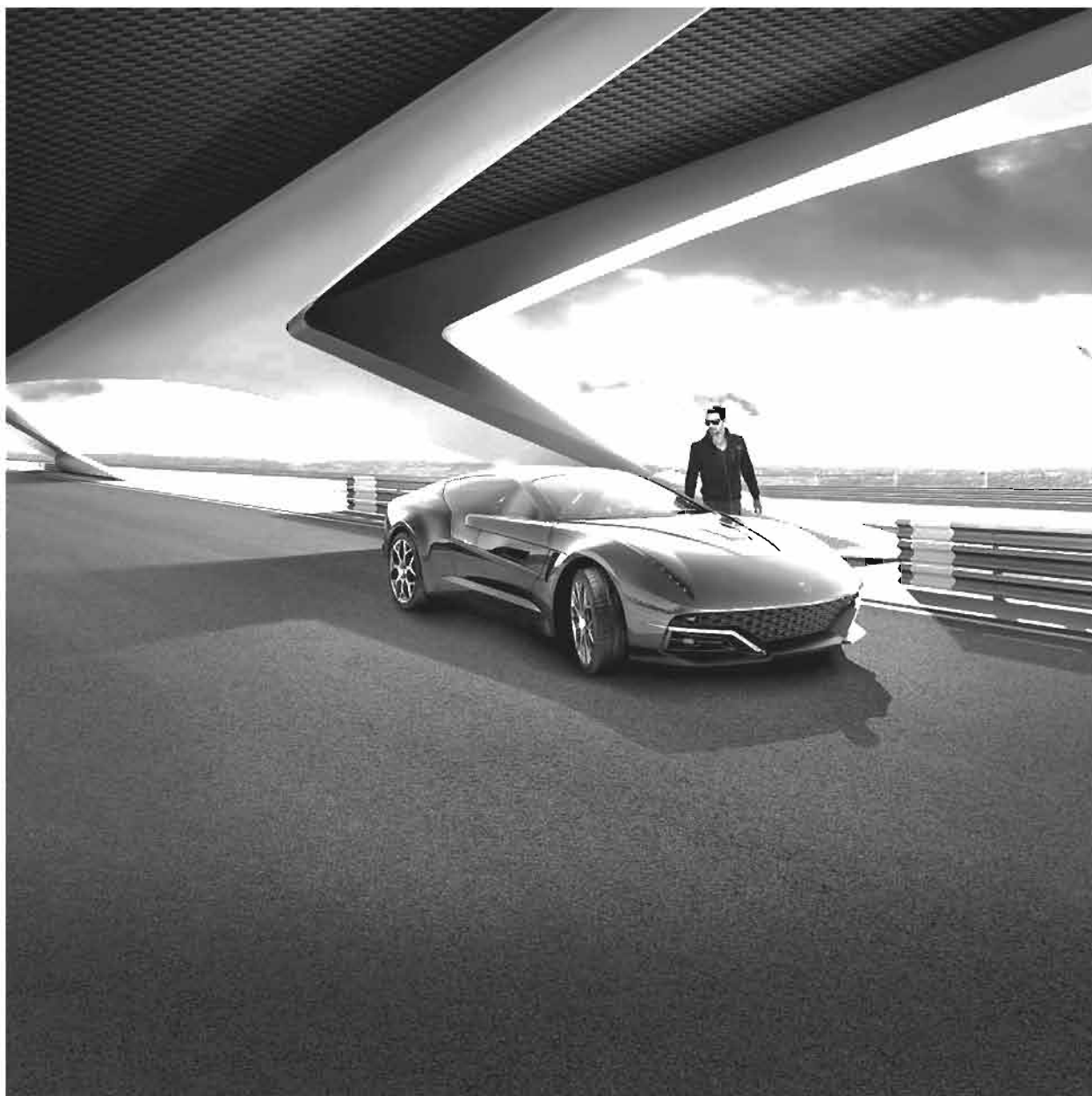
However, the tyre labelling system informs customers of about only 3 important characteristics out of over 15 parameters which are normally tested by different European tyre test magazines. Additionally, proper safeguards need to be put in place by regulators to screen fake label values on cheap imports with lower technological content.

In South Africa, the 4 local manufacturers compete for market share, with Bridgestone,

Continental and Goodyear being able to rely on the pull effect created by the OEMs.

However, the market share of the major players by volume and net sales, including imports, is not possible to ascertain due to the Competition Act No.89 of 1998 that is in effect.

For FY13, passenger car tyre sales have remained quite flat with minimal growth. Market statistics indicate that SUV and







*Apollo's first concept retail outlet in Dubai*

van tyre segments have again shown stable growth of around 3.8%. Truck-bus tyres have shown growth of around 11%, though a decline in demand for cross ply tyres, particularly in the truck-bus and light truck categories, have been noted. Apollo Tyres South Africa grew in line with the market growth at 3%.

Most tyre makers seem keen to undertake sales and production related improvements. Continental has announced a few major investments in their plant, especially in the mixing capabilities. This is in addition to two new retail chains – Fit N Go which is targeted at the budget end of the market and Best Drive, which will involve some company owned stores. Bridgestone, which has traditionally sold its products through the Supa Quick franchise and Max T, is looking to sell through other channels as well.

In South Africa, key influencers included currency volatility towards the later part of the year impacting imports, government clamping down on Asian tyre exporters, understating product value to evade customs

duty and the weak global economy that also impacted markets like Brazil and Egypt.

The road ahead, for South Africa depends on various opportunities. For instance, the weak Rand may push customers to purchase locally made tyres as opposed to imported ones. New product launches may help to address varying driving needs. The Government's efforts to check cheap and low quality imports may be realised in the coming fiscal.

## SWOT ANALYSIS

### Strengths

1. Apollo Tyres has the advantage of a diversified market base across multiple geographies and is therefore, not dependent on a single domestic market. Furthermore, the company is working to establish operations in large international markets as well.
2. The company is powered by strong product brands in its markets – Apollo in India and Vredestein in Europe.

3. Apollo Tyres enjoys an extensive distribution network for its key brands across its domestic markets.
4. In Europe, the company has an 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 commercial vehicle segment – which accounts for the bulk of the industry's revenue – in India. Simultaneously, since the company assumed lead early on, Apollo is best positioned to capture significant market share and maintain its pole position in the truck-bus radial segment.
6. The company's leadership is recognised for its dynamism and progressive outlook.

### 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. On some occasions, the company is unable to pass on cost escalations to consumers in a timely fashion, due to intense competition and various market dynamics resulting in pressure on margins.

#### **Opportunities**

1. In India, Apollo Tyres enjoys first mover advantage in the truck-bus radial segment and has a healthy lead over its competition 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 Americas, Australia and South East Asia. These could be growth avenues for the future.
4. The company is setting up capacity for industrial tyres that could open a new product segment.

#### **Threats**

1. Economic downturn or slowdown in the key markets – Europe and India – leading to decreased volumes and capacity utilisation.
2. Increased competition from global players like 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 needing 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**

For the company's Indian Operations, FY13 was a year of change. The commercial vehicle segment – which traditionally has contributed to the bulk of the revenue – saw a shift. The average sales volumes for the truck-bus cross ply category shrank by about 4%. Similarly, the light truck-bus cross ply tyre category's average sales volume dipped by about 5% as compared to the previous fiscal.

The radial categories did well, with sales picking up marginally in the passenger vehicle category and by about 141% in light-truck (small commercial vehicle) radial tyre category. There is a clear indication of radialisation taking place quicker than expected, largely due to OEM acceptance and partially due to growing consumer awareness.

On the other hand, while off road tyre sales dipped, the industrial tyres category saw a massive sales volume growth of about 103% in FY13.

The company, as always, brought forth a slew of sales and marketing initiatives, in FY13, aimed at creating customer delight. To begin with, the company launched concept retail outlet in Dubai, UAE, the first ever Apollo Super Zone outside India, an important step in the regional growth strategy.

On the new product development front, the company introduced products across different categories. In December 2012, Apollo launched XTRAX 40.00-57,



*Onkar S Kanwar is honoured with the E&Y 'Entrepreneur of the Year-Manufacturing' award 2012*

the largest tyre produced in India, at the 11th International Mining and Machinery Exhibition (IMME) 2012 in Kolkata, India. Each of these tyres weigh 3500 kg and has a total height of 11.7 feet. To boost consumer sentiment in the truck-bus cross ply segment, the company introduced a new Steer Axle tyre 'XMR', in March 2013. The tyre is designed for superior mileage and structural durability to deliver best cost of ownership in terms of total mileage. In the same month, Mahindra & Mahindra launched its 1st electric car e2o, with Apollo Amazer 3G as the standard fitment tyre. This specially developed tyre resulted from in-depth research by the Apollo R&D team to meet the specifications of low rolling resistance, which translated into better mileage with lesser power being drawn from the battery.

In Europe, despite significant contraction in the market, Apollo Vredestein BV managed to achieve a stable top line. In terms of volume, passenger vehicle tyre sales declined by 5%. However, the company's market share went up amidst a shrinking market. Furthermore, a more customer-centric sales mix resulted in a higher average sales price. The company largely continued to be a replacement market player and in FY13, 79% of the revenue came from the said segment, while original equipment manufacturers accounted for the remaining 21%. Passenger vehicle segment constituted 82% of the total revenue and agriculture tyres contributed another 14%.

The past fiscal also saw a host of new product launches under both Apollo and Vredestein, as well as new marketing and research initiatives by the company.



In April 2012, the company presented its Ultimate High Performance tyre to visitors at Top Marques Monaco, fitted on the Concept One electric supercar developed by Rimac Automobili. In August 2012, the company introduced its best winter soft tyre—the Nord-Trac 2 specifically designed for extreme Nordic winter weather, being safe and reliable throughout the winter season – in Stockholm.

In March 2013, the company launched two new high performing passenger vehicle tyres at the Geneva Motor Show – the Apollo Alnac 4G and Vredestein Ultrac Vorti R. Apollo Alnac 4G is specially designed for compact and mid-size car segments, which will be available

in V and H speed ratings. Vredestein Ultrac Vorti R is an ultra high performance tyre from Apollo Vredestein with an increased focus on grip and sportiness, all within a distinctive size range, developed in close cooperation with the Italian design house, Giugiaro. Good test results for both Aspire 4G and Alnac 4G gave a boost to brand Apollo in the last quarter of FY13.

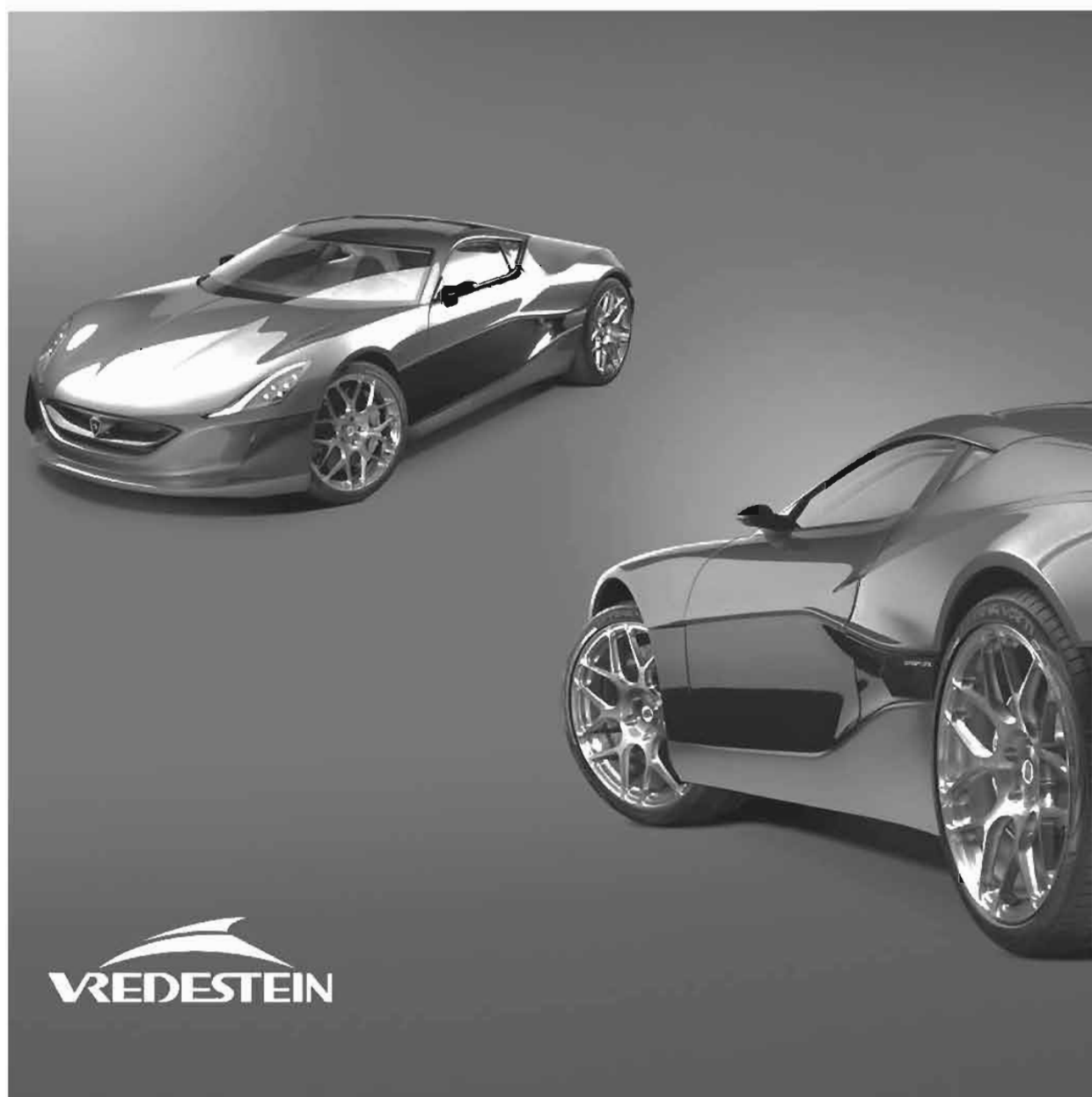
Moreover, the Vredestein summer

tyres also earned good results in the year under consideration. In the agricultural tyres category, a complete new range of grass and lawn tyres was introduced at the SIMA show in Paris. The Apollo industrial tyres were also successfully unveiled here.

In FY13, Apollo Tyres established a global Research & Development structure with a view to synergise resources across operations for critical product segments.

Following this, the company opened its global R&D Centre in the Netherlands for the development and testing of passenger vehicle tyres, since Europe is considered to be the toughest market with regards to regulations and customer expectations.

In May 2012, Apollo Vredestein also began researching alternatives to natural rubber. The continuous search for sustainable



materials resulted in the development of two prototype tyres made out of rubber of the Dandelion. This was the result of the EU Pearls project in which the company participated as the sole tyre manufacturer.

For South Africa, bulk of the revenues came in from the replacement market, while exports also contributed significantly.

With the introduction of brand Apollo products, the South African Operations were able to venture into segments where it had inadequate coverage previously and this has paid dividends. Similarly, introduction of brand Vredestein tyres has afforded Apollo Tyres South Africa an opportunity to bring a premium Ultra High Performance (UHP) tyre into the African market.

## OUTLOOK

With the Indian economy showing a moderate growth trend, slow or no growth is expected in the automotive industry. As per the Society of Indian Automobile Manufacturers, the Indian automotive industry is expected to grow about 8% in FY14. Similarly the Indian tyre industry is estimated to show moderate growth. Raw material prices are expected to be stable and could move up a little during the year.

As expected, the slowdown in the Indian economy has resulted in lower capacity utilisation for all the tyre players and some have even begun reconsidering their growth

projects. The situation is likely to continue with slower ramp up of capacities across the industry.

In terms of raw materials, the global tyre industry's focus is likely to be on efficient inventory management, vendor relationship management, procurement from low cost sources and raw material substitution. In FY14, raw material prices are expected to exhibit a slow upward trend.

In Europe, most economists are forecasting zero to low growth, within the European Union, in the near future. Individual governments are expected to strike a delicate balance between spending cuts to manage the deficit and economic growth initiatives leading to job creation. Austerity programmes together with continued liquidity injection by European Central Bank could help in regaining investor confidence and assist economic stability.

Outlook for Apollo Vredestein B V is largely positive, even though it is expected that market growth in Europe may not take place. For brand Vredestein, key to growth will be new product development and entry in new markets. Premium products under brand Vredestein are slated to be introduced in growth markets like India. Brand Apollo, which is now well positioned in Europe, will continue to work towards establishing a larger footprint.

In South Africa, domestic economic growth is constrained and local challenges remain. There was improvement in performance in FY13 and the



company will continue to make efforts to expand the Apollo and Vredestein brands in the region. New markets are being explored to increase capacity utilisation even as efforts to cut costs are being rolled out.

Apollo Tyres Ltd, during the course of its sustainability journey in the coming year, will also work towards improving not only its financial performance, but also its performance across various social and environment driven parameters. The global trend of disclosure, be it South Africa's





King 3 guidelines or Europe's social-environmental norms, is being driven by legislative compliance and investor interest.

The World Economic Forum's Global Risk Report 2012 has identified 5 major risk categories – economic, environment, social, geopolitical and technological. It goes on to further define these risks in terms of livelihood and impact. The company has taken cognizance of these risks and is working towards mitigation of the identified risks across all its operations.

Within the domain of sustainability, there are certain issues that are garnering the attention of corporates across the globe and are becoming business imperatives. These include, but are not limited to, corporate, social and environmental governance, climate change,

workplace diversity, emissions, sustainable supply chain, consumption style and human rights. Apollo Tyres has been studying these developments and has created a charter to manage these issues. The company has also undertaken several initiatives to address the said issues, discussed throughout this annual report.

## 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 Committee. 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 subject to price volatility and production concerns.
  - b. Most other raw material is crude linked and are affected by the movement in crude prices.
  - c. Both natural rubber and crude prices are controlled by external environment and little can be done to control the raw material price movement internally.
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 make 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 economic growth may impact 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 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.

### SOCIAL

#### 1. *Manpower retention*

a. Retaining skilled



*Team Netherland with the 'Tire Manufacturer of the Year' award*

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

#### 2. *A safe work environment*

a. Zero tolerance for unsafe behaviours and conditions.

b. Ensuring occupational health and safety, especially in India Operations.

#### 3. *Succession planning*

a. Nurturing talent and creating a global management cadre comprising individuals from different walks of life and diverse experiences, with the right skill sets and knowledge.

### ENVIRONMENT

#### 1. *Raw material availability*

a. Researching and developing alternatives for natural rubber.

#### 2. *Lowering energy consumption*

a. Implementing power, fuel and water conservation initiatives across operations.

## INTERNAL CONTROL AND SYSTEMS

Apollo Tyres has a robust Internal Control framework, which is instituted considering the nature and size of business. The framework comprises inter alia of a well-defined organisational 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

*The launch of 4G range of passenger car tyres for the Indian market*



suggesting improvements in systems and processes. The Internal Audit prepares a rolling annual 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 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:**

1. 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.

2. Deployment of SAP and Lotus Notes for the new R&D centre in Enschede, Netherlands.
3. Deployment of mobility solutions for the sales team in India. The entire SAP information is now available to the sales team while they are on the move and interacting with customers.
4. Sophisticated solutions have been deployed to enhance the security posture of the IT systems and prevent data leakage from within the organisation.

## 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 judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner and also reasonably present the company's state of affairs and profit for the year.

*Team Apollo Vredestein in Budapest*





Sl.	Particulars	Year Ended		Year Ended	
		31.03.2013	31.03.2012	31.03.2013	31.03.2012
		Standalone		Consolidated	
1.	Revenue from Operations:				
	Gross Sales	94,529	89,065	1,37,400	1,29,019
	Less: Excise Duty	9,454	7,486	9,454	7,486
	Net Sales	85,075	81,579	1,27,946	1,21,533
2.	Other Income	574	182	945	326
	Total	85,649	81,761	1,28,891	1,21,859
3.	Total Expenditure				
a)	Decrease/(Increase) in Finished Goods & Work in Process	(74)	234	(441)	(2,557)
b)	Consumption of Raw Materials/Purchase of Stock in Trade	61,213	62,118	80,410	82,927
c)	Employee Benefits Expense	4,269	3,687	14,714	13,350
d)	Other Expenses	10,686	8,877	18,697	16,152
	Total	76,094	74,916	1,13,380	1,09,872
4.	Operating Profit	9,555	6,845	15,511	11,987
5.	Finance Costs	2,610	2,413	3,128	2,873
6.	Depreciation & Amortisation Expenses	2,200	1,857	3,966	3,256
7.	Profit before Exceptional Items & Tax	4,745	2,575	8,417	5,858
8.	Exceptional Items	0.00	0.00	169	(294)
9.	Profit After Exceptional Items & Before Tax	4,745	2,575	8,586	5,564
10.	Provision for Tax				
	- Current	1,060	515	1,666	928
	- Deferred	560	548	782	816
	- MAT Credit	0.00	(301)	0.00	(301)
	Total	1,620	762	2,448	1,443
11.	Profit after Tax	3,125	1,813	6,138	4,121
12.	Share of Loss in Associates/Minority Interest	0.00	0.00	(12)	(22)
13.	Net Profit	3,125	1,813	6,126	4,099

## DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

People sustainability at Apollo Tyres is a key business pillar that drives the Human Resource function to act as an omnipresent strategic business partner. Like last year, in FY13 too, the focus was on strengthening functional training. Technology Leadership Development Programme, launched last year for R&D and Manufacturing, successfully completed two modules of Tyre Design and Engineering, a module each on Raw Material and Engineering, Process Design and Technology.

Apollo Tyres is a global, multicultural company and therefore, cultural and value integration becomes key, if customers – internal and external – are to perceive and experience the company in the same manner. Keeping this in mind, the company revisited its Values and came out with a common set of Values, relevant across all geographies.

Long Service awards were given to employees who completed more than 25 years of service with the company. Like every year, several rewards and recognitions were announced to boost employee morale and promote a proactive value and performance driven environment.

In the Indian Operations, a key milestone was the launch of the Step-Up programme on products and processes for front line

Sales Executives. In-house workshops on taxation and export-import policies were conducted to impart knowledge to employees in functions like accounts, finance, commercials, purchase, project commercials and supply chain. Similarly, the manufacturing units conducted functional training programmes as per their own needs.

The company also rolled out a Road Safety Policy for employees working in the field, while January 2013 was celebrated as the Safety Month to promote safe driving behaviour.

Apollo Vredestein BV established a Human Resources Roadmap in FY13. This Roadmap is expected to give direction to the personnel policy within Apollo Vredestein BV in the coming years. It was developed based on five main themes - employer branding,

talent management, vitality and employability, lifelong learning and responsible cost development. The company also actively promoted job rotation and horizontal movement for its workforce. In FY13, the company organised a wide variety of courses for employees pertaining to management, personal effectiveness, technology and tyre expertise. The operator training too, continued to be very successful in delivering qualified operators at a higher level.

For the European Operations, safety, health, welfare and environment were key issues in FY13. Successful pilots were held for Mixing & Components department aimed at improving the safety culture, combined with awareness and safe working practices. In the future, these pilots will be extended to other departments as well.





*XTRAX 57 inch off-highway tyre, the largest tyre produced in India*

Six Sigma, which is already well entrenched in the Indian Operations, was introduced at Apollo Tyres South Africa, with 18 Green Belts and 2 Black Belts working on different quality-centric projects.

With regards to its corporate social responsibility initiatives, Apollo Tyres continued its efforts in areas of HIV-AIDS awareness and prevention, community empowerment and development, and environment awareness and conservation.

The company has been working towards awareness and prevention of HIV-AIDS amongst employees, business partners and communities since 2001. Today, apart from having an HIV-AIDS Policy at the workplace, Apollo runs as many as 21 Health Care Centres across India in the major transport hubs for the

trucking community. In addition, the company also conducts sensitisation sessions for its Business Partners with the help of in-house Master Trainers. In recognition of these efforts, Apollo Tyres was conferred with Asia Responsible Entrepreneurship Awards (AREA) 2012 South Asia, in the Health Promotion category for its HIV-AIDS initiative.

In India, the company extended its youth empowerment and road safety programmes, and launched

the 1st holistic training centre for commercial vehicle drivers. In Europe, Apollo Vredestein BV supported jobs for people with limited experience to improve their employability and contributed towards a Social Fund that takes care of employees with high medical expenses and other emergencies. In South Africa, the company supported various causes – including rehabilitation, cancer and primary education for underprivileged children – through charitable donations.

#### **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.*



Don't judge each day  
by the harvest you  
reap but by the seeds  
that you plant

– Robert Louis Stevenson

## Management Approach for Sustainability

At Apollo, responsible governance powers our sustainability journey.

Corporate governance provides direction and control to the affairs of the company. It ensures optimal value creation for stakeholders by defining a broad framework for the company's operations and the manner in which it interacts with its environment, while ascertaining compliance to laws and regulations across geographies.

For Apollo, sustainable governance implies integrating sustainability with the various aspects and ambits of the company's management. In line with established best practices, we seek to strengthen our governance by maintaining strong business fundamentals and by delivering high performance through unwavering focus on key parameters of sustainability.

In the three years, since the commencement of our sustainability journey, we at Apollo have further enhanced our management systems and improved upon our environment and social performance. Furthermore, our organisation is working dedicatedly to integrate the impact aspect of our business across our operations in Africa, Asia and Europe.

A sustainability management framework has been introduced to aid planning and implementation of sustainability led initiatives across all our operations. For example, carbon footprint mapping has been completed across all manufacturing locations in India, with areas of improvement being identified to mitigate emission impact. In the Netherlands and South Africa, energy management has been marked as the area of work.

We, at Apollo, have also been disclosing our environment and social performance for the past two years as per Global Reporting Initiatives guidelines. The R&D function is proactively looking at greener products in terms of both design and development.

These responsibility driven approaches also encompass the company's supply chain. The Code of Conduct signed by our business partners ensure compliance on hygiene factors pertaining to environment, social and human rights issues. The company has also introduced an audit practice in the supply chain to facilitate the Code. The effort is towards greening the supply chain.

The company also introduced an internal drive to sensitise employees and improve behaviours at work with a view to encourage responsible consumption and boost conservation. In India, we have also rolled out a programme to address issues with regards to energy, water, waste and biodiversity.



# SUSTAINABILITY PERFORMANCE

Apollo Tyres Ltd (ATL) understands and respects its role and responsibility towards ensuring benefits to our stakeholders and society at large. This section outlines the key social and environmental performance of the manufacturing activities of the organisation.

## Boundary of Section on Sustainability Performance

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

- Indian Operations (Zone D): Chennai, Kalamassery, Limda and Perambra
- European Operations (Zone E): Enschede
- South Africa (Zone A): Durban and Ladysmith

## Material Sustainability Aspects

We define material topics as those that have a potential to influence the decision, action and performance of ATL or one or more of our key stakeholder groups. As part of the on-going sustainability journey, our effort is to continuously link the material issues with financial and non-financial performance.

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 by ATL's operations and activities
- Stakeholders towards whom

ATL has a legal, commercial, operational, societal or ethical responsibility

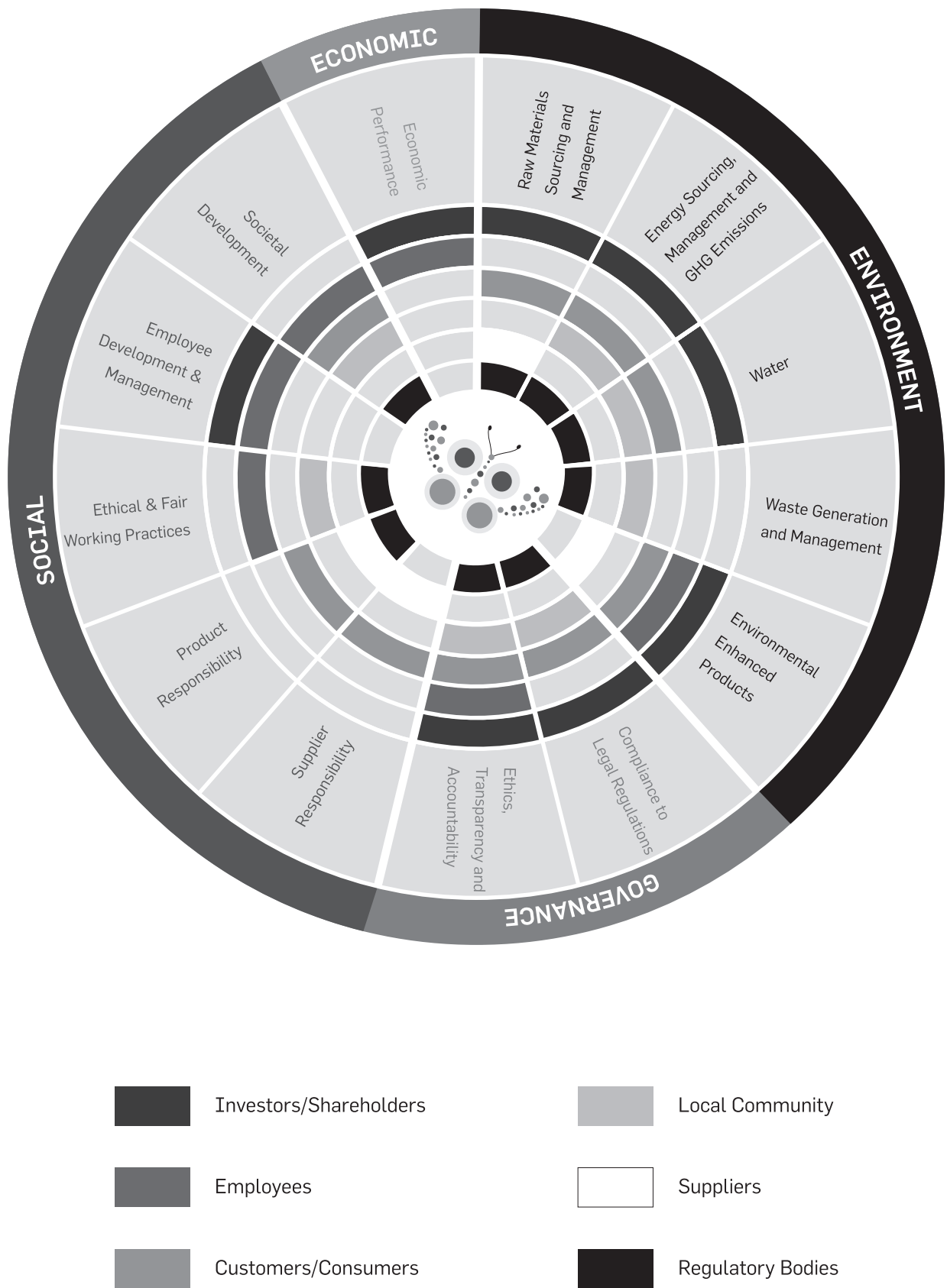
- Stakeholders who can have an impact on ATL's strategy and operational decision-making

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

Team India interacting with women and children in Limda village



The table below shows the identification and prioritisation of the material issues and co-relation with relevant stakeholders.





## SUSTAINABILITY MANAGEMENT APPROACH

In 2012, we institutionalised a formal top-driven Management Framework to take sustainability forward at ATL. Sustainability Management Approach provides us with a deployment model of the identified material issues within each region. The SMF is based on a P-D-C-A approach that directs our sustainability initiatives to the operational level where direct interventions are conducted to improve sustainability performance.

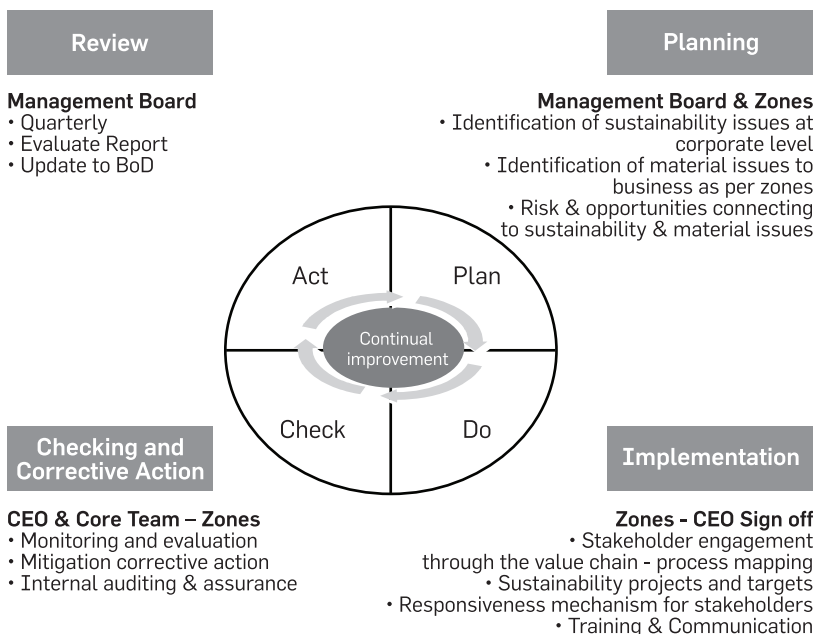
Each stage of the SMF has specified actions and a designated responsibility with respect to these actions:

- **Planning sustainability path and strategy**  
Responsibility: Management Board & Zones
- **Implementing sustainability activities**  
Responsibility: CEO of each Zone
- **Monitoring and corrective actions of sustainability activities**  
Responsibility: CEO and Core Team of each Zone
- **Review and evaluation of ATL's overall sustainability activities**  
Responsibility: Management Board

At our manufacturing locations, sustainability teams work with quality and management system

## SUSTAINABILITY MANAGEMENT FRAMEWORK (SMF)

### Corporate Governance Sustainability Policy



teams to monitor compliance levels and sustainability performance based on planned activities, objectives and targets. These teams report to the local coordinator who ultimately reports to the corporate representative for sustainability. This process is followed in all operations. The corporate sustainability team compliments the unit level sustainability teams to strengthen the performance locally and across the organisation collectively. Sustainability thus forms a part of the larger corporate strategy. Our endeavour is to institutionalise this structure even more as we go forward in this journey.

The Federation NRK, which represents the plastics and rubber industry in the Netherlands, has recognised our Zone E operations

– Apollo Vredestein – as a Golden PRIMA Award 2012-13 winner, highlighting and recognising the operation for its integrated approach to sustainable development. The jury selecting the award highlighted Apollo Vredestein's initiative to implement this from a clear market and CSR strategy, by using clearly defined Key Performance Indicators (KPIs) which highlighted the involvement of employees from the shop floor to the top management, in working on integrating sustainability as a day-to-day practice in the organisation.

Similarly Zone I – Chennai plant also got recognised for its Behaviour Based Safety practices as one of the best among the large-scale industries out of the 102

participating companies in the Environment Health and Safety Award. Confederation of Indian Industries (CII) conferred the commendation.

## ENVIRONMENT

At ATL, environmental performance is prioritised on areas where our impact is 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. All operations of the organisation are certified to the ISO 14001 standard for Environmental Management Systems.

### Raw Materials Sourcing and Management

Tyre manufacturing relies on

ATL Raw Materials Consumption  
2012-13

Total Raw Materials Consumed (across all operations): 4,68,260 tonnes

Other Raw Materials 32%

Natural Rubber 30%

Carbon Black 23%

Synthetic Rubber 15%

*Natural and  
Synthetic Rubber*

*Basic elastomer used in tyre making*

*Carbon Black*

*Forming a high percentage of the rubber compound in tyres, it is used for reinforcement and abrasion resistance*



*Serving the community with farmer training programmes*

three primary raw materials that dominate the proportion of consumption, both in the manufacturing process and our final product: natural rubber, synthetic rubber (SBR) and carbon black. Figure 1 highlights the significance of these three materials in what we do,

comprising 68% of our raw material procurement.

### Natural and Synthetic Rubber

The usage of natural rubber – extracted from the latex of rubber tree or synthetic rubber – made from styrene-butadiene copolymer (SBR) is determined through cost and availability considerations. For instance, in Zone E operations we almost exclusively rely on synthetic rubber with only around 0.04% of natural rubber used. In Zone I and Zone A, where natural rubber can be sourced in relative abundance from the surrounding tropical regions, the proportion of synthetic rubber is in the range of 21% and 42% of total rubber used – similar to the proportion in 2011-12 for both the Zones.

### ***Alternative Sources of Rubber***

Natural rubber has seen high volatility, resulting in short supply in terms of availability and consequently leading to increased cost. This is due to a number of factors including changing weather patterns and pest infestations that lead to lower yields from rubber trees and the shifting of rubber plantations to ones that produce palm oils and

other products. This requires a contingency plan to sustain our operations. We are exploring alternative options such as use of synthetic rubber and, through the EU PEARLS project, to source rubber from alternative natural sources such as Dandelion and Guayule.

Tyres manufactured from Dandelion and Guayule rubber will

provide us with further options beyond the traditional natural rubber. It has an advantage of not requiring specific climate conditions to grow and is less susceptible to the pest infestations common with traditional natural rubber trees. With successful prototypes created, ATL is now focused on conducting extensive tests to explore the commercial viability of tyres made

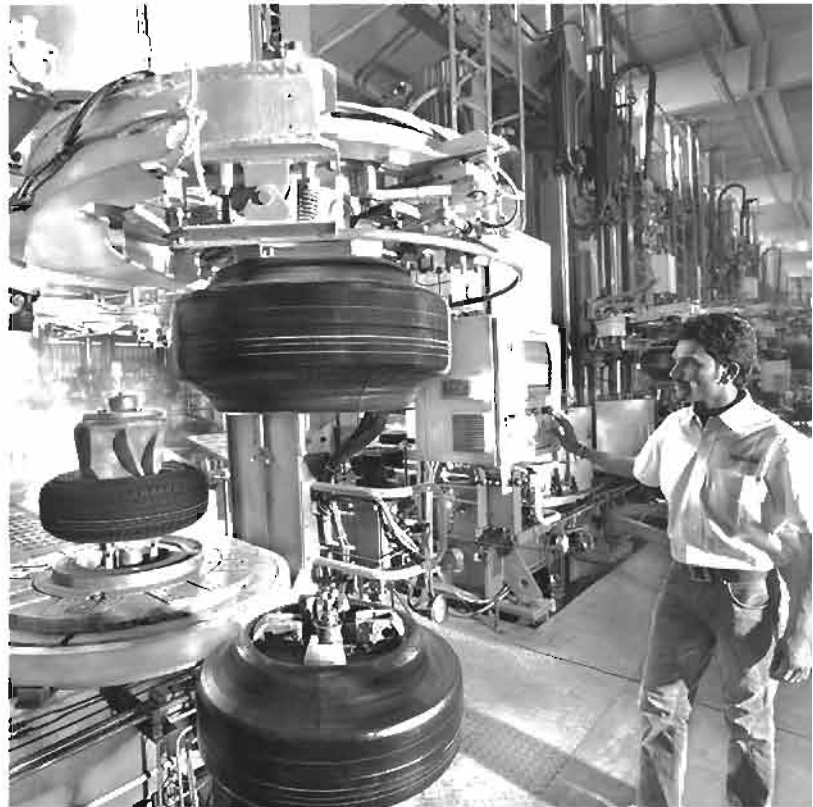
*Apollo R&D building in Enschede, The Netherlands*



from Dandelion and Guayule to ensure that they are produced with the same quality, durability and safety as that of traditionally developed tyres.

ATL has embarked on a knowledge project on sustainable raw materials with a goal to develop a tyre in the near future that comprises 95% of the raw materials coming from sustainable sources. We continually look for ways to improve our offerings and being able to offer a commercially available tyre made from sustainable materials, is a big step in the right direction. Taking this initiative forward, we define sustainable raw materials not just from a sourcing aspect, but from the viewpoint of the entire life cycle of the product which we offer, sourcing, production, transportation, use and end-of-life treatment of the tyre. Its function and quality has to be consistent with traditional tyres during use and the final stages of its life, the components present in the tyre have to be reused and recycled. Consequently, a Life Cycle Assessment is a big factor in the development of this tyre, which is the focus of R&D at Apollo currently. The benefits we envision from this are significant, ranging from:

- Increase in the sustainability of Apollo and consequent competitive advantage through reduced cost savings



and improved performance

- Development of new product lines with enhanced environmental recognition
- Wider range of raw materials to source from, increasing resource security and availability

#### Energy Sourcing and Management

Indirect energy sources such as electricity and wind power is

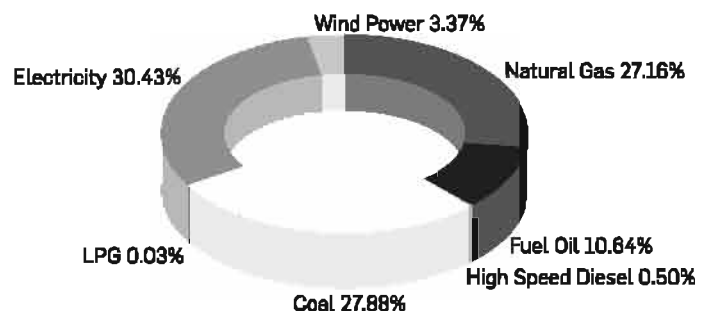
used for functioning of utilities, fixtures and other peripheral requirements that is required for activities that supplement the manufacturing processes. The remaining sources are energy sources that have a direct input into the tyre manufacturing process.

The wide variety of consumption sources in our energy mix takes cognizance of factors such as the

#### ATL Direct and Indirect Energy Consumption 2012-13

Total Direct and Indirect Energy Consumed: 4,176,143 GJ

Figure 2



required use, environmental considerations (where climate change impacts are the most pressing to address), availability and price. Overall we have witnessed a 7% reduction in the total energy consumption compared to 2011-12.

Zone I, which accounts for the majority of our operations, has a 76.5% share in the total

energy consumption of our manufacturing activities. Of this coal is the primary direct energy source due to the abundance of this fossil fuel found in India, followed by natural gas being the second most predominant type of energy source used in the country. Going forward we would also be including up-coming solar energy obligations in our total energy mix. Using multiple energy

sources allows us to strengthen our energy security requirements. Zone E accounts for 12.5% of total energy consumption and uses natural gas for all direct energy consumption, as it is the predominant energy type available in the country. In Zone A, energy consumption accounts for 11% of the total, which has decreased almost by 13% as compared to the previous year



primarily due to reductions across all fuel types except for fuel oil. Zone E and Zone I have also witnessed a reduction of 6% in 2012-13 in overall energy consumption.

#### Wind Power

An initiative we have consciously undertaken is to reduce the environmental impact due to our energy use. Within Zone I, in 2012-13 we sourced 12% of our electricity in Chennai plant from wind power, in addition to our wind energy consumption in Limda operation. This addition has allowed us to almost double the quantity of total energy consumption generated through wind. Wind energy at these locations is sourced through the grid where we pay a premium as compared to sourcing from fossil fuels.

#### Energy Efficiency and Conservation

Managing our energy consumption goes a long way towards reducing our environmental impact and



realising cost savings. Our focus is also to continuously enhance our processes to bring in equipment efficiencies. These practices contribute to significant energy savings (of almost 92%).

In the Netherlands, the government and industries have entered a long-term agreement on energy efficiency that envisions a

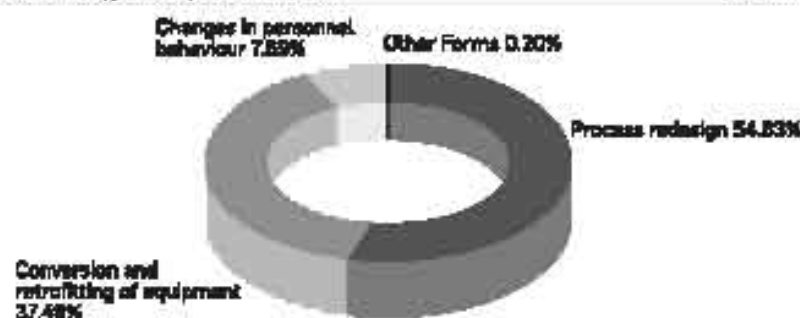
30% improvement up to 2020. Apollo Zone E has thus developed an Energy Efficiency Plan (EEP) in line with these targets.

At Zone I - Limda, we have partnered with the Gas Authority of India Limited (GAIL) for a steam conversion project based on a Waste Heat Recovery system from GAIL's gas turbines. This unique, multi-benefit project for power generation will lead to conservation of gas as well as increased energy efficiency. The project, based on Waste Heat Recovery System from GAIL's Gas Turbines exhaust, is conceived as a Clean Development Mechanism (CDM) project under Kyoto Protocol. The project would enable ATL to generate 4 MW of power and enable the two companies save around 935

#### Total Energy Savings 2012-13

Total Energy Savings: 201,471 GJ

Figure 8





Million Kilo Calories of energy in producing process steam, thereby also avoiding formation of 55,000 tonnes of CO<sub>2</sub> per annum. Beyond the additional cost savings, other benefits of the project also include reduction in the temperature of the flue gas that is emitted from 540-490°C to 160°C reducing the contribution to the ambient temperature of the surrounding area.

### Greenhouse Gas Emissions

Climate Change has been identified as a material issue having an impact on our operations and the products we provide. Greenhouse gas emissions (GHG) are the primary contributor to climate change. At ATL, we are consciously working on reducing our emissions and related climate change impacts.

As outlined, in the previous fuels

section, fossil fuels contribute to the bulk of our direct and indirect energy consumption. Our overall GHG emissions have seen a reduction of around 5% from the previous year.

Indirect GHG emissions are contributed by electricity consumption from a grid. The energy mix in the national grid varies between different countries and it shows in our locations.

The predominance of natural gas and oil in the energy mix of The Netherlands leads to a relatively low emission factor compared to our other locations at 0.59 tonnes CO<sub>2</sub> / MWh. The national grids of India and South Africa are coal intensive, consequently leading to higher emission factors, 0.80 tonnes CO<sub>2</sub> / MWh in North India, 0.75 tonnes CO<sub>2</sub> / MWh in South India and 0.91 tonnes CO<sub>2</sub>/MWh in

South Africa.

The organisation has also undertaken a formal carbon footprint journey in Zone I and is formulating strategies for emission reduction across all Scopes of GHG emissions. Zone E is being covered under the Life Cycle Assessment journey in the region, while Zone A has initiated the process for undertaking carbon footprint formally.

Carbon mitigation will be a focus for us in 2013-14. In order to account for the entire organisation's GHG emissions, the sales and commercial offices and the head office will be considered in the coming years.

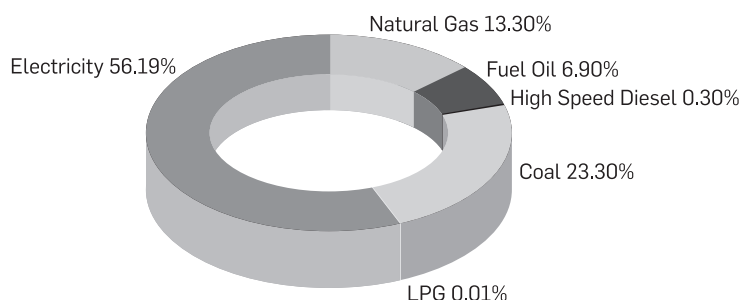
### Water Management

Surface water is the primary source of water usage in our plants. Within our operations, water is mainly used for cooling purpose in the tyre manufacturing process and the balance for domestic purposes. Even though our industry is not water intensive, we do recognise that water is a critical natural resource. As a result, we are consciously working on strategies to conserve water and reduce our specific water consumption.

In Zone I, we have embarked on a journey of zero water discharge across all the plants. In order to ensure effective reuse of water without any leaks and losses across the plants, we have now

ATL GHG Emissions from Energy Consumption  
2012-13

Total Direct and Indirect Energy Consumed: 479,783 tonnes Co<sub>2</sub> Figure 4



Zone	Energy Type	GHG Emission Factor/Source
Zone I	Direct Energy	IPCC Guidelines, 2007
	Indirect Energy	Central Electricity Authority, Govt. of India
Zone E	Direct Energy	Statutory Requirements of Emission Trading Scheme, Govt. of Netherlands
	Indirect Energy	IPCC Guidelines, 2007
Zone A	Direct Energy	IPCC Guidelines, 2007
	Indirect Energy	Journal of Energy in Southern Africa, 2011

## ATL Total Water Consumption

2012-13

Total Water Consumed: 5,835,788 m<sup>3</sup>

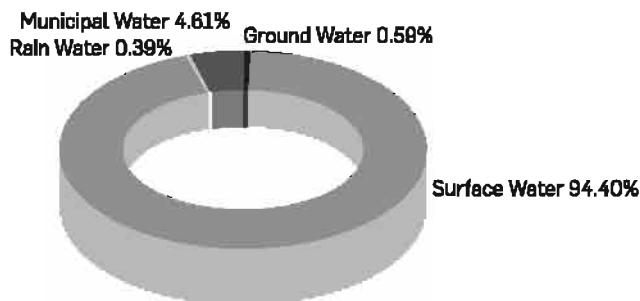


Figure 5

undertaken a water footprint analysis in Zone I. This will further assist our existing initiatives related to treatment and recycling of water through effluent treatment and sewage treatment plants, respectively. We are also ensuring that our new facilities, such as Chennai, are designed to enable water conservation.

### Waste Generation and Management

Scrap rubber, e.g. vulcanised rubber and used oils are the predominant non-hazardous and hazardous wastes generated respectively at our operations. Ensuring proper disposal of waste is a fundamental responsibility to both the environment and society at large. We are aware and understand the potentially devastating implications that can develop through ineffective and improper disposal.

At all our locations, we engage with authorised recyclers and vendors that are legally recognised to handle them and the ones who we are confident,

have the knowledge and expertise for the considerations of environmentally sound disposal.

At Zone E, we have instituted a Waste Board to oversee and manage waste generation and management in the plant. The Waste Board is a cross-functional institution made up of people from various production departments, facility services and employees of

the authorised waste recycler and processor. The purpose of the Waste Board is:

1. To reduce the yearly cost for waste disposal.
2. To improve the logistics concerning waste disposal, especially in the factory.
3. To ensure the effective means for collecting waste (bins, containers, etc.)

As a result of this, we have been able to ensure that of the scrap vulcanised rubber generated – 1,847 tonnes in 2012-13 – 81% is reused as an input, 17% is used as a fuel source and only the remainder is disposed off for incineration.

The tyre manufacturing process leads to the production of low-grade rubber scrap and related





byproducts, resulting into rejects. Reduction of rejected material will reduce the generation of waste compounds and the consequent need to dispose them. Efficient processes such as this will increase the quality and quantity of our product output. At Apollo Zone E, until 2011 we generated an average of 2,100 tonnes at a cost of 7 million Euros. We took a conscious decision to reduce the amount of this compound waste to a maximum of 1,000 tonnes per year. From this initiative, daily generation of this waste has reduced from 6,200 kg/day, when we started in 2011, to 2,950 kg/day in 2012. We have realised savings of over 2 million Euros from this scheme.

In Zone A, recycling of waste generated is a high priority and in 2012-13, 417 tonnes of production, scrap tyres and other wastes were recycled. In the Limda plant in Zone I, we have reduced scrap generation by more than 20% compared to the previous year.

#### **Environmentally Enhanced Products**

Combined with these initiatives for increasingly environment friendly, manufacturing and sourcing approaches, we at ATL are committed to providing high quality environmentally enhanced products to our customers and consumers.

#### **EU Tyre Labelling Regulation**

An overall objective is to improve



*Eco-friendly tyre with rubber derived from Russian Dandelion and Guayule*

the tyre label values on rolling resistance, noise and wet grip. The European Tyre Labelling Regulation (EC/1222/2009) introduces labelling requirements with regard to the display of information on the fuel efficiency, wet grip and external rolling noise of tyres. It aims to increase the safety and the environmental and economic efficiency of road transport by promoting fuel-efficient and safe tyres with low noise levels. Customers should be made aware that the actual fuel savings and road safety depend heavily on the behaviour of drivers, in particular the following: eco-driving can significantly reduce fuel consumption, the tyre pressure needs to be correct and regularly checked for optimum fuel efficiency and wet grip performance, and stopping

distances should always be strictly respected.

The regulation is an approach to allow end-users to make well-informed decisions when purchasing tyres by considering this information along with other factors normally considered during the purchasing decision process. But for us at ATL, it is an enabler to improve tyre performance leading to competitive advantage.

#### **Low Rolling Resistance**

The company's focus is to receive a green label for rolling resistance across all product categories as per the EU norms. Tyres with lower rolling resistance require changes in the production process. As a result, we are employing gradual changes to

specific product lines. For example:

- Snowtrac 3 tyres have an 8% improvement on rolling resistance
- Quatrac Lite tyres have shown a 20% improvement on rolling resistance when compared to convention tyres produced in Zone E
- Alnac 4G tyres have been specially designed with a focus on providing a lower rolling resistance

The reduction in rolling resistance of tyres leads to direct reduction of fuel consumption in a vehicle. Our product development approach benefits consumers by reducing costs due to increased fuel efficiency and the overall environment due to reduction in the GHG emissions during use of product.

Our collaborative approach towards research and development with automobile manufacturers helps create tangible value for all stakeholders and more importantly for consumers. In March 2013,

Mahindra & Mahindra launched their 1st electric car, the e2o. ATL developed a special purpose eco-friendly tyre, the Amazer 3 G for Mahindra's e2o supplementing the eco-friendly nature of the vehicle.

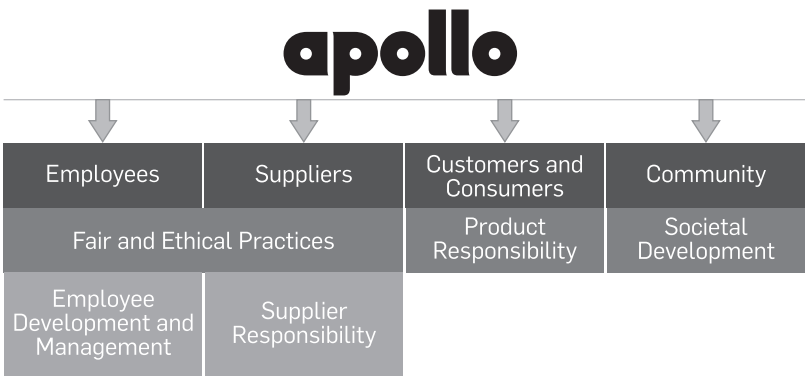
## SOCIAL

The information disclosed in this section outlines the company's interaction with its key stakeholders on social performance. The figure below is an illustration of the linkage of material issues with the stakeholders.

## Labour and Employment

Manufacturing of tyres is a labour intensive process, making it unattractive for female workers in general. Thus, while at shopfloor we have predominantly male workers, we are consciously trying to increase female forklift operators in the plants and female staff in corporate and regional offices. In addition to our efforts in mainstreaming gender diversity within the company, we are also have a healthy mix of experienced workers and Gen Y.

### Employee Turnover



### Employee Turnover in 2012-13: 6.84 % of total workforce

The overall employee turnover at all operations is a cause of concern for ATL. In the year 2011-12 the turnover was 12.8% that has now come down to 6.84% for the year 2012-13. The highest turnover was recorded from Zone A on account of retirements and employee movements.

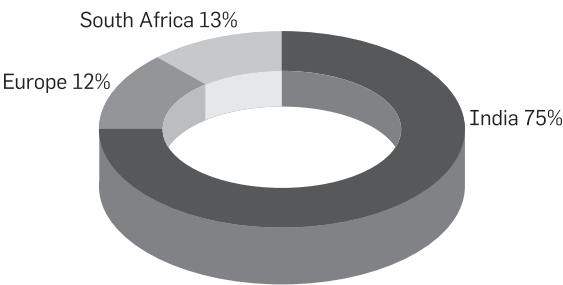
### Employee Learning and Development

There is a structured process for

ATL Employee Breakdown by Region 2012-13

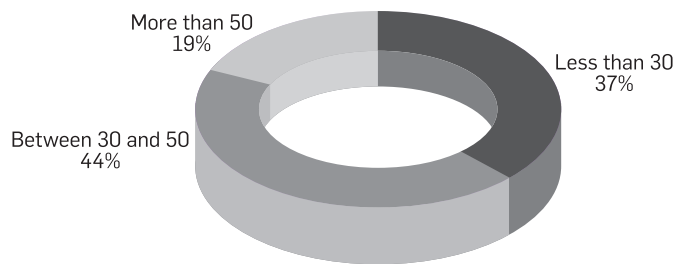
Total Employees: 10,579

Figure 6



ATL Employee Breakdown by Age Group  
2012-13  
Employee Turnover: 6.84% of total workforce

Figure 7



training and development within the organisation at both corporate and local level. The skill requirements are mapped and the training calendar is developed as per the identified requirements. Training is given in both functional as well as soft skill areas. There is an established strategic leadership programme under the aegis of Apollo Laureate. Apollo Laureate has partnerships and associations with various institutes, universities and industries to build the learning culture.

**Average Training Mandays: 4.41 mandays/employee**

Across all our locations, ATL ensures that employees are provided with effective training to build their capacity on a wider range of subjects to equip them better for their work. Broadly, at all our locations we provide an efficient mix of skill sets that accounts for the Functional, Technical, Managerial and General Development aspects of our business. The training mandays figure above does not include our Zone E operations, where we currently do not calculate the training mandays,

but instead focus on the number of employees trained and the type of trainings provided.

At our Zone A operations, we have a robust training system that provides targeted capacity building offerings, based on the role and employment category of employees. Similarly in Zone I along with functional training, focus has been on trainings related to behaviour based safety, quality, sustainability and environmental awareness across plants.

**Employee Health and Safety**

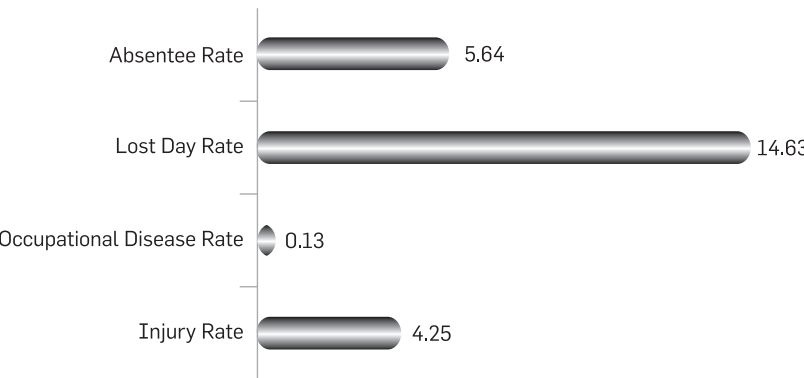
Our Zone I and Zone A plants are

certified to the OHSAS 18001 Standard institutionalising Occupational Health and Safety Management Systems in our operations. The occupational health and safety rates above have been calculated based on the norms of the International Labour Organisation (ILO). With 26,671,132 man-hours of work undertaken in our operations during the whole year, the figures above highlight the low incidence rate of health and safety issues. No fatalities were reported in any of our manufacturing locations.

At all our operations, we have instituted formal Health & Safety Committees at a unit and department level to ensure effective governance and management of our health & safety performance. We have an engagement system with our shopfloor employees to improve our behaviour based safety culture.

Health and safety topics in formal trade union agreements follow

ATL Health and Safety Metrics  
2012-13



legal compliances. These topics include:

- Personal protective equipment
- Joint management-employee health and safety committees
- Participation of worker representatives in health and safety inspections, audits, and accident investigations
- Training and education
- Complaints mechanism
- Right to refuse unsafe work

- Periodic inspections

#### *Behaviour Based Safety*

Behaviour Based Safety (BBS) is the application of behavioural psychology to motivate safe behaviour and reduce at risk behaviour to prevent work place injuries through employee involvement and coaching. BBS is based on statistics that shows that 76% of accidents are caused by unsafe behaviours and 20% by a

combined effect of unsafe behaviour and unsafe conditions.

The basic underlying principles of BBS are:

- People behave safely when they are under observation
- An alert person is safe even in unsafe conditions and an un-alert person is unsafe even in safe conditions

In Zone I, we started this journey on safety in November 2011 with



Chennai and Limda Plants and subsequently moved to Perambra and Kalamassery plants in July 2012. In all of these plants, 20% employees are trained as observers and remaining 80% employees are provided with awareness training on BBS. All management function employees undertake observation rounds, of one-hour duration every week, meeting a minimum of 4 employees. Other non-management function employees make one observation round per week. Through these processes employees are continually engaged on safety. Every month an average of 5500 observations rounds are made, observing nearly more than 10000 employees, making an average of one observation of every employee per month.

Similar initiative on safety is also planned in Zone E for the coming year.

#### ***Ethical Working Practices and Human Rights***

ATL complies to international, national and regional norms and legislation related to fair and ethical working practices. The Apollo Way is the guiding document of the values that the company lives by. The document provides the "Do's" and "Don'ts" related to issues of ethical behaviour and working practices.

#### ***Child and Forced Labour***

We have taken all necessary steps



*Long service awardees from Team South Africa of freedom of association.*

to ensure that none of our operations or activities employs children or forced labour. None of our operations are at risk from these incidents, due to our practices and policies for restricting child and forced labour at all our plants and locations. No incidents related to child labour, forced labour and discrimination was reported in the year 2012-2013.

#### ***Freedom of Association and Collective Bargaining***

All manufacturing locations except Chennai (in Zone I) are covered under collective bargaining agreements. Chennai plant and Radial (sub) plant in Limda are non-unionised. In Blas (sub) plant in Limda, a new fifth union has been recognised as part

#### ***Product Responsibility***

##### ***Product Health & Safety***

Accounting for health and safety implications and considerations at different stages of the product lifecycle is a crucial component of product responsibility. By building these aspects into our thinking, we are able to provide a safe and quality product manufactured through safe practices.

A Life Cycle Assessment, which accounts for the health and safety impacts of the tyre is being undertaken by European Tyre Manufacturers Association (ETRMA). Apollo Zone E operations will adopt the LCA once

Product Life Cycle Stages
Development of product concept
R&D
Certification
Manufacturing and production
Marketing and promotion
Storage, distribution and supply
Use and service
Disposal, reuse or recycling

it is finalised to strengthen our internal compliance for health and safety aspects.

With respect to the end-of-life of tyres, it is well regulated by norms in Zone E. Similarly, a new regulation has come in Zone A to address the issue of tyre disposal. However, in Zone I there is no regulation at the moment. Currently, our Zone I operations focus on the health and safety impacts at the product concept, R&D, certification, manufacturing and production, use and service phase. We aim to expand this outlook in the future to account for all the stages of the product life cycle, including disposal.

#### *Supplier Responsibility*

Our endeavour is to work closely with Partners to promote and encourage compliance with ATL's Partner Code of Conduct (PCC) and integrate environmental,

occupational health and safety, human rights and labour policies, and ethics into businesses and decision-making processes. Partners ensure, their operations and the products supplied to ATL,

comply with all national and other applicable laws and regulations. To encourage these practices and recognise the efforts put in by them, the business partners who meet ATL's PCC are accorded the status of "Preferred Partner" while selecting and retaining approved vendors.

In our Zone I operations, we have taken this commitment for the PCC to the next level in 2012 by conducting CSR audits of our suppliers' operations. The CSR audits focus on the systems and performance relating to environmental management, health and safety, and societal development of our suppliers' operations. The guidance through these audits has helped our partners in undertaking

*Team Nederland honoured with the NRK Piulm Award 2011 for quality (left) and the Prima Ondernemen Award 2012-2013 for doing sustainable business*



environment and social initiatives in their operations resulting in an overall improvement in sustainability performance.

### ***Community Development***

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***

- Understanding needs and requirements of the community
- Developing priority areas and aims based on community needs
- Planning, implementing and monitoring projects under the identified priority areas
- 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 Activities – Zone I***

#### **Income and Livelihood Generation**

#### **Project U:**

Project U is an initiative undertaken in all locations in Zone I aimed at skill-building and livelihood generation activities, for underprivileged youth and women in the identified geographies. The Project U activities at all locations follow a detailed process:

- Identification of underprivileged target groups and baseline research to identify areas for local alternative livelihood opportunities
- Campaigning, counselling and registration of members from

*Project U - skill-building and livelihood generation initiative for the underprivileged identified target groups*

- Capacity building of target groups for skill building, employment and entrepreneurship development
- Placement of trained target group and/or linkages of trained personnel with the market

#### **Improved Farming Practices:**

The project is aimed to engage with and support local farmers in the community around Limda plant. We provide capacity building services like livestock care and management, scientific and agricultural practices to the farmers. We also link them directly with the market to ensure direct financial benefits. The objective is to help them increase their productivity and income and



thereby improve their standard of living. The initial outcome of the project is resulting in improved farming practices and yield for the farmers.

#### *Hygiene and Sanitation*

This project aims at improving the awareness and practices related to hygiene and sanitation. In Limda, we focus on adolescent girls and in Chennai it is the local schools in the community.

The programme targets raising awareness with respect to personal hygiene and care, sanitation and health resulting into behaviour change in the next three years.

#### *Health*

##### **HIV-AIDS**

The biggest and most comprehensive initiative under the company's CSR work is on HIV-AIDS prevention and

awareness. Apollo thus recognizes HIV-AIDS as a business and development issue, having potential of affecting all our stakeholders. The company has targeted interventions for customers in the form of 21 Health Care Centres in transport hubs focusing on truck drivers in that location, a robust workplace programme and a supply chain programme on HIV-AIDS awareness and training.

*HIV-AIDS awareness programme in India*





The customer initiative on HIV-AIDS was awarded in the category of Community Investment for the South Asia region by Enterprise Asia.

#### Alcoholism

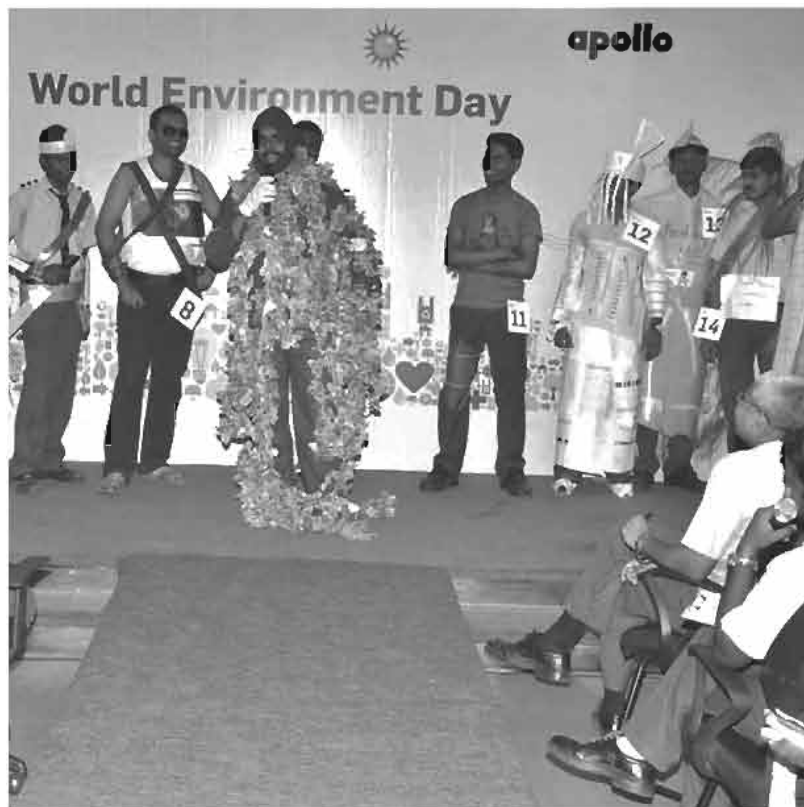
The company launched a dedicated programme on Alcoholism in 2011. The objective of the programme is to reduce absenteeism among workmen, strengthening family relations and ensuring high productivity. A detailed training programme was organised in partnership with TTK (Chennai based NGO), wherein a group of employees were trained as Master Trainers (MTs) to spread awareness on Alcoholism. The programme is on-going and focuses on building awareness and connecting with treatment and care linkages as required.

#### Environment

##### HabitAt Apollo

##### 'Green O Bin' Paper Recycling:

HabitAt Apollo, Apollo Tyres' umbrella environmental programme aims at making eco-friendly behaviour or green thinking, a matter of habit within the organisation. Under this initiative, the focus is on conserving the resources including waste, energy, water and biodiversity. This is to be achieved through reducing the usage of these resources, promoting reuse and recycling. The first initiative launched in March 2010, under



*Team India celebrating World Environment Day*

the HabitAt Apollo programme was on recycling of paper in partnership with Greenobin, a recycling organisation. All efforts are being made to ensure that every scrap of paper, which is used across the length and the breadth of the organisation, is recovered and sent for recycling. Championed by the employees themselves, the initiative attempts to create a behaviour change, which goes beyond the workplace and leads to employees adopting eco-friendly practices even in their personal lives.

##### Employee Awareness on Environment:

A comprehensive employee engagement programme on environment awareness and sustainability was designed in partnership with Centre for

Environment & Research Education, a Mumbai based NGO, to promote environmental sustainability through formal education and public awareness campaigns. The objective of the programme is to create awareness on environment and climate changes and also to cultivate a pervasive culture of sustainability across all locations. Starting with Limda plant, a structured training programme was organised for the Green Champions at plant locations whereby they become brand ambassadors to carry the message of conservation and awareness at the shop floor level. The entire awareness programme is integrated into the comprehensive HR training calendar.



*Team India participating in organic gardening at its plant sanitation among stakeholders.*

#### Clean My Transport Nagar

Health and well being is intrinsically linked to a clean environment. Thus, this year we also launched a solid waste management pilot project in Sanjay Gandhi Transport Nagar (SGTN, Delhi) in partnership with Indcare Trust, a Delhi based NGO. SGTN, a halt point for truck drivers near Delhi lacks waste management facilities and general cleanliness - blocked drainage, litter, scattered waste and poor water quality are very common features of this area. Apollo already runs a Health Care Centre for STI treatment and HIV-AIDS awareness in this region for its stakeholders. The objective of the programme is to improve waste management and cleanliness of the SGTN area and to generate awareness on health and

Door-to-door waste collection has been started as part of the pilot. Sensitisation activities have also been organised. The next phase of the project will be to look at strengthening the initiative, draw linkages with the government authorities and institutionalise recycling systems. The target is to replicate the programme in another transport location in the coming year.

#### Organic Kitchen Garden

Organic gardening was undertaken as a pilot project at the guesthouse at the Perambra plant in 2011. The success of the pilot project and the report of the canteen surveillance audit became the main driving factor to launch a similar project in other plant locations. Today Limda and

Perambra plant guesthouses have organic farms in the backyard where vegetables like onions, tomatoes, cabbage, cauliflower, carrots, coriander, green chillies, radish, spinach, etc are grown. The main objective of the garden is proper utilisation of waste land, effective use of the slurry from the biogas plant, efficient use of recycled water and usage of organic vegetables in the canteen, thereby improving the health of employees.

#### Employee Wives Forum

The company launched an engagement programme with the wives of the employees in Perambra, Kalamassery and Limda plant. The objective is to make the women self-reliant and to develop entrepreneurial skills, thereby improving family relations. These programmes cover topics such as leadership, gynaecology, health and nutrition, parenting, organic farming etc. All the programmes are based on the need of the participants. Every session provides them with knowledge, adding value to their personal life.

#### Community Development

##### Activities - Zone A

##### Education

##### Sizokuhle Creche Program:

We are supporting the Sizokuhle Creche to provide local children in the community around Ladysmith with a dedicated place for pre-

primary education. In this regard, we have invested in constructing the building and managing the upkeep of the crèche, with Rand 100,000 invested. The project was supervised by the management team of Apollo Tyres at Ladysmith, to ensure that the project was successful. The expanded impact of the crèche provides 50 children, the proper education they deserve.

#### **Inkanyezisi Special School:**

ATL is working with the Inkanyezisi Special School to make it more self-sustaining. We provide vocational opportunities to the school with calendaring fabric to that requires repair and pay the school for their services. We see this initiative as a long-term partnership with the school and a contribution to the

underprivileged young adults of the school becoming self-supporting and self-sustained earners.

#### **Community Development Activities – Zone E**

At Zone E, we have a unique Working Experience Jobs, concept. In our Collective Labour Agreement, we have agreed to provide, on a structural base, 10 working experience jobs yearly. These jobs are specifically available for candidates who are distanced from the labour market, such as those who have had long time unemployment or are specially-abled, etc. The working experience jobs with us help in further opening new future growth opportunities for such candidates. We also have a structural base of over 20 students from all levels of studies and courses, who intern in

our company. These initiatives help in addressing and managing employment issues in the region.

#### **Contributions through donations**

The company supported different charities such as Animal Protection Organisation, Handycamp, etc, along with supporting events such as the 'good cause rally' where disabled children got a chance to ride aspirational cars like a Ferrari, a bicycle tour in France, to raising funds towards investigation of treatment of diseases such as ALS.

Employees voluntarily donate to local charities annually for community development, such as the House of Peace orphanage, which is engaged in the cause of rehabilitating, educating and training needy and destitute children.

*Team Netherland which participated in Tour du ALS to raise money for the ALS Foundation*





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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, 2013.

### FINANCIAL PERFORMANCE

Rs Million

Particulars	Year ended		Year ended	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Standalone		Consolidated	
Net Sales	85,075	81,579	1,27,946	1,21,533
Other Income	574	182	944	326
Operating Profit (EBIDTA)	9,555	6,845	15,511	11,987
Less: Depreciation/Amortisation Exp.	2,200	1,857	3,966	3,256
Finance Cost	2,610	2,413	3,128	2,873
Provision for Tax	1,620	762	2,448	1,443
Net Profit before Exceptional Items	3,125	1,813	5,969	4,415
Add: Exceptional Items	-	-	169	(294)
Less: Share of loss of associates/ minority interest	-	-	12	22
<b>Net Profit</b>	<b>3,125</b>	<b>1,813</b>	<b>6,126</b>	<b>4,099</b>

### OPERATIONS

Apollo Tyres Ltd witnessed revenue growth to the tune of 5.28% during FY13, despite pressures on the bottom line due to an industry-wide slowdown.

On a standalone basis, your Company achieved a net turnover of Rs 85,075 million as against Rs 81,579 million during the previous financial year. EBIDTA was at Rs 9,555 million as compared to Rs 6,845 million during the previous financial year. The net profit for the year under review was Rs 3,125 million, as against Rs 1,813 million in the previous fiscal, a growth of almost 72.4%.

The consolidated net turnover of your Company increased to Rs 127,946 million during FY13, as compared to Rs 1,21,533 million in FY12. The consolidated EBITDA was Rs 15,511 million for FY13 as compared to Rs 11,987 million for the previous financial year. On consolidated basis, Apollo Tyres earned net profit of Rs 6,126 million for FY13 as against Rs 4,099 million for the previous financial year, a growth of 49.4%.

The amount available for appropriations, including surplus from previous year amounted to Rs 9,836 million. Surplus of Rs 7,887 million has been carried forward to the balance sheet after providing for dividend of Rs 252 million, dividend distribution tax of Rs 43 million, debenture redemption reserve of Rs 654 million and general reserve of Rs 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 a focus on profitability, internal efficiencies and customer delight.

### PRODUCTION

During the year under review, your Company's production has shown a consolidated growth of 2.85%, in production tonnage, by generating an output of 525,062 metric tonnes (MT) as against 510,537 metric tonnes in the previous year.

### RAW MATERIALS

The raw material cost for the year under review was down by approximately 5% compared to the previous fiscal. The weakness in the global economy including China and India had a sobering impact on commodity prices in the second half of the year. The Brent Crude price was marginally lower in FY13 averaging USD 110/barrel as against USD 114/barrel in FY12. The rupee weakened against the US dollar by 12% during the year, which partially offset the impact of fall in raw material prices.

The global natural rubber prices softened during the year on low consumption demand from the developed and emerging economies. The major natural rubber producing countries – Thailand, Malaysia and Indonesia – worked on reduced export quotas and building their stocks through buying from farmers to support the prices. Natural rubber from India was

supplemented by imports from Thailand, Malaysia and Indonesia to bridge the demand-supply gap and meet the quality requirements for truck and bus radial tyres.

The crude based raw materials showed a mixed trend. Synthetic rubber prices ruled lower during the year, carbon black prices rose during the year on account of an increase in feedstock cost and weakening of the rupee against the dollar. Safeguard duty was levied on imports of carbon black from China in August 2012. The antidumping duty continues on imports of carbon black from Russia, China and Thailand. Nylon tyre cord fabric also continues to attract antidumping duty on imports from China and Belarus.

The Commerce Ministry has recommended increase in natural rubber customs duty to 20% or Rs 34/kg whichever is lower from the current level of 20% or Rs 20/kg whichever is lower.

The Company continued its focus on efficient current asset management, vendor quality management and new vendor development.

## **DIVIDEND**

Your Company has a consistent track record of dividend payment. The Directors are pleased to recommend a dividend of Re 0.50 (50%) per share on Equity Share Capital of the Company for FY13 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 22, 2013 to August 7, 2013 (both days inclusive).

## **WARRANTS**

During the year, your Company has allotted 5 (Five) million warrants to Sacred Heart Investment Co. Pvt. Ltd., an entity belonging to Promoter Group in accordance with the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Each warrant is convertible into one equity share of Re 1 each at a premium of Rs 85.20 per share, at the option of the warrant holder. The last date of this conversion option is June 20, 2014.

## **MARKETING**

The Company, as always, brought forth a slew of sales and marketing initiatives, in FY13, aimed at creating customer delight. To begin with, the Company launched concept retail outlet in Dubai, UAE, with the first ever Apollo Super Zone outside India; an important step in the regional growth strategy.

On the new product development front, the Company introduced products across different categories. In December 2012, Apollo launched XTRAX 40.00-57, the largest tyre produced in India, at the 11th International Mining and Machinery Exhibition (IMME) 2012 in Kolkata, India. To boost consumer sentiment in the truck-bus cross ply segment, the Company introduced a new Steer Axle tyre 'XMR', designed for superior mileage and structural durability. On March 18, 2013, Mahindra and Mahindra launched their 1st electric car e2o, with Apollo Amazer 3G as the standard fitment tyre.

In April 2012, Apollo Vredestein presented its Ultimate High Performance tyre to visitors at Top Marques Monaco, fitted on the Concept One electric supercar developed by RimacAutomobili. In August 2012, the Company introduced its best winter soft tyre – the Nord-Trac 2 specifically designed for extreme Nordic winter weather, and safe and reliable throughout the winter season – in Stockholm. In March 2013, the Company launched two new high performing passenger vehicle tyres at the Geneva Motor Show – the Apollo Alnac 4G and Vredestein Ultrac Vorti R. Brand Apollo products continued to perform well in the tough European market.

Introduction of brand Vredestein tyres afforded Apollo Tyres South Africa an opportunity to bring a premium Ultra High Performance (UHP) tyre into the African market. The Company intensified its efforts to increase presence in the African and Latin American markets by appointing new distributors.

## **EXPORTS**

The India operations exported to over 100 countries primarily under heavy and light commercial vehicle and passenger vehicle tyre categories; with the latter contributing significantly to the export revenue. In FY13, your Company's European operations largely focused on demand fulfillment in domestic replacement market and there wasn't much remaining for exports. South African operations saw export contribute a healthy 33% to the revenue pie, almost the same as last fiscal.

## **EXPANSION PROGRAMME AND FUTURE OUTLOOK**

In FY13, India operations' Kalamassery facility ramped up to its expanded capacity. Apollo Tyres' most recent greenfield facility in Chennai, India is complete and is poised to produce 6000 truck bus radial and 16000 passenger vehicle radial tyres per day.

At your Company's European operations, an expansion project is being rolled out to expand the Enschede unit's manufacturing capacity from 6 million to 7.5 million passenger vehicle tyres per year.

In terms of new markets, ASEAN is the key area of focus, while in product categories, the emphasis is on building a wholesome off highway tyre range.

In the future, R&D is set to emerge as one of the key areas of improvement with state-of-the-art centres being established in Enschede, the Netherlands and Chennai, India, for passenger vehicle and commercial vehicle tyres respectively.

## **ACQUISITION/RESTRUCTURING**

Your Company has been regularly looking at opportunities to improve its position in the Tyre Industry with innovative strategies through alliances, mergers and acquisitions globally. In line with its overall growth plan of strengthening its position in both the Passenger Car Tyres ("PCR") and Truck Bus Radial Tyres ("TBR"), the Directors have approved the execution of definitive merger agreement under which a wholly-owned step subsidiary of the Company i.e. Apollo Acquisition Corp. in USA will acquire Cooper Tire & Rubber Company ("Cooper") by means of a merger of such subsidiary into Cooper in an all-cash transaction valued at approximately USD 2.5 billion. Out of the total financing, USD 2.1 Billion representing 85% of the debt shall be raised at Apollo Acquisition Corp. and shall primarily be serviced by operations of Cooper. The balance USD 450 million shall be raised at Mauritius level to be serviced by Indian operations of your Company.

This strategic combination will bring together two companies with highly complementary brands, geographic presence, and technological expertise to create a global leader in tyre manufacturing and distribution.

Cooper is the 11th largest tyre company in the world by revenue and presently supplies premium and mid-tier tyres worldwide through renowned brands such as Cooper, Mastercraft, Starfire, Chengshan, Roadmaster and Avon.

The combined company will be the seventh-largest tyre company in the world and will have a strong presence in high-growth end-markets across four continents. With a combined total sales of USD 6.6 billion in 2012, the combined company will have a comprehensive portfolio of signature brands and greater ability to cross-sell products in diverse countries with negligible overlap.

Your company has also initiated the process of reorganizing its African business, which is expected to contribute towards improving its operating margins at the consolidated level. Your company has entered into an agreement with Sumitomo Rubber Industries (SRI), by which Sumitomo will take over the operations of Apollo Tyre South Africa (Pty) Ltd. (ATSA) including the Ladysmith plant (manufacturing passenger car tyres) and Dunlop brand in 32 countries in Africa, employees of the head office and sales & distribution set-up. Apollo retains its Durban plant and continues to manufacture – Apollo and Vredestein brands.

## **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**

Driven by prudent operational stratagem and aimed at facilitating operations, your Company has put in place a network of subsidiaries. As on March 31, 2013, your Company had 37 subsidiaries including step subsidiaries.

During the year under review, a new step subsidiary with the name of Apollo Tyres Global R & D B V has been incorporated w.e.f. January 2, 2013 by Apollo Vredestein B V in order to centralise the passenger vehicle R & D activities of the entire Apollo Group. During the year, Apollo Vredestein B V has transferred its entire shareholding in the aforesaid R&D Company to Apollo Tyres Co-operatief UA.

Apollo Tyres Co-operatief UA, has incorporated Apollo Tyres (Thailand) Ltd. as its wholly owned subsidiary in Thailand w.e.f. January 22, 2013 to further strengthen Company's presence in the ASEAN market for expanding global business operations.

During the year, Apollo Tyres Co-operatief U A has transferred its entire shareholding in its wholly owned subsidiary Company, i.e., Apollo Vredestein B V to Apollo Tyres B V for alignment with future growth plans.

As per the provisions of Section 212 of the Companies Act 1956 (Act), 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 Act, 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 FY13.

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, 2013 forms part of the annual report. As required, pursuant to the provisions of section 212 of the Act, 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(x) of the consolidated accounts.

## **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 re-appointment as Statutory Auditors for FY14. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Act.

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.

## **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-in operations at PTL Enterprises Ltd's unit at Kalamassery for the FY13. 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 FY14. The Company has received a letter from them to the effect that their re-appointment would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Act.

## **BOARD OF DIRECTORS**

The Government of Kerala nominated Mr K S Srinivas in place of Mr Alkesh Kumar Sharma on the Board of the Company w.e.f. February 6, 2013. The Board places on record its appreciation for the contribution made by Mr Alkesh Kumar Sharma during his tenure of directorship.

Mr Vikram S Mehta has been appointed as an additional director of the Company w.e.f. February 6, 2013. He holds office till the date of the ensuing annual general meeting. The Company has received requisite notice together with deposit, as provided under section 257 of the Companies Act, 1956, from a shareholder proposing the appointment of Mr Mehta as a director liable to retire by rotation.

Pursuant to the provisions of section 255 and 256 of the Companies Act, 1956 and in accordance with the provisions of Articles of Association of the Company, Mr Nimesh N Kampani, Dr S Narayan and Mr A K Purwar, Directors of the Company, are liable to retire by rotation and being eligible, offer themselves for re-appointment.

None of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956.

## 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
Sustainability Award	Farm Division	Mahindra & Mahindra
General Motors Supplier Quality Excellence Award 2012	Top Performing Suppliers	General Motors
Gold Award	Process Sector, Mega Large Business	Economic Times India Manufacturing Excellence Awards 2012
Tire Manufacturer of the Year	Tire Technology International Awards for Innovation and Excellence 2013	Tire Technology International
AIMA R K Swamy High Performance Brand Award 2012	High Performance Brand	R K Swamy BBDO in collaboration with the All India Management Association Council
Platinum Prize	Large Category	FICCI Quality System Excellence Awards 2012

## CORPORATE SOCIAL RESPONSIBILITY

Apollo Tyres continued its efforts in areas of HIV-AIDS awareness and prevention, community empowerment and development, and environment awareness and conservation. In recognition of these efforts, Apollo Tyres was conferred with Asia Responsible Entrepreneurship Awards (AREA) 2012 South Asia, in the Health Promotion category for its HIV-AIDS initiative.

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

Particulars required under section 217(1)(e) of the Act, 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 this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- In preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards have been followed and there has been no material departure;
- 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, 2013, 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 : June 12, 2013

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, 2013.

**A) CONSERVATION OF ENERGY:**

In line with the increasing global focus on the critical need for energy conservation, your Company has always laid greater focus on conservation of energy due to its being precious involving high cost and also considering the impact, by way of Greenhouse Gas (GHG) emissions, it leaves on the environment of earth. The Company sets its own targets for energy conservation, reviews performance and takes appropriate actions, wherever required, at various levels. Our specific energy consumption (Giga Joules (GJ) /Ton) is one of the lowest for the industry.

**a) Efficient utilisation of energy:**

The Company continuously strives to reduce energy consumption by improving its energy utilisation efficiency. This is achieved by optimising the process parameters, using energy efficient technologies, eliminating wastages etc. Some of the major energy conservation measures implemented during the year are as follows:

- Automatic cut off of steam to curing presses during equipment ideal time;
- Replacing single pumps with multiple low capacity pumps running in cascade;
- Insulation of Moulds for reduced steam loss;
- Improved process controls for reducing the starting of back up Furnace oil (FO) boiler;
- Changing from Chilled water to Factory Cooling Water (FCW) in Mixer and mills;
- Mixer cool rack fan, converted to energy efficient fans;
- Continuous monitoring to reduce compressed air dead loss;
- Chilled water temperature optimised for energy reduction;
- Optimisation of compressed air pressure through digital controlling;
- Installing energy efficient pumps;
- Use of waste heat generated by GAIL (India) Ltd. at Limda plant in processes & for generating power through steam turbines for captive consumption.

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

Considering the environmental impact of energy consumption by means of GHG emission, the Company is moving towards the use of more and more renewable sources as and when the right technology is available. A significant portion of total energy requirement of all the plants in India is already being met out of wind energy and/or natural gas. Constant efforts of the Company have resulted in increase in electricity generation from wind energy and from natural gas, which is more environmental friendly, from 9% to 17 % and from 10.4% to 17% of total consumption, respectively.

Various endeavours are being taken, from time to time, at all 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.

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	
		2012-13	2011-12
<b><u>A POWER/FUEL CONSUMPTION</u></b>			
1. Electricity			
a. Purchased Units	(Million)	260.81	231.35
Total Amount	(Rs Million)	1316.38	1,003.08
Rate per Unit	(Rs)	5.05	4.34
b. Own Generation			
i) Total Captive Generation			
- Units	(Million)	2.28	13.60
- Units/Ltr. of Diesel/Furnace oil		4.06	3.98
- Cost/Unit	(Rs)	13.30	10.85
ii) Through steam turbine/generator			
- Units	(Million)	28.17	30.29
- Units/M³ of Gas		5.01	5.40
- Cost / Unit	(Rs)	6.27	4.26
iii) Through steam			
- Units	(Million)	0.92	-
- Units/ MT of Steam		132.39	-
- Cost / Unit	(Rs)	4.86	-
2. Coal			
Quantity	(MT)	54,149.86	50,539.48
Total amount	(Rs Million)	291.60	278.29
Average Rate	(Rs/Kg)	5.39	5.51
3. Furnace oil/LSHS			
Quantity	(K.Ltrs)	22,631.93	31,358.73
Total Amount	(Rs Million)	769.11	808.46
Average rate	(Rs)	33.98	25.78
4. Other/internal generation	-	-	-
<b><u>B CONSUMPTION PER UNIT OF PRODUCTION</u></b>			
Electricity	(KWH/MT)	802.94	790.54
Furnace Oil/LSHS	(Ltrs/MT)	62.39	90.07
Coal & Others	(Kg./MT)	0.150	0.145

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 R&D activities of the Company. Multidisciplinary teams of scientists & technologists, through a synergistic blend of knowledge, experience & hardwork are actively engaged in retaining Company's technological leadership in India as well as overseas locations. R&D has made vital contributions in product development, manufacturing, and also improved productivity & efficiency of the Company. The Company launched tyres meeting EU labeling requirements. REACH awareness was created in entire supply chain loop & also ensured compliance by periodic certification of products. Orientation towards Green manufacturing was also initiated by carrying out research activities for usage of biomaterials, non-petroleum based materials, nano materials, environmental friendly chemicals & oils. Mass reduction of TBR tyres achieved through usage of low diameter steel wire for ply & belt materials, further development process is on for low Rolling Resistance (RR) TBR tyres. New series of rubber compounds have been developed by efficient use of 'reprocessed/recycled tyre material' in different tyre components. In order to reduce the dependency of standard reinforcing system based on fossil fuel, a series of evaluations have been initiated in all compounds with silica & carbon black dual fillers instead of only carbon black.

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

R&D activities of the Company helped in development of novel materials & technologies resulting into enhanced product quality. Use of innovative compounding helped in achieving low RR passenger tyre, Cut & Chip resistant OHT tyre and high fuel efficient TBR tyres. New compounds were developed in TBR segment to improve mileage, chipping & chunking resistance. Considering persisting cross ply tyre requirement (> 77%) existing in India for commercial vehicles, R&D was able to come out with a new product; "Steer Axle tyre XMR" in cross ply construction. Company was able to launch XTRAX 40-57 largest off-the-road tire (OTR) in India, weighing ~ 3,500 kg, with a total height of 3.5m for mining purposes in 240-tonne dumper trucks. Besides the launching of 33.00-51 (for 150 Ton Dump truck) & 40 other sizes.

Further, the R&D efforts of the Company have also resulted in achieving the highest honour (Innovation Excellence Award) in the tyre industry. "Tyre Manufacturer of the Year" award was conferred on to the Company for Innovation and Excellence at the Tyre Technology Expo, Cologne, Germany.

##### (3) Future plan of action:

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:

	Rs Million
(a) Capital	22.16
(b) Deferred revenue expenditure	-
(c) Revenue	384.72
(d) Total	406.88
(e) Total R&D expenditure as a % of turn over	0.48%

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

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

New projects have been introduced to knit modern technology in the product development and manufacture. This includes rationalisation and standardisation of raw materials, compounds, specifications, simulation techniques etc. across all locations. Several joint projects with the suppliers and prominent institutes across the globe were also started in this year with a special focus on "Green Technology & Sustainability materials". In order to meet the growth requirements, and bring out cost competitive cross ply tyres in the market, a

value engineered 'load & mileage' cross ply tyre has been designed. This design, intended basically for truck/ bus application has now been validated in the indoor and same is currently under extensive field run phase. Tractive performance of rear tractor tyres using liquid & dead weight ballast for efficient traction & tyre performance by improving pulling power, tread life and riding characteristic. As a step towards energy saving and reduced CO<sub>2</sub> emissions, we have now committed towards more efficient and optimum use of heating media ensuring optimum 'cure index' at all part of the tyre, thereby ensuring optimum properties of tyre to deliver best durability and overall performance. Chilled water temperature reduction trials in TBR have led to appreciable savings in energy.

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

Load & Mileage Drive design was developed in TBR endurance pattern. Pattern design optimised for better load sharing in foot print through uniform contact pressure distribution. The sensitivity of the pattern towards uneven wear is reduced through careful distribution of rubber, better support and groove design retaining load varying ability through proven ply line. The carcass profile and path decided based on tension optimized technique for improved bead and belt endurance. Tread pattern designed for improved mileage through proper tread mass distribution and optimised radii for uniform contact pressure distribution. This concept favors the enhanced utilisation of rubber throughout complete tyre life, coupled with improved endurance of the carcass & belt by optimised contour compliments the high mileage concept and right choice for drive axle fitment. Developments in tractive performance of tyres using water & dead weight ballasting have enhanced; performance, knowledge about optimal ballast and goodwill earned through farmer education. Conceptual design of tractor tyres was developed to meet the performance parameters. The pattern sensitivity to uneven wear was reduced by sufficient lug support; angle and optimum tread mass distribution. The slip is reduced through better contact pressure distribution by carefully selected cavity profile & skid depths. The stubble penetration resistance is increased by reinforce carcass construction and unique tread base design adopted to deflect the stubble from damaging it. The improved retreadability achieved through better carcass integrity and endurance level.

(3) Technology imported:

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

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	Rs Million
i) Foreign Exchange Earnings:	
-On account of direct - export sales from Apollo Tyres Ltd (FOB value)	8,091.67
ii) Foreign Exchange outgo (other than CIF value of imports)	1,165.44



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.

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 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.

The Company is guided by a key set of values for all its internal and external interactions.

Simultaneously, in keeping with the best practices, your Company seeks to execute the practices of corporate governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on the following:

- (a) Transparency by classifying and explaining the Company's policies and actions to those towards whom it has responsibilities, including its employees. This implies the maximum possible disclosures without hampering the interests of the Company and those of its shareholders.
- (b) Accountability is a key pillar, where there cannot be a compromise in any aspect of accountability and full responsibility, even as the management pursues profitable growth for the Company.
- (c) Professionalism ensures that management teams at all levels are qualified for their positions, have a clear understanding of their roles and are capable of exercising their own judgment, keeping in view the Company's interests, without being subject to undue influence from any external or internal pressures.
- (d) Trusteeship brings into focus the fiduciary role of the management to align and direct the actions of the organisation towards creating wealth and shareholder value in the Company's quest to establish a global network, while abiding with global norms and cultures.
- (e) Corporate Social Responsibility ensures the promotion of ethical values and setting up exemplary standards of ethical behaviour in our conduct towards our business partners, colleagues, shareholders and general public. Through this, the Company also ensures that it contributes to the society's overall welfare by undertaking not-for-profit activities which would benefit all or any of its stakeholders in the society.
- (f) Safeguarding integrity ensures independent verification and truthful presentation of the Company's financial position. For this purpose, the Company has also constituted an Audit Committee which pays particular attention to the financial management process.
- (g) Continuous focus on training and development of employees and workers to achieve the overall corporate objectives while ensuring employee integration across national boundaries.

Your Company is open, accessible and consistent with its communication. Apollo Tyres shares a long term perspective and firmly believes that good corporate governance practices underscore its drive towards competitive strength and sustained performance. Thus, overall corporate governance norms have been institutionalised as an enabling and facilitating business process at the board, management and at all operational levels.

## 2. Board of Directors (Supervisory Board)

At Apollo, we believe that an active, well-informed and independent board is necessary to ensure highest standards of corporate governance. The Board of Directors (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, 2013 exceeds the requirements of clause 49 of the listing agreement with the stock exchanges. The Company's Board of Directors consist of 14 Executive and Non Executive Directors, including leading professionals in their respective fields. The following is the percentage of Executive and Non Executive Directors of the Company:

Category of Directors	No. of Directors	% of Total no. of Directors
Executive	4	29
Non Executive	10	71
Total	14	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	5	Yes
Mr Neeraj Kanwar Vice Chairman & Managing Director	Executive	2	3	5	Yes
Mr A K Purwar	Non-Executive Independent	10	4	3	Yes
Mr K Jacob Thomas	Non-Executive Independent	3	1	5	Yes
Mr K S Srinivas* Nominee Director – Govt of Kerala (Equity Investor)	Non-Executive Independent	7	-	-	N.A.
Mr M R B Punja	Non-Executive Independent	4	1	5	Yes
Mr Nimesh N Kampani	Non-Executive Independent	5	4	3	No
Mr Robert Steinmetz	Non-Executive Independent	-	-	4	Yes
Mr Sunam Sarkar Chief Financial Officer & Whole Time Director	Executive	-	-	5	Yes
Mr Shardul S Shroff	Non-Executive Independent	6	2	1	No
Dr S Narayan	Non-Executive Independent	6	4	4	Yes
Mr U S Oberoi Chief (Corporate Af- fairs) & Whole Time Director	Executive	2	-	5	Yes
Dr V P Joy Nominee Director – Govt of Kerala (Equity Investor)	Non-Executive Independent	4	-	3	Yes
Mr Vikram S Mehta	Non-Executive Independent	3	-	1	N.A.

### Ceased to be Director

Mr Alkesh Kumar Sharma* Nominee Director – Govt. of Kerala (Equity Investor)	Non-Executive Independent	14	-	2	Yes
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#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.

\*Government of Kerala has nominated Mr K S Srinivas as Director of the Company in place of Mr Alkesh Kumar Sharma w.e.f. February 6, 2013.

Mr Shardul S Shroff is the Managing Partner of M/s. Amarchand & Mangaldas & Suresh A Shroff & Co., carrying out the practice of solicitors and advocates on record, to whom the Company has paid fee of Rs 12.14 million for the year 2012-2013 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 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. Artemis Health Sciences, promoted by him, is an enterprise focusing on state-of-the-art medical care and runs a cutting edge multi-specialty medical

facility which focuses on holistic treatment. An initiative close to his heart is Apollo Tyres' HIV-AIDS awareness and prevention programme for the commercial vehicle driver community, implemented through Apollo Tyres Foundation's Health Care Centres located in large 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 2.5 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 as Joint Managing Director in 2006 and elevated to the position of 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 has served as 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 combining work with liberal doses of fun.

An engineering graduate from Lehigh University in Pennsylvania, USA, Mr Neeraj Kanwar is an avid sportsman. 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 13, 5 (five) Board meetings were held on May 10, 2012, August 9, 2012, October 1, 2012, November 2, 2012 and February 6, 2013. 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 11 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 at least once in every quarter to perform its functions.

The Company Secretary of the Company 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. Mr M R B Punja, Mr K Jacob Thomas and Dr S Narayan and one Executive Director viz. Mr U S Oberoi. Mr M R B Punja is the Chairman of the Committee. 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 the 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.

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

During the financial year, 4 (four) Audit Committee meetings were held on May 9, 2012, August 8, 2012, November 2, 2012 and February 5, 2013.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr M R B Punja	Chairman	Non- Executive Independent	4
Mr K Jacob Thomas	Member	Non- Executive Independent	4
Dr S Narayan	Member	Non- Executive Independent	3
Mr U S Oberoi	Member	Executive	4

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 respective functional heads, Internal Auditors, Cost Auditors and Statutory Auditors 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 secretary of the Committee.

The Chairman of the Audit Committee, Mr M R B Punja was present at the Annual General Meeting of the Company held on August 9, 2012.

**(c) Role of Internal Auditors**

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 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 the subsidiaries is also reviewed by the Board periodically.

**5. Remuneration Committee**

**(a) Constitution and Composition of the Committee**

The Board of Directors had constituted a Remuneration Committee in the year 2003. The Remuneration Committee comprises of three non-executive Independent Directors: Mr M R B Punja, Dr S Narayan and Mr K Jacob Thomas. Mr M R B Punja is the Chairman of the Committee. The Company Secretary is acting as the secretary to the Remuneration Committee.

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

The Remuneration Committee has been entrusted with the following 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.

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

During the year, no Remuneration Committee meeting was held.

**(d) Payment of remuneration/sitting fee to the Directors**

The details of remuneration paid to Directors during FY13 are given below.

**(i) Executive Directors:**

**Rs Million**

Name of Director	Salary	Contribution to PF/ Superannuation/ Gratuity	Commission/ Performance Bonus	Perquisites	Total Remuneration
Mr Onkar S Kanwar	36.00	11.45	148.00	46.20	241.65
Mr Neeraj Kanwar	21.60	6.74	49.00	33.68	111.02
Mr U S Oberoi	2.82	0.90	3.18	2.54	9.44
Mr Sunam Sarkar	5.14	1.87	6.86	12.09	25.96
<b>Total</b>	<b>65.56</b>	<b>20.96</b>	<b>207.04</b>	<b>94.51</b>	<b>388.07</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 (Rs Million)	Commission provided for the FY13 (Rs Million)	No. of Shares held as on March 31, 2013
Mr A K Purwar	0.06	2.19	-
@Mr Alkesh Kumar Sharma +Mr K S Srinivas Dr V P Joy	0.10*	4.37*	-
Mr K Jacob Thomas	0.26	2.19	442050

Mr M R B Punja	0.18	2.19	-
Mr Nimesh Kampani	0.06	2.19	-
Mr Robert Steinmetz	0.08	2.19	-
Dr S Narayan	0.14	2.19	-
Mr Shardul S Shroff	0.04	2.19	-
+Mr Vikram S Mehta	0.02	0.32	6000

\*Sitting fee/Commission payable to Government of Kerala

@ ceased w.e.f. February 6, 2013.

+ Appointed w.e.f. February 6, 2013.

## 6. Shareholders'/Investors' Transfer/Grievance Committee

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

The Board of Directors of the Company has with a view to expediting the process of share transfers delegated the power of share transfer upto 10,000 shares to 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

Shareholders'/Investors' Transfer/Grievance 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 Shareholders'/Investors' Transfer/Grievance Committee and attendance of members during the year

During the year, 5 (five) meetings of the Shareholders'/Investors' Transfer/Grievance Committee were held on May 10, 2012, August 9, 2012, November 2, 2012, December 17, 2012 and February 6, 2013.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr K Jacob Thomas	Chairman	Non- Executive Independent	4
Mr Neeraj Kanwar	Member	Executive	5
Mr Sunam Sarkar	Member	Executive	5
Mr U S Oberoi	Member	Executive	5

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

During FY 13, the Company received 34 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. CEO/CFO Certification

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



## 8. General Body Meetings

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

Financial Year	Date	Time	Venue	Special Resolution Passed
2011-2012	09.08.2012	10.00 A.M.	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)	No Special Resolution was passed
2010-2011	11.08.2011	- do -	- do -	Payment of Commission to Non-whole Time Directors for 5 years w.e.f. April 1, 2012.
2009-2010	29.07.2010	- do -	- do -	No Special Resolution was passed

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

In FY13, the Company had conducted the following voting through postal ballot and sent the postal ballot forms 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	06.10.2012	<ul style="list-style-type: none"> <li>• Authorisation for issue of equity shares to Qualified Institutional Buyers</li> <li>• Authorisation for increasing the limit of FII's investments upto 40%</li> </ul>	06.11.2012	Special Resolution
2	06.11.2012	Authorisation for issue of convertible warrants to Promoters/ Promoter Group on preferential basis	07.12.2012	Special Resolution
3	18.03.2013	Authorisation for re-appointment of Mr Onkar S Kanwar as Managing Director	19.04.2013	Special Resolution

## 9. 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-21 of the Notes on Accounts attached with the financial statements for the year ended March 31, 2013.

### (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. A Statutory Compliance Dashboard system has been introduced to create a centralised repository for all evidence of compliance.

**(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, 2013, the total unclaimed equity shares are 14.42 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.

**10. Means of communication**

- The quarterly/half yearly and annual financial results of the Company are normally published in Indian Express/Financial Express/Business Standard(national dailies) and Kerala Kaumudi (regional daily). In addition to the above, quarterly and annual results are displayed at our website at [www.apollotyres.com](http://www.apollotyres.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.

**11. 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 7, 2013
- 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 13, 2013
- Last date of receipt of proxy form : August 5, 2013 before 10.00 a.m.

**c) Financial Calendar for FY 2013-2014**

Financial reporting for the quarter ending June 30, 2013: On or before August 14, 2013

Financial reporting for the quarter ending September 30, 2013: On or before November 14, 2013

Financial reporting for the quarter ending December 31, 2013: On or before February 14, 2014

Financial reporting for the quarter ending March 31, 2014 : On or before May 30, 2014

**d) Dates of Book-Closure**

The dates of the book closure shall be from July 22, 2013 to August 7, 2013 (both days inclusive).

**e) Dividend Payment**

The dividend of Re 0.50 per equity share for the FY 13, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or after August 7, 2013 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, 2006 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 Rs 16.32 lac lying unclaimed in Unpaid Dividend Account in respect of dividend for the year 2004-05 to the said IEP Fund on September 14, 2012.

**g) Listing at Stock Exchanges**

**1. 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 24000330  
E: cse1@vsnl.com

**2. Bombay Stock Exchange Ltd.**

Phiroze Jeejeebhoy Towers  
1st Floor, Dalal Street  
Mumbai - 400 001  
T: +91 22 22721233/34  
F: +91 22 22721919/3027  
E: corp.reations@bseindia.com

**3. National Stock Exchange of India Ltd.**

Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051  
T: +91 22 26598100-14  
F: +91 22 26598237-38  
E: cmlist@nse.co.in

The annual listing fee for FY14 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 2012-2013: ATL share price on NSE and Nifty Index

Month	NSE			Nifty Index	
	High (Rs)	Low (Rs)	Volume (in million)	High	Low
April, 2012	94.80	78.60	70.35	5378.75	5154.30
May, 2012	91.70	76.70	60.05	5279.60	4788.95
June, 2012	86.60	73.75	57.54	5286.25	4770.35
July, 2012	85.20	76.25	51.41	5348.55	5032.40
August, 2012	100.80	76.55	78.46	5448.60	5164.65
September, 2012	102.45	88.60	79.11	5735.15	5215.70
October, 2012	94.70	82.75	82.61	5815.35	4888.20
November, 2012	90.50	78.10	81.85	5885.25	5548.35
December, 2012	89.45	83.05	48.44	5965.15	5823.15
January, 2013	91.50	81.50	44.69	6111.80	5935.20
February, 2013	90.45	80.00	37.07	6052.95	5671.90
March, 2013	93.50	79.10	38.01	5971.20	5604.85

#### ATL share price on BSE and Sensex

Month	BSE			SENSEX	
	High (Rs)	Low (Rs)	Volume (in million)	High	Low
April, 2012	95.00	78.65	10.07	17,664.10	17,010.16
May, 2012	91.15	77.10	7.13	17,432.33	15,809.71
June, 2012	88.00	73.80	6.59	17,448.48	15,748.98
July, 2012	85.10	76.30	5.67	17,631.19	16,598.48
August, 2012	98.20	76.50	10.15	17,972.54	17,026.97
September, 2012	102.45	88.85	11.08	18,869.94	17,250.80
October, 2012	94.80	82.10	12.65	19,137.29	18,393.42
November, 2012	90.50	78.10	15.18	19,372.70	18,255.69
December, 2012	89.80	83.75	6.50	19,612.18	19,149.03
January, 2013	91.40	81.25	4.87	20,203.66	19,508.93
February, 2013	90.35	82.00	4.72	19,966.69	18,793.97
March, 2013	93.40	79.10	5.38	19,754.66	18,568.43

#### j) Shares Traded during April 1, 2012 to March 31, 2013

	BSE	NSE
No. of shares traded (in million)	99.99	729.59
Highest Share Price (in Rs)	102.45	102.45
Lowest Share Price (in Rs)	73.80	73.75
Closing Share Price (as on March 31, 2013)	83.40	83.45
Market Capitalisation (as on March 31, 2013) (in million)	42,035.67	42,060.87

**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, "Shareholders'/Investors' Transfer/Grievances 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 "Shareholders'/Investors' Transfer/Grievances 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 1,04,660. 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, 2013:-

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-5000	119775	99.14	39777953	7.89
5001-10000	522	0.43	3885632	0.77
10001-20000	207	0.17	3013197	0.60
20001-30000	53	0.04	1345858	0.27
30001-40000	30	0.03	1074151	0.21
40001-50000	24	0.02	1102468	0.22
50001-100000	47	0.04	3599456	0.71
100001 & above	159	0.13	450226055	89.33
<b>Total</b>	<b>120817</b>	<b>100.00</b>	<b>504024770</b>	<b>100.00</b>

The Promoter and Promoter Group hold 218.58 million shares constituting 43.37% of the share capital of the Company as on March 31, 2013.

**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 Shareholders'/Investors' Transfer/Grievance Committee.

**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, 2013, 97.24% 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: 0124 238 3002-10, F: 0124 238 3351, E: investors@apollotyres.com

**r) ECS Mandate**

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

**s) The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing service of various documents to be sent to members by the companies through electronic mode.**

Accordingly, the Company proposes to send documents like Shareholders Meeting notice/other notices, audited financial statements, directors' report, auditors' report or any other document to members in electronic form at the e-mail address provided by them and/or made available to the Company by the Depositories.

Members who have not yet registered their e-mail addresses (including those who wish to change their already registered e-mail addresses) 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

<b>u) Address for correspondence</b>	:	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: +91 124-238 3002-10

**12. 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 2383002-10

F: : +91 124 2383351

E: : investors@apollotyres.com

**b) Bankers**

State Bank of India	Union Bank of India
Canara Bank	State Bank of Mysore
ICICI Bank Ltd.	Axis Bank Ltd.

IDBI Bank Ltd.	Standard Chartered Bank
BNP Paribas	State Bank of Travancore
Yes Bank Ltd.	The Hongkong and Shanghai Banking Corporation Ltd.
Kotak Mahindra Bank Ltd.	Deutsche Bank
Credit Agricole CIB	DBS Bank Ltd.
The Bank of Nova Scotia	Citibank N.A.
HDFC Bank Ltd.	ING Vysya Bank Ltd.
Corporation Bank	

**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, 2012
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 : December 24, 2012

**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 the 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) 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 ATL 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, 2013.

For and on behalf of the Board of Directors



(Onkar S Kanwar)

Chairman & Managing Director

Place: Gurgaon

Date : June 12, 2013

**COMPLIANCE:**

The certificate dated June 12, 2013 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, 2013, 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  
(Registration No.008072S)

sd/-

Geetha Suryanarayanan  
Partner

(Membership No.29519)

Place: Chennai

Date : June 12, 2013.

# **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, 2013, 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 referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") 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 31st March, 2013;
- (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 referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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/-

Geetha Suryanarayanan

Partner

(Membership No.29519)

Place: Gurgaon

Date : May 10, 2013.

## 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 / result during the year, clauses 4 (x), 4 (xii), 4 (xiii), 4 (xiv), 4 (xviii) and 4 (xx) of CARO are not applicable.
- (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.
  - (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 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, 2013 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, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Amount Involved (₹)	Period to which the Amount Relates	Forum where Dispute is Pending
Sales Tax Act applicable to various states	Sales tax	186.84*	Assessment Years 1991-92 to 2003-04, 2005-06 to 2007-08 and 2011-12	Various Appellate Authorities /Revenue Board/ High Court.
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	1,910.25**	Assessment Years 1995-96 to 2010-2011	Various Appellate Authorities/ High Court.

\* Net of Deposits of ₹ 18.10 Million

\*\* Net of Deposits of ₹ 3.22 Million

- (xi) 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.
- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (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) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 3,000 debentures of ₹1 Million each, which are unsecured.
- (xvi) 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 other than for the matter explained in Note C9 to the Financial Statements.

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

sd/-

Geetha Suryanarayanan  
Partner

(Membership No.29519)

Place: Gurgaon

Date : May 10, 2013.

**apollo**



# BALANCE SHEET

## AS AT MARCH 31, 2013

	Notes	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ 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	22,802.39	19,971.95
(c) Money Received against Share Warrants	C5	107.75	-
		<u>23,414.23</u>	<u>20,476.04</u>
<b>2. Non-Current Liabilities:</b>			
(a) Long-term Borrowings	B3	13,383.68	12,619.88
(b) Deferred Tax Liabilities (Net)	C17	3,518.40	2,958.61
(c) Other Long Term Liabilities	B3	124.10	60.45
		<u>17,026.18</u>	<u>15,638.94</u>
<b>3. Current Liabilities:</b>			
(a) Short-term Borrowings	B4	5,394.15	7,512.52
(b) Trade Payables		6,000.95	8,314.53
(c) Other Current Liabilities		4,625.63	3,916.36
(d) Short-term Provisions		1,910.92	1,800.08
		<u>17,931.65</u>	<u>21,543.49</u>
<b>TOTAL</b>		<u>58,372.06</u>	<u>57,658.47</u>
<b>B. ASSETS</b>			
<b>1. Non-Current Assets:</b>			
(a) Fixed Assets	B5		
(i) Tangible Assets		30,633.90	28,447.02
(ii) Intangible Assets		79.64	59.30
(iii) Capital Work-in-Progress		<u>2,489.73</u>	<u>3,106.56</u>
		<u>33,203.27</u>	<u>31,612.88</u>
(b) Non-Current Investments	B6	6,126.95	5,626.51
(c) Long-term Loans & Advances	B7	1,689.94	2,054.11
		<u>41,020.16</u>	<u>39,293.50</u>
<b>2. Current Assets:</b>			
(a) Inventories	B8	11,208.26	11,077.80
(b) Trade Receivables	B8	2,731.36	3,639.13
(c) Cash & Cash Equivalents	B8	1,541.92	1,155.93
(d) Short Term Loans & Advances	B9	1,869.66	2,492.11
(e) Other Current Assets	B10	0.70	-
		<u>17,351.90</u>	<u>18,364.97</u>
<b>TOTAL</b>		<u>58,372.06</u>	<u>57,658.47</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

**U S OBEROI**  
Chief (Corporate Affairs)  
& Whole Time Director

**M R B PUNJA**  
Director

**GEETHA SURYANARAYANAN**  
Partner

**SUNAM SARKAR**  
Chief Financial Officer &  
Whole Time Director

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

Gurgaon  
May 10, 2013

# STATEMENT OF PROFIT & LOSS

## FOR THE YEAR ENDED MARCH 31, 2013

	Notes	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>1. Revenue from Operations:</b>			
Gross Sales		<b>94,529.05</b>	89,065.35
Less : Excise Duty		<b>9,454.14</b>	7,486.60
Net Sales		<b><u>85,074.91</u></b>	<u>81,578.75</u>
<b>2. Other Income</b>	B11	<b>573.77</b>	181.94
<b>3. Total Revenue (1 +2)</b>		<b><u>85,648.68</u></b>	<u>81,760.69</u>
<b>4. Expenses :</b>			
(a) Cost of Materials Consumed	B12	<b>58,673.64</b>	59,733.79
(b) Purchase of Stock-in-Trade	B12	<b>2,538.95</b>	2,383.82
(c) Changes in Inventories of Finished Goods, Work in Process & Stock-in-Trade	B13	<b>(73.71)</b>	234.51
(d) Employee Benefits Expense	B12	<b>4,268.52</b>	3,686.53
(e) Finance Costs	B14	<b>2,609.73</b>	2,413.01
(f) Depreciation & Amortization expense	B5	<b>2,200.71</b>	1,856.92
(g) Other Expenses	B12	<b>10,685.65</b>	8,876.98
<b>Total Expenses</b>		<b><u>80,903.49</u></b>	<u>79,185.56</u>
<b>5. Profit before Tax (3 - 4)</b>		<b>4,745.19</b>	2,575.13
<b>6. Tax Expenses</b>			
(a) Current Tax Expense		<b>1,060.12</b>	515.19
(b) Less: MAT Credit		<b>-</b>	301.29
(c) Net Current Tax Expense		<b><u>1,060.12</u></b>	<u>213.90</u>
(d) Deferred Tax		<b>559.79</b>	547.90
		<b><u>1,619.91</u></b>	<u>761.80</u>
<b>Profit for the Year (5-6)</b>		<b><u>3,125.28</u></b>	<u>1,813.33</u>
<b>Earnings per Share of ₹ 1 each:</b>	C25		
(a) Basic		<b>6.20</b>	3.60
(b) Diluted		<b>6.20</b>	3.60

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

U S OBEROI  
Chief (Corporate Affairs)  
& Whole Time Director

M R B PUNJA  
Director

**GEETHA SURYANARAYANAN**  
Partner

Gurgaon  
May 10, 2013

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

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

# CASH - FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2013

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(i) <b>Net Profit Before Tax</b>	<b>4,745.19</b>	2,575.13
Add: Adjustments for:		
Depreciation and Amortization Expenses	2,200.71	1,856.92
(Profit) / Loss on Sale of Tangible Fixed Assets (Net)	2.22	12.80
Dividend from Trade & Non Trade Investments	(0.18)	(0.18)
Provision for Compensated Absences	26.71	22.62
Unclaimed Credit Balances / Provisions written back	(85.88)	(33.22)
Finance Charges (Net of Interest Capitalized)	2,609.73	2,413.01
Interest Income	(63.42)	(58.51)
Unrealized Forex Fluctuation Loss / (Gain) on Reinstatement	63.11	(25.20)
Doubtful Receivables / Advances Written Off	1.02	-
	<b>4,754.02</b>	4,188.24
(ii) <b>Operating Profit Before Working Capital Changes</b>	<b>9,499.21</b>	6,763.37
<b>Changes in Working Capital</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	(130.46)	249.17
Trade Receivables	882.62	(1,574.70)
Short-term loans and advances	779.43	(238.48)
Long-term loans and advances	(85.54)	91.14
	<b>1,446.05</b>	(1,472.87)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade Payables	(2,208.77)	729.16
Other Current Liabilities	(232.02)	(11.52)
Other Long-term Liabilities	63.65	2.43
Short-term Provisions	179.65	(24.72)
	<b>(2,197.49)</b>	695.35
(iii) <b>Cash Generated from Operations</b>	<b>8,747.77</b>	5,985.85
Less: Direct Taxes Paid (Net of Refund)	<b>1,047.83</b>	594.56
<b>Net Cash From Operating Activities</b>	<b>7,699.94</b>	5,391.29
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Including Interest Capitalized)	(3,692.96)	(5,557.91)
Proceeds from Sale of Fixed Assets	82.78	52.04
Long Term Investment made in Subsidiary	(500.44)	(33.04)
Long Term Fixed Term Deposits With Banks Matured	(5.01)	9.94
Dividends Received from Trade & Non Trade Investments	0.18	0.18
Interest Received	61.53	56.87
<b>Net Cash Used in Investing Activities</b>	<b>(4,053.92)</b>	(5,471.92)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from issue of Share Warrants	107.75	-
Long Term Borrowings Received	3,000.00	6,256.89
Repayment of Long Term Borrowings	(1,339.35)	(3,006.21)
Bank Overdraft / Short Term Borrowings (net of repayments)	(2,118.37)	(848.14)
Payment of Dividends (including Dividend Tax)	(292.89)	(292.89)
Finance Charges Paid (Net of Interest Capitalized)	(2,567.27)	(2,316.03)
<b>Net Cash Used in Financing Activities</b>	<b>(3,210.13)</b>	(206.38)
<b>Net (Decrease) / Increase in Cash &amp; Cash Equivalents</b>	<b>435.89</b>	(287.01)
Cash & Cash Equivalents as at Beginning of the year	<b>1,155.93</b>	1,412.63
(Gain) / Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents	<b>(56.98)</b>	(17.59)
Less: Bank Deposits with Original Maturity over Three Months	<b>66.17</b>	76.11
Less: Unpaid Dividends Bank Accounts	<b>28.26</b>	27.40
<b>Adjusted Cash &amp; Cash Equivalents as at Beginning of the year</b>	<b>1,004.52</b>	1,291.53
Cash & Cash Equivalents as at the end of the year	<b>1,541.92</b>	1,155.93
(Gain) / Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents	<b>(0.09)</b>	(56.98)
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>Adjusted Cash &amp; Cash Equivalents as at the end of the year</b>	<b>1,440.41</b>	1,004.52

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**ONKAR S KANWAR**  
Chairman &  
Managing Director

**U S OBEROI**  
Chief (Corporate Affairs)  
& Whole Time Director

**M R B PUNJA**  
Director

**GEETHA SURYANARAYANAN**  
Partner

Gurgaon  
May 10, 2013

**SUNAM SARKAR**  
Chief Financial Officer &  
Whole Time Director

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

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

### **1. CORPORATE INFORMATION**

The Company's principal business is manufacture of automobile tyres, tubes and tyre re-treading compound. The Company has four tyre manufacturing plants – two in Kerala, one in Vadodra and one in Chennai. The Company has started its operations since 1977 with its first plant at Perambra in Kerala.

The Company has two main overseas subsidiary companies – Apollo Tyres South Africa (Pty) Ltd. located in South Africa and Apollo Vredestein B.V. located in Netherlands. The first Company, previously known as Dunlop Tyres International (Pty) Ltd, was acquired on April 21, 2006. It has two tyre manufacturing plants in South Africa and its products are sold in Africa and Europe under the brand name of Dunlop. The second Company, previously known as Vredestein Banden B.V. was acquired on May 15, 2009. It has one manufacturing plant in Netherlands and sales and marketing offices all over Europe. Its products are sold primarily in Europe under the brand name of Vredestein.

### **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 the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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.

## **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, 2013 ₹ Million	As at March 31, 2012 ₹ 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	0.07	0.07
	<u>504.09</u>	<u>504.09</u>

(C) Equity Shares of ₹ 10 each have been sub-divided into ten equity shares of ₹ 1 each pursuant to the resolution passed by the shareholders at the Annual General Meeting held on July 26, 2007.

(D) 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 Mar 31, 2013		As at Mar 31, 2012	
		No. of Shares	%age	No. of Shares	%age
1	Neeraj Consultants Ltd.	42,508,142	8.43%	42,508,141	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%	44,725,648	8.87%
4	Constructive Finance Pvt. Ltd.	29,630,857	5.88%	38,619,357	7.66%
5	CLSA (Mauritius) Ltd.	28,787,736	5.71%	14,127,787	2.80%
6	ICICI Prudential Life Insurance Co. Ltd.	26,665,390	5.29%	25,137,496	4.99%

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

- (E) 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.
- (F) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## B 2 RESERVES & SURPLUS

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ 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	516.67	237.50
Add: Transfer from Surplus in Statement of Profit & Loss	<u>654.16</u>	<u>279.17</u>
	1,170.83	516.67
(e) Revaluation Reserve	31.22	31.22
(f) Share Forfeiture ₹ 1,375/- (₹ 1375/-)	-	-
(g) General Reserve		
Opening Balance	7,006.63	6,006.63
Add: Transfer from Surplus in Statement of Profit & Loss	<u>1,000.00</u>	<u>1,000.00</u>
	8,006.63	7,006.63
(h) Surplus in Statement of Profit & Loss		
Opening Balance	6,710.32	6,469.05
Add: Net Profit for the year	<u>3,125.28</u>	<u>1,813.33</u>
Balance available for Appropriation	9,835.60	8,282.38
Less: Appropriations made during the year		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	654.16	279.17
Proposed Dividend	252.01	252.01
Dividend Tax	<u>42.83</u>	<u>40.88</u>
	1,949.00	1,572.06
Closing Balance	7,886.60	6,710.32
<b>Total Reserves and Surplus</b>	<u><u>22,802.39</u></u>	<u><u>19,971.95</u></u>

### B3 NON - CURRENT LIABILITIES

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ 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	1,000.00
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	833.33	1,250.00
	<u>3,833.33</u>	<u>4,250.00</u>
<b>(ii) Term Loans</b>		
<b>From Banks:</b>		
External Commercial borrowings (ECB)	3,408.11	4,782.15
Rupee Term Loans	500.00	500.00
	<u>3,908.11</u>	<u>5,282.15</u>
<b>From Others:</b>		
International Finance Corporation - Loan A	1,128.43	1,354.12
International Finance Corporation - Loan B	<u>798.28</u>	<u>898.06</u>
Bharat Earthmovers Ltd. (BEML)	494.94	577.43
	<u>2,421.65</u>	<u>2,829.61</u>
<b>(iii) Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	199.88	241.36
Deferred Payment Credit II	20.71	16.76
	<u>220.59</u>	<u>258.12</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>3,000.00</u>	<u>-</u>
	<u>13,383.68</u>	<u>12,619.88</u>
<b>OTHER LONG TERM LIABILITIES:</b>		
Security Deposits Received from Dealers	11.49	8.43
Security Deposits Received from Employees	43.92	42.78
Others	68.69	9.24
	<u>124.10</u>	<u>60.45</u>

\*For 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, 2013 ₹ Million		Amount outstanding as at March 31, 2012 ₹ 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	833.33	416.67	1,250.00	-	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	-	-	-	10.10%	Bullet Repayment on 30-08-2014	Unsecured
	1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	-	-	9.70%	Bullet Repayment on 17-12-2014	Unsecured
<b>Total Debentures</b>		<b>6,833.33</b>	<b>416.67</b>	<b>4,250.00</b>	<b>-</b>			

**EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:**

Bank 1	ECB I	-	183.19	183.19	183.19	9-10%	Repayment in 8 equal installments of USD 1.875 Million half yearly started from 19-04-10.	Refer Note A1 & B1 below
	ECB II	280.62	112.25	392.87	56.13	9-10%	Repayment in 8 equal installments of USD 1.25 Million half yearly started from 17-12-12.	Refer Note A1 & B1 below
Bank 2	ECB I	-	133.47	133.47	266.93	9-10%	Repayment in 15 equal quarterly installments of USD 13.33 Million started from 31-03-10.	Refer Note A1 & B2 below
	ECB II	349.99	349.99	699.98	233.32	9-10%	Repayment in 1 half-yearly installment of USD 1.25 Million and then 5 half-yearly installments of USD 3.75 Million from 16-07-12.	Refer Note A1 & B2 below

	ECB III	674.25	224.75	899.00	-	9-10%	Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million from 27-06-13.	Refer Note A1 & B2 below
Bank 3	ECB I	462.20	231.10	693.30	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	417.46	139.19	556.75	-	9-10%	Repayment in 4 equal annual installments of USD 3.125 Million starting 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>3,408.11</b>	<b>1,373.94</b>	<b>4,782.15</b>	<b>970.67</b>			

#### RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	500.00	-	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>500.00</b>	<b>-</b>	<b>500.00</b>	<b>-</b>			

#### TERM LOANS FROM OTHERS:

IFC	Loan A	1,128.43	225.69	1,354.12	-	9-10%	Repayment in 12 half-yearly installments of USD 2.50 Million each commencing from 17-06-2013	Refer Note A1 & B2 below
	Loan B	798.28	99.78	898.06	-	9-10%	Repayment in 9 half-yearly installments of USD 2.22 Million each commencing from 16-12-2013	Refer Note A1 & B2 below

BEML	Loan 1	494.94	82.49	577.43	82.49	2.25% lower than prevailing SBI PLR	40 equal quarterly installments of ₹ 20.62 Million each starting from 30-06-2010	Note C
<b>Total Term Loans from Others</b>		<b>2,421.65</b>	<b>407.96</b>	<b>2,829.61</b>	<b>82.49</b>			

#### DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	199.88	41.48	241.36	38.23	7-8%	Repayment along with Interest in 240 consecu- tive monthly installments starting from 15-05-2007	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	20.71	6.64	16.76	4.26	8-9%	Repayment along with Interest in 20 equal quarterly installments starting April, 2010.	Engineering materials purchased under the scheme
		<b>220.59</b>	<b>48.12</b>	<b>258.12</b>	<b>42.49</b>			

#### BUYERS CREDIT FROM BANKS:

Bank 1	Buyers Credit I	-	-	-	116.56	6-8%	Within One Year	Refer Note A1 & B2 below.
	Buyers Credit II	-	-	-	136.20	6-8%	Within One Year	Refer Note A1 & B2 below.
		-	-	-	<b>252.76</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 to be 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, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Buyer's Credit - Raw Material *	451.43	753.08
Banks - Cash Credit (Repayable on Demand) *	49.01	114.14
Short Term Loan from banks	-	2,350.00
<b>Unsecured</b>		
Commercial Paper #	3,150.00	2,200.00
Buyers Credit - Raw Material	458.76	2,095.30
Packing Credits	1,284.95	-
	<u>5,394.15</u>	<u>7,512.52</u>
<b>TRADE PAYABLES</b>		
Payable to Micro, Small & Medium Enterprises (Note C6)	31.53	41.12
Acceptances	322.47	2,249.16
Accounts Payable - Raw Materials & Services	4,459.25	5,043.94
Freight, Port Charges, CHA Charges Payable	340.30	364.14
Expenses Payable	135.35	143.42
Employee Related Payables **	487.04	342.22
Payable to Related Parties	225.01	130.53
	<u>6,000.95</u>	<u>8,314.53</u>
<b>OTHER CURRENT LIABILITIES:</b>		
<b>Current Maturities of Long-Term Debt</b>		
<b>Secured : ***</b>		
(a) <b>Debentures:</b>		
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	-
(b) <b>Term Loan from Banks:</b>		
External Commercial borrowings (ECB)	1,373.94	970.67
Buyers Credit - Capex	-	252.76
	<u>1,373.94</u>	<u>1,223.43</u>
(c) <b>Term Loan from Others:</b>		
International Finance Corporation - Loan A	225.69	-
International Finance Corporation - Loan B	99.78	-
Bharat Earthmovers Ltd. (BEML)	82.49	82.49
	<u>407.96</u>	<u>82.49</u>
(d) <b>Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	41.48	38.23
Deferred Payment Credit II	6.64	4.26
Sales Tax Loan	-	1.43
	<u>48.12</u>	<u>43.92</u>
	<u>2,246.69</u>	<u>1,349.84</u>
<b>Trade Payables Includes due to Related Parties:</b>		
(Note - C21)		
Subsidiary Companies	138.12	50.19
Companies in which Directors are interested	86.89	80.34
	<u>225.01</u>	<u>130.53</u>

\* 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 ₹ 197 Million (₹ 74 Million)

\*\*\* For Nature of Security on Current Maturities of Long Term Debts, Refer Note B 3(a)

# Maximum Amount Outstanding during the year ₹ 5,850 Million (₹ 9,000 Million).

**B 4 CURRENT LIABILITIES (Continued)**

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>OTHER CURRENT LIABILITIES (Continued):</b>		
Interest accrued but not due on borrowings	273.39	230.93
Unpaid Dividends *	30.24	28.26
Payables to Micro, Small & Medium Enterprises		
Capex Vendors (Note C6)	0.08	3.61
Interest payable to Micro, Small & Medium Enterprises (Note C6)	10.58	10.53
<b>Other payables: **</b>		
Accounts Payable - Capital	410.12	421.48
Excise Duty Payable	0.22	1.94
Excise Duty on closing stock	258.85	230.92
Amount Payable to Statutory Authorities	825.67	763.67
Export Obligations - Advance Licence Benefit	321.53	663.48
Payable to Related Parties	31.53	6.24
Security Deposits Received	132.56	105.43
Advances Received from Customers	19.65	9.10
Others	19.34	14.82
Gratuity Payable	45.18	76.11
	<u>2,378.94</u>	<u>2,566.52</u>
	<u>4,625.63</u>	<u>3,916.36</u>
<b>SHORT TERM PROVISIONS:</b>		
Provision for Compensated Absences	182.06	155.35
Proposed Dividend on Equity Shares	252.01	252.01
Dividend Tax	42.83	40.88
Provision for Taxation	7,363.48	6,303.36
Less: MAT Credit Adjusted	108.57	-
Less: Advance Tax	7,061.09	6,012.07
Provision for Wealth Tax	3.50	3.50
Provision for Sales related obligations	1,236.70	1,057.05
	<u>1,910.92</u>	<u>1,800.08</u>
<b>**Other Payables Includes due to Related Parties:</b>		
(Note - C21)		
Subsidiary Companies	0.01	6.01
Companies in which Directors are interested	31.52	0.23
	<u>31.53</u>	<u>6.24</u>

\*There are no amounts due and outstanding as at Balance Sheet Date to be transferred to the Investor Education and Protection Fund under section 205C of the companies Act, 1956.

## B5 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
<b>A) TANGIBLE ASSETS</b>								
Land:								
Freehold Land	144.64	30.50	-	175.14	-	-	-	175.14
Leasehold Land *	160.04	12.15	-	172.19	8.22	2.20	-	161.77
						(a)		
Buildings	6,849.52	561.70	-	7,411.22	862.59	208.44	-	6,340.19
								(e)
Plant & Machinery **	29,438.97	3,495.98	113.72	32,821.23	9,058.50	1,815.58	75.22	22,022.37
		(b)						
Electrical Installation	1,233.62	145.76	0.52	1,378.86	315.53	58.61	0.19	1,004.91
Furniture & Fixtures	1,018.16	121.91	2.40	1,137.67	433.59	56.40	1.15	648.83
Office Equipments	29.02	6.73		35.75	12.11	1.20		22.44
Vehicles	369.26	78.49	74.76	372.99	105.67	38.91	29.84	258.25
<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
<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>
		(c)				(d)		<b>28,506.32</b>

# **FIXED ASSETS AS AT MARCH 31, 2012**

₹ Million

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK	
	As at March 31, 2011	Additions	Deductions	As at March 31, 2012	As at March 31, 2011	Additions	Deductions	As at March 31, 2012
<b>A) TANGIBLE ASSETS</b>								
<b>Land:</b>								
Freehold Land	84.65	59.99	-	144.64	-	-	-	144.64
Leasehold Land *	160.04	-	-	160.04	6.41	1.81	-	151.82
						(a)		
Buildings	6,264.21	595.22	9.91	6,849.52	672.27	191.03	0.71	5,986.93
Plant & Machinery **	23,960.07	5,491.64	12.74	29,438.97	7,562.75	1,506.27	10.52	20,380.47
		(b)						(e)
Electrical Installation	1,064.53	169.09	-	1,233.62	265.13	50.40	-	918.09
Furniture & Fixtures	890.99	138.85	11.68	1,018.16	389.56	51.57	7.20	584.23
Office Equipments	17.48	12.20	0.66	29.02	10.78	1.39	0.40	17.25
Vehicles	338.50	106.11	75.35	369.26	95.06	37.28	26.67	263.59
<b>Total Tangible Assets</b>	<b>32,780.47</b>	<b>6,573.10</b>	<b>110.34</b>	<b>39,243.23</b>	<b>9,001.96</b>	<b>1,839.75</b>	<b>45.50</b>	<b>28,447.02</b>
<b>B) INTANGIBLE ASSETS:</b>								
Computer Software	210.80	19.21	-	230.01	153.54	17.17	-	59.30
<b>Total Fixed Assets</b>	<b>32,991.27</b>	<b>6,592.31</b>	<b>110.34</b>	<b>39,473.24</b>	<b>9,155.50</b>	<b>1,856.92</b>	<b>45.50</b>	<b>28,506.32</b>
		(c)				(d)		
								<b>23,778.51</b>
								<b>57.26</b>
								<b>23,835.77</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 (₹ 61.05 Million) and a Net Book Value of Nil (₹ 20.01 Million)

(a) Represents proportionate lease premium ₹ 2.20 Million (₹ 1.81 Million) amortized.

(b) Includes ₹ 22.16 Million (₹ 42.80 Million) for capital expenditure on Research & Development (Note C 10).

(c) Includes directly attributable expenses capitalized to the extent of ₹ 125.08 Million (₹ 215.48 Million) including ₹ 5.59 Million (₹ 11.74 Million) capitalized from CWIP of previous year (Note C14) & Borrowing Cost capitalized to the extent of ₹ 74.57 Million (₹ 380.66 Million) including Nil (₹ 9.89 Million) capitalized from CWIP of previous year (Note C 8).

(d) Includes provision for Impairment amounting to ₹ 10.78 Million (₹ 10 Million) on certain items of 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 ₹ 6,255.62 Million (₹ 5,785.30 Million) and Net Book Value of ₹ 5,415.43 Million (₹ 5,131.94 Million)

**B 6 NON CURRENT INVESTMENTS  
(AT COST - FULLY PAID)**

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>TRADE INVESTMENTS</b>		
<b>(a) Investment in Equity Instruments (Quoted): *</b>		
<b>16,394</b> (16,394) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - Fully Paid Up	<b>0.36</b>	0.36
<b>(b) Investment in Equity Instruments (Unquoted): Subsidiary Companies:</b>		
<b>119,656,207</b> (110,431,207) Equity shares of USD 1 each in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary - Fully Paid Up	<b>6,123.99</b>	5,623.70
<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>154,700</b> (147,252) Units as at the beginning of the year	<b>1.95</b>	1.80
Add: <b>7,126</b> (7,448) Units on reinvestment of dividend during the year	<b>0.15</b>	0.15
<b>161,826</b> (154,700) Units as at the close of the year	<u><b>2.10</b></u>	<u>1.95</u>
<b>(b) Others:</b>		
Investment in <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
	<u><b>6,126.95</b></u>	<u>5,626.51</u>
* Aggregate amount of quoted Investments	<b>0.36</b>	0.36
Aggregate market value of listed and quoted investments	<b>0.63</b>	1.14
Aggregate amount of unquoted Investments	<b>6,126.59</b>	5,626.15
**Repurchase price of units	<b>3.52</b>	3.24

**B 7 LONG TERM LOANS AND ADVANCES**

**Long-Term Loans & Advances:**

**Unsecured, Considered Good**

Capital Advances - Others	<b>557.36</b>	685.14
Capital Advances to Related Parties	<b>121.88</b>	177.24
Doubtful Capital Advances	<b>134.18</b>	<u>214.18</u>
	<b>813.42</b>	1,076.56
Less: Provision for Doubtful Advances	<u><b>134.18</b></u>	<u>214.18</u>
	<b>679.24</b>	862.38
MAT Credit Entitlement	<b>208.65</b>	475.22
Security Deposits	<b>329.63</b>	252.96
Security Deposits to Related Parties	<b>457.84</b>	450.70
Employee Advances - Salary Loan	<b>12.01</b>	10.28
Other Loans and Advances	<b>2.57</b>	2.57
	<u><b>1,689.94</b></u>	<u>2,054.11</u>

**Includes Advances given to Related Parties:**

(Note - C21)

Companies in which Directors are interested:	<b>579.72</b>	627.94
----------------------------------------------	---------------	--------

## B 8 CURRENT ASSETS

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>(a) INVENTORIES:</b>		
(valued at lower of cost and net realizable value)		
<b>(i) Raw Materials:</b>		
Raw Materials in Hand	3,535.57	3,649.00
Raw Materials in Transit	<u>176.59</u>	<u>159.05</u>
	3,712.16	3,808.05
<b>(ii) Work-in-Process #</b>	579.48	600.82
<b>(iii) Finished Goods:</b>		
Finished Goods in Hand	5,315.21	4,852.44
Finished Goods in Transit	<u>721.99</u>	<u>1,148.38</u>
	6,037.20	6,000.82
<b>(iv) Stock in Trade</b>		
Stock in Trade in Hand	225.82	125.12
Stock in Trade in Transit	<u>12.79</u>	<u>22.79</u>
	238.61	147.91
<b>(v) Stores and Spares (Net of Provision)</b>	640.81	520.20
	<u>11,208.26</u>	<u>11,077.80</u>
<b>(b) TRADE RECEIVABLES - UNSECURED</b>		
Outstanding for a period exceeding six months from the date they were due for payment:		
Considered Good	10.17	12.41
Considered Doubtful	41.53	41.53
Others - Considered Good *	<u>2,721.19</u>	<u>3,626.72</u>
	2,772.89	3,680.66
Less: Provision for Doubtful Trade Receivables	<u>41.53</u>	<u>41.53</u>
	<u>2,731.36</u>	<u>3,639.13</u>
<b>(c) CASH AND CASH EQUIVALENTS **</b>		
(i) Cash on hand	3.74	2.09
(ii) Cheques on hand	774.51	567.13
(iii) Remittances in Transit	428.80	221.46
(iv) Balances with Banks:		
Current Accounts	233.45	270.82
(v) Other Bank Balances:		
Unpaid Dividend Accounts	30.24	28.26
Unclaimed Deposits Accounts	1.07	1.07
Deposits with Maturity exceeding 3 Months ***	70.11	65.10
	<u>1,541.92</u>	<u>1,155.93</u>
<b>* Trade Receivables Include due from Related Parties:</b>		
(Note - C21)		
Subsidiary Companies	1,101.01	926.53
Companies in which Directors are interested	<u>102.90</u>	<u>159.95</u>
	<u>1,203.91</u>	<u>1,086.48</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 ₹ 1,440.50 Million (₹ 1,061.50 Million)

\*\*\* Includes Deposit of ₹ 68.14 Million (₹ 63.50 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 (₹ 1.60 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, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>Short-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Advances given to Related Parties	236.70	145.03
<b>Others:</b>		
Trade Advances	571.68	1,252.99
Employee Advances	67.07	50.53
CENVAT Recoverable	119.94	298.42
VAT Recoverable	198.82	355.93
Service Tax Recoverable	53.77	33.24
Export Incentives Recoverable	162.18	44.56
Prepaid Expenses	130.16	154.59
Others	29.34	14.82
	1,569.66	2,350.11
Considered Doubtful	20.56	20.50
	1,590.22	2,370.61
Less: Provision for Doubtful Advances	20.56	20.50
	1,569.66	2,350.11
 MAT Credit Entitlement	 300.00	 142.00
	<u>1,869.66</u>	<u>2,492.11</u>
<b>Advances given to Related Parties:</b>		
(Note C 21)		
Subsidiary Companies	163.79	112.35
Companies in which Directors are interested	72.91	32.68
	<u>236.70</u>	<u>145.03</u>

**B 10 OTHER CURRENT ASSETS**

Interest Accrued on Loans / Deposits	0.70	-
	<u>0.70</u>	<u>-</u>



**B 11 OTHER INCOME**

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>OTHER INCOME:</b>		
(a) Interest Income *	63.42	58.51
<b>(b) Dividend Income from Long Term Investments:</b>		
Bharat Gears Ltd.	0.03	0.03
Unit Trust of India	0.15	0.15
	0.18	0.18
<b>(c) Other Non-Operating Income:</b>		
Unclaimed Credit Balances / Provisions no longer required written back	85.88	33.22
Royalty Income	43.66	19.23
Gain on Foreign Exchange Fluctuation (Net)	163.93	55.76
Miscellaneous Receipts **	216.70	15.04
	510.17	123.25
	<u>573.77</u>	<u>181.94</u>

\*Interest Income of ₹ **63.42 Million** (₹ 58.51 Million) comprises of the following:

- (a) Interest Earned on Deposits ₹ **19.81 Million** (₹ 13.36 Million).
- (b) Interest Earned on Trade Balances ₹ **1.26 Million** (₹ 2.32 Million).
- (c) Interest on Income Tax Refund **Nil** (₹ 39.64 Million).
- (d) Interest Earned - Others ₹ **42.35 Million** (₹ 3.19 Million).

\*\* Includes ₹ 187.96 Million recovered from erstwhile employees (Refer Note C-9).

## B 12 MANUFACTURING AND OTHER EXPENSES

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>Cost of Materials Consumed:</b>		
Raw Materials Consumed	58,957.13	60,002.67
Less: Scrap Recoveries (Net of Excise Duty)	283.49	268.88
	<u>58,673.64</u>	<u>59,733.79</u>
<b>Purchase of Stock-in-Trade:</b>		
Purchase of Finished Goods	2,538.95	2,383.82
<b>Employee Benefit Expenses:</b>		
Salaries, Wages and Bonus	3,389.70	2,930.27
Contribution to Provident and Other Funds	245.61	227.34
Welfare expenses	611.13	499.00
Employees Stock Appreciation Rights	22.08	29.92
	<u>4,268.52</u>	<u>3,686.53</u>
<b>Other Expenses:</b>		
Consumption of stores and spare parts <sup>1</sup>	512.54	462.96
Power and Fuel <sup>2</sup>	2,610.02	2,390.18
Conversion Charges	1,082.28	832.65
Repairs and Maintenance		
- Machinery	115.41	104.52
- Buildings	20.18	23.49
- Others	638.29	422.17
Rent <sup>3</sup>	232.84	199.16
Lease Rent - Factory	400.00	400.00
Insurance	81.23	78.95
Rates and Taxes	178.11	141.02
Directors' Sitting Fees	1.26	1.44
Loss on Sale of Tangible Fixed Assets (Net)	2.22	12.80
Travelling, Conveyance and Vehicle Expenses	751.51	647.37
Postage, Telex, Telephone and Stationery	113.27	102.01
Royalty Paid	14.91	21.35
Freight & Forwarding	1,795.57	1,638.35
Commission to Selling Agents	39.15	51.38
Sales Promotion Expenses	263.07	79.29
Advertisement & Publicity	695.45	286.97
Research and Development	384.72	331.60
Bank Charges	57.74	60.85
Doubtful Receivables / Advances Written off	1.02	-
Less: Transferred from Provision	- 1.02	- -
Legal & Professional Expenses	226.55	203.10
Miscellaneous Expenses	468.31	385.37
	<u>10,685.65</u>	<u>8,876.98</u>
	<u>76,166.76</u>	<u>74,681.12</u>

### Notes:

- 1 Stores & Spares Consumed includes stores issued for repairs ₹ 1.87 Million (₹ 3.96 Million).
- 2 Power and Fuel includes Stores Consumed ₹ 604.96 Million (₹ 744.55 Million).
- 3 Net of Rent Received ₹ 1.47 Million (₹ 0.90 Million).

## B 13 CHANGES IN INVENTORIES OF WORK IN PROCESS, FINISHED GOODS AND STOCK IN TRADE

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>OPENING STOCK</b>		
Work in Process	600.82	568.56
Finished Goods	6,000.82	6,139.02
Stock in Trade	147.91	175.28
	<u>6,749.55</u>	<u>6,882.86</u>
<b>Less:</b>		
<b>CLOSING STOCK</b>		
Work in Process	579.48	600.82
Finished Goods	6,037.20	6,000.82
Stock in Trade	238.61	147.91
	<u>6,855.29</u>	<u>6,749.55</u>
<b>Decrease / (Increase)</b>	(105.74)	133.31
Excise Duty on Increase / (Decrease) of Finished Goods (Note C 7)	32.03	101.20
	<u>(73.71)</u>	<u>234.51</u>

## B 14 FINANCE COST

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>(a) Interest Expense:</b>		
Interest on Fixed-Term Loans	796.14	564.18
Interest on Debentures	590.66	243.59
Interest on Other Loans	1,165.15	1,553.71
<b>(b) Other Borrowing Costs</b>	57.78	51.53
	<u>2,609.73</u>	<u>2,413.01</u>

## C. OTHER NOTES ON ACCOUNTS:

### 1. CONTINGENT LIABILITIES

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Sales Tax	204.94	153.37
Claims against the Company not acknowledged as debts – Employee Related	53.95	26.97
– Others	27.54	19.83
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd, an Associate Company)	68.14	63.50
Excise Duty*	1,381.35	253.12

\* 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 grounds that there are fair chances of successful outcome of appeals.

### 2. COMMITMENTS

PARTICULARS	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,153.92	2,796.37
Lease Commitments	3,600.00	800.00
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, 2013 is ₹ 29.77 Million (₹ 29.77 Million)		
<b>TOTAL</b>	<b>5,753.92</b>	<b>3,596.37</b>

Note: The Company has further financial support commitments provided to certain Subsidiaries.

### 3. MAT CREDIT ENTITLEMENT

In the current year the Company has made provision for tax as per normal provisions of the Income tax Act, 1961 unlike previous year when the provision for tax was made under MAT. In view of the consistent profits over the years including the current year 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 ₹ 508.65 Million (₹ 617.22 Million) has been carried forward during the current year.

- 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. ISSUE OF SHARE WARRANTS:

During the year, the Company allotted 5,000,000 warrants, convertible into 5,000,000 equity shares of ₹ 1 each to a promoter Group Company, 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 in 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 into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

## 6. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 -

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	31.61	44.73
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	10.58	10.53
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	0.71	8.38
(iv) The amount of interest due and payable for the year	0.05	0.56
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	10.58	10.53
(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	10.53

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.

- 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 13 "Changes in Inventories of Work in Process, Finished Goods & Stock in Trade".
- Borrowing costs capitalized / transferred to capital work in progress during the year is ₹ 74.57 Million (₹ 370.77 Million). This includes Nil (₹ 48.36 Million) towards loan processing fees.
- During the year, the Company noticed that certain employees had misappropriated cash in earlier years by booking fictitious expenses. The Company has recovered a substantial part of the amount from the concerned employees. The Net amount involved after recoveries made is ₹ 76.44 Million. Amounts recovered from these persons have been included in Other Income in the Statement of Profit & Loss.

## 10. Research and development comprises of the following:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>(A) Revenue Expenditure</b>		
Materials	20.78	23.93
Employee Benefit Expenses	116.88	119.50
Travelling Expenses	24.80	23.29
Others	222.26	164.88
<b>SUB - TOTAL</b>	<b>384.72</b>	<b>331.60</b>
<b>(B) Capital Expenditure</b>	<b>22.16</b>	<b>42.80</b>
<b>TOTAL (A+B)</b>	<b>406.88</b>	<b>374.40</b>

## 11. Statutory Auditors' Remuneration included under Miscellaneous Expenses

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
For Audit	5.00	4.50
For Taxation matters	-	0.10
For Company Law matters	0.30	0.30
For Quarterly Review & Consolidation	2.20	1.70
For Other Services	4.20	3.45
<b>TOTAL</b>	<b>11.70</b>	<b>10.05</b>

## 12. (A) Turnover and stock of Finished goods

PARTICULARS	Unit	Opening Stock		Turnover		Closing Stock	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Automobile Tyres	₹ Million	5,306.14	5,392.28	85,192.38	79,968.73	5,248.31	5,306.14
Automobile Tubes	₹ Million	588.58	644.26	7,102.29	6,852.39	706.87	588.58
Automobile Flaps	₹ Million	147.91	146.26	1,781.98	1,723.19	235.27	147.91
Others	₹ Million	106.10	131.50	452.40	521.04	85.36	106.10
<b>TOTAL</b>	₹ Million	<b>6,148.73</b>	6,314.30	<b>94,529.05</b>	89,065.35	<b>6,275.81</b>	6,148.73

## (B) Raw Materials Consumed

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Fabric	7,014.85	6,990.72
Rubber	35,353.73	38,747.46
Chemicals	4,031.94	3,478.47
Carbon Black	7,385.22	6,336.98
Others	5,171.39	4,449.04
<b>TOTAL</b>	<b>58,957.13</b>	60,002.67

## (C) Break-up of Consumption

PARTICULARS	2012-13		2011-12	
	%	₹ Million	%	₹ Million
Raw Materials - Imported	44.51%	26,243.84	45.06%	27,038.12
- Indigenous	55.49%	32,713.29	54.94%	32,964.55
	100.00%	58,957.13	100.00%	60,002.67
Stores & Spares - Imported	8.59%	44.03	7.09%	32.84
- Indigenous	91.41%	468.51	92.91%	430.12
	100.00%	512.54	100.00%	462.96

## (D) C.I.F. Value of Imports

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Raw Materials	26,222.05	27,587.60
Stores & Spares	65.46	59.80
Capital Goods	1,623.42	2,403.04

## (E) Expenditure in Foreign Currency (Remitted) :

(Excluding value of imports)

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Interest	811.33	634.19
Dividend for the year 2011-12 (2010-11)*	0.99	0.99
Royalty	32.89	-
Others	320.23	383.96

\* Number of non-resident Shareholders – 2 (2), Number of Shares held by Non resident Shareholders - 1,978,000 (1,978,000).

## 13. Earnings in Foreign Exchange (Gross)

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
FOB Value of Exports	8,091.67	7,731.17
Royalty Received from Sub-Subsidiary Companies	43.66	19.23
Cross Charge of Management Expenses recovered from Sub-Subsidiary Companies	62.44	117.80

#### 14 Directly attributable expenses capitalized / included in capital work in progress during the year:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Raw Materials Consumed	30.85	78.44
Salaries, Wages and Bonus	70.67	71.14
Contribution to Provident and Other Funds	4.52	4.45
Welfare Expenses	3.44	13.12
Rent	0.56	2.12
Travelling, Conveyance and Vehicle expenses	3.06	11.05
Postage, Telex, Telephone and Stationery	0.15	0.24
Power and Fuel	7.29	17.91
Insurance	3.48	6.80
Legal & Professional Expenses	1.27	2.47
Miscellaneous Expenses	7.56	9.05
<b>Total*</b>	<b>132.85</b>	<b>216.79</b>

\*Out of the above, ₹ 13.36 Million (₹ 13.05 Million) is included in capital work in progress as on March 31, 2013.

#### 15. Employee Benefit Plans

##### Defined Contribution Plans:

- 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.
- 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.

##### 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	2012-13 ₹ Million	2011-12 ₹ Million
Current service cost	42.63	40.13
Interest Cost on Benefit Obligation	45.28	38.98
Expected return on plan assets	(49.86)	(41.37)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (Gain) / Loss recognized in the year	7.13	40.28
Expense recognized in the Statement of Profit & Loss	45.18	78.02

**Actual Contribution and Benefit payments for the year**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Actual Contributions	<b>78.02</b>	83.83
Actual Benefit Payments	<b>(54.85)</b>	(37.12)

**Balance Sheet:****Net Asset / (Liability) recognised in the Balance Sheet including experience adjustment impact**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>	<b>2010-11 ₹ Million</b>	<b>2009-10 ₹ Million</b>	<b>2008-09 ₹ Million</b>
Present value of defined benefit obligation at the end of the year	<b>646.17</b>	603.76	519.73	447.74	393.04
Fair value of plan assets at the end of the year	<b>600.99</b>	527.65	437.82	361.79	311.03
Asset/(Liability) recognized in the balance sheet	<b>(45.18)</b>	(76.11)	(81.91)	(85.95)	(82.01)
Experience Adjustment of obligation - (Gain) / Loss *	<b>9.36</b>	42.04	51.03	27.67	22.31
Experience Adjustment of plan assets - Gain / (Loss) *	<b>0.31</b>	1.75	2.36	1.21	1.92

\* Details disclosed to the extent information provided by the actuary.

**Changes in the present value of the defined benefit obligation are as follows:**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Present value of obligations as at the beginning of the year	<b>603.76</b>	519.73
Interest cost	<b>45.28</b>	38.98
Current service cost	<b>42.63</b>	40.13
Benefits paid	<b>(54.86)</b>	(37.12)
Actuarial loss on obligation	<b>9.36</b>	42.04
Present value of obligations as at the end of the year	<b>646.17</b>	603.76

**Changes in the fair value of plan assets are as follows:**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Fair value of plan assets at beginning of the year	<b>527.65</b>	437.82
Expected return on plan assets	<b>49.86</b>	41.37
Contributions	<b>78.02</b>	83.83
Benefits paid	<b>(54.85)</b>	(37.12)
Actuarial gain on plan assets	<b>0.31</b>	1.75
Fair value of plan assets as at the end of the year	<b>600.99</b>	527.65

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:**

<b>PARTICULARS</b>	<b>2012-13 Rate (%)</b>	<b>2011-12 Rate (%)</b>
a) Discount rate	7.50	7.50
b) Future salary increase*	5.00	5.00
c) Expected rate of return on plan assets	9.45	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 ₹ 81.92 Million.



**Demographic Assumptions for Gratuity:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
a) Retirement Age (Years)	<b>58</b>	58
b) Mortality Table	<b>LIC (1994-96)</b>	LIC (1994-96)
c) Ages	<b>Withdrawal Rate (%)</b>	Withdrawal Rate (%)
Up to 30 Years	<b>3.00</b>	3.00
From 31 to 44 Years	<b>2.00</b>	2.00
Above 44 Years	<b>1.00</b>	1.00

**Other Long Term Employee Benefits:****Long Term Compensated Absences****Actuarial Assumption for Long term compensated absences:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
a) Discount rate	<b>7.50</b>	7.50
b) Future salary increase*	<b>5.00</b>	5.00
c) Expected rate of return on plan assets	<b>0.00</b>	0.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

**Demographic Assumptions for Long term compensated absences:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
a) Retirement Age (Years)	<b>58</b>	58
b) Mortality Table	<b>IALLM (94-96)</b>	IALLM (94-96)
c) Ages	<b>Withdrawal Rate (%)</b>	Withdrawal Rate (%)
Up to 30 Years	<b>3.00</b>	3.00
From 31 to 44 Years	<b>2.00</b>	2.00
Above 44 Years	<b>1.00</b>	1.00

**16. 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 will be vested as per the following schedule:

<b>Percentage of Grant</b>	<b>Vesting Schedule</b>
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:

	01.04.2010	01.04.2011	01.04.2012
Date of Grant			
Phantom Stock Units Outstanding as on 31.03.2013	600,000	811,250	75,000
Phantom Stock Units exercised till 31.03.2013	600,000	88,750	-
Exercise Price per Phantom Stock Unit (₹)	50.00	50.00	50.00
Market Price of Share on 31.03.2013 (₹)	83.45	83.45	83.45
Fair Value Phantom Stock Unit (₹)	47.22	47.44	49.72
Amount charged to Statement of Profit & Loss (₹ Million)	9.29	11.49	1.30
(Included in Note - B 12 (Employee Benefit Expenses))			
Liability as on 31.03.2013 (Included in Note - B 4 (Trade Payables))	17.56	20.89	1.30

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	2012-13	2011-12	2010-11
Opening Phantom Stock Units	2,030,000	1,200,000	Nil
Number of Units issued during the year	75,000	900,000	1,200,000
Number of Units Vested during the year	618,750	70,000	Nil
Closing Phantom Stock units	1,486,250	2,030,000	1,200,000

The details of Variables used for Fair Valuation under the Black-Scholes Model are given in the table below:

Grant date	01-Apr-10			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-11	01-Apr-12	01-Apr-13	01-Apr-14
<b>Variables</b>				
Stock Price (₹)	The options from Vest 1 and Vest 2 have been completely exercised and therefore don't have to be valued		83.45	83.45
Volatility			41.91%	46.93%
Riskfree Rate			7.81%	7.86%
Exercise Price (₹)			50.00	50.00
Time To Maturity (In Years)			3.51	4.51
Dividend yield			1.37%	1.37%
<b>Fair Value per vest (₹)</b>			<b>45.33</b>	<b>49.11</b>
<b>Vesting Percentage</b>			<b>50%</b>	<b>50%</b>
<b>Option Fair Value</b>			<b>47.22</b>	

Grant date	01-Apr-11			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-12	01-Apr-13	01-Apr-14	01-Apr-15
<b>Variables</b>				
Stock Price (₹)	83.45	83.45	83.45	83.45
Volatility	40.62%	41.91%	46.93%	48.61%
Riskfree Rate	7.78%	7.81%	7.86%	7.90%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.00	3.51	4.51	5.51
Dividend yield	1.37%	1.37%	1.37%	1.37%
<b>Fair Value per vest (₹)</b>	<b>43.67</b>	<b>45.33</b>	<b>49.11</b>	<b>51.65</b>
<b>Vesting Percentage</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Option Fair Value</b>	<b>47.44</b>			

Grant date	01-Apr-12			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-13	01-Apr-14	01-Apr-15	01-Apr-16
<b>Variables</b>				
Stock Price (₹)	83.45	83.45	83.45	83.45
Volatility	41.91%	46.93%	48.61%	46.77%
Riskfree Rate	7.81%	7.86%	7.90%	7.94%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.51	4.51	5.51	6.51
Dividend yield	1.37%	1.37%	1.37%	1.37%
<b>Fair Value per vest (₹)</b>	<b>45.33</b>	<b>49.11</b>	<b>51.65</b>	<b>52.79</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	2012-13	2011-12
<b>Impact on Net Profit (₹ Million)</b>		
Net Profit (As reported)	3,125.28	1,813.33
Add:- Cash based employee compensation expense included in net profit	22.08	29.92
Less:- Cash based compensation expense determined under fair value based method (Proforma)	19.07	41.46
Net Profit (Proforma)	3,128.29	1,801.79
<b>Impact on Earnings per Share (₹)</b>		
Basic and Diluted Earnings per Share of ₹ 1 Each (As reported)	6.20	3.60
Basic and Diluted Earnings per Share of ₹ 1 Each (Proforma)	6.21	3.57

### 17. The components of Deferred Tax Liability (Net) are as follows:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>Deferred Tax Liability on timing differences arising on:</b>		
Depreciation	3,633.15	3,041.39
<b>Sub Total (A)</b>	3,633.15	3,041.39
<b>Deferred Tax Assets on timing differences arising on:</b>		
Payment under Voluntary Retirement Scheme	2.77	0.56
Provision for Gratuity and Leave Encashment	90.28	56.60
Provision for Doubtful Debts / Advances	21.10	25.62
Others	0.60	-
<b>Sub Total (B)</b>	114.75	82.78
<b>Net Deferred Tax Liability (A-B)</b>	3,518.40	2,958.61

18. Provision for sales related obligations represents estimates for payments to be made in future. Major portion of the 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 01.04.2012	Additional provision made during the year	Incurred against provi- sion during the year	Closing Balance as at 31.03.2013
1,057.05	900.36	720.71	1,236.70

19. 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, 2013:

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	28,576,426	Buy	Rupees
EURO	1,346,892	Buy	Rupees
<b>2011-12</b>			
US Dollar	54,946,185	Buy	Rupees
EURO	2,373,735	Buy	Rupees

The mark to market losses of Nil (₹ 0.03 Million) relating to undesignated / ineffective forward contracts / derivatives has been recognized in the Statement of Profit and Loss.

b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are 20 (23).

c) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Million

	As at March 31, 2013		As at March 31, 2012	
Currency	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)	Receivable/ (Payable)
	INR	FC	INR	FC
UAE Dirham	(0.79)	(0.05)	58.48	4.20
Swiss Franc	(2.18)	(0.04)	(19.21)	(0.35)
Chinese Yuan	-	-	(0.58)	(0.08)
EURO	(58.10)	(0.81)	106.64	1.75
British Pound	(44.00)	(0.53)	10.92	0.14
Indonesian Rupiah	(0.02)	(3.25)	(0.17)	(31.51)
Japanese Yen	0.01	0.01	(0.07)	(0.12)
Malaysian Ringgit	(1.04)	(0.06)	-	-
Philippine Peso	0.11	0.12	0.16	0.15
Singapore Dollar	0.75	0.02	0.41	0.01
Thai Baht	2.72	1.64	-	-
US Dollar	701.26	12.95	809.94	16.68
South African Rand	152.30	24.07	110.00	17.53

20. 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	2012-13 ₹ Million	2011-12 ₹ Million
<b>1. Revenue by Geographical Market</b>		
India	77,203.97	73,900.37
Rest of the world	8,444.71	7,860.32
<b>Total</b>	<b>85,648.68</b>	81,760.69
<b>2. Carrying Amount of Segment Assets</b>		
India	56,931.18	55,714.47
Rest of the world- export Debtors	1,440.88	1,363.15
<b>Total</b>	<b>58,372.06</b>	57,077.62
<b>3. Capital Expenditure incurred during the year</b>		
India	4,492.93	6,592.31
Rest of the world	-	-
<b>Total</b>	<b>4,492.93</b>	6,592.31

21. Disclosure of Related Party Transactions in accordance with the mandatory accounting standards AS- 18 "Related Party Disclosures"

Name of the Related Parties

PARTICULARS	2012-13	2011-12
<b>Subsidiaries</b>	Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)	Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)
	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AMHPL)	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AMHPL)

<b>Subsidiaries (contd..)</b>	Apollo Tyres South Africa (Pty) Ltd.(ATSA) (Subsidiary through ASHPL)	Apollo Tyres South Africa (Pty) Ltd.(ATSA) (Subsidiary through ASHPL)
	Dunlop Africa Marketing (UK) Ltd.(DAMUK) (Subsidiary through ATSA)	Dunlop Africa Marketing (UK) Ltd.(DAMUK) (Subsidiary through ATSA)
	Dunlop Zimbabwe (Pvt) Ltd. (DZL) (Subsidiary through DAMUK)	Dunlop Zimbabwe (Pvt) Ltd. (DZL) (Subsidiary through DAMUK)
	Radun Investments (Pvt.) Ltd., Zimbabwe (Subsidiary through DAMUK)	Radun Investments (Pvt.) Ltd., Zimbabwe (Subsidiary through DAMUK)
	AFS Mining (Pvt.) Ltd., Zimbabwe (Subsidiary through DZL)	AFS Mining (Pvt.) Ltd., Zimbabwe (Subsidiary through DZL)
	Apollo Tyres (Cyprus) Pvt. Ltd ( ATCPL) (Subsidiary through AMHPL)	Apollo Tyres (Cyprus) Pvt. Ltd ( ATCPL) (Subsidiary through AMHPL)
	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL)	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL)
	Apollo Tyres Holdings (Singapore) PTE. Ltd., (ATHS) (Subsidiary through AMHPL)	Apollo Tyres Holdings (Singapore) PTE. Ltd. (ATHS) (Subsidiary through AMHPL)
	Apollo Tyres (LAO) Co. Ltd. (Subsidiary through ATHS)	Apollo Tyres (LAO) Co. Ltd. (Subsidiary through ATHS)
	Ceased to exist during the year - Note (a)	Apollo Tyres (Nigeria) Limited (Subsidiary through AMHPL)
	Apollo Tyres (Middle East) FZE, Dubai (ATFZE) (Subsidiary through AMHPL)	Apollo Tyres (Middle East) FZE, Dubai(ATFZE) (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) (Subsidiary through Apollo Coop)	Apollo Tyres B.V. (ATBV) (Subsidiary through Apollo Coop)
	Apollo Tyres (UK) Pvt. Ltd. (Subsidiary through ATBV)	Apollo Tyres (UK) Pvt. Ltd. (Subsidiary through ATBV)
	Apollo Tyres (Brasil) LTDA. (Subsidiary through Apollo Coop)	Apollo Tyres (Brasil) LTDA. (Subsidiary through Apollo Coop)
	Apollo Tyres Global R&D B.V. (Subsidiary through Apollo Coop) - Note (b)	N.A.
	Apollo Tyres (Thailand) Limited (Subsidiary through Apollo Coop) - Note (b)	N.A.
	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through ATBV) - Note (c)	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through Apollo Coop)
	<b>Subsidiaries of Apollo Vredestein B.V (AVBV):</b>	<b>Subsidiaries of Apollo Vredestein B.V (AVBV):</b>
	Vredestein GmbH	Vredestein GmbH
	Vredestein Norge A.S.	Vredestein Norge A.S.
	Vredestein U.K. Ltd.	Vredestein U.K. Ltd.
	N.V. Vredestein S.A.	N.V. Vredestein S.A.
	Vredestein GesmbH	Vredestein GesmbH
	Vredestein Schweiz A.G.	Vredestein Schweiz A.G.
	Vredestein Nordic A.B. - Note (d)	Vredestein Deck AB
	Apollo Vredestein Srl - Note (d)	Vredestein Italia Srl
	Vredestein Iberica S.A	Vredestein Iberica S.A
	Vredestein Tyres North America Inc.	Vredestein Tyres North America Inc.
	Vredestein Kft	Vredestein Kft
	Vredestein R.O Srl	Vredestein R.O Srl

<b>Subsidiaries (contd..)</b>	Vredestein Polska Sp. Z o.o	Vredestein Polska Sp. Z o.o
	Ceased to exist during the year - Note (e)	Vredestein Bekleding
	Vredestein France S.A.	Vredestein France S.A.
	Vredestein consulting B.V.	Vredestein consulting B.V.
	Finlo B.V.	Finlo B.V.
	Vredestein Marketing B.V.	Vredestein Marketing B.V.
	Vredestein Marketing Agentur B.V. & Co. KG	Vredestein Marketing Agentur B.V. & Co. KG
<b>Associates</b>	N.A.	PanAridus LLC, USA
<b>Joint Ventures</b>	PanAridus LLC, USA	N.A.
<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.	N.A.
	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.
	National Tyre Service, Zimbabwe	National Tyre Service, Zimbabwe
	Pressurite (Pty) Ltd, South Africa	Pressurite (Pty) Ltd, South Africa
	Regent Properties	Regent Properties
	CLS Logistics Pvt Ltd	CLS Logistics Pvt Ltd
	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.	N.A.
	Milers Global Pvt. Ltd.	N.A.
<b>Key Manage- ment Personnel</b>	Mr O S Kanwar	Mr O 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.

- Corporate Affairs Commission of Nigeria had registered the winding-up on March 26, 2012 and the Company has been dissolved during the year
- Incorporated during the year.
- As a part of group restructuring exercise, entire share capital of AV BV has been transferred by Apollo Coop to Apollo Tyres BV (AT BV) , a subsidiary through Apollo Coop.
- Renamed during the year.
- Ceased to exist during the year.

**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:</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. Classic Auto Tubes Ltd. Apollo Tyres South Africa (Pty) Ltd. Apollo Tyres Middle East Fze. Apollo International Ltd.		388.66 203.60 0.74 8.85 0.21		388.66 203.60 0.74 8.85 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. Vredestein GmbH Apollo Tyres Global R & D B.V.	39.11 17.16 73.18			39.11 17.16 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 Land Mark Farms & Housing Regent Properties Classic Auto Tubes Ltd. Milers Global Pvt. Ltd.		21.66 24.00 21.60 0.12 0.25		21.66 24.00 21.60 0.12 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. Bespoke Tours & Travels Ltd.		125.26 39.51		125.26 39.51
		<b>164.77</b>		<b>164.77</b>
<b>Conference Expenses</b> Travel Tracks Ltd. Bespoke Tours & Travels Ltd.		97.70 72.70		97.70 72.70
		<b>170.40</b>		<b>170.40</b>
<b>Security Deposits Given:</b> Sunlife Tradelinks Milers Global Pvt. Ltd.		6.39 0.75		6.39 0.75
		<b>7.14</b>		<b>7.14</b>
<b>Issue of Share Warrants:</b> Sacred Heart Investment Co. Pvt. Ltd.		107.75		107.75
		<b>107.75</b>		<b>107.75</b>
<b>Managerial Remuneration:</b> Mr. Onkar S. Kanwar Mr. Neeraj Kanwar Mr. U.S. Oberoi Mr. Sunam Sarkar			241.65 111.02 9.44 25.96	241.65 111.02 9.44 25.96
			<b>388.07</b>	<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>

**Transactions with Related Parties:**

**FY 2011-12**

**₹ Million**

Particulars	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>				
<b>Sales:</b>				
Apollo Intl. Trading LLC, Middle East		1,350.65		1,350.65
Apollo Tyres South Africa (Pty) Ltd.	513.89			513.89
Apollo Vredestein B.V.	764.78			764.78
Apollo Tyres Middle East Fze.	1,364.06			1,364.06
	<b>2,642.74</b>	<b>1,350.65</b>		<b>3,993.39</b>

<b>Royalty Income:</b>				
Apollo Tyres South Africa (Pty) Ltd.	8.45			8.45
Apollo Tyres Middle East Fze.	10.77			10.77
	<b>19.23</b>			<b>19.23</b>
<b>Cross Charges Received: #</b>				
Apollo Tyres South Africa (Pty) Ltd.	28.94			28.94
Apollo Vredestein B.V.	5.55			5.55
PTL Enterprises Ltd.		3.45		3.45
Classic Auto Tubes Ltd.		1.81		1.81
	<b>34.49</b>	<b>5.26</b>		<b>39.75</b>
<b>Rent Received:</b>				
PTL Enterprises Ltd.		0.12		0.12
Travel Tracks Ltd.		0.65		0.65
Classic Auto Tubes Ltd.		0.12		0.12
Others		0.08		0.08
		<b>0.97</b>		<b>0.97</b>
<b>Interest Received:</b>				
PTL Enterprises Ltd.		2.32		<b>2.32</b>
<b>Reimbursement of Expenses Received:</b>				
Apollo Tyres South Africa (Pty) Ltd.	62.06			62.06
Apollo Vredestein B.V.	18.18			18.18
Classic Auto Tubes Ltd.		6.89		6.89
Others	3.08			3.08
	<b>83.31</b>	<b>6.89</b>		<b>90.20</b>
<b>Royalty Paid:</b>				
Apollo Tyres AG, Switzerland	19.21			<b>19.21</b>
<b>Purchases:</b>				
Apollo Vredestein B.V.	0.91			0.91
Apollo Tyres South Africa (Pty) Ltd.	2.58			2.58
	<b>3.49</b>			<b>3.49</b>
<b>Clearing Charges:</b>				
CLS Logistics Ltd.		393.59		<b>393.59</b>
<b>Reimbursement of Expenses paid:</b>				
PTL Enterprises Ltd.		388.51		388.51
Apollo Tyres Middle East Fze.	22.70			22.70
Apollo Tyres South Africa (Pty) Ltd.	27.03			27.03
Others	3.32	0.81		4.13
	<b>53.05</b>	<b>389.32</b>		<b>442.37</b>
<b>Service Charges paid:</b>				
Artemis Medicare Services Ltd.		9.89		<b>9.89</b>
<b>Cross Charges paid:</b>				
Apollo Vredestein B.V.	88.52			<b>88.52</b>
<b>Lease Rent paid:</b>				
PTL Enterprises Ltd.		400.00		<b>400.00</b>
<b>Rent Paid:</b>				
Sunlife Tradelinks		21.30		21.30
Land Mark Farms & Housing		24.00		24.00
Regent Properties		21.60		21.60
Others		0.12		0.12
		<b>67.02</b>		<b>67.02</b>
<b>Conversion charges:</b>				
Classic Auto Tubes Ltd.		956.72		<b>956.72</b>

<b>Travelling Expenses:</b>				
Travel Tracks Ltd.		136.95		<b>136.95</b>
<b>Conference Expenses</b>				
Travel Tracks Ltd.		83.17		<b>83.17</b>
<b>Other Expenses:</b>				
Swaranganga Consultants		8.50		8.50
Others		0.43		0.43
		<b>8.93</b>		<b>8.93</b>
<b>Managerial Remuneration:</b>				
Mr Onkar S Kanwar			139.59	139.59
Mr Neeraj Kanwar			92.80	92.80
Mr U S Oberoi			9.62	9.62
Mr Sunam Sarkar			24.05	24.05
			<b>266.06</b>	<b>266.06</b>
<b>Investment:</b>				
Apollo (Mauritius) Holdings Pvt. Ltd.	32.89			<b>32.89</b>
<b>Advance for Purchase of Fixed Assets:</b>				
Classic Auto Tubes Ltd.		221.86		<b>221.86</b>
<b>Purchase of Moulds:</b>				
Apollo Vredestein B.V.	6.03			<b>6.03</b>
<b>Sale of Moulds/Engineering Material:</b>				
Classic Auto Tubes Ltd.		1.00		<b>1.00</b>
<b>Amount Outstanding</b>				
<b>Trade Payables:</b>				
Apollo Tyres AG, Switzerland	19.21			19.21
Vredestein GmbH	5.43			5.43
Apollo Vredestein B.V.	16.90			16.90
Apollo Tyres Middle East Fze.	8.65			8.65
Travel Tracks Ltd.		8.22		8.22
Classic Auto Tubes Ltd.		72.12		72.12
	<b>50.19</b>	<b>80.34</b>		<b>130.53</b>
<b>Other Current Liabilities:</b>				
Apollo Vredestein B.V.	6.01			6.01
Others		0.23		0.23
	<b>6.01</b>	<b>0.23</b>		<b>6.24</b>
<b>Long Term Loans &amp; Advances:</b>				
PTL Enterprises Ltd.		250.00		250.00
Sunlife Tradelinks		63.90		63.90
Land Mark Farms & Housing		72.00		72.00
Regent Properties		64.80		64.80
Classic Auto Tubes Ltd.		177.24		177.24
		<b>627.94</b>		<b>627.94</b>
<b>Trade Receivables:</b>				
Apollo Vredestein B.V.	102.32			102.32
Apollo Tyres South Africa (Pty) Ltd.	259.42			259.42
Apollo Tyres Middle East Fze.	564.79			564.79
Classic Auto Tubes Ltd.		1.00		1.00
Apollo International Ltd.		158.95		158.95
	<b>926.53</b>	<b>159.95</b>		<b>1,086.48</b>
<b>Short Term Loans &amp; Advances:</b>				
Apollo Tyres South Africa (Pty) Ltd.	109.69			109.69
Apollo Tyres (Lao) Co. Ltd.	2.66			2.66

PTL Enterprises Ltd.		9.32		9.32
Travel Tracks Ltd.		18.79		18.79
Classic Auto Tubes Ltd.		3.44		3.44
CLS Logistics Ltd.		1.13		1.13
	<b>112.35</b>	<b>32.68</b>		<b>145.03</b>

# Cross Charge of Management Expenses Received includes recovery of salary adjusted in Employee Benefit Expenses ₹ **22.66 Million** (₹ 29.93 Million)

## 22. 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>			
2012-13	-	-	500.30
2011-12	-	-	32.89
<b>Companies in which directors are interested</b>			
<b>PTL Enterprises Ltd. (PTL)</b>			
2012-13 (Trade advance)	1.76	9.70	-
2011-12 (Trade advance)	9.32	12.98	-

## 23. 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	2012-13 ₹ Million	2011-12 ₹ Million
Within one year of the balance sheet date	<b>400.00</b>	400.00
Due in a period between one year and five years	<b>2,000.00</b>	400.00
Due after five years	<b>1,200.00</b>	-

## 24. 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	
	2012-13	2011-12	2012-13	2011-12
Within one year of the balance sheet date	<b>68.74</b>	65.65	<b>48.12</b>	42.49
Due in a period between one year and five years	<b>211.13</b>	254.17	<b>172.21</b>	201.99
Due after Five Years	<b>67.51</b>	79.15	<b>48.38</b>	56.10
Total	<b>347.38</b>	398.97	<b>268.71</b>	300.58
Less: Future Finance Charges	<b>(78.67)</b>	(98.39)		
Present Value of Minimum Lease Payments	<b>268.71</b>	300.58		

**25. Earnings Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
a) Basic & Diluted*		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	<b>3,125.28</b>	1,813.33
The weighted average number of equity shares outstanding during the year used as denominator -(B)	<b>504,024,770</b>	504,024,770
Basic / Diluted earnings per share (₹) – (A) / (B) (Face Value of ₹ 1 each)	<b>6.20</b>	3.60

\*The effect of the conversion of share warrants was anti-dilutive and hence it has been ignored in the computation of Diluted Earnings Per Share.

**26.** 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	U S OBEROI Chief (Corporate Affairs) & Whole Time Director	M R B PUNJA Director
Gurgaon May 10,2013	SUNAM SARKAR Chief Financial Officer & Whole Time Director		P N WAHAL Head (Sectt. & Legal) & Company Secretary

## STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES.

1 NAME OF THE SUBSIDIARY	APOLLO (MAU- RITIUS) HOLDINGS PVT LTD (AMHPL)	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD (ASHPL)	APOLLO (SOUTH AFRICA) LTD (PTY) LTD (ATSAPL)	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD (DAMUK)	APOLLO TYRES COOPERATIVE NETHERLANDS (AT COOP)	APOLLO VREDESTEIN B.V. NETHERLANDS (AVBV) *	APOLLO TYRES (CYPRUS) PVT. LTD. (AT CPL)	APOLLO TYRES AG, SWITZERLAND (AT AG)	APOLLO TYRES HOLDINGS PTE LTD, SINGAPORE (AT HS)	APOLLO TYRES MIDDLE EAST FZE, DUBAI (AT FZE)	APOLLO TYRES (LAO) CO. LTD. (AT LAO)	APOLLO TYRES B.V. (AT BV)	APOLLO TYRES (BRASIL) LTD, BRAZIL (ATBL)	APOLLO TYRES GLOBAL R&D BV, NETHERLANDS (ATGRD BV)	APOLLO TYRES (THAILAND) LIMITED, THAILAND (ATTL)	APOLLO TYRES (U.K.) PVT. LTD., UK (ATUK)
2 NUMBER OF SHARES HELD IN THE SUBSIDIARY COMPANY	119,656,207 ORDINARY SHARES OF USD 1/- FULLY PAID	414 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	2,487,818 ORDINARY SHARES OF ZAR 0.0001 EACH FULLY PAID (SUBSIDIARY THROUGH ASHPL)	103 ORDINARY SHARES OF GBP 1 EACH FULLY PAID (SUBSIDIARY THROUGH ATSAPL)	MEMBERSHIP INTEREST FULLY PAID (SUBSIDIARY THROUGH AMHPL)	43,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID (SUBSIDIARY THROUGH ATBV)	700 ORDINARY SHARES OF EURO 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	3,748,652 EQUITY SHARE OF CHF 1 EACH FULLY PAID (SUBSIDIARY THROUGH CPL)	7,194,016 ORDINARY SHARES OF SGD 1 EACH (SUBSIDIARY THROUGH AMHPL)	2 ORDINARY SHARES OF AED 100,000 EACH (SUBSIDIARY THROUGH AMHPL)	1425 ORDINARY SHARES OF USD 1000 EACH (SUBSIDIARY THROUGH AT HS)	18,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)	NIL	100 ORDINARY SHARES OF EURO 100 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)	3,999,998 ORDINARY SHARES OF BAHT 100 EACH (SUBSIDIARY THROUGH AT COOP)	14901 ORDINARY SHARES OF GBP 1 EACH FULLY PAID (SUBSIDIARY THROUGH ATBV)
3 PERCENTAGE OF HOLDING IN THE SUBSIDIARY COMPANY	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	95.00%	100.00%	100.00%	100.00%	100.00%	100.00%
4 FINANCIAL YEAR ENDED	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
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, 2013	₹(156.07) Million	₹ 0.08 Million	₹ 268.12 Million	₹ (0.59) Million ***	₹ 28,459.32 Million#	₹ 3,275.40 Million	₹ (0.57) Million	₹ 27.25 Million	₹ (121.30) Million	₹ 73.22 Million	₹ 239.27 Million	₹ (1.05) Million	₹ (4.37) Million	₹ 44.19 Million	₹ (13.10) Million	NIL
FOR THE PREVIOUS FINANCIAL YEAR	₹ 457.04 Million	₹ 157.29 Million	₹ 2,296.71 Million	₹ 83.87 Million ***	₹ (6.37) Million	₹ 5,679.02 Million	₹ (1.52) Million	₹ 93.39 Million	₹ (2.82) Million	₹ 10.55 Million	₹ 16.96 Million	NIL	NIL	NIL	NIL	NIL
TOTAL ACCUMULATED UPTO THE YEAR	₹ 300.97 Million	₹ 157.21 Million	₹ 2,564.83 Million	₹ 83.28 Million ***	₹ 28,452.95 Million	₹ 8,954.42 Million	₹ (2.09) Million	₹ 66.14 Million	₹ 124.12 Million	₹ 62.67 Million	₹ 256.23 Million	₹ (1.05) Million	₹ (4.37) Million	₹ 44.19 Million	₹ (13.10) Million	NIL
6 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, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FOR THE PREVIOUS FINANCIAL YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ACCUMULATED UPTO THE YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note - Exchange rates conversion on average rates during the year. \* Including various subsidiaries under Apollo Vredestein B.V. \*\* The information in respect of subsidiaries in Zimbabwe through DAMUK, 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. # Includes gain of ₹ 28,459.67 Million on account of restructuring of AVBV which became a subsidiary of ATBV during the year.

ONKAR S KANWAR Chairman & Managing Director	U S OBEROI Chief (Corporate Affairs) & Whole Time Director	M R B PUNJA Director
SUMAN SARKAR Chief Financial Officer & Whole Time Director		P N WAHAL Head (Sectt. & Legal) & Company Secretary

Gurgaon  
May 10, 2013

# 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 31st March, 2013, 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:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) 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
- (c) 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 certain subsidiaries, whose financial statements reflect total assets (net) of ₹33,900.19 Million as at 31st March, 2013, total revenues of ₹46,631.15 Million and net cash flows amounting to ₹3,522.48 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/-  
Geetha Suryanarayanan  
Partner  
(Membership No.29519)

Place : Gurgaon  
Date : May 10, 2013.

# CONSOLIDATED BALANCE SHEET

## AS AT MARCH 31 , 2013

	Notes	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ 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	33,396.80	27,823.60
(c) Money Received Against Share Warrants	C5	107.75	-
		<u>34,008.64</u>	<u>28,327.69</u>
<b>2 Minority Interest</b>	C4	-	7.62
<b>3 Non-Current Liabilities:</b>			
(a) Long-term Borrowings	B3	16,531.47	16,157.83
(b) Deferred Tax Liabilities (Net)	C12	4,937.89	4,050.53
(c) Other Long Term Liabilities	B3	273.31	390.94
(d) Long-term Provisions	B3	1,093.18	939.06
		<u>22,835.85</u>	<u>21,538.36</u>
<b>4 Current Liabilities:</b>			
(a) Short-term Borrowings	B4	6,284.88	9,339.03
(b) Trade Payables		10,073.63	13,005.83
(c) Other Current Liabilities		7,272.02	7,452.14
(d) Short-term Provisions		4,790.56	4,238.16
		<u>28,421.09</u>	<u>34,035.16</u>
<b>TOTAL</b>		<u><b>85,265.58</b></u>	<u><b>83,908.83</b></u>
<b>B. ASSETS</b>			
<b>1 Non-Current Assets :</b>			
(a) Fixed Assets:	B5		
(i) Tangible Assets		40,650.85	39,180.22
(ii) Intangible Assets		1,042.02	1,058.04
(iii) Capital Work-in-Progress		3,198.65	3,305.46
		<u>44,891.52</u>	<u>43,543.72</u>
(b) Goodwill on Consolidation		1,436.08	1,337.68
(c) Non-Current Investments	B6	545.81	158.22
(d) Deferred Tax Assets (Net)	C12	10.09	25.08
(e) Long-term Loans & Advances	B7	1,809.13	2,206.68
		<u>48,692.63</u>	<u>47,271.38</u>
<b>2 Current Assets:</b>			
(a) Inventories	B8	20,310.75	19,954.68
(b) Trade Receivables	B8	9,907.83	11,458.03
(c) Cash & Cash Equivalents	B8	3,347.77	1,730.35
(d) Short Term Loans & Advances	B9	2,985.28	3,341.45
(e) Other Current Assets	B10	21.32	152.94
		<u>36,572.95</u>	<u>36,637.45</u>
<b>TOTAL</b>		<u><b>85,265.58</b></u>	<u><b>83,908.83</b></u>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

ONKAR S KANWAR  
Chairman &  
Managing Director

U S OBEROI  
Chief (Corporate Affairs)  
& Whole Time Director

M R B PUNJA  
Director

**GEETHA SURYANARAYANAN**  
Partner

Gurgaon  
May 10, 2013

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

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



**CONSOLIDATED STATEMENT OF PROFIT & LOSS  
FOR THE YEAR ENDED MARCH 31 , 2013**

	Notes	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>1 Revenue from Operations</b>			
Gross Sales		<b>137,400.47</b>	129,019.47
Less : Excise Duty		<b>9,454.14</b>	7,486.60
Net Sales		<b>127,946.33</b>	121,532.87
<b>2 Other income</b>	B11	<b>944.49</b>	326.39
<b>3 Total revenue (1 +2)</b>		<b><u>128,890.82</u></b>	<b><u>121,859.26</u></b>
<b>4 Expenses</b>			
(a) Cost of Materials Consumed	B12	<b>73,871.02</b>	76,351.45
(b) Purchase of Stock-in-Trade	B12	<b>6,539.08</b>	6,576.07
(c) Changes in Inventories of Finished Goods, Work-in-Process & Stock-in-Trade	B13	<b>(441.10)</b>	(2,557.51)
(d) Employee Benefit Expenses	B12	<b>14,713.80</b>	13,350.11
(e) Finance Cost	B14	<b>3,127.68</b>	2,872.90
(f) Depreciation & Amortization expense	B5	<b>3,965.60</b>	3,255.95
(g) Other Expenses	B12	<b>18,696.91</b>	16,151.79
<b>Total Expenses</b>		<b><u>120,472.99</u></b>	<b><u>116,000.76</u></b>
<b>5 Profit before exceptional and extraordinary items &amp; tax (3 - 4)</b>		<b>8,417.83</b>	5,858.50
6 Exceptional items	C19	<b>(168.55)</b>	293.80
<b>7 Profit before Tax (5 - 6)</b>		<b><u>8,586.38</u></b>	<b><u>5,564.70</u></b>
<b>8 Tax Expense</b>			
(a) Current Tax Expense		<b>1,665.63</b>	928.64
(b) Less: MAT Credit		<b>-</b>	301.29
(c) Net Current Tax Expense		<b>1,665.63</b>	627.35
(d) Deferred Tax		<b>782.74</b>	816.15
Net Tax Expense		<b><u>2,448.37</u></b>	<b><u>1,443.50</u></b>
<b>9 Profit after tax before share of loss of associates and minority interest (7-8)</b>		<b>6,138.01</b>	4,121.20
<b>9. i Share of Loss of Associates</b>		<b>19.58</b>	23.10
<b>9. ii Minority Interest - Share of Loss</b>		<b>7.62</b>	0.86
<b>10 Profit for the year ( 9 - 9. i + 9. ii)</b>		<b><u>6,126.05</u></b>	<b><u>4,098.96</u></b>
<b>11 Earnings per Share of ₹ 1 each:</b>	C20		
(a) Basic		<b>12.15</b>	8.13
(b) Diluted		<b>12.15</b>	8.13

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

ONKAR S KANWAR  
Chairman &  
Managing Director

U S OBEROI  
Chief (Corporate Affairs)  
& Whole Time Director

M R B PUNJA  
Director

**GEETHA SURYANARAYANAN**  
Partner

SUNAM SARKAR  
Chief Financial Officer &  
Whole Time Director

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

Gurgaon  
May 10,2013

# CONSOLIDATED CASH - FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31 , 2013

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
(i) Profit before extraordinary items, tax, share of loss of associates and minority interest	8,586.38	5,564.70
Add: Adjustments for:		
Depreciation and Amortization Expenses	3,965.60	3,255.95
(Profit) / Loss on Sale of Tangible Fixed Assets (Net)	(64.77)	13.42
Provision for impairment of investment	2.23	-
Dividend from Trade & Non Trade Investments	(0.18)	(0.18)
Provision for Compensated Absences	26.71	22.62
Unclaimed Credit Balances / Provisions written back	(244.08)	(33.22)
Finance Charges (Net of Interest Capitalized)	3,127.68	2,872.90
Interest Income	(69.20)	(66.48)
Unrealized Forex Fluctuation Loss / (Gain) on Reinstatement	20.11	(64.91)
Post Retirement Medical Obligation	15.80	2.82
Doubtful Receivables / Advances Written Off	29.34	41.19
<b>(ii) Operating Profit Before Working Capital Changes</b>	<b>6,809.24</b>	<b>6,044.11</b>
Changes in Working Capital	15,395.62	11,608.81
Adjustments for (increase) / decrease in operating assets:		
Inventories	(459.52)	(2,366.02)
Trade Receivables	2,303.44	(1,232.83)
Short-Term Loans and Advances	412.71	(569.64)
Long -Term Loans and Advances	(85.54)	91.14
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade Payables	(2,992.79)	1,148.42
Other Current Liabilities	(905.91)	(390.52)
Other Long-Term Liabilities	79.12	193.06
Provisions	168.22	(11.61)
<b>(iii) Cash Generated from Operations</b>	<b>13,915.35</b>	<b>8,470.81</b>
Less: Direct Taxes Paid (Net of Refund)	(1,134.12)	(953.25)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>12,781.23</b>	<b>7,517.56</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Including Purchase of Investment Property and Interest Capitalized )	(6,318.50)	(7,929.79)
Proceeds from Sale of Fixed Assets	319.33	34.69
Purchase/(Sale) of Investments	(7.53)	(52.35)
Long Term Fixed Term Deposits With Banks		
- Placed	(5.24)	-
- Matured	-	9.94
Loan given		
- Joint Venture - Jointly Controlled Entities	(24.86)	-
Dividend Received from Trade and Non Trade Investments	0.18	0.18
Payment for Trademarks	(3.22)	(179.54)
Interest Received	67.30	64.82
<b>Net Cash Used in Investing Activities (B)</b>	<b>(5,972.54)</b>	<b>(8,052.05)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Warrants	107.75	-
Proceeds from Long-Term Borrowings	3,482.70	7,731.90
Repayment of Long -Term Borrowings	(2,442.86)	(3,706.36)
Bank Overdraft / Short-Term Borrowings (net of repayments)	(2,821.79)	(654.03)
Payment of Dividend (Including Dividend Tax)	(293.12)	(293.11)
Finance Charges Paid (Net of Interest Capitalized)	(3,085.22)	(2,775.91)
<b>Net Cash Used In Financing Activities (C)</b>	<b>(5,052.54)</b>	<b>302.49</b>
<b>Forex Fluctuation Difference arising out of Consolidation (D)</b>	<b>(47.61)</b>	<b>(14.21)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C+D)</b>	<b>1,708.54</b>	<b>(246.21)</b>
Cash & Cash Equivalents at the beginning of the year	1,730.35	1,908.86
Less: Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)	107.87	32.48
Add: Cash & Cash Equivalents on acquisition of joint venture during the year	0.86	-
Less: Bank Deposits with Original Maturity over Three Months	67.56	76.11
Less: Unpaid Dividends Bank Accounts	28.26	27.40
<b>Adjusted Cash &amp; Cash Equivalents as at Beginning of the year</b>	<b>1,527.52</b>	<b>1,772.87</b>
Cash & Cash Equivalents as at the end of the year	3,347.77	1,730.35
Less: Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)	8.61	107.87
Less: Bank Deposits with Original Maturity over Three Months	72.86	67.56
Less: Unpaid Dividends Bank Accounts	30.24	28.26
<b>Adjusted Cash &amp; Cash Equivalents as at the end of the year</b>	<b>3,236.06</b>	<b>1,526.66</b>

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

ONKAR S KANWAR

Chairman &  
Managing Director

U S OBEROI

Chief (Corporate Affairs)  
& Whole Time Director

M R B PUNJA

Director

**GEETHA SURYANARAYANAN**

Partner

SUNAM SARKAR

Chief Financial Officer &  
Whole Time Director

P N WAHAL

Head (Sectt. & Legal) &  
Company Secretary

Gurgaon

May 10, 2013

## **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 64% of the Group's revenues, followed by Europe with 23% and South Africa with 12%.

The product portfolio of the Group consists of passenger car, SUV, MUV, 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 the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. 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, 2013.
- (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, 2013 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".

(ix) 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
				31.03.2013	31.03.2012	
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	100%	100%	
Dunlop Africa Marketing (UK) Ltd. (DAMUK)	Subsidiary	United Kingdom	ATSA	100%	100%	
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 (Nigeria) Limited	Subsidiary	Nigeria	AMHPL	NIL	100%	Note (a)
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%	NIL	Note( b )
Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	APOLLO COOP	100%	NIL	Note( b )
Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	APOLLO COOP	100%	100%	
Apollo Tyres (U K) Pvt. Ltd.	Subsidiary	United Kingdom	ATBV	100%	100%	
Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	Note( c )
Vredestein GmbH	Subsidiary	Germany	AVBV	100%	100%	
Vredestein Marketing Agentur B.V. & Co. KG	Subsidiary	Germany	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%	
Vredestein U.K. Ltd.	Subsidiary	United Kingdom	AVBV	100%	100%	
Vredestein France S.A.	Subsidiary	France	AVBV	100%	100%	

N.V. Vredestein S.A.	Subsidiary	Belgium	AVBV	100%	100%	
Vredestein GesmbH	Subsidiary	Austria	AVBV	100%	100%	
Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	
Apollo Vredestein Srl (Earlier known as Vredestein Italia Srl)	Subsidiary	Italy	AVBV	100%	100%	
Vredestein Iberica S.A	Subsidiary	Spain	AVBV	100%	100%	
Vredestein Tyres North America Inc.	Subsidiary	USA	AVBV	100%	100%	
Vredestein Kft	Subsidiary	Hungary	AVBV	100%	100%	
S.C. Vredesetin R.O. Srl	Subsidiary	Romania	VREDESTEIN Kft	100%	100%	
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%	-	Note (d)
	Associate	USA	APOLLO COOP	-	41.92%	

Notes :

- (a) Corporate Affairs Commission of Nigeria has registered the winding-up on March 26, 2012 and the Company was dissolved during the year.
- (b) Incorporated during the year.
- (c) As a part of group restructuring exercise, entire share capital of AV BV has been transferred by Apollo Coop to Apollo Tyres BV (AT BV) , a subsidiary through Apollo Coop.
- (d) As a part of group restructuring exercise, Pan Aridus LLC has been transferred by Apollo Coop to Apollo Tyres Holdings (Singapore) Pte Ltd. (ATHS) , a subsidiary through AMHPL. Also Pan Aridus LLC became a joint venture during the year on account of acquisition of additional percentage interest.
- (x) 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
				31.03.2013	31.03.2012	
Radun Investment (Private) Ltd (RADUN)	Subsidiary	Zimbabwe	DAMUK	100%	100%	
Dunlop Zimbabwe (Private) Ltd (DZPL)	Subsidiary	Zimbabwe	DAMUK	100%	100%	The cost of investment has been impaired.
ASF Mining (Pvt.) Ltd Zimbabwe	Subsidiary	Zimbabwe	DZPL	100%	100%	The cost of investment has been impaired.
National Tyre Service	Associate	Zimbabwe	DAMUK	46.72%	46.72%	

## 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.

For Indian companies, 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, whereas 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.

## 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.

In case of a subsidiary Company incorporated outside India, depreciation is provided for on a straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. 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 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 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 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 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 Statement of profit and loss. On disposal of a foreign entity, the gain or loss recognized in equity is transferred to the 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 and are credited to the raw material consumption account.

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.

## **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. 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.

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.

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.

## **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, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>(a) AUTHORISED</b>		
<b>730,000,000 Nos.</b> (730,000,000 Nos.) Equity Shares of ₹ 1 each	<b>730.00</b>	730.00
<b>200,000 Nos.</b> (200,000 Nos.) Cumulative Redeemable Preference Shares of ₹100 each	<b>20.00</b>	20.00
	<b><u>750.00</u></b>	<u>750.00</u>

### (b) ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP

#### Equity Shares of ₹ 1 each:

<b>504,024,770</b> Equity Shares Outstanding at the beginning and at the end of the year	<b>504.02</b>	504.02
Add: Forfeited Shares	<b>0.07</b>	0.07
	<b><u>504.09</u></b>	<u>504.09</u>

(c) Equity Shares of ₹10 each have been sub-divided into ten equity shares of ₹ 1 each pursuant to the resolution passed by the shareholders at the Annual General Meeting held on July 26, 2007.

### (d) 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, 2013		As at March 31, 2012	
		No. of Shares Held	%	No. of Shares Held	%
1	Neeraj Consultants Ltd.	42,508,142	8.43%	42,508,141	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%	44,725,648	8.87%
4	Constructive Finance Pvt. Ltd.	29,630,857	5.88%	38,619,357	7.66%
5	CLSA (Mauritius) Ltd.	28,787,736	5.71%	14,127,787	2.80%
6	ICICI Prudential Life Insurance Co. Ltd.	26,665,390	5.29%	25,137,496	4.99%

### (e) 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.

(f) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## B 2 RESERVES & SURPLUS

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
(a) Capital Subsidy	3.00	3.00
(b) Capital Redemption Reserve	44.40	44.40
(c) Securities Premium Account	5,659.71	5,659.71
(d) Debenture Redemption Reserve		
Opening Balance	516.67	237.50
Add: Transferred from surplus in consolidated Statement of Profit and Loss	654.16	279.17
	<u>1,170.83</u>	<u>516.67</u>
(e) Revaluation Reserve	31.22	31.22
(f) Share Forfeiture ₹ 1,375/- (₹ 1375/-)	-	-
(g) General Reserve		
Opening Balance	7,001.43	6,001.43
Add: Transferred from surplus in consolidated Statement of Profit and Loss	1,000.00	1,000.00
	<u>8,001.43</u>	<u>7,001.43</u>
(h) Foreign Currency Translation Reserve		
Opening Balance	(22.89)	(414.96)
Add: Reclassification From Surplus in Consolidated Statement of Profit and Loss	-	21.83
Add: Share of joint ventures - jointly controlled entities	(0.25)	-
Effect Of Foreign Exchange rate variations during the year	(287.04)	370.24
Closing Balance	<u>(310.18)</u>	<u>(22.89)</u>
(i) Cash Flow Hedge Reserve		
Opening Balance	(29.28)	(55.39)
Movement during the year	29.28	26.11
Closing Balance	<u>-</u>	<u>(29.28)</u>
(j) Surplus in Consolidated Statement of Profit & Loss		
Opening Balance	14,619.34	12,114.27
Reclassification to Foreign Currency Translation Reserve	-	(21.83)
Net Profit for the year	<u>6,144.90</u>	<u>4,098.96</u>
Balance available for Appropriation	20,764.24	16,191.40
Less: Appropriations made during the year		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	654.16	279.17
Proposed Dividend	252.01	252.01
Dividend Tax	<u>42.83</u>	<u>40.88</u>
	1,949.00	1,572.06
Share of joint ventures - jointly controlled entities	(18.85)	-
Closing Balance	<u>18,796.39</u>	<u>14,619.34</u>
<b>Total Reserves &amp; Surplus</b>	<u><b>33,396.80</b></u>	<u><b>27,823.60</b></u>

### B 3 NON - CURRENT LIABILITIES

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ 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	1,000.00
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	<u>833.33</u>	<u>1,250.00</u>
	<b>3,833.33</b>	<b>4,250.00</b>
<b>(ii) Term Loans</b>		
<b>From Banks:</b>		
External Commercial borrowings (ECB)	3,408.11	4,782.15
Rupee Term Loans	500.00	500.00
Other Term Loans	<u>2,766.90</u>	<u>3,537.95</u>
	<b>6,675.01</b>	<b>8,820.10</b>
<b>From Others:</b>		
International Finance Corporation - Loan A	1,128.43	1,354.12
International Finance Corporation - Loan B	798.28	898.06
International Finance Corporation - South Africa	<u>380.89</u>	<u>-</u>
Bharat Earthmovers Ltd. (BEML)	<u>494.94</u>	<u>577.43</u>
	<b>2,802.54</b>	<b>2,829.61</b>
<b>(iii) Deferred Payment Liabilities:</b>		
Deferred Payment Credit I	199.88	241.36
Deferred Payment Credit II	<u>20.71</u>	<u>16.76</u>
	<b>220.59</b>	<b>258.12</b>
<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><b>16,531.47</b></u>	<u><b>16,157.83</b></u>
<b>OTHER LONG TERM LIABILITIES:</b>		
Security Deposits Received from Dealers	11.49	8.43
Security Deposits Received from Employees	43.92	42.78
Lease Escalation	57.53	79.52
Others	158.78	260.21
Share of joint ventures - jointly controlled entities	1.59	-
	<u><b>273.31</b></u>	<u><b>390.94</b></u>
<b>LONG TERM PROVISIONS:</b>		
<b>Provision for Employee Benefits</b>		
Pension Liability	831.61	670.97
Post Retirement Medical Benefits	165.22	172.50
Jubilee Benefits	96.35	95.59
	<u><b>1,093.18</b></u>	<u><b>939.06</b></u>

\* For 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, 2013 ₹ Million		Amount outstanding as at March 31, 2012 ₹ 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	833.33	416.67	1,250.00	-	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	-	-	-	10.10%	Bullet Repayment on 30-08-2014	Unsecured
	1,000 - 9.70 % Non Convertible Debentures of ₹ 1 Million each	1,000.00	-	-	-	9.70%	Bullet Repayment on 17-12-2014	Unsecured
<b>Total Debentures</b>		<b>6,833.33</b>	<b>416.67</b>	<b>4,250.00</b>	<b>-</b>			

**EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:**

Bank 1	ECB I	-	183.19	183.19	183.19	9-10%	Repayment in 8 equal installments of USD 1.875 Million half yearly started from 19.04.10.	Note A1 & B1
	ECB II	280.62	112.25	392.87	56.13	9-10%	Repayment in 8 equal installments of USD 1.25 Million half yearly started from 17.12.12.	Note A1 & B1
Bank 2	ECB I	-	133.47	133.47	266.93	9-10%	Repayment in 15 equal quarterly installments of USD 13.33 Million started from 31.03.10.	Note A1 & B2
	ECB II	349.99	349.99	699.98	233.32	9-10%	Repayment in 1 half-yearly installment of USD 1.25 Million and then 5 half-yearly installments of USD 3.75 Million from 16.07.12.	Note A1 & B2
	ECB III	674.25	224.75	899.00	-	9-10%	Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million from 27.06.13.	Note A1 & B2
Bank 3	ECB I	462.20	231.10	693.30	231.10	7-8%	Repayment in 4 equal annual installments of USD 5 Million started from 03.08.12.	Note A1 & B2

	ECB II	417.46	139.19	556.75	-	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>3,408.11</b>	<b>1,373.94</b>	<b>4,782.15</b>	<b>970.67</b>			

#### RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	500.00	-	500.00	-	12%	Repayment in 3 equal annual installments starting from 21.06.14.	Note A1 & B1
<b>Total Rupee Term Loans</b>		<b>500.00</b>	<b>-</b>	<b>500.00</b>	<b>-</b>			

#### OTHER TERM LOANS FROM BANKS:

Bank 1	Other Term Loan , South Africa	859.66	333.70	1,393.16	321.50	3m US LIBOR + 3.75 %	Repayment in 16 equal Quarterly Installments starting from July 2012	Note D
Bank 2	Other Term Loan , South Africa	295.59	118.74	474.39	165.53	Prime Lending Rate	Repayment in equal monthly installments until September 2016	Note D
Bank 3	Other Term Loan , The Netherlands	402.91	210.22	205.71	558.49	3-months EURIBOR + 2.5%	Repayment in half yearly installments	Note E
Bank 4	Other Term Loan , The Netherlands	805.83	420.43	1,215.77	312.63	3-months EURIBOR + 3.0%	Repayment in half yearly installments	Note E
Bank 5	Other Term Loan , The Netherlands	402.91	297.81	248.92	515.28	3-months EURIBOR + 2.5%	Repayment in half yearly installments	Note E
<b>Total Other Term Loans</b>		<b>2,766.90</b>	<b>1,380.90</b>	<b>3,537.95</b>	<b>1,873.43</b>			

#### TERM LOANS FROM OTHERS:

IFC	Loan A	1,128.43	225.69	1,354.12	-	9-10%	Repayment in 12 half-yearly installments of USD 2.50 Million each commencing from 17-06-2013	Note A1 & B2
	Loan B	798.28	99.78	898.06	-	9-10%	Repayment in 9 installments of USD 2.22 Million each commencing from 16-12-2013	Note A1 & B2
	South Africa	380.89	63.48	-	-	8.67%	Repayment in equal quarterly installments commencing on July 2013 until July 2018	Note D
BEML	Loan 1	494.94	82.49	577.43	82.49	2.25% lower than prevailing SBI PLR	40 equal quarterly installments of ₹ 20.62 Million each starting from 30-06-2010	Note C
<b>Total Term Loans from Others</b>		<b>2,802.54</b>	<b>471.44</b>	<b>2,829.61</b>	<b>82.49</b>			



**DEFERRED PAYMENT CREDIT:**

Others	Deferred Payment Credit I	199.88	41.48	241.36	38.23	7-8%	Repayment along with Interest in 240 consecutive monthly installments starting from 15th May 2007.	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	20.71	6.64	16.76	4.26	8-9%	Repayment along with Interest in 20 equal quarterly installments starting April 2010.	Engineering materials purchased under the scheme
		<b>220.59</b>	<b>48.12</b>	<b>258.12</b>	<b>42.49</b>			

**BUYERS CREDIT FROM BANKS**

Bank 1	Buyers Credit I	-	-	-	116.56	6-8%	Within one year	Note A1 & B2
	Buyers Credit II	-	-	-	136.20	6-8%	Within one year	
<b>Total Buyers Credit</b>		-	-	-	<b>252.76</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 to be created by way of hypothecation on the assets at Village Limda in Gujarat acquired out of the proceeds of loan taken from BEML.

**Note D Inter-creditor agreement , South Africa**

Following the signing of The Amended & Restated Intercreditor Agreement on 7 March 2012, the First Addendum to the Amended & Restated Intercreditor Agreement between the Company, the Lenders, The Standard Bank of South Africa (as Agent), Micawber 362 (Proprietary) Limited (as Security SPV) and The trustees for the time being of the Micawber 362 Security Company Owner Trust (as Owner Trust) was signed on 7 August 2012 to release the ERF 18947 East London Property from Collateral Mortgage Bond as Security.

The Second Amended & Restated Intercreditor Agreement between the Company, ICICI Bank Limited (Bahrain Branch)(as Lender), The Standard Bank of South Africa Limited (as Lender), State Bank of India (as Lender), International Finance Corporation (as Lender), The Standard Bank of South Africa Limited (as Agent), Micawber 362 (Proprietary) Limited (as Security SPV) and The trustees for the time being of the Micawber 362 Security Company Owner Trust (as Owner Trust) was signed on 2 October 2012 replacing the Amended & Restated Intercreditor Agreement (as amended by the First Addendum to Amended & Restated Intercreditor Agreement).

The Lenders agreed that the Amended & Restated Inter-creditor Agreement (as amended by the First Addendum to Amended & Restated Intercreditor Agreement) be amended and restated as The Second Amended and Restated Intercreditor Agreement in order to give effect to certain terms and conditions of the new Lender, International Finance Corporation ("IFC").

It was specifically recorded and agreed that any claim that a Party has or may have arising from the original Inter-creditor Agreement (as amended in terms of the First Addendum, the Reinstatement of the First Addendum, the Second Addendum, the Third Addendum and the Forth Addendum), the Amended & Restated Intercreditor Agreement (as amended by the First Addendum to the Amended & Restated Intercreditor Agreement) shall remain valid and be enforceable by each Party, its successors & cessionaries.

The security held by the Security SPV is as follows:

- a covering mortgage bond over freehold property.
- a collateral mortgage bond over freehold property.
- a general notarial bond over all movable property and effects, including debtors, rights, plant, equipment and furniture and fittings.
- a special notarial bond over certain specified assets.
- a cession in security of the Company's rights, title and interest in and to a trademark licence agreement with BTR Industries Ltd. dated 30/04/1998, as amended and a trademark assignment agreement with Dunlop International Limited.

Note E

#### **Credit Facility Agreement , The Netherlands**

A credit facility agreement with ABN AMRO, Cooperative Rabobank and Standard Chartered Bank was signed by Apollo Vredestein B.V. in November 2010 as part of the refinancing of the Company. The final maturity date of the loans borrowed from ABN AMRO and Cooperative Rabobank before extension is March 31 , 2014. The final maturity date of the loans borrowed from ABN AMRO and Cooperative Rabobank (after extension) is March 31 , 2015. The final maturity date of the loan borrowed from Standard Chartered Bank is September 30 , 2015. The interest rate is based on the 3-months EURIBOR figure plus a margin. The Company provided securities for these debts in the form of mortgages, bank accounts, movable assets, insurances, intellectual property rights and licences. Apollo Vredestein B.V. minimizes liquidity risk with help of an accurate liquidity forecast. This way treasury department maintains sufficient cash available for future commitments associated to financial instruments.

## B 4 CURRENT LIABILITIES

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Buyer's Credit - Raw Materials*	451.43	753.08
Banks - Cash Credit (Repayable on Demand)*	49.01	114.14
Banks Overdraft	670.83	849.97
Mortgage , Switzerland	-	95.72
Short Term Loan from Banks	162.32	2,350.00
<b>Unsecured</b>		
Commercial Paper #	3,150.00	2,200.00
Buyer's Credit - Raw Materials	458.76	2,095.30
Banks Overdraft	-	813.09
Loan from Others	57.58	67.73
Packing Credits	1,284.95	-
	<u>6,284.88</u>	<u>9,339.03</u>
<b>TRADE PAYABLES</b>		
Payable to Micro, Small & Medium Enterprises	31.53	41.12
Acceptances	322.47	2,249.16
Accounts Payable - Raw Materials & Services	8,484.93	9,611.70
Freight, Port Charges, CHA Charges Payable	340.30	364.14
Expenses Payable	183.90	143.42
Employee Related Payables **	622.62	515.95
Payable to Related Parties	86.89	80.34
Share of joint ventures - jointly controlled entities	0.99	-
	<u>10,073.63</u>	<u>13,005.83</u>
<b>OTHER CURRENT LIABILITIES</b>		
<b>Current Maturities of Long-Term Debt***</b>		
<b>Debentures:</b>		
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	416.67	-
<b>Secured Term Loan from Banks:</b>		
External Commercial borrowings (ECB)	1,373.94	970.67
Buyers Credit - Capex	-	252.76
Other Term Loans	1,380.90	1,873.43
	<u>2,754.84</u>	<u>3,096.86</u>
<b>Term Loan from Others</b>		
International Finance Corporation - Loan A	225.69	-
International Finance Corporation - Loan B	99.78	-
International Finance Corporation - South Africa	63.48	-
Bharat Earthmovers Ltd. (BEML)	82.49	82.49
<b>Deferred Payment Liabilities</b>		
Deferred Payment Credit I	41.48	38.23
Deferred Payment Credit II	6.64	4.26
Sales Tax Loan	-	1.43
	<u>48.12</u>	<u>43.92</u>
	<u>3,691.07</u>	<u>3,223.27</u>
<b>Trade Payables Include due to Related Parties ( Note - C 16)</b>		
Companies in which Directors are interested	<u>86.89</u>	<u>80.34</u>

\*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 ₹197 Million (₹74 Million)

\*\*\* For Nature of Security on Current Maturities of Long Term Debts, Refer Note B 3(a)

# Maximum Amount Outstanding during the year ₹ 5,850 Million (₹ 9,000 Million)

## B 4 CURRENT LIABILITIES (CONTINUED)

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>OTHER CURRENT LIABILITIES (Continued):</b>		
Interest accrued but not due on borrowings	345.11	269.38
Unpaid Dividends*	32.19	30.74
Payable to Micro, Small & Medium Enterprises - Capex Vendors	0.08	3.61
Interest payable to Micro, Small & Medium Enterprises	10.58	10.53
<b>Other payables:**</b>		
Accounts Payable - Capital	410.12	421.48
Excise Duty Payable	0.22	1.94
Excise Duty on closing stock	258.85	230.92
Payable to Related Parties	31.52	0.23
Payable to Statutory Authorities	872.28	780.55
Export Obligations - Advance Licence Benefit	321.53	663.48
Security Deposits Received	187.75	144.99
Derivative Financial Liabilities	16.09	19.01
Advance Received From Customers	19.65	9.10
Others	1,029.80	1,566.80
<b>Gratuity Payable</b>	45.18	76.11
	<u>3,580.95</u>	<u>4,228.87</u>
	<u>7,272.02</u>	<u>7,452.14</u>
<b>SHORT TERM PROVISIONS:</b>		
Provision for Employee Benefits:		
Provision for Compensated Absences	750.46	734.50
Social Premium Payable	737.65	735.22
	<u>1,488.11</u>	<u>1,469.72</u>
<b>Others:</b>		
Proposed Dividend on Equity Shares	252.01	252.01
Dividend Tax	42.83	40.88
Provision for Taxation	8,422.33	7,135.89
Less: MAT Credit Adjusted	108.57	-
Less: Advance Tax	7,150.70	6,387.61
Provision for Wealth Tax	3.50	3.50
Provision for Sales related obligations	1,841.05	1,723.77
	<u>3,302.45</u>	<u>2,768.44</u>
	<u>4,790.56</u>	<u>4,238.16</u>
<b>**Other Payables Include due to Related Parties (Note C 16)</b>		
Companies in which Directors are interested	31.52	0.23

\*There are no amounts due and outstanding as at Balance Sheet Date to be transferred to the Investor Education and Protection Fund under section 205C of the companies Act, 1956.

## 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 (g)	As at March 31, 2013	As at March 31, 2012	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2013	As at March 31, 2012
TANGIBLE ASSETS											
Land											
Freehold Land	1,536.05	30.50	2.79	(4.30)	1,559.46	94.62	8.50	-	0.79	1,455.55	1,441.43
Leasehold Land*	355.34	12.15	-	9.66	377.15	14.94	199.71	-	0.72	161.78	340.40
Buildings	10,489.21	595.51	236.13	(96.31)	10,752.28	2,819.70	312.96	129.77	(11.49)	7,760.88	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)	29,120.85	27,790.72
Electrical Installation	1,233.83	145.76	0.52	0.01	1,379.08	315.58	58.70	0.19	-	1,004.99	918.25
Furniture & Fixtures	1,427.22	273.46	2.63	(23.42)	1,674.63	662.98	113.67	1.38	(20.72)	920.08	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)	197.15	206.53
Plantation Development	31.97	20.90	-	1.62	54.49	-	54.39	-	0.10	-	31.97
Share of joint ventures - jointly controlled entities	78,088.96	5,832.31	475.73	(767.02)	82,678.53	38,908.74	3,631.92	258.17	(247.68)	40,643.72	39,180.22
		(c)				(d)					
	-	12.53	-	-	12.53	-	5.40	-	-	7.13	-
		(f)				(f)					
Total Tangible Assets	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	903.65	109.15	-	(29.96)	982.84	509.28	121.01	-	(10.29)	362.84	394.37
Trademarks	224.70	1.30	-	(48.13)	177.87	67.06	38.30	-	(31.73)	104.24	157.64
Research & Development	1,126.77	231.22	-	9.11	1,367.10	620.74	166.51	-	4.91	574.94	506.03
Total Intangible Assets	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, 2013	March 31, 2012
Depreciation and amortisation for the year on tangible assets	3,637.32	2,950.22
Depreciation and amortisation for the year on intangible assets	325.82	305.73
Depreciation on conversion of associate into joint venture	(4.32)	-
Depreciation on investment property	6.78	-
<b>Total</b>	<b>3,965.60</b>	<b>3,255.95</b>

## B 5 - FIXED ASSETS AS AT MARCH 31, 2012

₹ Million

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK			
	As at March 31, 2011	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2012	As at March 31, 2011	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
TANGIBLE ASSETS												
Land												
Freehold Land	1,366.67	67.33	-	102.05	1,536.05	77.00	10.61	-	7.01	94.62	1,441.43	1,289.67
Leasehold Land*	330.28	-	-	25.06	355.34	7.06	7.38 (a)	-	0.50	14.94	340.40	323.22
Buildings	9,438.83	831.92	9.90	228.36	10,489.21	2,406.58	272.76	0.71	141.07	2,819.70	7,669.51 (e)	7,032.25
Plant & Machinery**	53,354.09	7,276.77 (b)	191.38	2,205.05	62,644.53	30,552.52	2,489.66	23.00	1,834.63	34,853.81	27,790.72	22,801.57
Electrical Installation	1,064.53	169.29	-	0.01	1,233.83	265.13	50.44	-	0.01	315.58	918.25	799.40
Furniture & Fixtures	1,286.76	210.72	87.94	17.68	1,427.22	626.75	84.02	54.93	7.14	662.98	764.24	660.01
Office Equipments	17.58	12.35	0.65	0.02	29.30	10.78	1.75	0.40	-	12.13	17.17	6.80
Vehicles	308.48	111.78	75.35	(3.40)	341.51	126.39	33.60	26.67	1.66	134.98	206.53	182.09
Plantation Develop- ment	-	29.79	-	2.18	31.97	-	-	-	-	-	31.97	-
Total Tangible Assets	67,167.22	8,709.95 (c)	365.22	2,577.01	78,088.96	34,072.21	2,950.22 (d)	105.71	1,992.02	38,908.74	39,180.22	33,095.01

<b>INTANGIBLE ASSETS:</b>											
Computer Software	538.06	326.33	-	39.26	<b>903.65</b>	328.14	112.99	(47.72)	20.43	<b>394.37</b>	209.92
Trademarks	372.15	2.62	153.66	3.59	<b>224.70</b>	182.58	38.41	153.66	(0.27)	<b>157.64</b>	189.57
Research & Development	872.34	172.88 (b)	-	81.55	<b>1,126.77</b>	423.91	154.33	-	42.50	<b>506.03</b>	448.43
<b>Total Intangible Assets</b>	<b>1,782.55</b>	<b>501.83</b>	<b>153.66</b>	<b>124.40</b>	<b>2,255.12</b>	<b>934.63</b>	<b>305.73</b>	<b>105.94</b>	<b>62.66</b>	<b>1,058.04</b>	<b>847.92</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** ( ₹ 61.05 Million) and a Net Book Value of **Nil** ( ₹ 20.01 Million)
- (a) Represents proportionate lease premium ₹ **2.20 Million** ( ₹ 1.81 Million) amortized.
- (b) Includes ₹ **253.38 Million** ( ₹ 215.68 Million) for capital expenditure on Research & Development (Note C 8).
- (c) Includes directly attributable expenses capitalized to the extent of ₹ **125.08 Million** ( ₹ 215.48 Million) including ₹ **5.59 Million** ( ₹ 11.74 Million) capitalized from CWIP of previous year (Note C 10) and Borrowing Cost capitalized to the extent of ₹ **74.57 Million** ( ₹ 380.66 Million) including **Nil** ( ₹ 9.89 Million) capitalized from CWIP of previous year (Note C 7)
- (d) Includes provision for impairment amounting to ₹ **263.55 Million** ( ₹ 10.00 Million ) on certain items of Plant & Machinery, leasehold land and certain other items recognised in the statement of profit and loss during the year.
- (e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of ₹ **6,225.62 Million** ( ₹ 5,785.30 Million ) and Net Book Value of ₹ **5,415.43 Million** ( ₹ 5,131.94 Million).
- (f) Share in Joint Venture includes opening gross block and accumulated depreciation of ₹ **10.81 Million** (Nil) and ₹ **4.32 Million** (Nil) respectively.
- (g) 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, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>TRADE INVESTMENTS</b>			
<b>Investment in Equity Instruments (Quoted):*</b>			
<b>16,394</b> (16,394) Equity Shares of ₹ 10/- each in Bharat Gears Ltd.		<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>40.85</b>	<u>40.99</u>
		<b>41.21</b>	41.35
<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>154,700</b> (147,252) Units as at the beginning of the year		<b>1.95</b>	1.80
Add: <b>7,126</b> (7,448) Units on reinvestment of dividend during the period		<b>0.15</b>	<u>0.15</u>
<b>161,826</b> (154,700) Units as at the close of the period		<b>2.10</b>	1.95
<b>(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
<b>(c) 500,000</b> (500,000) Ordinary Shares in RADUN Investment (Private) Ltd, Zimbabwe			
	A 2.2 (x)	<b>10.29</b>	10.33
<b>(d) NIL</b> (6892) units of USD 382.58/- each in PanArdius LLC, USA			
Cost of Investment in PanArdius			
(Includes <b>NIL</b> (₹ 65.74 Million ) representing Goodwill on Acquisition)			
	-		131.50
Less: Post acquisition share of loss	-	-	<u>29.52</u>
			101.98
<b>(e) Rubber Resources Pte - Share application money pending allotment</b>			
		-	2.11
<b>Other Investments</b>			
Investment Property		<b>491.71</b>	-
(Net of depreciation of ₹ <b>6.78 Million</b> (NIL))			
		<b>545.81</b>	<u>158.22</u>
* Aggregate amount of quoted investments			
		<b>41.21</b>	41.35
Aggregate market value of listed and quoted investments			
		<b>119.33</b>	127.20
** Repurchase price of units			
		<b>3.52</b>	3.24



**B 7 LONG TERM LOANS AND ADVANCES**

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>Long-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Capital Advances - Others	557.36	742.60
Capital Advances to Related Parties	121.88	177.24
Doubtful Capital Advances	134.18	214.18
Less: Provision for Doubtful Advances	<u>134.18</u>	<u>214.18</u>
	679.24	919.84
MAT Credit Entitlement	208.65	475.22
Security Deposits	329.63	252.96
Security Deposits to Related Parties	457.84	450.70
Other Deposit	118.98	95.11
Employee Advances - Salary Loan	12.01	10.28
Other Loans and Advances	2.57	2.57
Share of joint ventures - jointly controlled entities	0.21	-
	<u>1,809.13</u>	<u>2,206.68</u>
<b>Includes Advances given to Related Parties (Note C16)</b>		
Companies in which Directors are interested:	<u>579.72</u>	<u>627.94</u>

## B 8 CURRENT ASSETS

	As at March 31, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>(a) INVENTORIES</b>		
(valued at lower of cost and net realizable value)		
<b>(i) Raw Materials:</b>		
Raw Materials in Hand	4,401.18	4,769.24
Raw Materials in Transit	418.64	328.91
	<u>4,819.82</u>	<u>5,098.15</u>
<b>(ii) Work-in-Process #</b>	1,130.78	1,204.31
<b>(iii) Finished Goods:</b>		
Finished Goods in Hand	11,086.93	9,322.40
Finished Goods in Transit	238.61	1,148.38
	<u>11,325.54</u>	<u>10,470.78</u>
<b>(iv) Stock in Trade:</b>		
Stock in Trade in Hand	1,672.39	2,025.93
Stock in Trade in Transit	178.32	132.88
	<u>1,850.71</u>	<u>2,158.81</u>
<b>(v) Stores and Spares (Net of Provision):</b>	1,183.90	1,022.63
	<u>20,310.75</u>	<u>19,954.68</u>
<b>(b) TRADE RECEIVABLES - UNSECURED</b>		
Outstanding for a period exceeding six months from the date they were due for payment		
Considered Good	10.17	12.41
Considered Doubtful	342.91	430.20
Others - Considered Good *	9,897.66	11,445.62
	<u>10,250.74</u>	<u>11,888.23</u>
Less: Provision for Doubtful Receivables	342.91	430.20
	<u>9,907.83</u>	<u>11,458.03</u>
<b>(c) CASH AND CASH EQUIVALENTS**</b>		
(i) Cash on hand	67.57	10.04
(ii) Cheques on hand	816.89	667.20
(iii) Remittances in Transit	428.80	221.46
(iv) Balances with Banks:		
Current Accounts	1,922.29	735.83
(v) Other Bank Balances:		
Unpaid Dividend Accounts	30.24	28.26
Unclaimed Deposits Accounts	1.07	1.07
Deposits with Maturity exceeding 3 Months ***	71.79	66.49
Share of joint ventures - jointly controlled entities	9.12	-
	<u>3,347.77</u>	<u>1,730.35</u>
<b>* Trade Receivables Include due from Related Parties (Note C 16)</b>		
Companies in which Directors are interested	<u>122.96</u>	<u>159.95</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 ₹ 3,235.55 Million (₹1,634.53 Million)

\*\*\* Includes Deposit of ₹ 68.14 Million (₹63.50 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 (₹1.60 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, 2013 ₹ Million	As at March 31, 2012 ₹ Million
<b>Short-Term Loans &amp; Advances:</b>		
<b>Unsecured, Considered Good</b>		
Advances given to Related Parties	72.91	32.68
<b>Others:</b>		
Trade Advances	630.80	1,269.18
Employee Advances	67.07	68.13
CENVAT Recoverable	119.94	298.42
VAT Recoverable	375.21	507.40
Service Tax Recoverable	53.77	33.24
Export Incentives Recoverable	367.33	136.43
Prepaid Expenses	298.90	309.04
Pension Fund Surplus	305.06	-
Others	390.15	544.93
Share of joint ventures - jointly controlled entities	4.14	-
	<u>2,685.28</u>	<u>3,199.45</u>
Considered Doubtful	20.56	20.50
	<u>2,705.84</u>	<u>3,219.95</u>
Less: Provision for Doubtful Advances	20.56	20.50
	<u>2,685.28</u>	<u>3,199.45</u>
MAT Credit Entitlement	300.00	142.00
	<u>2,985.28</u>	<u>3,341.45</u>
<b>Advances given to Related Parties (Note C 16)</b>		
Advances to Companies in which Directors are interested	<u>72.91</u>	<u>32.68</u>

**B 10 OTHER CURRENT ASSETS**

Derivative Financial Assets	20.62	152.94
Interest Accrued on Loans / Deposits	0.70	-
	<u>21.32</u>	<u>152.94</u>

**B 11 OTHER INCOME**

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>OTHER INCOME:</b>		
<b>(a) Interest Income *</b>	<b>69.20</b>	66.48
<b>(b) Dividend Income from Long Term Investments:</b>		
From Others	<b>0.18</b>	0.18
<b>(c) Other Non-Operating Income:</b>		
Unclaimed Credit Balances / Provisions no longer required written back	<b>244.08</b>	33.22
Profit on Sale of Tangible Fixed Assets (Net)	<b>64.77</b>	-
Technical Aid Fees	<b>19.56</b>	16.32
Gain on Foreign Exchange Fluctuation (Net)	<b>141.37</b>	159.80
Miscellaneous Receipts	<b><u>405.33</u></b>	<u>50.39</u>
	<b>875.11</b>	259.73
	<b><u>944.49</u></b>	<u>326.39</u>

\* Interest Income of ₹ **69.20 Million** (₹ 66.48 Million) comprises of the following:

- (a) Interest Earned on Deposits ₹ **25.59 Million** (₹ 21.33 Million).
- (b) Interest Earned on Trade Balances ₹ **1.26 Million** (₹ 2.32 Million).
- (c) Interest on Income Tax Refund **Nil** (₹ 39.64 Million).
- (d) Interest Earned - Others ₹ **42.35 Million** (₹ 3.19 Million).

## B 12 MANUFACTURING AND OTHER EXPENSES

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>Cost of Materials Consumed</b>		
Raw Materials Consumed	74,154.51	76,649.07
Less: Scrap Recoveries (Net of Excise Duty)	283.49	297.62
	<u>73,871.02</u>	<u>76,351.45</u>
<b>Purchase of Stock-in-Trade</b>		
Purchase of Finished Goods	6,539.08	6,576.07
<b>Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	11,745.76	11,106.82
Contribution to Provident and Other Funds	2,072.04	1,506.10
Welfare expenses	869.39	707.27
Employees Stock Appreciation Rights	22.08	29.92
Add : Share in Joint Venture	4.53	-
	<u>14,713.80</u>	<u>13,350.11</u>
<b>Other Expenses</b>		
Consumption of stores and spare parts <sup>1</sup>	1,118.52	1,055.46
Power and Fuel <sup>2</sup>	3,610.87	3,332.67
Conversion Charges	1,082.28	832.65
Repairs and Maintenance		
- Machinery	784.87	794.44
- Buildings	43.88	39.64
- Others	716.57	457.37
Rent <sup>3</sup>	279.01	211.21
Lease Rent / Service Charges	1,054.04	903.54
Insurance	190.61	238.66
Rates and Taxes	229.67	178.70
Directors' Sitting Fees	4.94	4.53
Loss on Sale of Assets (Net)	-	13.42
Travelling, Conveyance and Vehicle Expenses	1,111.55	962.09
Postage, Telex, Telephone and Stationery	228.48	241.46
Freight & Forwarding	3,462.53	3,219.19
Commission to Selling Agents	96.77	79.66
Sales Promotion Expenses	272.23	85.99
Advertisement & Publicity	1,941.43	1,415.56
Research and Development	935.11	867.36
Provision for impairment of investment	2.23	-
Bank Charges	97.50	94.07
Provision for Doubtful Advances	-	-
Bad Debts / Advances Written off	29.34	270.80
Less: Transferred from Provision	-	<u>229.61</u>
Legal & Professional Expenses	450.12	435.94
Miscellaneous Expenses	941.20	646.99
Share of joint ventures - jointly controlled entities	13.16	-
	<u>18,696.91</u>	<u>16,151.79</u>
	<u>1,13,820.81</u>	<u>1,12,429.42</u>

### Notes:

1. Stores & Spares Consumed includes stores issued for repairs ₹ 1.87 Million (₹ 3.96 Million).
2. Power and Fuel includes Stores Consumed ₹ 604.96 Million (₹ 744.55 Million).
3. Net of Rent Received ₹ 1.47 Million (₹ 0.90 Million).

## B 13 CHANGES IN INVENTORIES OF WORK IN PROCESS, FINISHED GOODS AND STOCK IN TRADE

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>OPENING STOCK</b>		
Work in Process	1,204.31	1,202.29
Finished Goods	10,470.78	9,006.21
Stock in Trade	2,158.81	966.69
	<u>13,833.90</u>	<u>11,175.19</u>
<b>Less:</b>		
<b>CLOSING STOCK</b>		
Work in Process	1,130.78	1,204.31
Finished Goods	11,325.54	10,470.78
Stock in Trade	1,850.71	2,158.81
	<u>14,307.03</u>	<u>13,833.90</u>
<b>Decrease / (Increase)</b>	<b>(473.13)</b>	<b>(2,658.71)</b>
Excise Duty on Increase / (Decrease) of Finished Goods	32.03	101.20
(Note C - 6)	<u>(441.10)</u>	<u>(2,557.51)</u>

## B 14 FINANCE COST

	Year Ended March 31, 2013 ₹ Million	Year Ended March 31, 2012 ₹ Million
<b>(a) Interest Expense:</b>		
Interest on Fixed-Term Loans	1,172.78	858.33
Interest on Debentures	590.66	243.59
Interest on Other Loans	1,292.25	1,688.31
Share of joint ventures - jointly controlled entities	0.09	-
<b>(b) Other Borrowing Costs</b>	<b>71.90</b>	<b>82.67</b>
	<u>3,127.68</u>	<u>2,872.90</u>

## C OTHER NOTES ON ACCOUNTS:

### 1 Contingent Liabilities

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Sales Tax	204.94	153.37
Claims against the Company not acknowledged as debts		
- Employee Related	53.95	26.97
- Others	27.54	19.83
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd. , an Associate Company)	68.14	63.50
Provision of Security (Bank Deposits under lien against labour guarantees issued to JAFZA authorities)	1.68	1.39
Excise Duty*	1,381.35	253.12

\* 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 grounds that there are fair chances of successful outcome of appeals.

### 2 Commitments

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Estimated amount of contracts remaining to be executed on capital account & not provided for	3,674.71	3,839.75
Lease Commitments	5,401.43	2,593.66
<b>TOTAL</b>	<b>9,076.14</b>	<b>6,433.41</b>

### 3 MAT Credit Entitlement

In the current year the Company has made provision for tax as per normal provisions of the Income tax Act, 1961 unlike previous year when the provision for tax was made under MAT. In view of the consistent profits over the years including the current year 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 ₹ 508.65 Million (₹ 617.22 Million) has been carried forward during the current year.

### 4 Minority Interest

During the year, the operations of the subsidiary, Apollo Tyres (LAO) Co. Ltd, has been disrupted due to unauthorized encroachment of its lease hold land. Despite best efforts, the clearance of the land for purposes of rubber plantation could not be obtained. Considering the delay in obtaining the land clearance, management has decided to impair the assets held by this subsidiary. Accordingly, net assets held by this subsidiary aggregating to ₹ 101.28 Million (net of due to erstwhile owners of the LAO subsidiary in pursuance of the share purchase agreement dated August 12, 2010) has been fully impaired. The impairment loss, after setting off the loss attributable to minority interest, has been charged to the Consolidated Statement of Profit and Loss for the year.

### 5 ISSUE OF SHARE WARRANTS:

During the year, the Company allotted 5,000,000 warrants, convertible into 5,000,000 equity shares of ₹ 1 each to a promoter Group Company, 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 in 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 into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

### 6 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 13 "Changes in Inventories of Work in Process, Finished Goods & Stock in Trade".

- 7 Borrowing costs capitalized/transferred to capital work in progress during the year is ₹ 74.57 Million (₹370.77 Million) .This includes Nil (₹ 48.36 Million) towards loan processing fees.

8 Research and development comprises of the following:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>(A) Revenue Expenditure</b>		
Materials	20.78	23.93
Employee Benefit Expenses	544.97	429.62
Travelling Expenses	24.80	23.29
Others	344.56	390.52
<b>SUB - TOTAL</b>	<b>935.11</b>	<b>867.36</b>
<b>(B) Capital Expenditure</b>	<b>253.38</b>	<b>215.68</b>
<b>TOTAL (A+B)</b>	<b>1,188.49</b>	<b>1,083.04</b>

9 Statutory Auditors' Remuneration included under Miscellaneous Expenses :

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
For Audit	38.10	36.44
For Taxation matters	-	0.10
For Company Law matters	0.30	0.30
For Other Services	9.20	9.06
<b>TOTAL</b>	<b>47.60</b>	<b>45.90</b>

10 Directly attributable expenses capitalised / included in capital work in progress during the year:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Raw Materials Consumed	30.85	78.44
Salaries, Wages and Bonus	70.67	71.14
Contribution to Provident and Other Funds	4.52	4.45
Welfare Expenses	3.44	13.12
Rent	0.56	2.12
Travelling, Conveyance and Vehicle expenses	3.06	11.05
Postage, Telex Telephone and Stationery	0.15	0.24
Power Expenses	7.29	17.91
Insurance Expenses	3.48	6.80
Legal & Professional Expenses	1.27	2.47
Miscellaneous Expenses	7.56	9.05
<b>Total*</b>	<b>132.85</b>	<b>216.79</b>

\*Out of the above, ₹ 13.36 Million (₹ 13.05 Million) is included in capital work in progress as on March 31, 2013.

11 Employee Benefits

A. Indian Operations

Defined Contribution Plans:

**a. Superannuation Plan:** The Group 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 Group has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

**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 Group 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.



**Defined Benefit Plans:****Gratuity**

The Group 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**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Current service cost	<b>42.63</b>	40.13
Interest cost on benefit obligation	<b>45.28</b>	38.98
Expected return on plan assets	<b>(49.86)</b>	(41.37)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial loss recognized in the year	<b>7.13</b>	40.28
Expense recognized in the Consolidated Statement of Profit and Loss	<b>45.18</b>	78.02

**Actual Contribution and Benefit payments for the year**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Actual Contributions	<b>78.02</b>	83.83
Actual Benefit Payments	<b>(54.85)</b>	(37.12)

**Consolidated Balance Sheet:****Net Asset / (Liability) recognised in the Consolidated Balance Sheet including experience adjustment impact**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>	<b>2010-11 ₹ Million</b>	<b>2009-10 ₹ Million</b>	<b>2008-09 ₹ Million</b>
Present value of defined benefit obligation at the end of the year	<b>646.17</b>	603.76	519.73	447.74	393.04
Fair value of plan assets at the end of the year	<b>600.99</b>	527.65	437.82	361.79	311.03
Asset/(Liability) recognized in the consolidated balance sheet	<b>(45.18)</b>	(76.11)	(81.91)	(85.95)	(82.01)
Experience Adjustment of obligation - (Gain) / Loss*	<b>9.36</b>	42.04	51.03	27.67	22.31
Experience Adjustment of plan assets - Gain / (Loss)*	<b>0.31</b>	1.75	2.36	1.21	1.92

\* Details disclosed to the extent information provided by the actuary.

**Changes in the present value of the defined benefit obligation are as follows:**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Present value of obligations as at the beginning of the year	<b>603.76</b>	519.73
Interest cost	<b>45.28</b>	38.98
Current service cost	<b>42.63</b>	40.13
Benefits paid	<b>(54.86)</b>	(37.12)
Actuarial loss on obligation	<b>9.36</b>	42.04
Present value of obligations as at the end of the year	<b>646.17</b>	603.76

**Changes in the fair value of plan assets are as follows:**

<b>PARTICULARS</b>	<b>2012-13 ₹ Million</b>	<b>2011-12 ₹ Million</b>
Fair value of plan assets at beginning of the year	<b>527.65</b>	437.82
Expected return on plan assets	<b>49.86</b>	41.37
Contributions	<b>78.02</b>	83.83
Benefits paid	<b>(54.85)</b>	(37.12)
Actuarial gain on plan assets	<b>0.31</b>	1.75
Fair value of plan assets as at the end of the year	<b>600.99</b>	527.65

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:**

<b>PARTICULARS</b>	<b>2012-13 Rate (%)</b>	<b>2011-12 Rate (%)</b>
a) Discount rate	<b>7.50</b>	7.50
b) Future salary increase*	<b>5.00</b>	5.00
c) Expected rate of return on plan assets	<b>9.45</b>	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 ₹ 81.92 Million.

**Demographic Assumptions for Gratuity:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
a) Retirement Age (Years)	<b>58</b>	58
b) Mortality Table	<b>LIC (1994-96)</b>	LIC (1994-96)
c) Ages	<b>Withdrawal Rate (%)</b>	Withdrawal Rate (%)
Up to 30 Years	<b>3.00</b>	3.00
From 30 to 44 Years	<b>2.00</b>	2.00
Above 44 Years	<b>1.00</b>	1.00

**Other Long Term Employee Benefits:**

**Long Term Compensated Absences**

**Actuarial Assumptions for Long term compensated absences:**

<b>PARTICULARS</b>	<b>2012-13 Rate (%)</b>	<b>2011-12 Rate (%)</b>
a) Discount rate	<b>7.50</b>	7.50
b) Future salary increase*	<b>5.00</b>	5.00
c) Expected rate of return on plan assets	<b>0.00</b>	0.00

\* The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors.

**Demographic Assumptions for Long term compensated absences:**

<b>PARTICULARS</b>	<b>2012-13 Rate (%)</b>	<b>2011-12 Rate (%)</b>
a) Retirement Age (Years)	<b>58</b>	58
b) Mortality Table	<b>IALM (1994-96)</b>	IALM (1994-96)
c) Ages	<b>Withdrawal Rate (%)</b>	Withdrawal Rate (%)
Up to 30 Years	<b>3.00</b>	3.00
From 30 to 44 Years	<b>2.00</b>	2.00
Above 44 Years	<b>1.00</b>	1.00

**Employees Phantom Stock Plan 2010**

- 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 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:

Date of Grant	01.04.2010	01.04.2011	01.04.2012
Phantom Stock Units Outstanding as on 31.03.2013	600,000	811,250	75,000
Phantom Stock Units exercised till 31.03.2013	600,000	88,750	-
Exercise Price per Phantom Stock Unit (₹)	50.00	50.00	50.00
Market Price of Share on 31.03.2013 (₹)	83.45	83.45	83.45
Fair Value Phantom Stock Unit (₹)	47.22	47.44	49.72
Amount charged to Consolidated Statement of Profit and Loss (Included in Note - B 12 (Employee Benefit Expenses))	₹ 9.29 Million	₹ 11.49 Million	₹ 1.30 Million
Liability as on 31.03.2013 (Included in Note - B 4 (Trade Payables))	₹ 17.56 Million	₹ 20.89 Million	₹ 1.30 Million

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	2012-13	2011-12	2010-11
Opening Phantom Stock Units	2,030,000	1,200,000	Nil
Number of Units issued during the year	75,000	900,000	1,200,000
Number of Units Vested during the year	618,750	70,000	Nil
Closing Phantom Stock units	1,486,250	2,030,000	1,200,000

The details of Variables used for Fair Valuation under the Black-Scholes Model are given in the table below:

Grant date	01-Apr-10			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-11	01-Apr-12	01-Apr-13	01-Apr-14
<b>Variables</b>	The options from Vest 1 and Vest 2 have been completely exercised and therefore don't have to be valued			
Stock Price (₹)				83.45
Volatility				41.91%
Risk-Free Rate				7.81%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.51
Dividend yield				1.37%
<b>Fair Value per vest (₹)</b>			<b>45.33</b>	<b>49.11</b>
Vesting %			50.00%	50.00%
<b>Option Fair Value (₹)</b>	<b>47.22</b>			

Grant date	01-Apr-11			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-12	01-Apr-13	01-Apr-14	01-Apr-15
<b>Variables</b>				
Stock Price (₹)	83.45	83.45	83.45	83.45
Volatility	40.62%	41.91%	46.93%	48.61%
Risk-Free Rate	7.78%	7.81%	7.86%	7.90%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.00	3.51	4.51	5.51
Dividend yield	1.37%	1.37%	1.37%	1.37%
<b>Fair Value per vest (₹)</b>	<b>43.67</b>	<b>45.33</b>	<b>49.11</b>	<b>51.65</b>
Vesting %	25.00%	25.00%	25.00%	25.00%
<b>Option Fair Value (₹)</b>	<b>47.44</b>			

Grant date	01-Apr-12			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-13	01-Apr-13	01-Apr-14	01-Apr-15	01-Apr-16
<b>Variables</b>				
Stock Price (₹)	83.45	83.45	83.45	83.45
Volatility	41.91%	46.93%	48.61%	46.77%
Riskfree Rate	7.81%	7.86%	7.90%	7.94%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.51	4.51	5.51	6.51
Dividend yield	1.37%	1.37%	1.37%	1.37%
<b>Fair Value per vest (₹)</b>	<b>45.33</b>	<b>49.11</b>	<b>51.65</b>	<b>52.79</b>
Vesting %	25.00%	25.00%	25.00%	25.00%
<b>Option Fair Value</b>	<b>49.72</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	2012-13	2011-12
<b>Impact on Net Profit (₹ Million)</b>		
Net Profit (As reported)	<b>6,126.05</b>	4,098.96
Add:- Cash based employee compensation expense included in net profit	<b>22.08</b>	29.92
Less:- Cash based compensation expense determined under fair value based method (Proforma)	<b>19.07</b>	41.46
Net Profit (Proforma)	<b>6,129.06</b>	4,087.42
<b>Impact on Earnings per Share (₹)</b>		
Basic and Diluted Earnings per Share of ₹ 1 Each (As reported)	<b>12.15</b>	8.13
Basic and Diluted Earnings per Share of ₹ 1 Each (Proforma)	<b>12.16</b>	8.11

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 Tyres South Africa (Pty) Ltd.

Employees are members of an umbrella fund of one of three active retirement benefit funds which are defined contribution provident funds. These are governed by the Pensions Funds Act, 1956. The assets of these funds are independent of the Company.

The Retirement On-Line Provident Fund is an umbrella fund which is managed and controlled by an external board of trustees. Members of the Dunlop Staff Provident Fund were transferred to this fund with effect from 1 September 2007. The name of the fund was changed to reflect the change in Company name. It is now called Apollo Tyres: Retirement-on-Line Provident Fund.

The Dunlop Tyres Operatives Provident Fund is valued in three year intervals. The fund's last formal actuarial valuation was independently performed in 2009. The fund is judged to be in a sound financial position.

The New Tyre Manufacturing Industry Provident Fund was established in 2005 and the majority of weekly paid employees are members of this fund. Interim valuations are performed by an actuary, the most recent being performed in 2009. The fund is judged to be in a sound financial position.

Certain senior management are members of an umbrella fund which is managed and controlled by an external board of trustees.

The Company received a letter from the liquidator of Dunlop Staff Provident Fund on 5 April 2013, confirming that due process had been followed and confirming the transfer to the Company of the final liquidation surplus of ₹ 535.03 Million. The liquidator will now submit his final account to the Financial Services Board and request that the Fund be deregistered.

The Company received confirmation from the Financial Services Board on 17 August 2012, that the Dunlop Africa Pension Fund had been deregistered.

## Post-employment medical obligation

### Apollo Tyres South Africa (Pty) Ltd.

Prior to 1998, it was the Company's policy to provide post-employment medical benefits for its employees, by the way of subsidies. These subsidies have been funded by means of pensions purchased from insurers. Each year additional amounts are paid in line with the increases in medical aid subscriptions

The Group's liability in respect of the post-employment medical obligation has been actuarially valued at ₹ **165.22 Million** (₹ 172.50 Million) at March 31, 2013. The actuarial valuation performed has been based on the following assumptions:

a) a health care cost inflation rate of **6.25 %** p.a. (6.10% p.a)

b) a discount rate of **7.4%** p.a. (8% p.a)

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Opening Balance	172.50	166.13
Interest cost recognized in income statement in current period	12.46	14.78
Health care cost inflation	-	3.95
Actuarial loss(gain) recognized in consolidated statement of profit and loss in current period	19.16	(0.81)
Miscellaneous (including basis and data changes)	(38.90)	(11.55)
Closing balance	165.22	172.50

### 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 ₹ **6.22/6.52 Million** (₹ 11.53/13.56 Million) from the reported level of ₹ **165.22 Million** (₹ 172.50 Million). Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by ₹ **12.44/10.67 Million** (₹ 12.21/14.24 Million).

### C. European Operations

Apollo Cooperatief U.A. has as at March 31, 2013 one defined benefit plan. The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of 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 Vredestein GmbH an actuarial calculation was performed by an actuary of a certified actuarial firm. The defined benefit liability related to the employees of Apollo Vredestein B.V. in the Netherlands was derecognized and included in the consolidated Statement of Profit and Loss.

Extracts of latest balance sheet of the funds are as follows :

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>Pension liabilities</b>		
Defined benefit plan	383.15	670.97
Defined contribution plan	448.46	-
At end of the year	831.61	670.97

### Principal Assumptions

PARTICULARS	2012-13	2011-12
<b>Assumptions Vredestein B.V.</b>		
Active employee members		
Number	1,311	1,265
Average age	44.70	44.70
Average future service	13.60	19.30
Inflation	2.0%	2.0%
Indexation non-active members	0.5%	1.0%
Mortality table	GEN 2012-2062	GEN 2011-2061
Employee turnover (dependent on age)	0%-7%	0%-7%
Discount rate	3.41%	4.30%
Expected return on assets	-	4.75%

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Assumptions Vredestein GMBH</b>		
Active employee members		
Number	<b>38</b>	40.0
Average age	<b>45.0</b>	43.7
Average future service	<b>14.8</b>	15.5
Inflation	<b>1.75%</b>	1.75%
Indexation non-active members	<b>1.75%</b>	1.75%
Mortality table	<b>Heubeck 2005G</b>	Heubeck 2005G
Employee turnover (dependent on age)	<b>0%-5%</b>	0%-5%
Discount rate	<b>3.50%</b>	4.30%

**Consolidated Statement of Profit and Loss:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Net employee benefit expenses (recognized in employee cost)</b>	<b>₹ Million</b>	<b>₹ Million</b>
Current service cost	<b>331.34</b>	183.30
Interest cost on benefit obligation	<b>587.08</b>	505.03
Expected return on plan assets	<b>(612.94)</b>	(445.16)
Net actuarial (gain)/loss recognized in the year	<b>462.09</b>	7.74
Administration Cost	<b>27.92</b>	26.03
Net benefit expense	<b>795.50</b>	276.95

**Consolidated Balance Sheet:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
<b>Reconciliation of present value of the obligation and the fair value of plan assets</b>	<b>₹ Million</b>	<b>₹ Million</b>
Present value of funded obligation at the end of the year	<b>(383.13)</b>	(13,073.35)
Fair value of plan assets at the end of the year	-	12,402.38
Asset/(Liability) recognized in the consolidated balance sheet	<b>(383.13)</b>	(670.97)
Experience Adjustment of obligation - (Gain) / Loss	<b>(1,327.12)</b>	1,781.77
Experience Adjustment of plan assets - Gain /( Loss)	<b>865.03</b>	(331.12)

**Changes in the present value of the defined benefit obligation are as follows:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>₹ Million</b>	<b>₹ Million</b>
Present value of obligations as at the beginning of the year	<b>13,073.35</b>	8,996.00
Interest cost	<b>587.08</b>	525.63
Current service cost	<b>331.34</b>	190.77
Contribution by employees	<b>306.92</b>	291.44
Benefits paid	<b>(111.09)</b>	(73.57)
Actuarial (gain)/loss on obligation	<b>1,433.94</b>	3,143.08
Settlement of the obligation	<b>(15,238.42)</b>	-
Present value of obligations as at the end of the year	<b>383.13</b>	13,073.35

**Changes in the fair value of plan assets are as follows:**

<b>PARTICULARS</b>	<b>2012-13</b>	<b>2011-12</b>
	<b>₹ Million</b>	<b>₹ Million</b>
Fair value of plan assets at beginning of the year	<b>12,402.39</b>	8,261.93
Expected return on plan assets	<b>612.94</b>	463.31
Contributions	<b>823.30</b>	784.21
Benefits paid	<b>(91.09)</b>	(59.82)
Administration Cost	<b>(27.92)</b>	(27.09)
Actuarial gain on plan assets	<b>968.17</b>	2,979.85
Settlement of the plan assets	<b>(14,687.79)</b>	-
Fair value of plan assets as at the end of the year	-	12,402.39

**12 The components of Deferred Tax Liabilities (Net) are as follows:**

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>Deferred Tax Liabilities on timing differences arising on:</b>		
Depreciation	5,248.42	4,402.24
Others	-	-
<b>Sub Total (A)</b>	<b>5,248.42</b>	<b>4,402.24</b>
<b>Deferred Tax Assets on timing differences arising on:</b>		
Payment under Voluntary Retirement Scheme	2.77	0.56
Provision for Gratuity and Leave Encashment	90.28	56.60
Provision for Doubtful Debts / Advances	21.10	25.62
Other Provisions	119.19	132.76
Trade receivables	10.50	9.22
Assessed loss	66.09	126.95
Others	0.60	-
<b>Sub Total (B)</b>	<b>310.53</b>	<b>351.71</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>4,937.89</b>	<b>4,050.53</b>

**The components of Deferred Tax Assets (Net) are as follows:**

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
<b>Deferred Tax Assets on timing differences arising on:</b>		
Others	10.09	25.08

- 13** Provision for Sales Related Obligation represents estimates for payments to be made in future. Major portion of the 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 01.04.2012	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2013
1,723.77	2,844.73	2,727.45	1,841.05

- 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, 2013:

**2012-13**

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	28,576,426	Buy	INR
EURO	EURO	1,346,892	Buy	INR
SUBSIDIARIES				
United States Dollar	USD	3,818,232	Buy	ZAR
Euro	EURO	567,620	Buy	ZAR
Great British Sterling	GBP	1,244,000	Buy	USD
Swedish Krona	SEK	4,276,485	Buy	Euro
Swiss Francs	CHF	821,000	Buy	Euro
Norwegian Kroner	NOK	3,860,000	Buy	Euro
Polish Zlotych	PLZ	3,010,000	Buy	Euro
Hungarian Forint	HUF	161,076,037	Buy	Euro

**2011-12**

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	54,946,185	Buy	INR
Euro	EURO	2,373,735	Buy	INR
SUBSIDIARIES				
United States Dollar	USD	3,818,232	Buy	ZAR
Euro	EURO	567,620	Buy	ZAR
United States Dollar	USD	3,817,000	Buy	GBP
Great British Sterling	GBP	2,421,954	Buy	USD
Swedish Krona	SEK	42,099,000	Buy	Euro
Swiss Francs	CHF	2,064,000	Buy	Euro
Norwegian Kroner	NOK	5,995,000	Buy	Euro
Polish Zlotych	PLZ	10,485,000	Buy	Euro
Hungarian Forint	HUF	363,367,000	Buy	Euro

The mark to market losses of **Nil** (₹ 0.03 Million) relating to undesignated / ineffective forward contracts / derivatives has been recognized in the Consolidated Statement of Profit and Loss.

b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are **20** (23).

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, 2013		As at March 31, 2012	
	Receivable/ (Payable) INR	Receivable/ (Payable) FC	Receivable/ (Payable) INR	Receivable/ (Payable) FC
UAE Dirham	(0.79)	(0.05)	58.48	4.20
Swiss Franc	(2.18)	(0.04)	(19.21)	(0.35)
Chinese Yuan	-	-	(0.58)	(0.08)
EURO	(58.10)	(0.81)	106.64	1.75
British Pound	(44.00)	(0.53)	10.92	0.14
Indonesian Rupiah	(0.02)	(3.25)	(0.17)	(31.51)
Japanese Yen	0.01	0.01	(0.07)	(0.12)
Malaysian Ringgit	(1.04)	(0.06)	-	-
Philippine Peso	0.11	0.12	0.16	0.15
Singapore Dollar	0.75	0.02	0.41	0.01
Thai Baht	2.72	1.64	-	-
US Dollar	701.26	12.95	809.94	16.68
South African Rand	152.30	24.07	110.00	17.53



## 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 operations 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	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>1. REVENUE</b>														
Total Sales	85,074.91	81,578.75	14,973.94	13,048.79	29,896.26	28,498.73	1,836.35	1,048.73	-	-	-	-	1,31,781.46	1,24,175.00
Inter segment Sales	(3,759.80)	(2,642.13)	-	-	(75.33)	-	-	-	-	-	-	-	(3,835.13)	(2,642.13)
<b>External Sales</b>	<b>81,315.11</b>	<b>78,936.62</b>	<b>14,973.94</b>	<b>13,048.79</b>	<b>29,820.93</b>	<b>28,498.73</b>	<b>1,836.35</b>	<b>1,048.74</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,27,946.33</b>	<b>1,21,532.87</b>
<b>2. RESULT</b>														
Segment result	7,354.92	4,988.14	(14.00)	(433.15)	4,304.50	3,840.60	(94.26)	14.28	(251.60)	111.75	402.54	(106.26)	11,702.10	8,415.36
Interest expense	(2,609.73)	(2,413.01)	(346.57)	(262.94)	(171.22)	(197.65)	(0.81)	-	(0.09)	-	0.74	0.70	(3,127.69)	(2,872.90)
Income Taxes	(1,619.91)	(761.80)	82.55	112.07	(910.21)	(793.18)	-	-	(0.80)	(0.59)	-	-	(2,448.37)	(1,443.50)
<b>Net profit</b>	<b>3,125.28</b>	<b>1,813.33</b>	<b>(278.02)</b>	<b>(584.02)</b>	<b>3,223.07</b>	<b>2,849.77</b>	<b>(95.07)</b>	<b>14.28</b>	<b>(252.49)</b>	<b>111.16</b>	<b>403.28</b>	<b>(105.56)</b>	<b>6,126.05</b>	<b>4,098.96</b>
<b>3. OTHER INFORMATION</b>														
Segment assets	59,372.06	57,694.84	9,954.81	10,648.98	23,614.37	21,438.00	767.64	900.66	7,190.88	6,621.46	(14,834.18)	(13,358.72)	85,265.58	83,945.22
Segment liabilities	31,245.61	33,980.40	6,633.87	6,960.93	8,335.76	10,537.07	538.85	538.08	6,108.04	4,934.47	(1,605.21)	(1,341.04)	51,256.94	55,609.91
Capital Expenditure	3,876.10	6,121.12	390.87	1,297.08	2,271.03	1,475.10	20.90	46.19	1.72	-	-	-	6,560.62	8,939.49
Depreciation	2,200.71	1,856.92	515.84	443.20	977.00	945.59	264.20	10.24	7.85	-	-	-	3,965.60	3,255.95

## 16 Disclosure of Related Party Transactions in accordance with the mandatory accounting standards AS-18 "Related Party Disclosures" :

### Name of the Related Parties

Particulars	2012-13	2011-12
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 CLS Logistics Pvt Ltd Swaranganga Consultants Pvt. Ltd. J & S Systems Corporation, U.K. Sacred Heart Investment Co Pvt. Ltd. Milers Global 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. N.A. 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 CLS Logistics Pvt Ltd. Swaranganga Consultants Pvt. Ltd. J&S Systems Corporation N.A. N.A.
Key Management Personnel	Mr O S Kanwar Mr Neeraj Kanwar Mr U S Oberoi Mr Sunam Sarkar	Mr O 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 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, Middle East	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>1.27</b>		<b>1.27</b>
<b>Reimbursement of Expenses Received:</b>			
Classic Auto Tubes Ltd.	14.74		14.74
	<b>14.74</b>		<b>14.74</b>
<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:</b>			
CLS Logistics Ltd.	304.86		304.86
	<b>304.86</b>		<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
Others	0.21		0.21
	<b>592.47</b>		<b>592.47</b>
<b>Payment for Services Received:</b>			
Artemis Medicare Services Ltd.	4.75		4.75
	<b>4.75</b>		<b>4.75</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:</b>			
Classic Auto Tubes Ltd.	1,003.84		1,003.84
	<b>1,003.84</b>		<b>1,003.84</b>
<b>Mixing Charges :</b>			
Classic Auto Tubes Ltd.	313.39		313.39
	<b>313.39</b>		<b>313.39</b>

<b>Travelling Expenses:</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>107.75</b>		<b>107.75</b>
<b>Security Deposit 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>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>			
Trade Payables:			
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 Receivables:</b>			
Classic Auto Tubes Ltd.	1.00		1.00
Apollo Intl. Trading LLC, Middle East	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>

**Transactions with Related Parties:**
**FY 2011-12**
**₹ Million**

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
<b>Description of Transactions:</b>			
<b>Sales:</b>			
Apollo Intl. Trading LLC, Middle East	1,350.65		1,350.65
	<b>1,350.65</b>		<b>1,350.65</b>
<b>Cross Charges Received:</b>			
PTL Enterprises Ltd.	3.44		3.44
Classic Auto Tubes Ltd.	1.80		1.80
	<b>5.24</b>		<b>5.24</b>
<b>Rent Received:</b>			
PTL Enterprises Ltd.	0.12		0.12
Travel Tracks Ltd.	0.65		0.65
Classic Auto Tubes Ltd.	0.12		0.12
Others	0.08		0.08
	<b>0.97</b>		<b>0.97</b>
<b>Interest Received:</b>			
PTL Enterprises Ltd.	2.32		2.32
	<b>2.32</b>		<b>2.32</b>
<b>Reimbursement of Expenses Received:</b>			
Classic Auto Tubes Ltd.	6.89		6.89
Others	3.08		3.08
	<b>9.97</b>		<b>9.97</b>
<b>Clearing Charges:</b>			
CLS Logistics Ltd.	393.59		393.59
	<b>393.59</b>		<b>393.59</b>
<b>Reimbursement of Expenses paid:</b>			
PTL Enterprises Ltd.	388.51		388.51
Others	0.81		0.81
	<b>389.32</b>		<b>389.32</b>
<b>Service Charges paid:</b>			
Artemis Medicare Services Ltd.	9.89		9.89
	<b>9.89</b>		<b>9.89</b>
<b>Lease Rent paid:</b>			
PTL Enterprises Ltd.	400.00		400.00
	<b>400.00</b>		<b>400.00</b>
<b>Rent Paid:</b>			
Sunlife Tradelinks	21.30		21.30
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Others	0.12		0.12
	<b>67.02</b>		<b>67.02</b>
<b>Conversion charges:</b>			
Classic Auto Tubes Ltd.	956.72		956.72
	<b>956.72</b>		<b>956.72</b>
<b>Travelling Expenses:</b>			
Travel Tracks Ltd.	148.23		148.23
	<b>148.23</b>		<b>148.23</b>
<b>Conference Expenses</b>			
Travel Tracks Ltd.	83.17		83.17
	<b>83.17</b>		<b>83.17</b>
<b>Other Expenses:</b>			
Swaranganga Consultants	8.50		8.50

Others	0.43		0.43
	<b>8.93</b>		<b>8.93</b>
<b>Managerial Remuneration</b>			
Mr. Onkar S. Kanwar		139.59	139.59
Mr. Neeraj Kanwar		92.80	92.80
Mr. U.S. Oberoi		9.62	9.62
Mr. Sunam Sarkar		24.05	24.05
		<b>266.06</b>	<b>266.06</b>
<b>Purchase of Fixed Assets:</b>			
Classic Auto Tubes Ltd.	221.86		221.86
	<b>221.86</b>		<b>221.86</b>
<b>Amount Outstanding</b>			
<b>Trade Payables:</b>			
Travel Tracks Ltd.	8.22		8.22
Classic Auto Tubes Ltd.	72.12		72.12
	<b>80.34</b>		<b>80.34</b>
<b>Other Current Liabilities:</b>			
Others	0.23		0.23
	<b>0.23</b>		<b>0.23</b>
<b>Long Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd.	250.00		250.00
Sunlife Tradelinks	63.90		63.90
Land Mark Farms & Housing	72.00		72.00
Regent Properties	64.80		64.80
Classic Auto Tubes Ltd.	177.24		177.24
	<b>627.94</b>		<b>627.94</b>
<b>Trade Receivables:</b>			
Classic Auto Tubes Ltd.	1.00		1.00
Apollo International Ltd.	158.95		158.95
	<b>159.95</b>		<b>159.95</b>
<b>Short Term Loans &amp; Advances:</b>			
PTL Enterprises Ltd.	9.32		9.32
Travel Tracks Ltd.	18.79		18.79
Classic Auto Tubes Ltd.	3.44		3.44
CLS Logistics Ltd.	1.13		1.13
	<b>32.68</b>		<b>32.68</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	2012-13 ₹ Million	2011-12 ₹ 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	400.00
Due after Five years	1,200.00	-

### B. South African Operations

#### Apollo Tyres South Africa (Pty) Ltd.

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Within one year of the Balance Sheet date	75.32	74.50
Due in a period between One year and Five years	274.40	288.79
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	2012-13 ₹ Million	2011-12 ₹ Million
Long term	57.53	79.52
Short term (due within a year)	11.93	7.02
Total lease escalation	69.46	86.54

### C. European Operations

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2012-13 ₹ Million	2011-12 ₹ Million
Within one year of the Balance Sheet Date	266.63	266.22
Due in a period between one year and five years	781.68	844.51
Due after five years	358.18	319.64

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:

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2012-13	2011-12	2012-13	2011-12
	₹ Million		₹ Million	
Within One year of the Balance Sheet date	68.74	65.65	48.12	42.49
Due in a period between One year and Five years	211.13	254.17	172.21	201.99
Due after Five Years	67.51	79.15	48.38	56.10
<b>Total</b>	<b>347.38</b>	<b>398.97</b>	<b>268.71</b>	<b>300.58</b>
Less: Future Finance Charges	(78.67)	(98.39)	-	-
<b>Present Value of Minimum Lease Payment</b>	<b>268.71</b>	<b>300.58</b>	<b>-</b>	<b>-</b>

## 19 Exceptional Item

Exceptional item during the year represents an income of ZAR 26.82 Million recognized by the Company's South African subsidiary Apollo Tyres South Africa (Pty) Ltd. (ATSA) on account of second Surplus of the pension fund upon its liquidation and de-registration. The amount recognized is net of taxes and amount attributable to earlier shareholders of ATSA. First installment of pension fund surplus was realized during fiscal year 2009-10.

Exceptional item during the last year represented the impact of administrative penalty of ZAR 45 Million (to be paid in installment over 3 years) on account of the South African subsidiary Apollo Tyres South Africa (Pty) Ltd. (ATSA) entering into settlement agreement with the Competition Commission. The anti-competitive conduct identified by the Competition Commission was made during the period before the Company acquired Dunlop Tyres and the current management had no involvement in or knowledge of the said act.

- 20 Earnings Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

PARTICULARS	2012-13	2011-12
<b>a) Basic &amp; Diluted (Before Exceptional Items)*</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million)	<b>5,957.50</b>	4,392.76
The weighted average number of equity shares outstanding during the year used as denominator -(B)	<b>504,024,770</b>	504,024,770
<b>Basic / Diluted earnings per share (₹) – (A) / (B)</b>	<b>11.82</b>	8.72
<b>(Face Value of ₹ 1 each)</b>		
<b>b) Basic &amp; Diluted (After Exceptional Items)*</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	<b>5,957.50</b>	4,392.76
Add: Exceptional Items	<b>168.55</b>	(293.80)
Profit attributable to the equity shareholders used as numerator (After Exceptional Items) (₹ Million) - (A)	<b>6,126.05</b>	4,098.96
The weighted average number of equity shares outstanding during the year used as denominator -(B)	<b>504,024,770</b>	504,024,770
<b>Basic / Diluted earnings per share (₹) – (A) / (B)</b>	<b>12.15</b>	8.13
<b>(Face Value of ₹ 1 each)</b>		

\*The effect of the conversion of share warrants was anti-dilutive and hence it has been ignored in the computation of Diluted Earnings Per Share.

- 21 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	U S OBEROI Chief (Corporate Affairs) & Whole Time Director	M R B PUNJA Director
Gurgaon May 10, 2013	SUNAM SARKAR Chief Financial Officer & Whole Time Director		P N WAHAL Head (Sectt. & Legal) & Company Secretary

## INFORMATION PERTAINING TO SUBSIDIARY COMPANIES U/S 212 (8) OF THE COMPANIES ACT, 1956

₹ Million

Contents	APOLLO (MAU- RITIUS) HOLDINGS PVT LTD	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD	APOLLO TYRES SOUTH AFRICA (PTY) LTD	DUNLOP AFRICA MARKET- ING (UNITED KINGDOM) LTD	APOLLO TYRES COOPERA- TIEF U.A. NETHER- LANDS	APOLLO VREDES- TEIN B.V. NETHER- LANDS	APOLLO TYRES (CYPRUS) PVT. LTD.	APOLLO TYRES AG, SWITZER- LAND	APOLLO TYRES (NIGERIA) LTD., NIGERIA	APOLLO TYRES HOLDINGS (SINGA- PORE) PTE LTD, SIN- GAPORE	APOLLO TYRES MIDDLE EAST FZE, DUBAI	APOLLO TYRES (LAO) CO. LTD.	APOLLO TYRES B.V., NETHER- LANDS	APOLLO TYRES (BRASIL) LTD, BRA- ZIL	APOLLO TYRES GLOBAL R&D BV, NETHER- LANDS	APOLLO TYRES (THAI- LAND) LTD, UK	APOLLO TYRES (U.K.) PVT. LTD, UK
	(AMHPL)	(ASHPL)	(ATSAPL)	(DAMUK)*	(AT COOP)	(AVBV)**	(AT CPL)	(AT AG)	(AT NGR)	(AT HS)	(AT FZE)	(AT LAO)	(AT BV)	(ATBL)	(ATGRD BV)	ATTL	ATUK
Share Capital	6,527.13	2,589.17	264.89	-	2,936.62	3.02	0.05	217.65	-	315.84	29.71	132.34	1.26	-	-	184.70	-
Reserves / (Accumulated Loss)	357.66	(154.52)	3,166.91	56.48	688.89	13,640.01	(2.16)	(71.23)	-	(124.50)	61.37	(132.50)	31,742.03	(4.37)	177.69	(13.10)	620.99
Total Assets	6,887.47	2,636.33	11,053.78	57.09	32,120.03	24,990.85	138.07	219.68	-	315.84	615.35	0.75	31,763.04	2.84	334.99	171.60	578.65
Total Liabilities	6,887.47	2,636.33	11,053.78	57.09	32,120.03	24,990.85	138.07	219.68	-	315.84	615.35	0.75	31,763.04	2.84	334.99	171.60	578.65
Detail of Investments(other than investment in subsidiary companies)	-	-	-	35.78	-	-	-	-	-	188.95	-	-	-	-	-	-	-
Turnover (including other income)	-	-	15,129.95	-	-	29,896.19	-	66.23	-	-	-	-	-	-	242.67	-	39.14
Profit / (Loss) Before Taxation	(155.88)	0.12	185.54	(0.59)	28,459.32	4,185.61	(0.57)	27.86	-	(121.30)	73.22	(239.27)	(1.05)	(4.37)	44.19	(13.10)	-
Income Tax Expense / (Income)	0.20	0.03	(82.57)	-	-	910.21	-	0.61	-	-	-	-	-	-	-	-	-
Profit / (Loss) after taxation	(156.07)	0.08	268.12	(0.59)	28,459.32	3,275.40	(0.57)	27.25	-	(121.30)	73.22	(239.27)	(1.05)	(4.37)	44.19	(13.10)	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note : Exchange rates conversion on average rates during the year.

\*The information in respect of subsidiaries in Zimbabwe through DAMUK, which operate 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.

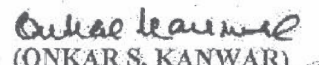




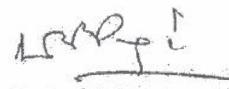


FORM A

1.	Name of the Company	APOLLO TYRES LTD.
2.	Annual financial statements for the year ended - Standalone	31 <sup>st</sup> March 2013
3.	Type of Audit observation	-
4.	Frequency of observation	-

  
(ONKAR S. KANWAR)  
MANAGING DIRECTOR

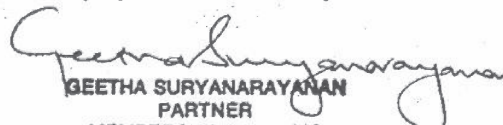
  
(SUNAM SARKAR)  
CFO

  
(M.R.B. PUNJA)  
CHAIRMAN - AUDIT COMMITTEE

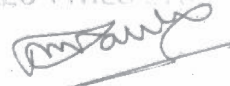
AUDITORS OF THE COMPANY

Refer our Audit Report dated  
10th May 2013 on the Standalone  
financial statements of the  
company

**For DELOITTE HASKINS & SELLS**  
CHARTERED ACCOUNTANTS  
(Registration No. 0080728)

  
GEETHA SURYANARAYANAN  
PARTNER  
MEMBERSHIP No. 29519

CERTIFIED TRUE COPY  
For APOLLO TYRES LTD.

  
(P.N. WAHI)  
Company Secretary

Place : Gurgaon  
Date : 10th May 2013