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PLEASE READ THIS DISCLAIMER CAREFULLY AND AGREE WITH THE TERMS AND CONDITIONS OF THE FOLLOWING DISCLAIMER BEFORE CONTINUING. THIS DISCLAIMER APPLIES TO ALL PERSONS WHO VIEW THIS WEBSITE. VIEWING THIS INFORMATION MAY NOT BE LAWFUL IN CERTAIN JURISDICTIONS. PLEASE NOTE THAT THE DISCLAIMER SET OUT BELOW MAY BE ALTERED OR UPDATED. YOU SHOULD READ IT IN FULL EACH TIME YOU VISIT THE WEBSITE.

THESE MATERIALS ARE NOT DIRECTED AT OR INTENDED TO BE ACCESSED BY PERSONS LOCATED IN THE UNITED STATES OR OTHER JURISDICTIONS OUTSIDE INDIA WHERE IT IS UNLAWFUL TO DO SO.

THESE MATERIALS ARE BEING MADE AVAILABLE ON THIS WEBSITE BY APOLLO TYRES LIMITED (THE "**COMPANY**") IN CONNECTION WITH A QUALIFIED INSTITUTIONS PLACEMENT ("**QIP**") SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "**SEBI ICDR REGULATIONS**").

NOTHING HEREIN CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE PRELIMINARY PLACEMENT DOCUMENT HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE SECURITIES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO PERSONS REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) PURSUANT TO SECTION 4(a)(2) OR ANOTHER EXEMPTION UNDER THE U.S. SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT, OR PURSUANT TO ANOTHER EXEMPTION FROM, OR IN TRANSACTIONS NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE PRELIMINARY PLACEMENT DOCUMENT HAS NOT BEEN AND WILL NOT BE REGISTERED AS A PROSPECTUS WITH ANY REGISTRAR OF COMPANIES IN INDIA UNDER THE COMPANIES ACT. THIS PRELIMINARY PLACEMENT DOCUMENT IS EXCLUSIVE TO THE RECIPIENT AND DOES NOT CONSTITUTE AN OFFER TO THE GENERAL PUBLIC TO SUBSCRIBE TO THE SECURITIES DESCRIBED IN THE PRELIMINARY PLACEMENT DOCUMENT. THE PRELIMINARY PLACEMENT DOCUMENT SHALL BE FILED AS A PRIVATE PLACEMENT OFFER LETTER WITH THE STOCK EXCHANGES. THE PRELIMINARY PLACEMENT DOCUMENT HAS NOT BEEN REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA OR ABROAD, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA ("**SEBI**"), ANY REGISTRAR OF COMPANIES IN INDIA OR ANY STOCK EXCHANGE IN INDIA. THE PRELIMINARY PLACEMENT DOCUMENT IS NOT AND SHOULD NOT BE CONSTRUED AS AN INVITATION, OFFER OR SALE OF ANY SECURITIES TO THE PUBLIC IN INDIA.

THE PRELIMINARY PLACEMENT DOCUMENT WILL NOT BE CIRCULATED OR DISTRIBUTED TO THE PUBLIC IN INDIA OR ANY OTHER JURISDICTION, AND WILL NOT CONSTITUTE A PUBLIC OFFER IN INDIA OR ANY OTHER JURISDICTION.
The Preliminary Placement Document presented herein is placed solely to comply with the provisions of Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, as amended ("**Companies Act**") and the rules thereunder. Making the Preliminary Placement Document available in electronic format on this website does not constitute an offer to sell or the solicitation of an offer to buy securities in the Company in any jurisdiction. No securities mentioned in such materials will be offered or deemed to be offered to the public in India or overseas or any member of the public in India or any class of investors other than qualified institutional buyers, as defined under Regulation 2(1)(zd) in the SEBI ICDR

Regulations ("**QIBs**") on a private placement basis, who have been delivered a pre-numbered Preliminary Placement Document addressed to and inviting such QIBs to submit an application form.

Please note that because of restrictions imposed by law on soliciting securities business in various jurisdictions, subscription to the issue will not be permitted to residents of certain jurisdictions. The Preliminary Placement Document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where (a) distribution or use of such information would be contrary to law or regulation; or (b) the Company would by virtue of such distribution become subject to new or additional registration requirements. Accordingly, you must satisfy yourself that you are not subject to any local requirements which prohibit or restrict you from accessing these materials.

The information in the Preliminary Placement Document is as of the date thereof and neither the Company, its directors nor any of the Global Coordinators and Book Running Lead Managers is under any obligation to update or revise the Preliminary Placement Document to reflect circumstances arising after the date thereof. You are reminded that documents transmitted in electronic form may be altered or changed during the process of transmission and consequently, neither the Company, the Global Coordinators and Book Running Lead Managers nor any of their respective affiliates, their directors, officers and employees accept any liability or responsibility whatsoever in respect of alterations or changes which may have taken place during the course of transmission of the Preliminary Placement Document in electronic format, and do not accept any liability whatsoever, direct or indirect, that may arise from the use of the information contained on this website. access to this website does not constitute a recommendation by the company, the global coordinators and book running lead managers, any of their respective affiliates or any other party to subscribe to or buy or sell the equity shares.. Any other information contained on, or that can be accessed via our website does not constitute a part of the Preliminary Placement Document.

THE PRELIMINARY PLACEMENT DOCUMENT MAY NOT BE DOWNLOADED, DELIVERED, FORWARDED OR DISTRIBUTED, ELECTRONICALLY OR OTHERWISE, IN WHOLE OR IN PART, TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY DOWNLOADING, FORWARDING, DELIVERY, DISTRIBUTION OR REPRODUCTION OF THE PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DISCLAIMER MAY RESULT IN A VIOLATION OF THE APPLICABLE LAWS.

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Page 2

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By clicking on “I confirm”, you are further confirming that you are a qualified institutional buyer (as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009, as amended) and you agree that the information contained herein is not an offer to the public or to any other class of investors.

The documentation contained in these pages is posted to comply with Indian legal and regulatory requirements. Making the information contained herein available in electronic format does not constitute an offer to sell or the solicitation of an offer to buy securities of the Company in the United States or in any jurisdiction outside India where it is unlawful to do so. Neither the Company nor the managers, nor any of their respective affiliates or advisors, accept any liability whatsoever, direct or indirect, that may arise from the use of the information contained on this website. Further, it does not constitute a recommendation by the Company or any other party to sell or buy securities in the Company in the United States or in any jurisdiction outside India where it is unlawful to do so.

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Page 3

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Page 4 [*if India is selected on page 3*]

[Include preliminary placement document]

Preliminary Placement Document
Not for circulation
Private and confidential
Serial No.______
Dated October 3, 2017

The information in this Preliminary Placement Document is not complete and may be changed. This Preliminary Placement Document does not constitute a public offer to any person to purchase the Equity Shares and is for the sole purpose of inviting Bids from QIBs for the Equity Shares being offered pursuant to the Issue on a private placement basis and is not an offer to the public or to any other class of investors to purchase the Equity Shares. This Preliminary Placement Document is not an offer to sell the Equity Shares and is not soliciting an offer to subscribe to or buy the Equity Shares in any jurisdiction where such offer or sale is not permitted. It is being issued for the sole purpose of information or discussion relating to the Equity Shares that may be allotted through the Placement Document.

APOLLO TYRES LIMITED

*Apollo Tyres Limited (the "**Company**"), with Corporate Identity Number L25111KL1972PLC002449, was incorporated on September 28, 1972 under the laws of the Republic of India as a public company with limited liability, with a certificate of incorporation granted by the Registrar of Companies, Kerala.*

Registered Office: 3rd floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi 682 036, Kerala, India
Corporate Office: Apollo House, Plot No. 7, Institutional Area, Sector 32, Gurgaon 122 001, Haryana, India
Phone No.: +91 124 238 3002; **Facsimile No.**: +91 124 238 3021; **Website:** www.apollotyres.com; **Email**: investors@apollotyres.com

Issue of up to [●] equity shares of face value of ₹ 1 each (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹ [●] per Equity Share (the "**Issue Price**"), aggregating up to ₹ 15,000 million (the "**Issue**"). For further details, see "***Summary of the Issue***" on page 25.

ISSUE IN RELIANCE UPON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, (THE "**SEBI ICDR REGULATIONS**"), SECTION 42 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, EACH AS AMENDED AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER.

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**"). The closing prices of the Equity Shares on the NSE and the BSE on September 29, 2017 were ₹ 245.75 and ₹ 244.95 per Equity Share, respectively. Applications shall be made for obtaining the listing and trading approvals for the Equity Shares offered through this Preliminary Placement Document on the NSE and the BSE (collectively, the "**Stock Exchanges**"). The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares. In-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations (as defined hereinafter) for listing of Equity Shares have been received on October 3, 2017 from the Stock Exchanges.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the Registrar of Companies, Kerala ("**RoC**") and the Securities and Exchange Board of India ("**SEBI**"), each within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014, each as amended. This Preliminary Placement Document has not been reviewed by SEBI, the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Qualified Institutional Buyers as defined in the SEBI ICDR Regulations ("**QIBs**"). This Preliminary Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO QIBs IS BEING MADE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QIBs. YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ THE SECTION "RISK FACTORS" ON PAGE 34 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS OF THE EQUITY SHARES SHOULD CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE COMPANY. IF YOU DO NOT UNDERSTAND THE CONTENTS OF THIS PRELIMINARY PLACEMENT DOCUMENT, YOU SHOULD CONSULT AN AUTHORISED FINANCIAL ADVISOR AND/OR LEGAL ADVISOR.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, please see "***Issue Procedure***" on page 183. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs, and persons retained by QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company, or the websites of the Global Coordinators and Book Running Lead Managers or their respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons who are "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) of the Securities Act, and (b) outside of the United States, in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of selling restrictions in certain other jurisdictions, see "***Selling Restrictions***" on page 196. The Equity Shares are transferable only in compliance with the restrictions described in "***Transfer Restrictions***" on page 201.

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

(in alphabetical order)

JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED*	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED**	**UBS SECURITIES INDIA PRIVATE LIMITED**

** In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992, as amended, read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, JM Financial Institutional Securities Limited shall be involved only in the marketing of the Issue.*

This Preliminary Placement Document is dated October 3, 2017.

TABLE OF CONTENTS

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to our best knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to us and the Equity Shares that is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to us and the Equity Shares are, in every material respect, true and accurate and not misleading. The opinions and intentions expressed in this Preliminary Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to us and are based on reasonable assumptions. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements.

JM Financial Institutional Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited (the "**Global Coordinators and Book Running Lead Managers**") have not separately verified the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Global Coordinators and Book Running Lead Managers nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Global Coordinators and Book Running Lead Managers or by any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information supplied in connection with us or the Equity Shares or distribution of the Preliminary Placement Document. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied on either the Global Coordinators and Book Running Lead Managers or on any of their shareholders, employees, counsel, officers, directors, representatives, agents or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company and our Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Global Coordinators and Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as on any time subsequent to its date.

The Equity Shares have not been recommended by any foreign, federal or state securities commission or regulatory authority. Further, the Equity Shares have not been and will not be registered under the Securities Act, and subject to certain exceptions, may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold (i) in the United States to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) pursuant to Section 4(a)(2) of the Securities Act and (ii) outside the United States to in offshore transactions in reliance on Regulation S. See the sections "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 196 and 201, respectively. The Equity Shares are transferable only in accordance with the restrictions described in "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 196 and 201, respectively, of this Preliminary Placement Document. Purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the sections "***Representations by Investors***" and "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 3, 196 and 201, respectively of this Preliminary Placement Document.

Within the United States, this Preliminary Placement Document is being provided only to persons who are "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) pursuant to Section 4(a)(2) of the Securities Act. The Equity Shares are transferable only in accordance with the restrictions described in "***Transfer Restrictions***" on page 201. Purchasers of the Equity Shares will be deemed to make the representations set out in "***Representations by Investors***" and "***Transfer Restrictions***" on pages 3 and 201, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs specified by the Global Coordinators and Book Running Lead Managers or their representatives, and those retained by such QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this

Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any offering material in connection with the Equity Shares.

The distribution of this Preliminary Placement Document and the offering of the Equity Shares may be restricted by law in certain countries or jurisdictions. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Global Coordinators and Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "***Selling Restrictions***" on pages 196.

In making an investment decision, prospective investors must rely on their own examination of our Company, our Subsidiaries and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Preliminary Placement Document or the Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Global Coordinators and Book Running Lead Managers are making any representation to any investor, subscriber, offeree or purchaser of the Equity Shares regarding the legality or suitability of an investment in the Equity Shares by such investor, subscriber, offeree or purchaser under applicable laws or regulations. Prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each investor, subscriber, offeree or purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, and is not prohibited by SEBI or any other statutory, regulatory or judicial authority from buying, selling or dealing in securities.

The information available on or through our Company's website (www.apollotyres.com), the respective websites of our Subsidiaries, any website directly or indirectly linked to the website of our Company or our Subsidiaries, or the websites of the Global Coordinators and Book Running Lead Managers, or their respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on the information contained in or available through any such websites. This Preliminary Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By bidding and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Global Coordinators and Book Running Lead Managers, as follows:

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VIII of the SEBI ICDR Regulations, the Companies Act and all other applicable laws; and (ii) to comply with all requirements under applicable law in relation to reporting obligations, if any, in this relation;

- If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares for a period of one year from the date of Allotment (hereinafter defined), except on the floor of the Stock Exchanges (additional requirements apply if you are within the United States or a U.S. Person, see the section "**Transfer Restrictions**" on page 201);

- You are aware that this Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs. This Preliminary Placement Document has not been reviewed by the SEBI, the RBI, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. Further, this Preliminary Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges. The Placement Document shall be filed with the Stock Exchanges and be displayed on the websites of the Company and the Stock Exchanges;

- You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honor such obligations;

- Neither our Company nor the Global Coordinators and Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Global Coordinators and Book Running Lead Managers. Neither the Global Coordinators and Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue or you in any way acting in any fiduciary capacity;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Preliminary Placement Document. None of our Company, the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware that the Equity Shares are being offered only to QIBs on a private placement basis and are not being offered to the general public, and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Global Coordinators and Book Running Lead Managers;

- You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 196 and 201, respectively;

- You have been provided a serially numbered copy of the Preliminary Placement Document, and have read it in its entirety, including in particular the "***Risk Factors***" on page 34;

- In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) made your own assessment of our Company and our Subsidiaries, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

- None of the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either of the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Global Coordinators and Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

- You are not a Promoter (as defined herein) , or are not a person related to the Promoter, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoter or Promoter Group (as defined herein) of our Company or persons or entities related thereto;

- You have no rights under a shareholders agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company ("**Board of Directors**"), other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to Promoter);

- You have no right to withdraw your Bid after the Issue Closing Date (as defined herein);

- You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. Your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law and regulation;

- The Bid made by you would not ultimately result in triggering an open offer under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended ("**SEBI Takeover Regulations**");

- To the best of your knowledge and belief, your aggregate holding, together with other QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    a. The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and
    b. 'Control' shall have the same meaning as is assigned to it by Clause (e) of Regulation 2(1) of the SEBI Takeover Regulations.

- You are aware that pursuant to Allotment, final applications will be made for listing and trading approvals from the Stock Exchanges after Allotment, and that there can be no assurance that such approvals will be obtained on time or at all. Neither, our Company nor the Global Coordinators and Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

- You agree in terms of Section 42(7) of the Companies Act, 2013 and Rule 14(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, our Company shall file the list of QIBs to whom the Preliminary Placement Document is circulated, along with other particulars with the RoC and SEBI within 30 days of circulation of the Preliminary Placement Document and make other filings required under the Companies Act, 2013 including filing under section 93 of the Companies Act, if applicable;

- You are aware that if you, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company;

- You are aware and understand that the Global Coordinators and Book Running Lead Managers have entered into a Placement Agreement with our Company, whereby the Global Coordinators and Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

- The contents of this Preliminary Placement Document are exclusively the responsibility of our Company and that neither the Global Coordinators and Book Running Lead Managers nor any person acting on its or their behalf or any of the counsel or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Global Coordinators and Book Running Lead Managers or our Company or any other person and neither the Global Coordinators and Book Running Lead Managers nor our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them and the Global Coordinators and Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- Neither of the Global Coordinators and Book Running Lead Managers nor any of their affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

- You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities;

- You are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribute. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

- You agree to indemnify and hold our Company and the Global Coordinators and Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws, rules and regulations;

- Any dispute arising in connection with the Issue will be governed and construed in accordance with the laws of the Republic of India, and the courts in New Delhi, India, shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Preliminary Placement Document;

- Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue; or (ii) if you have participated in or attended any Company presentations; (a) you understand and acknowledge that the Global Coordinators and Book Running Lead Managers may not have the knowledge of the statements that our Company or its agents may have made at such Company presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that the Global Coordinators and Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

- If you are not a resident of India, you are an Eligible FPI (as defined herein) (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and are eligible to invest in India under applicable law, including FEMA 20, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI or any other regulatory or statutory authority, from buying, selling or dealing in securities. You confirm that you are not an FVCI;

- You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act. For more information, see "***Selling Restrictions***";

- If you are within the United States, you are a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a "qualified institutional buyer", for investment purposes only, and not with a view to, or for offer or sale in connection with, the distribution thereof in whole or in part in violation of the Securities Act;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue; and

- Our Company, the Global Coordinators and Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Global Coordinators and Book Running Lead Managers on their own behalf and on behalf of our Company, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended ("**SEBI FPI Regulations**"), FPIs (as defined hereinafter) and unregulated broad based funds, which are classified as Category II foreign portfolio investor (as defined under the SEBI FPI Regulations) by virtue of their investment manager being appropriately regulated, may issue, subscribe or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. Further, in accordance with SEBI Circular dated November 24, 2014, FPIs are permitted to issue P-Notes to only those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations and which do not have any opaque structure(s), as defined under the SEBI FPI Regulations. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation, subject to compliance with 'know your client' requirements. An FPI shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by appropriate foreign regulatory authorities. P-Notes have not been, and are not being offered, or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Global Coordinators and Book Running Lead Managers do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Global Coordinators and Book Running Lead Managers and do not constitute any obligations of or claims on the Global Coordinators and Book Running Lead Managers. Affiliates of the Global Coordinators and Book Running Lead Managers which are Eligible FPIs may purchase, the Equity Shares in the Issue, and may issue P-Notes in respect thereof, in each case to the extent permitted by applicable law.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Also see "***Selling Restrictions***" and "***Transfer Restrictions***" on page 196 and 201, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

2. warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges; and

3. take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company;

and it should not, for any reason be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER CONVENTIONS

Certain Conventions

In this Preliminary Placement Document, unless the context otherwise indicates or implies, references to 'you,' 'offeree', 'purchaser,' 'subscriber,' 'recipient,' 'investors' and 'potential investor' are to the prospective investors in the Issue, references to 'Apollo', the 'Company', 'our Company', the 'Issuer' are to Apollo Tyres Limited, and references to 'we', 'our' or 'us' are to Apollo Tyres Limited together with its Subsidiaries and Joint Venture on a consolidated basis.

In this Preliminary Placement Document, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States; references to "EUR" and "Euro" are to the legal currency of the European Union and references to '₹', 'Re.', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to "India" are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Preliminary Placement Document in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Financial and Other Information

Our Company publishes its financial statements in Indian Rupees. The consolidated financial statements of our Company as of and for the years ended March 31, 2015 included herein have been prepared in line with the accounting principles generally accepted in India ("**Indian GAAP**") prescribed by the Institute of Chartered Accountants of India ("**ICAI**"), the Companies Act, 1956, the Companies Act, 2013, Accounting Standards notified under the Companies Act, 1956 and the requirements of the SEBI Listing Regulations, each as applicable. The consolidated financial statements of our Company as of and for the years ended March 31, 2017 and March 31, 2016 as well as the unaudited reviewed consolidated financial information as of and for the three months ended June 30, 2017 and June 30, 2016 included herein has been prepared in line with Indian Accounting Standard ("**IND AS**") notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015 ("**IAS Rules**"), the Indian GAAP, circular (no. CIR/CFD/FAC/62/2016) dated July 5, 2016 issued by SEBI and the requirements of SEBI Listing Regulations, each as applicable. The consolidated financial statements of our Company as of and for the years ended March 31, 2015, 2016 and 2017, included in this Preliminary Placement Document have been audited by our Previous Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants and the unaudited reviewed consolidated interim financial statements as of and for the three months period ended June 30, 2017 included in this Preliminary Placement Document have been reviewed by our current Statutory Auditors, Walker Chandiok & Co LLP, Chartered Accountants, in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the ICAI.

As a part of our audited consolidated financial statements as of and for the the year ended March 31, 2017 included in this Preliminary Placement Document, we have included a reconciliation between Indian GAAP and IND AS for the balance sheet, statement of profit and loss, statement of profit and loss, statement of cash flow, cash and cash equivalents, equity and net profit for fiscal 2016. However, the transition to IND AS in India is recent and we urge that potential investors should consult their own advisers for an understanding of the principal differences between the Indian GAAP and the IND AS, and how these differences might affect the Financial Statements. Further, Indian GAAP and IND AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Financial Statements to IFRS or U.S. GAAP. Accordingly, the degree to which the Financial Statements prepared in accordance with Indian GAAP or IND AS, as applicable included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting policies and practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. For details see "***Risk Factors – Indian companies are required to prepare financial***

statements under the new Indian Accounting Standards. In addition, all income-tax assessees in India, including us, will be required to follow the Income Computation and Disclosure Standards." on page 53.

Further, the financial statements of Pressurite (Pty) Limited ("**PPL**"), our associate company, has not been consolidated or accounted under the equity method but has been accounted for under 'Accounting Standard 13 – Accounting for Investments' ("**AS 13**") in our Financial Statements included in this Preliminary Placement Document. Additionally, the financial statements of certain of our erstwhile subsidiaries and an associate company based in Zimbabwe, which were divested by us in fiscal 2015, were not consolidated or accounted under the equity method but were accounted for as investments under 'Accounting Standard 13 – Accounting for Investments' in our consolidated financial statements for fiscal 2015, included in this Preliminary Placement Document. For details, see "***Financial Statements***" on page 228.

All numerical and financial information as set out and presented in this Preliminary Placement Document for the sake of consistency and convenience have been rounded off. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The fiscal year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'Financial Year', 'fiscal year' or 'fiscal' or 'FY' are to the twelve month period ended on March 31 of that year.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we compete. The statistical information included in this Preliminary Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither we nor the Global Coordinators and Book Running Lead Managers have independently verified this data and do not make any representation regarding the accuracy or completeness of such data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Global Coordinators and Book Running Lead Managers can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "***Risk Factor – Indian companies are required to prepare financial statements under the new Indian Accounting Standards. In addition, all income-tax assessees in India, including us, will be required to follow the Income Computation and Disclosure Standards.***" on page 53. Thus, neither our Company nor the Global Coordinators and Book Running Lead Managers can assure you of the correctness, accuracy and completeness of such data. Accordingly, investment decisions should not be based solely on such information.

As used in this Preliminary Placement Document, unless indicated otherwise, all references to estimated market share as measured by volume available for sale in the domestic market are to estimates of our market share in India for the relevant tyre category that we have derived from the report titled "Indian Tyre Industry – Production and Export Statistics, An Analysis" for the period of April to December of fiscal 2017 (together, the "**ATMA Report**") and the report titled "World Tyre Forecast Service – Q2 2017 Report" prepared by LMC International (the "**LMC Report**"). These estimates are derived from our calculations on the industry data in the ATMA Report by adding the relevant production volumes and import volumes and subtracting the relevant export volumes provided in the ATMA Report, for each tyre category in India.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'seek', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Preliminary Placement Document (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- Volatility in the cost and availability of raw materials;
- Dependence on a limited number of suppliers and risks associated with breakdown of suppliers' operations or of our relationship with the suppliers;
- Reliance on third parties for selling, distributing and transporting products and risks associated with disruption to the operations of or breakdown of our relationship with such third parties;
- Failure to develop new technologies, processes or products or to protect rights over such products and technologies from infringement;
- Inability to continue investing in increasing existing capacities and capitalizing on new opportunities for growth;
- Seasonal or economic cyclicality of demand; and
- Changes made to existing vehicle models or introduction of new vehicles by OEMs.

Additional factors that could cause actual results, performance or achievements to differ materially include but are not limited to, those discussed under "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***", "***Industry Overview***" and "***Business***" on pages 34, 66, 113 and 141, respectively. The forward-looking statements contained in this Preliminary Placement Document are based on the beliefs of, as well as the assumptions made by, and information currently available to, our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

Our Company and the Global Coordinators and Book Running Lead Managers expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in our Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. Majority of our Directors and our Key Managerial Personnel named here are residents of India and all or a substantial portion of assets of our Company and such persons are located in India. As a result, it may be difficult for investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title, except where: (i) the judgment has not been pronounced by a court of competent jurisdiction; (ii) the judgment has not been given on the merits of the case; (iii) it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) the proceedings in which the judgment was obtained were opposed to natural justice; (v) the judgment has been obtained by fraud, and (vi) where the judgment sustains a claim founded on a breach of any law in force in India. A foreign judgment which is conclusive under section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; such presumption may be displaced by proving want of jurisdiction.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government of India ("**GoI**") has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong, amongst others, has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the U.S. has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgment, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally, any such amount may be subject to income tax in accordance with applicable laws. It is unlikely that an Indian court would enforce foreign judgments that would be contrary to or in violation of Indian law. Our Company and the Global Coordinators and Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currency of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between the Rupee and the U.S. dollar and the Rupee and the Euro (in Rupees per U.S. dollar and Rupees per Euro), based on the reference rates released by the RBI, which are available on the website of the RBI. No representation is made that any Rupee amounts actually represent such amounts in U.S. dollars or Euros or could have been, or could be converted into, U.S. dollars or Euros at any particular rate, the rates indicated, any other rates or at all.

(₹ per Euro and US$)

Period	Period End(1)		Average(2)		High(3)		Low(4)	
	Euro	US$	Euro	US$	Euro	US$	Euro	US$
Financial Year:								
2017	69.25	64.84	73.61	67.09	76.61	68.72	69.25	64.84
2016	75.10	66.33	72.31	65.46	77.36	68.78	66.16	62.16
2015	67.51	62.59	77.47	61.15	84.52	63.75	65.95	58.43
Quarter ended:								
December 31, 2016	71.62	67.95	72.73	67.46	74.97	68.72	70.47	66.43
March 31, 2017	69.25	64.84	71.37	67.01	73.23	68.23	69.25	64.84
June 30, 2017	74.00	64.74	71.02	64.46	74.00	65.04	68.25	64.00
September 30, 2017	77.06	65.36	75.53	64.29	77.76	65.76	73.43	63.63
Month ended:								
September 30, 2017	77.06	65.36	76.79	64.44	77.76	65.76	76.10	63.87
August 31 2017	76.04	64.02	75.60	63.97	76.75	64.24	74.86	63.63
July 31, 2017	75.22	64.08	74.20	64.46	75.22	64.82	73.43	64.08
June 30, 2017	74.00	64.74	72.41	64.44	74.00	64.74	71.94	64.26
May 31, 2017	72.14	64.55	71.23	64.42	72.75	64.99	69.89	64.02
April 30, 2017	69.88	64.22	69.17	64.51	70.04	65.04	68.25	64.00

(Source: www.rbi.org.in)

Notes:

1. *The price for the period end refers to the price as on the last trading day of the respective financial year, quarterly or monthly periods.*
2. *Average of the official rate for each working day of the relevant period.*
3. *Maximum of the official rate for each working day of the relevant period.*
4. *Minimum of the official rate for each working day of the relevant period.*
5. *If the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day has been disclosed.*
6. *Period end, high, low and average rates are based on the RBI reference rates and rounded off to two decimal places.*

The RBI reference rate on September 29, 2017 was U.S. $ 1 = ₹ 65.36 and Euro 1 = ₹ 77.06

GLOSSARY OF TERMS

Our Company has prepared this Preliminary Placement Document using certain definitions and abbreviations which you should consider while reading the information contained herein. The terms defined in this section shall have the meaning set out herein, unless specified otherwise in the context thereof, and references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
"Our Company" or "the Company"	Apollo Tyres Limited
"We" or "us" or "our"	Apollo Tyres Limited and our Subsidiaries and Joint Venture
Articles / Articles of Association / AoA	Articles of Association of our Company, as amended
Associate Company	Pressurite (Pty) Limited, a company incorporated in South Africa
ATMA Reports	the report titled "Indian Tyre Industry – Production and Export Statistics, An Analysis" for the period of April to December of fiscal 2017 and the report titled "Indian Tyre Industry – Production and Export Statistics, An Analysis" for the period of April to December of fiscal 2016, each prepared by Automotive Tyre Manufacturer's Association
Board of Directors/Board	Board of Directors of our Company
Corporate Office	Corporate office of our Company located at Apollo House, Plot No. 7, Institutional Area, Sector 32, Gurgaon 122 001, Haryana, India
Directors	The directors of our Company
Equity Shares	Equity Shares of our Company with a face value of ₹ 1 each
Joint Venture	Pan Aridus LLC, a company incorporated in the United States of America
Key Managerial Personnel	The key managerial personnel of our Company
LMC Report	The report titled "World Tyre Forecast Service – Q2 2017 Report" prepared by LMC International
Memorandum / Memorandum of Association / MoA	Memorandum of Association of our Company, as amended
Previous Statutory Auditors	The previous statutory auditors of our Company, Deloitte Haskins & Sells, Chartered Accountants
Promoter	Promoter of our Company as per the definition provided in Regulation 2(1)(za) of the SEBI ICDR Regulations and as reported to the Stock Exchanges, being, Mr. Onkar S. Kanwar
Promoter Group	Promoter group of our Company as per the definition provided in Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	Registered office of our Company located at 3rd floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi 682 036, Kerala, India
RoC	Registrar of Companies, Kerala
Committee of Directors (Funds Raising)	The Committee of our Board of Directors formed with respect to this Issue, pursuant to a resolution passed by our Board dated February 1, 2017
Subsidiaries	The subsidiaries of our Company as provided under "***Organizational Structure and Major Shareholders***" on page 177
Statutory Auditors	Walker Chandiok & Co LLP, Chartered Accountants, appointed pursuant to a resolution of our shareholders dated July 5, 2017

Issue Related Terms

Term	Description
Allocated /Allocation	Allocation of Equity Shares, in consultation with the Global Coordinators and Book Running Lead Managers following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VIII of the SEBI ICDR Regulations
Allotment /Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	QIBs to whom Equity Shares of our Company are issued pursuant to the Issue
Application Form	Form (including any revisions thereof) pursuant to which a QIB submits a bid for the Equity Shares pursuant to the Issue
Bid(s)	Indication of a QIB's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue

Term	Description
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
CAN/Confirmation of Allocation Note	Note, advice or intimation confirming the Allocation of Equity Shares to QIBs after determination of the Issue Price and requesting for payment of entire applicable Issue Price for all Equity Shares Allocated to such QIBs
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●], 2017
Cut-off Price	The Issue Price, which shall be finalized by our Company in consultation with the Global Coordinators and Book Running Lead Managers
Designated Date	Date of credit of Equity Shares pursuant to the Issue to the Allottees' demat accounts, as applicable to the relevant Allottees
Escrow Account	Special bank account with the Escrow Agent, subject to the terms of the Escrow Agreement
Escrow Agent	Kotak Mahindra Bank Limited
Escrow Agreement	Agreement dated October 3, 2017, entered into by and amongst our Company, the Escrow Agent and the Global Coordinators and Book Running Lead Managers for collection of the Bid amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	Floor price of ₹ 250.44 for each Equity Share, calculated in accordance with Chapter VIII of the SEBI ICDR Regulations and/ or as directed by SEBI. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders accorded on March 12, 2017 and in terms of Regulation 85(1) of the SEBI ICDR Regulations.
Global Coordinators and Book Running Lead Managers or GCBRLMs	Together, JM Financial, Kotak and UBS Securities. JM Financial shall be involved only in the marketing of the Issue.
Issue	Offer and issuance of the Equity Shares to QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	[●], 2017, the date after which our Company (or the Global Coordinators and Book Running Lead Managers on behalf of our Company) shall cease acceptance of Application Forms
Issue Opening Date	October 3, 2017, the date on which our Company (or the Global Coordinators and Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which QIBs can submit their Bids
Issue Price	A price per Equity Share of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ 15,000 million
JM Financial	JM Financial Institutional Securities Limited
Kotak	Kotak Mahindra Capital Company Limited
Pay-in Date	Last date specified in the CAN for payment of Bid monies by the successful Bidders
Placement Agreement	Placement agreement dated October 3, 2017 by and among our Company and the Global Coordinators and Book Running Lead Managers
Placement Document	Placement Document to be issued in accordance with Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	This Preliminary Placement Document, dated October 3, 2017, issued in accordance with Chapter VIII of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Relevant Date	October 3, 2017 which is the date of the meeting in which the Committee of Directors (Funds Raising) decided to open the Issue
Stock Exchanges	NSE and BSE
UBS Securities	UBS Securities India Private Limited
QIB or Qualified Institutional Buyer	Qualified Institutional Buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VIII of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013

Conventional and General Terms/ Abbreviations

Term/Abbreviation	Full Form
APMEA	Asia Pacific, Middle East and Africa

Term/Abbreviation	Full Form
ASEAN	The Association of Southeast Asian Nations
Australian Corporations Act	Australian Corporations Act 2001 (Cth)
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
CSR	Corporate Social Responsibility
Client ID	Beneficiary account number
Civil Procedure Code	Code of Civil Procedure, 1908
Companies Act	Companies Act, 2013, to the extent notified and the Companies Act, 1956 to the extent not repealed
Companies Act, 1956	The Companies Act, 1956 and the rules made thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013)
Companies Act, 2013	The Companies Act, 2013 and the rules made thereunder (to the extent in force)
Competition Act	Competition Act, 2002
Customs Act	Customs Act, 1962
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996
DP ID	Depository Participant's Identity Number
DP/Depository Participant	Depository participant as defined under the Depositories Act
DRR	Debenture Redemption Reserve
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECB	External Commercial Borrowing
Eligible FPIs	FPIs other than unregulated broad based funds and Category III Foreign Portfolio Investors registered with SEBI
EPS	Earnings Per Share, calculated as profit after tax for a fiscal, divided by the weighted average outstanding number of Equity Shares during that fiscal
EUR or Euro	Euro, the lawful currency of the European Union
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FEMA 20	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FIEA	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948)
Financial Year/fiscal/FY	Period of 12 months ended March 31 of that particular year
Form PAS-4	The Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations and includes a person registered under the SEBI FPI Regulations
FSMA	Financial Services and Markets Act 2000
FVCI	Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 registered with SEBI
GoI/ Government	Government of India
GoTN	Government of Tamil Nadu
GST	Goods and Service Tax
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
India	Republic of India
Indian GAAP	Generally accepted accounting principles followed in India
Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations 2015
MCA	Ministry of Corporate Affairs, GoI
Mn	Million
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
P-Notes	Offshore derivative instruments, by whatever name called, which are issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized

Term/Abbreviation	Full Form
	stock exchange in India or unlisted debt securities or securitized debt instruments, as its underlying
PAN	Permanent Account Number
R&D	Research and development
Rand or ZAR	Rand, the lawful currency of South Africa
RBI	Reserve Bank of India
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
Regulation S	Regulation S under the Securities Act
Relevant Member State	Member state of the European Economic Area
Rubber Act	Rubber Act, 1947
Rule 144A	Rule 144A of the Securities Act
₹ or Rs. or Rupees	The lawful currency of India
ROE	Return on Equity
SAARC	South Asian Association for Regional Cooperation
SCRA	Securities Contracts (Regulation) Act, 1956
SCR (SECC) Rules	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
Securities Act	U.S. Securities Act of 1933
Securities and Futures Act	Securities and Futures Act, Chapter 289 of Singapore
STT	Securities Transaction Tax
UK	United Kingdom
U.S. or United States	United States of America
US$ or U.S. dollars or USD	U.S. dollars, the lawful currency of the United States
U.S. GAAP	Generally accepted accounting principles followed in the U.S.
VAT	Value Added Tax

Technical and Industry Terms

Term/Abbreviation	Full Form
ATMA	Automotive Tyres Manufacturers' Association
FICCI	Federation of Indian Chambers of Commerce and Industry
HCV	Heavy commercial vehicle
LCV	Light commercial vehicle
LV	Light vehicle
MHCV	Medium and heavy commercial vehicle
NAFTA	North America Free Trade Agreement
OHV	Off highway vehicle
OE	Original equipment
OEM	Original equipment manufacturer
OTR	Off the road
PCT	Passenger car tyres
SCV	Small commercial vehicle
TBR	Truck and bus radials

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Preliminary Placement Document where these disclosures, to the extent applicable, have been provided.

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office.	Cover page, 232
b.	Date of incorporation of the company.	Cover page, 177, 229
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any.	141-162
d.	Brief particulars of the management of the company.	165-176
e.	Names, addresses, DIN and occupations of the directors.	165-167
f.	Management’s perception of risk factors.	34-58, 66-112
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
i)	Statutory dues;	226
ii)	Debentures and interest thereon;	225-226
iii)	Deposits and interest thereon; and	225-226
iv)	Loan from any bank or financial institution and interest thereon.	225-226
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	232
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	25, 184, 229
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities.	25, 184, 229
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	25
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	25, 59-60
e.	Name and address of the valuer who performed valuation of the security offered.	Not applicable
f.	Amount which the company intends to raise by way of securities.	25, 61
g.	Terms of raising of securities:	
(i).	Duration, if applicable;	Not applicable
(ii).	Rate of dividend;	65
(iii).	Rate of interest;	Not applicable
(iv).	Mode of payment; and	Not applicable
(v)	Mode of repayment.	Not applicable
h.	Proposed time schedule for which the offer letter is valid.	17
i.	Purposes and objects of the offer.	61
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects.	Not applicable
k.	Principle terms of assets charged as security, if applicable.	Not applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC**	
a.	Any financial or other material interest of the directors, promoters or Key Managerial Personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.	168, 176
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed.	225
c.	Remuneration of directors (during the current year and last three financial years).	170-171

S. No.	Disclosure Requirements	Relevant Page of this Preliminary Placement Document
d.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided.	F 13 – F 14, F 85 – F 86, F 147- 151, F 205 – F 206
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark.	Not Applicable
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.	226
g.	Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company.	225
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	The capital structure of the company in the following manner in a tabular form:	
(i)(a)	The authorised, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value);	63
(b)	Size of the present offer; and	Cover page, 17, 25, 61, 63
(c)	Paid up capital:	63
(A)	After the offer; and	63
(B)	After conversion of convertible instruments (if applicable);	Not applicable
(d)	Share premium account (before and after the offer).	63
(ii)	The details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration.	63-64
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case.	Not applicable
b.	Profits of the company, before and after making provision for tax, for the three financial years immediately preceding the date of circulation of offer letter.	F 7, F 22, F 102, F 162
c.	Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid).	65, 110
d.	A summary of the financial position of the company as in the three audited balance sheets immediately preceding the date of circulation of offer letter.	F 6, F 21, F 101, F 161
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter.	F 8, F 24 - F 25, F 103 – F 104, F 163
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company.	95
5.	**A DECLARATION BY THE DIRECTORS THAT**	230, 231
a.	The company has complied with the provisions of the Act and the rules made thereunder.	
b.	The compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government.	
c.	The monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter.	

SUMMARY OF BUSINESS

*The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Preliminary Placement Document, including the information contained in "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on pages 34, 66 and 228, respectively. All financial information and operational data in this section, unless otherwise expressly mentioned, is as of June 30, 2017.*

Overview

We commenced operations in 1977 and have grown to become one of the leading tyre manufacturers in India. We also have manufacturing and distributing operations in Europe and distribution networks covering the majority of the Middle East, the ASEAN countries, North America and Africa. In 2016, we were one of the top 17 tyre manufacturing companies in the world, based on turnover *(Source: 2016 Global Tire Rankings by Tire Business August 2016).* During the year ended March 31, 2017, we sold our products in more than 100 countries. Our diversified product portfolio comprises of tyres for commercial vehicles, passenger vehicles, agricultural, industrial and speciality vehicles as well as niche products. We commenced the sale of two wheeler tyres in India in early 2016, making us a full range tyre company and enabling us to service the large and growing two wheeler tyre industry of India. Our products are predominantly marketed under the "Apollo" and the "Vredestein" brands, with "Vredestein" enjoying what we believe to be a premium position in the ultra-high performance, winter and all-season passenger tyre segments.

We sell our products to vehicle manufacturers for fitments in original equipment and for use in the replacement market. Under the "Apollo" brand, we market and sell tyres for use in commercial vehicles, passenger vehicles, agricultural, industrial and speciality heavy vehicles, primarily in India, the Middle East, the ASEAN region, Europe and Africa. Under our "Vredestein" brand, we market and sell tyres for passenger cars, farm vehicles, bicycles and speciality products primarily in Europe, including the "Space Master" (a collapsible spare tyre for use in high-end sports cars and SUVs) and the "Air Master" (a variable front spoiler system made from a special rubber compound for use in sports cars).

We manufacture our products at six facilities, four of which are located in India and two of which are located in Europe. Our facilities in India are located in Oragadam, near Chennai (in Tamil Nadu), Limda (in Gujarat), Perambra and Kalamassery (both in Kerala). Our facilities in Europe are located in Enschede, The Netherlands and Gyöngyöshalász, Hungary. Based on three months ended June 30, 2017, our manufacturing facilities in India had an average annual production capacity of approximately 2.92 million truck and bus radials ("**TBR**"), approximately 12.60 million passenger car tyres ("**PCT**"), approximately 3.32 million truck cross-ply tyres, approximately 0.68 million tractor (rear) tyres, approximately 2.20 million light truck tyres and small capacities for other products such as off highway tyres ("**OHT**"), tractor (front) tyres etc. Based on the same period, in Europe, we had an average annual production capacity of approximately 7.24 million PCT, including Space Master which is a collapsible spare tyre used in high-end sports cars, and approximately 0.04 million agricultural vehicle tyres. We are in the process of completing the capacity expansion in India by approximately 2 million TBR in Oragadam and approximately 1 million SUV tyres in Limda. We are also in the process of augmenting our capacities in Europe by approximately 5.5 million PCT and approximately 0.675 million TBR by ramping-up our first European greenfield project at Gyöngyöshalász, Hungary. Once completed, we propose to manufacture both "Apollo" and "Vredestein" branded tyres for sale in Europe and expect to supply "Vredestein" branded passenger and light truck tyres to the OEM segment as well in Europe. In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India. For further details, see "***Business – Manufacturing Facilities and Tyre Procurement***" on page 155. Each of our manufacturing facilities in India is certified ISO/TS 16949:2009 for their quality management systems, ISO 14001:2004 for environmental management systems and BS OHSAS 18001:2007 for occupational safety and health standards. Quality assurance certificates for our Enschede manufacturing facility include ISO/TS16949:2009 and ISO 14001:2004.

Our business is segregated into the replacement and the OEM segments, with sale of replacement tyres being a major source of revenue. Our consolidated net sales from the replacement segment was ₹ 101,092.02 million and ₹ 25,329.89 million, which constituted 77.39% and 77.74% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively. Our consolidated net sales from the OEM segment was ₹ 29,537.67 million and ₹ 7,251.00 million, which constituted 22.61% and 22.26% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively.

As of June 30, 2017, we had a pan-India sales and distribution network that consisted of two sales geographies, 11 regional offices, approximately 150 sales, service and stocking points and approximately 5,300 third party dealers, of which approximately 1,700 third party dealers are exclusive dealers. In Europe, we market, sell and distribute tyres through distribution centres, retail stores, warehouses, sales offices and as of June 30, 2017, our network consisted of approximately 5,800 third-party dealers/distributors. In addition, we have sales/ marketing offices in Bangkok, Kuala Lumpur, Dubai, Johannesburg and Atlanta. For the OEM segment, we believe we have strong relationships with some of the leading international and domestic OEMs across the markets in which we are present. In 2016, we acquired Reifencom, a tyre distributor in Germany, in order to augment our sales network in Europe. As of June 30, 2017, Reifencom GmbH ("**Reifencom**") along with its subsidiaries operated through 37 stores and had access to more than 2,500 assembly partners across Germany. Reifencom also operates its own online tyre sales portals in Germany, Austria, Switzerland, France, Italy and Denmark. It also sells products through external websites such as Amazon and eBay.

Our achievements in business and corporate social responsibility initiatives have been recognized and we have received various awards which include the "Flame awards Asia" in 2017 for "Best Campaign Leveraging Technology Experience & Engagement" by Rural Marketing Association of India, "National Energy Management Award "in 2017 for "Energy Conservation" by Society of Energy Engineers and Managers (SEEM), "Golden Peacock Award" in 2016 for "Excellence in Corporate Governance" from India's Corporate Institute of Directors, the "Sparsha Award, 2016" for "Livelihood Generation Activities" by the National Institute of Industrial Engineering and Lakshya^{SM}, the "CSR Excellence Award, 2016" by the Vadodara Chapter of Quality Circle Forum of India for the "Best CSR Initiatives and Best Livelihood Initiatives", the "ICQCC 2016" award for quality by the Association of QC Headquarters of Thailand in cooperation with the Department of Industrial Promotion, Ministry of Industry and the "DKG Product Award" in "Technical Rubber Products and Tyres" category for the Air Master at the International Rubber Conference, 2015.

Our consolidated net sales were ₹ 127,256.99 million, ₹ 117, 398.91 million and ₹ 130,629.69 million for fiscals 2015, 2016 and 2017, respectively. Our consolidated net profit was ₹ 9,776.09 million, ₹ 11,229.60 million and ₹ 10,989.99 million for fiscals 2015, 2016 and 2017, respectively. For the three months ended June 30, 2017, our consolidated net sales and net profit was ₹ 32,580.89 million and ₹ 883.00 million, respectively. Our consolidated EBITDA (excluding other income and exceptional items) for fiscal 2017 and the three months ended June 30, 2017 was ₹ 18,464.17 million and ₹ 2,732.54 million, respectively and our EBITDA margins, which is EBITDA excluding other income and exceptional items divided by net sales, for the same periods were 14.13% and 8.39%, respectively. The return on equity ("**ROE**"), which is net profit divided by average shareholder funds, on our Equity Shares was 15.82% in fiscal 2017. We are listed on the NSE and the BSE. On June 30, 2017, we had a market capitalization of ₹ 122,522.26 million on the NSE, as on June 30, 2017 *(Source: National Stock Exchange of India)*. We paid a dividend of ₹ 2, ₹ 2 and ₹ 3 per Equity Share for fiscals 2015, 2016 and 2017, respectively. For further details of divided paid by us and our financial performance, see "***Dividends***" and "***Financial Statements***" on pages 65 and 228, respectively.

Competitive Strengths

- Leadership position in the Indian market
- Well positioned global brands
- Extensive and growing distribution network
- Diversified product portfolio and geographical presence
- Strong research and development capabilities
- Technological innovations
- Experienced and multi-cultural management team and skilled employee base

For details on our Company's strengths, see "***Business- Our Competitive Strengths***" on page 142.

Our Strategies

- Maintain our market leadership position, grow our market share and take advantage of the growth trajectory in India
- Premiumization in Europe
- Enhance presence in new markets
- Improve our cost competitiveness
- Grow organically as well as inorganically in order to achieve global leadership
- Continue to focus on our R&D initiatives

For details on our Company's strengths, see "***Business- Our Strategies***" on page 147.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including "***Risk Factors***", "***Use of Proceeds***", "***Placement and Lock-up***", "***Issue Procedure***" and "***Description of the Equity Shares***" on pages 34, 61, 194, 183 and 206, respectively:

Issuer	Apollo Tyres Limited
Face Value	₹ 1 per Equity Share
Issue Size	Aggregating up to ₹ 15,000 million, comprising [●] Equity Shares of our Company, at a premium of ₹ [●] each A minimum of 10% of the Issue Size, i.e. at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allotted to other eligible QIBs
Floor Price	₹ 250.44 per Equity Share In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders accorded on March 12, 2017 and in terms of Regulation 85(1) of the SEBI ICDR Regulations
Issue Price	₹ [●] per Equity Share
Eligible Investors	QIBs, as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86 of the SEBI ICDR Regulations or restricted from participating in the Issue under the SEBI ICDR Regulations. See "***Issue Procedure - Qualified Institutional Buyers***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 187, 196 and 201, respectively. The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered will be determined by the Global Coordinators and Book Running Lead Managers in consultation with our Company, at their sole discretion.
Date of Board Resolution	February 1, 2017
Date of Shareholders' Resolution	March 12, 2017
Dividend	Please see section "***Description of the Equity Shares***", "***Dividends***" and "***Taxation***" on pages 206, 65 and 212, respectively.
Taxation	Please see "***Taxation***" on page 212.
Equity Shares issued and outstanding prior to the Issue	509,024,770 Equity Shares, being fully paid-up
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Listing	Our Company has received in-principle approvals from the BSE and the NSE both dated October 3, 2017 under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares to be issued pursuant to the Issue.
Trading	The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges Our Company will make applications to the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in the Issue.
Lock-up	For details of the lock-up, see "***Placement and Lock-up***" on page 194
Transferability Restrictions	Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Also see "***Transfer Restrictions***" and "***Selling Restrictions***" on pages 201 and 196, respectively.
Use of Proceeds	The gross proceeds of the Issue will aggregate to approximately ₹ [●] million. The net proceeds of the Issue, after deducting fees, commissions and expenses of the Issue, is expected to be approximately ₹ [●] million. See "***Use of Proceeds***" on page 61 for information regarding the use of Net Proceeds from the Issue.

Risk Factors	See "***Risk Factors***" on page 34 for a discussion of factors you should consider before deciding whether to subscribe to Equity Shares pursuant to this Issue
Pay-In Date	Last date specified in the CAN sent to the successful Bidders for payment of application money
Closing Date	Allotment of the Equity Shares offered pursuant to the Issue is expected to be made on or about [●]
Status and Ranking	Equity Shares being issued pursuant to the Issue shall be subject to the provisions of our Company's Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. The shareholders of our Company (who hold Equity Shares as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, SEBI Listing Regulations and other applicable laws and regulations. Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. See "***Dividends***" and "***Description of the Equity Shares***" on page 65 and page 206, respectively.
Security Codes for the Equity Shares	**ISIN:** INE438A01022 **BSE Code:** 500877 **NSE Code:** APOLLOTYRE
Minimum Offer Size	The minimum value of the offer or invitation to subscribe to each eligible QIB is ₹ 20,000 calculated at the face value of the Equity Shares.

SELECTED FINANCIAL INFORMATION

*The following tables set out selected financial information derived from our audited consolidated financial statements as of and for the years ended March 31, 2017, 2016 and 2015 and our unaudited reviewed consolidated financial statements as of and for the three months ended June 30, 2017, in each case prepared in accordance with the applicable accounting standards, Companies Act 2013, Companies Act 1956 and the requirements of SEBI Listing Regulations, as applicable, and presented in "**Financial Statements**" on page* 228. *The selected financial information presented below should be read in conjunction with "**Management's Discussion and Analysis of Our Financial Conditions and Results of Operations**" and "**Financial Statements**" on pages* 66 *and 228, respectively*.

SUMMARY INCOME STATEMENT INFORMATION

Particulars	Three months ended June 30, 2017 (IND AS)	Three months ended June 30, 2016 (IND AS)
	₹ in millions	₹ in millions
Revenue from operations		
Gross sales	35,129.80	35,451.26
Other operating income	243.74	194.18
Other income	87.55	277.97
Total revenue	**35,461.09**	**35,923.41**
Expenses		
Cost of materials consumed	17,897.26	14,378.77
Purchase of stock-in-trade	3,169.74	2,771.59
Changes in inventories of finished goods, work-in-progress & stock-in-trade	(1,594.14)	(964.69)
Excise duty on sales	2,548.91	2,529.01
Employee benefits expense	4,314.53	4,490.36
Finance costs	340.48	269.37
Depreciation & amortization expense	1,258.46	1,060.05
Other expenses	6,304.70	7,052.06
Total expenses	**34,239.94**	**31,586.52**
Profit before exceptional items & tax	**1,221.15**	**4,336.89**
Exceptional items - Gain / (Loss)	-	-
Share of profit / (loss) from joint venture	-	(0.36)
Profit before tax	**1,221.15**	**4,336.53**
Tax expense		
Current tax expense	321.35	894.54
MAT credit	(212.87)	-
Net current tax expense	**108.48**	**894.54**
Deferred tax	229.67	286.55
Total	**338.15**	**1,181.09**
Profit after tax	**883.00**	**3,155.44**
Other Comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	3.38	1.86
Income tax	(1.17)	(0.64)
	2.21	**1.22**
Items that may be reclassified to profit or loss		
Exchange differences in translating the financial statements of foreign operations	1,973.63	(284.18)

Effective portion of loss on designated portion of hedging instruments in a cash flow hedge	(25.33)	4.17
	1,948.30	**(280.01)**
Income tax	8.77	(1.45)
	1,957.07	**(281.46)**
Other comprehensive income	**1,959.28**	**(280.24)**
Total comprehensive income	**2,842.28**	**2,875.20**
Earnings per equity share of Re. 1 each:		
Basic	1.73	6.20
Diluted	1.73	6.20

Particulars	Fiscal 2016 (IND AS)	Fiscal 2017 (IND AS)
	₹ in millions	**₹ in millions**
Revenue from operations		
Gross Sales	127,428.64	140,528.89
Other operating income	1,086.68	1,170.67
Other income	679.80	1,541.27
Total revenue	**129,195.12**	**143,240.83**
Expenses		
Cost of materials consumed	53,542.17	60,449.61
Purchase of stock-in-trade	6,057.54	10,807.37
Changes in inventories of finished goods, work-in-progress & stock-in-trade	(51.82)	(2,356.44)
Excise duty on sales	10,029.73	9,899.20
Employee benefits expense	15,707.87	17,420.70
Finance costs	926.01	1,028.81
Depreciation & amortization expense	4,267.87	4,618.13
Other expenses	23,255.22	27,014.95
Total expenses	**113,734.59**	**128,882.33**
Profit before exceptional items & tax	**15,460.53**	**14,358.50**
Exceptional items - Gain / (Loss)	477.71	-
Share of loss in Joint Venture	(31.75)	(3.05)
Profit before tax	**15,906.49**	**14,355.45**
Tax expense		
Current tax expense	4,318.77	2,763.88
MAT credit	-	(225.74)
Net current tax expense	**4,318.77**	**2,538.14**
Deferred tax expense	358.12	827.32
Total tax expense	4,676.89	3,365.46
Profit for the year	**11,229.60**	**10,989.99**
Other Comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	57.56	(9.22)
Income tax	(2.57)	2.15
	54.99	**(7.07)**
Items that may be reclassified to profit or loss		
Exchange differences in translating the financial statements of foreign operations	1,885.77	(2,815.14)
Effective portion of loss on designated portion of hedging instruments in a cash flow hedge	(19.80)	(118.66)

Particulars	Fiscal 2016 (IND AS)	Fiscal 2017 (IND AS)
	₹ in millions	**₹ in millions**
	1,865.97	**(2,933.80)**
Income tax	6.85	41.07
	1,872.82	**(2,892.73)**
Other comprehensive income	**1,927.81**	**(2,899.80)**
Total comprehensive income	**13,157.41**	**8,090.19**
Earnings per equity share of Re. 1 each:		
Basic	22.06	21.59
Diluted	22.06	21.59

Particulars	Fiscal 2015 (Indian GAAP)	Fiscal 2016 (Indian GAAP)
	₹ in millions	**₹ in millions**
Revenue from operations		
Gross Sales	137,247.03	127,107.69
Less: Excise Duty	9,990.04	10,029.73
Net Sales	**127,256.99**	**117,077.96**
Other operating income	897.26	852.28
Other income	537.99	700.38
Total revenue	**128,692.24**	**118,630.62**
Expenses		
Cost of materials consumed	64,188.49	53,628.60
Purchase of stock-in-trade	5,932.13	6,057.54
Changes in inventories of finished goods, work-in-progress & stock-in-trade	633.61	(51.82)
Employee benefits expense	16,106.15	15,869.60
Finance costs	1,827.90	915.55
Depreciation & amortization expense	3,882.88	4,238.89
Other expenses	21,987.91	22,743.93
Total expenses	**114,559.07**	**103,402.29**
Profit before exceptional items & tax	**14,133.17**	15,228.33
Exceptional items	(824.90)	477.71
Profit before tax	**13,308.27**	**15,706.04**
Tax expense		
Current tax expense	3,534.99	4,318.77
Deferred tax expense	(2.81)	457.08
Total tax expense	3,532.18	4,775.85
Profit for the year	**9,776.09**	**10,930.19**

SUMMARY BALANCE SHEET

Particulars	As at June 30, 2017 (IND AS)	As at March 31, 2017 (IND AS)
	₹ in millions	**₹ in millions**
ASSETS		
Non-Current Assets		
Property, plant & equipments	61,584.71	60,381.65
Capital work-in-progress	35,735.40	28,723.43
Goodwill	1,895.08	1,773.58
Other intangible assets	5,218.15	4,759.77
Intangible assets under development	545.71	427.49

Financial assets		
Other investments	18.14	17.49
Loans	27.52	24.14
Other financial assets	972.89	973.82
Deferred tax assets (net)	683.86	629.26
Other non-current assets	6,108.73	5,199.24
Total non-current assets	**112,790.19**	**102,909.87**
Current Assets		
Inventories	29,081.22	26,455.26
Financial assets		
Investments	1,310.63	3,944.44
Trade receivables	10,825.41	11,274.96
Cash and cash equivalents	4,468.45	3,308.94
Other bank balances	210.06	60.23
Loans	38.71	38.94
Other financial assets	423.09	410.76
Other current assets	4,135.16	4,601.36
Total Current Assets	**50,492.73**	**50,094.89**
TOTAL ASSETS	**163,282.92**	**153,004.76**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	509.02	509.02
Other equity	75,232.80	72,390.52
Total Equity	**75,741.82**	**72,899.54**
LIABILITIES		
Non-Current Liabilities		
Financial liabilities		
Borrowings	28,999.09	21,559.04
Other financial liabilities	598.34	504.97
Provisions	357.91	343.75
Deferred tax liabilities (net)	8,066.15	7,661.14
Other non-current liabilities	5,818.65	5,217.17
Total Non-Current Liabilities	**43,840.14**	**35,286.07**
Current Liabilities		
Financial liabilities		
Borrowings	9,193.27	10,886.27
Trade payables	16,865.00	17,317.56
Other financial liabilities	8,967.24	8,945.65
Other current liabilities	2,997.85	2,553.23
Provisions	4,472.32	4,042.67
Current tax liabilities (net)	1,205.28	1,073.77
Total Current Liabilities	**43,700.96**	**44,819.15**

TOTAL EQUITY AND LIABILITIES	**163,282.92**	**153,004.76**

Particulars	**As at March 31, 2017 (IND AS)**	**As at March 31, 2016 (IND AS)**
	₹ in millions	**₹ in millions**
ASSETS		
Non-Current Assets		
Property, plant & equipments	60,381.65	45,559.49
Capital work-in-progress	28,723.43	9,694.07
Goodwill	1,773.58	1,982.37
Other intangible assets	4,759.77	4,594.20
Intangible assets under development	427.49	242.29
Financial assets		
Investment in joint venture	-	29.70
Other investments	17.49	12.08
Loans	24.14	21.50
Other financial assets	973.82	1,421.76
Deferred tax assets (net)	629.26	602.08
Other non-current assets	5,199.24	6,357.35
Total Non-Current Assets	**102,909.87**	**70,516.89**
Current Assets		
Inventories	26,455.26	19,390.88
Financial assets		
Investments	3,944.44	5,017.68
Trade receivables	11,274.96	10,843.48
Cash and cash equivalents	3,308.94	5,899.93
Other bank balances	60.23	42.06
Loans	38.94	36.95
Other financial assets	410.76	810.45
Other current assets	4,601.36	3,503.98
Total Current Assets	**50,094.89**	**45,545.41**
Assets held for sale	-	475.93
TOTAL ASSETS	**153,004.76**	**116,538.23**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	509.02	509.02
Other equity	72,390.52	65,537.13
Total Equity	**72,899.54**	**66,046.15**
LIABILITIES		
Non-Current Liabilities		
Financial liabilities		
Borrowings	21,559.04	6,492.72
Other financial liabilities	504.97	521.27
Provisions	343.75	364.36

Deferred tax liabilities (net)	7,661.14	7,011.84
Other non-current liabilities	5,217.17	1,628.72
Total Non-Current Liabilities	**35,286.07**	**16,018.91**
Current Liabilities		
Financial liabilities		
Borrowings	10,886.27	7,398.99
Trade payables	17,317.56	15,431.67
Other financial liabilities	8,945.65	4,224.34
Other current liabilities	2,553.23	2,657.93
Provisions	4,042.67	3,291.67
Current tax liabilities (net)	1,073.77	1,468.57
Total Current Liabilities	**44,819.15**	**34,473.17**
TOTAL EQUITY AND LIABILITIES	**153,004.76**	**116,538.23**

Particulars	**As at March 31, 2016 (Indian GAAP)**	**As at March 31, 2015 (Indian GAAP)**
	₹ in millions	**₹ in millions**
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	509.02	509.09
Reserves and Surplus	61,313.07	49,913.88
	61,822.09	**50,422.97**
Non-Current Liabilities		
Long Term Borrowings	6,095.73	3,339.39
Deferred tax liabilities (net)	5,961.75	5,208.95
Other Long Term liabilities	681.31	72.68
Long Term Provisions	1,337.16	1,257.82
	14,075.95	**9,878.84**
Current Liabilities		
Short Term Borrowings	7,400.93	4,666.36
Dues to Micro Enterprises & Small Enterprises	36.98	31.02
Other Trade payables	15,457.80	8,902.66
Other Current Liabilities	5,558.94	6,927.14
Short Term Provisions	6,693.10	5,465.75
	35,147.75	**25,992.93**
TOTAL	**111,045.79**	**86,294.74**
Non-Current Assets		
Fixed Asset		
Tangible Assets	41,092.03	41,559.02
Intangible Assets	2,199.29	1,096.33
Capital work-in-progress	9,749.82	2,182.06
	53,041.14	**44,837.41**
Goodwill on Consolidation	4,711.40	1,165.13
Non-Current Investments	9.26	7.17
Deferred Tax Assets (Net)	405.92	296.95

Long Term Loans and Advances	7,447.62	1,907.37
Other Non-Current Assets	-	360.18
	65,615.34	**48,574.21**
Current Assets		
Current Investment	1,216.35	1,000.00
Inventories	19,454.31	17,782.06
Trade receivables	10,843.48	9,589.43
Cash & cash equivalents	5,941.99	5,945.90
Short Term Loans and Advances	6,886.37	2,534.63
Other current assets	1,087.95	868.51
	45,430.45	**37,720.53**
TOTAL	**111,045.79**	**86,294.74**

SUMMARY CASH FLOW STATEMENT

Particulars	**For the three months ended June 30,**	
	2017 (₹ in million) **(IND AS)**	**2016** (₹ in million) **(IND AS)**
Net cash generated from/ (used in) operating activities	2,856.12	6,556.39
Net cash generated from/ (used in) used in investing activities	(5,965.10)	(13,161.29)
Net cash generated from/ (used in) financing activities	4,059.56	6,962.22
Effect of foreign currency fluctuation arising out of consolidation	54.56	(170.64)
Net increase / (decrease) in cash and cash equivalents	1,005.14	186.68
Adjusted Cash and cash equivalents at the beginning of the period	191.78	2,280.17
Adjusted Cash and cash equivalents at the end of the period	1,196.92	2,466.85

Particulars	**For the fiscal year ended March 31,**	
	2016 **(IND AS)** (₹ in million)	**2017** **(IND AS)** (₹ in million)
Net cash generated from/ (used in) operating activities	21,224.97	9,024.54
Net cash used in investing activities	(22,827.64)	(29,418.95)
Net cash generated from/ (used in) financing activities	(2,546.61)	18,946.30
Effect of foreign currency fluctuation arising out of consolidation	59.92	(640.28)
Net decrease in cash and cash equivalents	(4,089.36)	(2,088.39)
Adjusted Cash and cash equivalents at the beginning of the year	5,861.25	2,280.17
Cash & cash equivalents acquired on acquisition of subsidiary during the year	508.28	-
Adjusted Cash and cash equivalents at the end of the year	2,280.17	191.78

Particulars	**For the fiscal year ended March 31,**	
	2015 **(Indian GAAP)** (₹ in million)	**2016** **(Indian GAAP)** (₹ in million)
Net cash generated from/ (used in) operating activities	14,119.68	22,007.06
Net cash generated from/ (used in) used in investing activities	(7,500.20)	(23,914.22)
Net cash generated from/ (used in) financing activities	(6,835.86)	1,607.62
Effect of foreign currency fluctuation arising out of consolidation	(359.28)	(166.86)
Net increase / (decrease) in cash and cash equivalents	(575.66)	(466.40)
Cash & cash equivalents acquired on acquisition of subsidiary during the year	0.00	508.28
Adjusted Cash and cash equivalents at the beginning of the year	6,438.07	6,370.69
Adjusted Cash and cash equivalents at the end of the year	5,862.41	5,904.29

RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risk factors and uncertainties described below, before making an investment in the Equity Shares. To obtain a complete understanding of our business, you should read this section in conjunction with the sections "**Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 141 and 66, respectively, as well as other financial and statistical information included in this Preliminary Placement Document. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us presently or which we currently believe to be immaterial may adversely affect our business, financial condition and results of operations in the future. If any or some combination of the following risks, or other risks that are not currently known or are currently believed to be immaterial, actually occur, our business, results of operations and financial condition could be adversely affected, the trading price of, and the value of your investment in, the Equity Shares could decline, and you may lose all or part of your investment.*

This Preliminary Placement Document also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Preliminary Placement Document.

Unless otherwise stated, the financial information used in this section is derived from our Consolidated Financial Statements.

Risks relating to our Business

Volatility in the cost and availability of raw materials may adversely affect our business and results of operations.

The primary raw materials that we use to manufacture tyres are natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals. Synthetic rubber, tyre cord fabric, carbon black and certain other chemicals used in our manufacturing process are crude oil derivatives. Cost of raw materials is the largest single expense of our business and it represented, 50.69%, 45.59%, 45.46% and 52.37% of our consolidated net sales (adjusted for changes in inventory of finished goods, work in progress and stock in trade) for fiscal 2015, 2016, 2017 and for the three months ended June 30, 2017, respectively.

Consequently, our business is affected by fluctuations in the price of natural rubber and crude oil. Price of both natural rubber and crude oil are influenced by external factors that are outside our control. In addition, the price of our raw materials is also affected substantially by their demand and supply. A variety of factors, including changes in demand for, or government regulations concerning, our raw materials have in the past caused, and may in the future result in, volatility in the price of our raw materials. The availability of natural rubber is also affected by factors such as unfavourable weather conditions as witnessed in the floods situation in Thailand in January 2017, the result of which affected the price of natural rubber. Political instability and constraints on logistics and shipping due to, among others, port congestion also are factors that could affect natural rubber availability and its price. Malaysia, Thailand and Indonesia, the three major rubber producing countries which formed the International Tripartite Rubber Council ("**ITRC**") with the aim to ensure sustainability of the natural rubber market, cut natural rubber output to curb falling prices and monitor the price trend closely with the possibility to boost the prices for the wellbeing of farmers in their countries. The ITRC's presence and influence on natural rubber prices have recently been strengthened with Vietnam joining the council in September 2017. With the aforementioned external factors, the supply of natural rubber could be limited, resulting in increase in prices or disruption in supply and thereby affecting our business adversely. Additionally, any volatility in exchange rates could result in variation in our raw material prices as a significant portion of our raw material is imported.

Pursuant to our arrangements with suppliers of raw materials, the price that we pay for raw materials and inputs used in our products is either adjusted periodically or is linked to the price of the relevant commodity on the commodity exchanges or is determined on a spot basis. As a result, we are frequently exposed to raw material price volatility. Our ability to manage this volatility depends on our ability to pass price increases on to our customers. However, market conditions affecting our products, tenure of our supply contracts and our growth strategy can limit or delay our ability to pass raw material price increases on to our customers, which may adversely affect our margins. For example, we face significant price competition for our products in most of our markets and increased price competition significantly limits our ability to pass on price increases to customers, and, in certain markets, has adversely affected our business and results of operations. While we continue to explore the use of alternate sources of material for natural rubber and partial replacement of natural rubber with synthetic rubber, we may not be able to do so in a cost efficient manner, or at all. Such high dependence on natural rubber and the lack of alternatives coupled with the volatility in the prices of raw materials and our inability to respond effectively or in a timely manner, or at all, to such fluctuations in future could adversely affect our business and results of operations.

We depend on a limited number of suppliers for the supply of raw materials and any disruption of our suppliers' operations or breakdown of our relationship with such suppliers could have an adverse effect on our business, financial condition and results of operations.

We depend on a limited number of suppliers to supply us with industrial raw materials. In particular, we rely on approximately four suppliers for a substantial share of each of our principal raw material requirements, such as synthetic rubber, tyre cord fabric, carbon black and steel cord. While we have long term arrangements with our suppliers in most cases, there is no assurance that such suppliers shall continue to supply raw materials to us on favourable terms, or at all. Moreover, any breakdown in our relationship with such suppliers may force us to source raw materials from suitable alternative suppliers, which we may be unable to accomplish in time or at all. Furthermore, if any of these suppliers experience any disruptions in their business for any reason whatsoever, they may not be able to supply us with the desired quantity and quality of raw materials at reasonable prices and in a timely manner, or at all, which could adversely affect our business and results of operations.

We rely on third parties for selling, distributing and transporting our products as well as for other aspects of our operations and any disruption to the operations of, or breakdown of our relationship with, such third parties may adversely affect our business and results of operations.

We depend on third parties, some of whom are not exclusive to us to promote, sell, distribute and transport our tyres and for other aspects of our operations. In India and Europe, we rely on third party dealers for a substantial portion of our sales to customers. In other markets, we primarily rely on third party distributors to distribute our tyres to wholesalers and dealers in those markets. For the replacement tyre market, we rely substantively on third party dealers to market, sell and distribute our tyres. Competition to establish and maintain relationship channels with these dealers is intense in each of the markets in which we operate. Moreover, as is customary in the industry, we do not enter into long term agreements with our dealers and distributors. As a result, our business depends on maintaining good relations with our dealers and distributors. While we believe that we have maintained good relations with our dealers and distributors, there is no assurance that such dealers and distributors will continue to do business with us on acceptable terms or at all or that we can continue to induct additional dealers into our network. If we do not succeed in maintaining the stability of our distribution network and attract additional dealers and distributors into our distribution network, our market share may decline and our growth strategy may be affected, which may adversely affect our business and results of operations. Moreover, many of our third party dealers use our brands and logos at their stores. We rely on these third party dealers to abide by our commercial policy and represent our brand to customers which, if not adhered to by the dealers, may have an adverse impact on our reputation.

Our supply chain is also substantially dependent on third parties and such third parties transport our raw materials to our manufacturing facilities and subsequently transport the finished goods from our factories to our sales offices, service and stock points, distributors and retailers. Any delays or inefficiencies by such agents or transporters or disruption of transport services or any deterioration in or other changes relating to our relationship with such third parties could adversely affect our operations or result in supply disruptions or loss of sales.

We also depend on third parties for other aspects of our operations, including manufacturing a part of our total tyre output, outdoor testing and designing our tyres. For example, we outsource the manufacture of a certain percentage of our total tyre output, including all of our Apollo-branded two wheeler tyres and certain Vredestein-branded agricultural, bicycle and industrial tyres. Under some of these outsourcing agreements, we are subject to minimum purchase obligations, non-fulfilment of which may result in violation of the terms of the agreement and adversely impact our relationship with such sourcing partners. Further, if these third parties' operations are interrupted or if they are unable to meet our delivery requirements, our ability to fulfil new customer orders may be limited. We also source tubes, curing bladder and certain tyre building machines from related parties. In addition, we source certain part of our rubber compound requirements from third parties for use in our manufacturing facilities in India. If these outsourcing agreements are terminated, or if such third party manufacturers are unable to or chooses not to meet our quality specifications, quantity or price requirements, we may be unable to find a replacement on time, at a desirable price or at all, and our business and results of operations may be adversely affected.

As most of these service providers are third parties whom we cannot control, we cannot assure you that we will continue to be successful in receiving uninterrupted and high quality service from such third parties. Any disruption or inefficiencies in the operations of, or cancellation of our arrangements with, such third parties could adversely affect our business and results of operations.

Product innovation and research and development are integral parts of our business model and failure to develop new technologies, processes or products to support consumer demand or trend or protect our rights over such products and technologies from infringement may adversely affect our business and results of operations.

The growth and continued success of our business depend upon our ability to successfully carry out the development of new processes, discover alternate raw materials and produce innovative and high quality products. In the high end tyre market particularly, technological innovation is a critical factor. Our business may be adversely affected if we are not able to develop technologies, processes or products to effectively compete in the industry including but not limited to changes in the design of or materials used in the manufacture of tyres. In addition, developing new products and technologies requires significant investment and capital expenditures (including retooling of our existing capacities). Our research and development expenses (including capitalised expenses) for fiscal 2015, 2016 and 2017 and for the three months ended June 30, 2017 were 1.94%, 2.72%, 2.74% and 2.48% of our consolidated net sales respectively. Our research and development plans also require the ability to anticipate market trends. Any failure to accurately anticipate consumer preferences and trends may also lead us to incur higher costs without a proportionate increase in our revenues, if at all. Moreover, such products are required to meet stringent regulatory standards and may require regulatory approvals, which could lead us to incur additional or unanticipated costs. Any delay or failure in our development of new technologies, processes or products to support consumer demand or trend may adversely affect our business and results of operations.

Moreover, our ability to successfully monetise a new technology or product also depends on our ability to protect its intellectual property from infringement by third parties. While we take precautions to protect our trade secrets and confidential information relating to our products and technologies against breach of trust by our employees, consultants, customers, distributors and suppliers, it is possible that unauthorized disclosure of our trade secrets or confidential information may occur. We may also have limited recourse to legal proceedings to protect our inventions which are awaiting intellectual property registration. Our failure to protect our confidential information and intellectual property may result in a competitor being able to successfully engineer our technology or products at a cheaper cost and/ or being able to market such technology or product more effectively. This would result in us incurring capital expenditure in developing the product or technology without benefitting from the corresponding financial returns. While we have not faced such cases of leakage of confidential trade secrets and information or the infringement of intellectual property in the past, there is no assurance that technologies or products that we may develop in future would not be subjected to such leakage or infringement, which could adversely affect our profitability, business and results of operations.

We may not be able to continue investing to increase existing capacities in order to meet the market requirements, capitalize on the new opportunities available or to drive future growth.

Tyre industry is a capital intensive industry with long payback periods. We may not always be in a position to commit significant funds to increase existing capacities to meet market requirements, or to explore new opportunities, as a result of which we may lose market share to our competitors or miss out capitalising on certain profitable business opportunities. Further, any significant investment we make would impact our short-term profitability and cash flows, given the long payback period of these investments. For example, we have made significant investments in Hungary, the full return of which will be derived only once we reach a certain level of capacity utilisation, which, depending on market conditions, may take at least a couple of years more. As a result, the profitability and return ratios of our Europe operations will remain impacted until we can realize the full return of our investments. Capital constraints limiting investments may also adversely impact future business or results of operations. Similarly, investments made with a view for future growth may adversely impact our profitability and return ratios in the near term.

Seasonal or economic cyclicality could adversely affect our business and results of operations.

The demand for our products, particularly from our OEM customers, is dependent on the industrial output of the automotive industry. The sales volumes and prices for vehicles are also influenced by the cyclicality and seasonality of demand. For example, sale of automobiles by OEMs in December is usually lower than other months in a year due to anticipated changes in vehicle models. Further, the farm vehicle segment is also subject to seasonality, which is linked to the agricultural seasons in India. In Europe, the sale of high-end tyres in the replacement market is significantly more during winter and consequently, the timely arrival of a strong winter is important for replacement sales. Therefore, the automotive industry is and will continue to be cyclical. The automotive industry is also sensitive to factors such as consumer demand, consumer confidence, disposable income levels, employment levels, fuel prices and general economic conditions. For example, tractor production in India was affected during the last two years due to reasons such as poor monsoons, modest increase in minimum support price and decreasing export prices of agricultural commodities. Also, during fiscal 2016, our European operations suffered a volume de-growth due to economic factors as well as decreased demands for our "Space Master" tyres from certain customers. Any significant reduction in vehicle sales and production, specifically in our primary markets, India and Europe, may have a material adverse effect on our business, financial condition and results of operations.

Changes made to existing vehicle models or introduction of new vehicles by OEMs may affect our tyre supply to such OEMs and ultimately in the replacement market.

The tyres that we manufacture are developed by our R&D teams in close cooperation with OEMs and replacement clients. A tyre with a certain specification is compatible with a certain kind of vehicle (based on its size, ground clearance, engine capacity and brake horse power). We invest time and money on development of tyres and incur costs while creating the moulds for the manufacture of such tyres. Therefore, we incur significant time and costs prior to the launch of certain, or a range of, vehicles by OEMs. Our R&D teams may not be able to keep pace with that of major global manufacturers and/or in line with changing trends, which may impact our future growth. Further, our results of operations may be adversely affected by actual change in vehicle production quantities or postponement of launch of a certain vehicle model altogether, due to a number of reasons, including developmental delays or changes in consumer demand. There is also increasing popularity of electric vehicles and we may need to make investments in R&D/product development to develop suitable tyres for such vehicles. Any delays in developing the appropriate technology or not meeting exact specifications may adversely impact our business and results of operations.

Our inability to keep pace with the rate of radialization in the tyre industry in India may adversely affect our business and results of operations.

In the United States and Europe, truck and bus radial ("**TBR**") tyres account for all of the truck and bus tyre sales in these regions while in India, TBR tyres accounted for 36.18% and 37.26% of the truck and bus tyre sales volumes during fiscal 2016 and nine months ended 31 December 2016 *(Source: ATMA Report).* The lower share of TBR tyres in India, compared to the European and the North American markets, is due to cost considerations, overload practices, maintenance requirements and India's poor road infrastructure. However, TBR tyre volumes in India have increased in the recent past, demonstrating a CAGR of 15.76% from fiscals 2012 to 2016. (*Source: ATMA Report*) We believe that this trend in increase of use of TBRs instead of traditional cross ply tyres, or radialization, will continue going forward. We have invested significantly to increase our TBR tyre manufacturing capacity, which has allowed us to service the increasing demand for such tyres, both in the replacement market as well as in the OEM space. For the three months ended June 30, 2017 and fiscal 2017, 28.87% and 28.58% of net sales in our Indian geographic segment were derived from TBR tyres, respectively. Currently, we are in the process of expanding the capacities at our Oragadam plant from its present capacity of two million tyres per annum to four million tyres per annum in order to service the growing demand of TBR tyres and we intend to continue to grow our radial tyre manufacturing capacities in future. However, since this expansion will occur in a phased manner, we may face inadequate stock availability to cater to the market demand until our facilities are fully ramped up and its entire capacity becomes available for commercial production. For further details, see "***Business – Our Strategies***" on page 147. In the event the pace of radialization in India is inconsistent with our projections and forecasts, it may adversely affect our business and results of operations. For instance, if the pace of radialization in India is slower than expected, it may result in our radial manufacturing capacities being underutilized, which would adversely affect our profitability. Further radialization will result in a part of our truck cross ply manufacturing capacities, which accounted for 21.10% and 18.91% of our consolidated revenue for fiscal 2017 and the three months ended June 30, 2017, becoming redundant, which could adversely affect our business and results of operations.

Competition may result in the reduction of our market share or margins, either of which could adversely affect our business or results of operations.

We face significant competition in the markets in which we operate, particularly in our key markets of India and Europe. We compete with other tyre manufacturers on, among other things, product design, price, warranty terms, customer service and our network reach.

The global tyre market is led primarily by three major companies: Bridgestone, Michelin and Goodyear, each of which has substantial global market share, large resources, large R&D teams, strong relationships with OEMs, larger sales and distribution networks and extensive experience in certain markets and the industry. We face competition from such companies as well as local manufacturers in many of the markets in which we operate, have recently entered or plan to enter. Such competitive intensity may further increase due to more tyre manufacturers entering the markets where we operate or due to the capacity expansions undertaken by existing players, which in turn will result in pricing pressure.

In India, we face competition primarily from Madras Rubber Factory Limited, Ceat Tyres Limited and JK Tyre & Industries Limited in all tyre segments and from Bridgestone in the PCR tyre segment. Bridgestone and Michelin have also entered the TBR tyre segment in India and Yokohama has commenced the sale of PCRs in India. We expect competition from these companies to increase in future. Further, Maxxis plans to start production of two/ three wheeler tyre soon at its manufacturing plant in Gujarat, which will further intensify competition in the two/ three wheeler segment, a segment in which we have recently entered. Moreover, the Indian tyre market continues to source a significant part of its TBR tyre requirements from China. TBR tyres manufactured in China are typically cheaper than Indian bias tyres (which is among the lowest in the market), and we cannot assure you that we will be able to successfully compete with such Chinese products going forward, which could adversely affect our revenues and profitability. Further, the imposition of anti-dumping duty on Chinese tyres in other geographies, may further worsen the demand-supply situation for their already exceeded capacities, which in turn may force them to seek new markets or increase dumping of products in existing markets, including India. This may further aggravate the issues that we face today from Chinese imports and thereby adversely impacting our business and results of operations.

In Europe, our Vredestein and Apollo brands face competition primarily from all of the major tyre brands, including Michelin, Bridgestone, Continental, Goodyear, Dunlop, Pirelli, Hankook, Kumho, and so on. Reifencom, our Subsidiary, operates in the e-commerce tyre market, which is highly competitive as well.

Any increase in competition may make it difficult for us to pass on raw material price increases to our customers, which could adversely affect our margins. Our inability to compete successfully with other companies could also result in a decline of our market share and adversely affect our results of operations and financial condition.

We depend on a small number of customers for sale of our products in the OEM category and the loss of, or reduction in sales to, any of our major customers could have a material adverse effect on our business and results of operations.

The automotive industry has a limited number of major global OEMs. As a result, our sales in the OEM segment are concentrated to a small number of customers. We do not have long term contracts with such OEMs and consequently, the loss of a major OEM customer, coupled with our inability to replace such customer with a comparable alternative, in a timely manner or at all, could adversely affect our business, financial condition and results of operations. Moreover, automobile recalls, adverse economic conditions and regulatory changes such as the introduction of the goods and services tax ("**GST**") and Bharat Stage IV emission standards, could slow down our OEM customers' sales, which may lead to decreased production by such customers, resulting in lower demand for our tyres. We may not be able to meet the technological requirements of the OEM customers, which are generally much more stringent that the requirements of the replacement market, as a result of which we may either not be able to secure new OEM customers or lose existing customers. Further, profit from OEM customers is generally lower than the replacement market, specifically in Europe, where as a new entrant in the OEMs, the business in the initial few years is not profitable, which would adversely impact our profitability. Consequently, we may be forced to forego certain of our OEM business due to lower or negative returns, which may adversely impact our business and results of operations.

We may not be successful in implementing our business strategies.

The future success of our business depends on our ability to effectively implement our strategies. Even if we have successfully executed our strategies in the past, there can be no assurance that we will be able to do so in the future without material time and cost overruns or that the products we develop would be accepted by our customers. We plan to continue to introduce new products, expand our production capacities and distribution networks to maintain our leadership position in India and increase our market share in Europe, continue to expand our market presence in target markets through organic and inorganic investments and continue to focus on our research and development initiatives. In taking these and any other initiatives, we face risks and uncertainties involving, among others, the following:

- our ability to develop or promote new products that our customers accept;
- our ability to source requisite funds to operate an expanded business or service our future debt obligations;
- our ability to successfully manage our growth; and
- our ability to manage or anticipate time or cost overruns associated with our business strategies.

Inorganic growth strategy risks

While we do not have concrete plans to undertake strategic acquisitions as of the date of this Preliminary Placement Document, we may consider making acquisitions in future to increase the scope of our business. Identifying suitable acquisition candidates can be difficult, time-consuming and costly. Our inability to identify suitable acquisition opportunities, reach agreements with such parties on terms which are beneficial to us or obtain the financing necessary to complete such acquisitions could adversely affect our future growth and business. For example, in 2013, we were unsuccessful in closing a merger with Cooper Tire and Rubber Company ("**Cooper**") due to factors outside our control. As a definite merger agreement had already been signed when the merger discussions were terminated, Cooper had initiated legal proceedings against us, which was subsequently decided in our favor. Moreover, it may be difficult for us to conduct a thorough independent due diligence of non-public information of a target company, particularly in certain foreign jurisdictions. For example, we had also acquired Dunlop Tyres International in South Africa in 2006 with the aim of accessing the growing tyre market in Africa; however, we shut down our manufacturing operations in South Africa in 2014 due to uncompetitive cost structures, continuous labor unrest and related issues. We cannot assure you that our reviews, diligence or inspections (or the relevant review, diligence or inspection reports on which we have relied) would have revealed all liabilities or other problems with the business of our target companies.

In 2016, we acquired Reifencom GmbH (along with its subsidiaries), a German company engaged in the distribution of tyres, rims and accessories. The acquisition was aimed at augmenting our sales network in Europe. However, there can be no assurance that our objectives for this acquisition shall be met and that we shall receive a successful return on investment, which may adversely affect our results of operations.

Organic growth strategy risks

As part of our strategies to service the large and growing tyre industry in India, we have commenced the sale of two wheeler tyres in India in March 2016, which was developed at our Chennai R&D Center. The manufacture of such tyres is outsourced to a third party on a contract manufacturing basis and going forward, we may decide to manufacture such tyres in house. However, there is no assurance that we will be able to source the desired quantity or the desired quality of these two wheeler tyres. In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India. There will be certain conditions linked to this purchase, the non-compliance of which may result in certain penalties being imposed by the Government, which may adversely impact our operations. We are currently in the process of expanding the TBR capacity at our Oragadam plant and are exploring options to convert a portion of our cross-ply capacity into specialty tyres or industrial tyres capacity, which would cater to both the European and Indian markets. In Europe, we have set up a Greenfield plant at Hungary in order to increase our market share in the replacement segment and in order to enter the European OEM segment for PCR tyres as OEM sales, to a certain extent, drive the replacement market sales. We have recently started production at our Hungary plant. However, the production ramp up may not be completed in line with our expectation, which may have adverse impact on our business and operations.

In case we are unable to sell our entire manufactured inventory for any reason whatsoever, our expanded capacities may become redundant and our capacity expansion costs would adversely impact our profitability. For further details of the risks that we face in growing organically, see "***Risk Factors - Our inability to keep pace with the rate of radialization in the tyre industry in India may adversely affect our business and results of operations***" on page 37.

We expect our strategies to place significant demands on our management and other resources, because of which we continue to develop and improve our operational, financial and other internal controls including setting up an internal financial controls system. However, we cannot assure you that such system will never fail to detect any deviations from established procedures and policies. Our inability to manage our business and implement our growth strategies could adversely affect our business, results of operations and financial condition.

Our inability to successfully integrate acquisitions could adversely affect our business, results of operations or financial condition.

We have relied, in part, on inorganic growth to expand into new markets. For example, in 2009, we acquired Vredestein Banden BV to support our expansion into Europe and in 2016, we acquired Reifencom, a German company engaged in the distribution of tyres, rims and accessories, to augment our sales network in Europe. While we are currently not in negotiations to make any strategic acquisitions, we may consider making acquisitions in the future to increase the scope of our business.

The process of integrating an acquired company, their brand or technology into our organization involves certain risks and may create unforeseen operating difficulties and expenditures, including:

- difficulties in integrating the operations, brands, technologies, services and personnel of the acquired businesses;
- ineffectiveness or incompatibility of acquired technologies or services with our existing systems and processes;
- our inability to source additional financing required to make contingent payments, in a timely or cost efficient manner;
- potential loss of key employees of acquired businesses and cultural challenges associated with integrating employees from the acquired company into our organization;
- inability to maintain the key business relationships and the reputation of acquired businesses;
- responsibility for the liabilities of acquired businesses;
- diversion of our management's attention from other business concerns;
- managing the increased scope and complexity of our operations; and
- entering new distribution channels, categories or markets in which we have limited or no experience.

Additionally, foreign acquisitions involve additional risks to those described above, including those related to integrating operations across different cultures and languages, currency fluctuation risks and in particular, economic, political and regulatory risks associated with specific countries. For further risks associated with our proposed growth in foreign markets, see "***Risk Factors - Any inability to manage our growing international business may materially and adversely affect our financial condition and results of operations***" on page 40.

Once we complete acquisitions, we may need to incur capital expenditures to maintain the acquired business and comply with regulatory requirements. The costs and liabilities involved in connection with the acquisitions and the subsequent integration process may exceed those anticipated. Moreover, the anticipated benefit of many of our future acquisitions may not materialize within the anticipated timeframe, or at all. If we are unsuccessful in smoothly integrating an acquired company, or if any of the abovementioned risks or unforeseen liabilities materialize after completing an acquisition, our business, financial condition and results of operations may be adversely affected.

Any inability to manage our growing international business may materially and adversely affect our financial condition and results of operations.

Our growth strategy includes the expansion of our operations outside our principle markets. The costs associated with entering and establishing ourselves in new markets, and expanding such operations, maybe higher than expected, and we may face significant competition in those regions. In addition, our international business is subject to many actual and potential risks and challenges, including language barriers, cultural differences and other difficulties in staffing and managing overseas operations, inherent difficulties and delays in contract enforcement and the collection of receivables under the legal systems of some foreign countries, the risk of non-tariff barriers, other restrictions on foreign trade or investment sanctions, and the burdens of complying with a wide variety of foreign laws, rules and regulations. We have in the past discontinued operations in South Africa and Zimbabwe. Trade restrictions imposed by countries in geographies where we conduct business may adversely impact us. For example, Indonesia has imposed restrictions on import of tyres from Thailand, Egypt has imposed anti-dumping duty on the import of TBR tyres manufactured in India and Turkey has imposed anti-dumping duty on the import of PCR and TBR tyres manufactured in India. As part of our global operations, we may engage with third-party dealers and distributors who we do not control but whose actions could have a material adverse impact on our brand, reputation and business. Unlike our business in India and Europe, we do business with only with few selected dealers in certain geographies, resulting in customer concentration and associated risks. Further, the inability of these dealers to pay the debt owed to us may adversely impact our cash flows and profitability. If we are unable to manage risks related to our expansion and growth in other parts of the world, our business, financial condition and results of operations could be materially and adversely affected and continuous losses in these businesses may pose adverse cash flow and sustainability issues.

We require additional financing in the form of debt or equity to meet our growth requirements. Such financing may not be available to us on acceptable terms or at all.

As of June 30, 2017, on a consolidated basis, we had a total of ₹40,015.60 million outstanding in secured and unsecured loans (net of derivative asset/liability). We may require additional financing for our future expansion and growth plans and in order to service our working capital requirements, which may increase our level of indebtedness beyond reasonable limits. Our level of indebtedness has important consequences, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to incur further indebtedness for future growth; and
- increasing our interest expenditure.

Our ability to incur additional financing is particularly affected by the credit ratings of our short-term and long-term indebtedness. CRISIL has provided us a long-term rating of 'CRISIL AA+/ Stable' on our bank facilities and other debt programs and a short-term rating of 'CRISIL A1+'. These ratings represent the opinions of the ratings agencies and their assessment of our ability to service our obligations under our indebtedness. These ratings can be lowered or withdrawn at any time. A reduction or withdrawal of our ratings may adversely affect our ability to incur additional indebtedness at a competitive interest rate and the trading price of the Equity Shares. Moreover, additional financing may not be available to us on acceptable terms or at all. Any additional debt financing that we incur may place additional restrictions and obligations on us which may have additional adverse consequences on our business. For instance, external commercial borrowings are subject to regulation by the RBI, including certain end-use restrictions and reporting obligations. Inability to comply with the terms of such financing may adversely affect our business and financial conditions. For further details, see "***Risk Factors - Our ability to raise debt capital from banks and financial institutions outside India may be constrained by Indian law, which may adversely affect our financial condition, results of operations and prospects***" on page 55.

We are subject to restrictive covenants in certain debt facilities.

There are certain restrictive covenants in the financing agreements we have entered into with banks and other financial institutions for disbursement of loans. Such restrictive covenants include:

- maintaining certain financial ratios;
- maintaining prescribed minimum promoter and promoter group shareholding or otherwise restricting changes to our capital structure;
- restriction on payment of dividends in certain circumstances;
- restrictions or additional interest provisions on repayment; and
- restrictions on effecting certain other transactions outside of the ordinary course of business, including a merger or demerger or other corporate reorganizations.

If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could declare us in default under the terms of our agreements, accelerate the maturity of our obligations or take over some of our assets. Any such events of default may result in cross-defaults in our other debt financing agreements. In addition, under certain financing agreements, the lenders may also convert outstanding debt into equity under specified circumstances. For example, we have taken a substantial debt for investing in our business operations in Hungary, which is secured by our immovable assets and a pledge of the shares of our Subsidiary, Apollo Tyres (Hungary) KFT, and which requires us to maintain certain financial ratios in our overall Europe operations. Change in the market conditions has adversely impacted our profitability, which may make it difficult for us to meet some of these financial covenants in the future. We are currently in dialogue with our lenders for relaxation of these covenants and have received consent from a majority of the lenders. However, we cannot assure you that we will be successful in our discussions with our lenders. Failing to obtain approvals for relaxation of financial covenants may result in adverse consequences for our business in terms of increase in costs of borrowing or having to replace certain of the lenders. We cannot assure you that, in the event of any such replacement of lenders, we will be able to timely arrange alternatives or have sufficient internal resources to repay these borrowings. If we are unable to repay the amounts due, the relevant lenders may enforce their respective security interests over certain of our assets, including our fixed assets, land, buildings, property, plants and machinery, which may have an adverse effect on our business and financial condition.

Interruptions at our manufacturing facilities may shut down, interfere with, or increase the cost of production, which may adversely affect our business and results of operations.

We manufacture our tyres at six manufacturing facilities across India and Europe. Our manufacturing facilities can be adversely affected by events such as the breakdown of equipment, difficulties or delays in obtaining spare parts and equipment, raw material shortages, power shortages and blackouts, labor disruptions, fires, floods, natural disasters, civil disorders, industrial accidents and the need to comply with regulatory directives concerning matters related to occupational health, safety and environmental protection. For example, in February 2017, production was disrupted for 2 days at our Oragadam plant due to Labour related issues. In December 2015, we were forced to shut down our Oragadam manufacturing facility for approximately three days due to floods while our Enschede unit in Netherlands suffered a maintenance breakdown during August 2014 and March 2016. In 2016, the mixers at our Oragadam and Limda plants suffered major breakdowns. Further, our manufacturing facilities depend upon a stable and continuous supply of energy and performance by certain critical equipment which may be subject to unexpected interruptions. We have experienced power outages in the past that affected machine performance, which in turn disrupted our delivery schedules. Our manufacturing facilities are also subject to operating risks arising from any failure to comply with the directives of the relevant governmental authorities or change in government regulations.

Additionally, labor activism and unrest represent a continuing threat to the business of many Indian companies, including ours. See *"**Risk Factors — We are subject to stringent labor laws and may face labor disruptions that could interfere with our operations**"* on page 42. These interruptions may shut down, interfere with and/ or increase our cost of production, thereby causing loss of sales for a period of time. No assurance can be given that any such interruption will not occur in future or that such interruptions would not adversely affect our business or results of operations.

We are subject to stringent labor laws and may face labor disruptions that could interfere with our operations.

Our manufacturing activities are labor intensive, require our management to undertake significant labor interface, and expose us to the risk of industrial action. We are subject to a number of stringent labor laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislations that impose financial obligations on employers upon retrenchment. If labor laws become more stringent or are more strictly enforced, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, financial condition, results of operations and cash flows. We also face the risk of strikes, lockouts, production halts and other industrial actions across all of our manufacturing facilities.

In India, workmen at all our plants, except at the radial manufacturing capacity at the Limda plant, are unionized and operate under collective bargaining or settlement agreements, which we renegotiate and renew from time to time. Our Oragadam Plant was not unionised until March 2017. In April 2017, there was a labor unrest and the operations were disrupted for 2 days, post which a representative body of employees was formed. We are currently in discussions with the representative body for establishing production and compensation norms. However, there can be no assurance that a union will not form in the future and we have no visibility on the impact that these negotiation may have on our operations and/or costs. We renewed the settlement agreement with the labor union at our Perambra plant in April 2014 which was valid until April 2017. We are currently in the process of renewing the agreement. The settlement agreements for our Limda and Kalamassery plants are valid up to December 2018 and March 2018, respectively. At our plant in Enschede, approximately one third of our permanent staff and operators are members of registered unions. Every employee is covered by collective bargaining or similar agreements. The collective labor agreement was valid until March 2017, which is currently being negotiated for an extension until March 2018.

We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in future. Moreover, if we are unable to continue to renew such settlement or collective bargaining agreements in a timely manner or on acceptable terms, we could experience strikes or work stoppages, any of which could disrupt or stop production. Even if we are able to negotiate new agreements, such agreements may require us to pay higher wages, provide more benefits or reduce working hours for union members, which could increase our operating costs and adversely affect our business, results of operations or financial condition. Moreover, continued labor unrest at any or all of our facilities that we are unable to address on mutually acceptable terms, may force us to close down the manufacturing facilities and relocate the assets to a suitable alternative location. Any failures to so relocate without incurrence of material time and cost overruns, or at all, may adversely affect our production, reputation, business and results of operations.

Moreover, we rely on third parties in certain aspects of our operations, some of which are independent contractors through whom we engage contract laborers. Although we do not engage these laborers directly, we are responsible for the payment of wages to such laborers in the event of default by the independent contractors. In case of any such default by the independent contractors, we may be required to pay the wages of contract laborers engaged by us, which would increase our costs and may have an adverse impact on our results of operations and our financial condition. Furthermore, many of independent contractors that we engaged employ members of registered unions in India and other countries. See "***Risks Factors —We depend on third parties for marketing, selling and distribution, manufacturing, transport and other aspects of our operations, any disruption to which could adversely affect our business and results of operations***." These third parties may face similar risks of labor disruptions in their operations. Labor disruptions or activism at our manufacturing facilities or at the facilities of the third parties on whom we rely, could disrupt our operations and adversely affect our business or results of operations.

Accidents at our facilities and during the course of our operations could expose us to the risk of liabilities, loss of revenues and increased expenses.

Our manufacturing process involves operation of heavy machinery at our manufacturing facilities and accidents may occur while operating such machinery. These hazards can cause personal injury and loss of life and severe damage to and destruction of property and equipment and may result in the suspension of our operations and the imposition of civil and criminal liabilities on us. We may face claims arising out of injury to our workmen, which could adversely affect our operations and reputation. During fiscal 2016, there were 327 loss time incidents at our premises in India, which led to losing 4,194 man days. The number of loss time incidents in India was significantly reduced to 70 which led to a loss of 1,564 man days during fiscal 2017. In our European operations, there were 10 loss time incidents which led to losing 701 man days during fiscal 2016, which was reduced to eight loss time incidents leading to loss of 665 man days during fiscal 2017. There were no fatalities or occupational diseases at any of our operations during the three months ended June 30, 2017 and in fiscal 2017. While we maintain general insurance against such potential liabilities, insurance proceeds may not be adequate to fully cover the quantum of liabilities, lost revenues or increased expenses that we might incur or to the loss of reputation that we may suffer.

Fluctuating energy and fuel costs may adversely affect our business, results of operations and cash flows.

Our manufacturing units have sizeable energy requirements such as oil, natural gas and electricity in order to operate. We have long to medium term agreements for the supply of natural gas, steam and power at our Limda plant and supply of power at our Chennai plant. Pursuant to our agreements with GAIL for supply of gas and steam, our Company has committed to a purchase of specified minimum annual quantities, subject to certain adjustments, as provided in the agreements. If we are unable to fulfil such minimum purchase quantity obligations, GAIL may, in its sole discretion, require us to pay an amount computed in accordance with the terms of the agreements for any quantity not purchased. Additionally, the supply and benefits from these agreements may be affected by regulatory changes that are out of our control, compliance with such agreements by all stakeholders and any changes in our requirement due to operating load. Moreover, high demand and limited availability of oil, natural gas and electricity may result in the cost of such utilities to significantly increase, which could, in turn, materially increase our operating expenses, which we may not be able to pass on to our customers, and this may affect our ability to sustain future expansion plans. While we have not faced energy shortages in the past that materially affected our operations, there is no assurance that we will be able to source continuous supply of energy in the future on favourable terms, or at all, which may adversely affect our business and results of operations.

Moreover, significant increases in fuel costs could impact consumer and industrial behaviour. For instance, if the price of fuel increases significantly, it can cause a decline in sale of passenger vehicles. General increases in fuel costs could also cause businesses to reduce investment and slow down overall economic activity. The occurrence of any of the foregoing events could adversely impact the demand for tyres, which would in turn adversely affect our business and results of operations.

Recent global economic conditions have been unprecedented and challenging and continue to affect the Indian market, which may adversely affect our business, financial conditions, results of operations and prospects.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. During periods of slow economic activity, consumers may forego or delay vehicle purchases, resulting in reduced demand by OEMs for our tyres, which may also affect our sales in the replacement market. If the economic environment in any of the markets from which we derive substantial revenue declines, the demand for our product may reduce and our business, financial condition and results of operations could be materially and adversely affected.

Ongoing struggles in Europe related to sovereign debt issues, among other things, have contributed to a challenging economic environment. Furthermore, in June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. Such developments, or that the perception that any of such developments could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

Our Company, Subsidiaries, Promoters and Directors are involved in certain legal proceedings. Any adverse developments in any or all of such litigations could adversely affect our business, reputation, financial condition and results of operations. Moreover, show cause notices have been issued by various Governmental agencies, which could materialize to penalties and fines.

There are outstanding legal proceedings involving our Company, Promoters and some of our Subsidiaries and Directors that are incidental to our business and operations, including criminal proceedings we filed against certain of our employees, and income, excise and service and sales tax claims arising in the ordinary course of business against the Company. For instance, the CCI is presently investigating into allegations of agreement and collusion among certain tyre manufactures including us. SEBI has also initiated an enquiry against us in relation to alleged non-compliance with applicable regulations governing buy-back of securities in India. Further, our appeal against certain notices under the FEMA, issued by the Directorate of Enforcement against *inter alia* us and our Promoter and Managing Director, Mr. Onkar S Kanwar are also pending before the High Court of Kerala. For details of material litigations, see *"**Legal Proceedings**"* on page 224. Any actual, pending, contemplated or threatened proceedings, investigations, actions, claims or suits against us, our subsidiaries and directors, whether meritorious or not, could be time consuming and costly, require significant amounts of management time and result in the diversion of significant operational resources. Moreover, an adverse judgment in any of these proceedings could adversely affect our business, financial condition and results of operations.

The success of our business depends substantially on our management team and operational workforce. Our inability to retain them could adversely affect our businesses.

Our senior management has many years of experience in managing our various businesses and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our businesses and our future prospects. We cannot assure you that we shall be able to continue to retain any or all of the members of our management team. The loss of one or more of the members of our management team could impact our ability to maintain and grow our business and implement our strategic initiatives.

Competition for skilled professionals has increased in the Indian tyre industry due to the entry of global majors like Michelin and Bridgestone. The loss of any of our senior managers or other key personnel or our inability to recruit other senior managers or key personnel could adversely affect our day-to-day operations, the process of development of new products and ability to maintain and expand our operations. As competition and demand for skilled labor increase in India and Europe, we may also face shortages of skilled labor for our manufacturing facilities, which could adversely affect our business and our growth prospects. For example, we have encountered challenges in sourcing trained manpower in Hungary.

Moreover, product innovation and research and development are integral parts of our business model. See "***Risk Factors - Product innovation and research and development are integral parts of our business model and our failure to create technologically advanced products may adversely affect our business and brand image***" on page 36. Our ability to successfully carry out research and development depends on our ability to attract and retain skilled technical and research and development personnel. Our failure to attract and retain skilled personnel could adversely affect our growth strategy. While we believe we have a strong technical and research and development team, we may not be able to attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel among competitors. For instance, in the recent past, our Indian operations have witnessed an increase in attrition of our trained work force at our Limda plant, predominantly due to the competition for such trained work force from competitors and other manufacturing companies. Our failure to attract and retain skilled personnel, or replace such personnel in a timely and cost efficient manner, could have an adverse impact on our growth and prospects.

Our business depends heavily on our reputation and consumer perception of our brand, and any negative publicity, infringement or other harm to our brand or failure to maintain and enhance our brand recognition may materially and adversely affect our business, financial condition, results of operations and cash flows.

We believe that our reputation and consumer perception of our brand are critical to our business, as it is essential to our efforts to maintain and expand our customer base and increase our market share. Maintaining and enhancing brand recognition depends primarily on the quality and consistency of our products and services, our ability to successfully protect our brand from infringement and the success of our marketing and promotional efforts. If customers do not perceive our products or services to be of high quality, our brand image may be harmed, thereby resulting in a decrease in sales. While we have devoted significant resources to brand promotion efforts in recent years, our on-going marketing efforts may not be successful in further promoting our brand. In addition, our brand image may be harmed by negative publicity relating to us or India's tyre manufacturing industry regardless of its veracity. Moreover, in case any company tries to pass off its products under our brand name or a brand name which is deceptively similar to our brand name and if we are unable to enforce our intellectual property rights, our business may suffer along with our reputation. Occurrence of any or all of these events may adversely affect our business and results of operations. Further, competition may force us to increase our spend on advertisements and brand building efforts, which may adversely impact our profitability

We could be subject to product liability, warranty and personal injury claims, as well as product recalls, due to alleged or actual defects in our products, which could adversely affect our brand image, margins, business and results of operations, and our insurance coverage may not adequately protect us against such possible risk of loss.

Product quality, or the perception thereof, significantly influences a customer's decision to purchase tyres. We face an inherent business risk of exposure to product liability, warranty or personal injury claims in the event that our products are deemed or proven to be unsafe, ineffective or defective, fail to perform as expected or if they result, or are alleged to result, in bodily injury or property damage or both. If we are unable to defend ourselves against such claims, we may be subjected to civil and criminal liability for physical injury, death or other losses caused by our products, suspension of our operations and the revocation of our business permits or licenses. While we have not faced any material product liability, warranty or personal injury claims in the past, we cannot assure you that we will not experience any significant losses arising out of material product liability, warranty or personal injury claims in future.

Moreover, material defects in our products could require us to publicly recall such products. Any such recall could require us to incur considerable costs and expenses and could adversely affect our brand and reputation. Any such lawsuits, proceedings and other claims resulting from such product liability, warrant or personal injury claim could also result in increased costs for us. A successful warranty or product liability claim or costs incurred in the process of a product recall in excess of or not covered by our available insurance coverage, if any, could have a material adverse effect on our business prospects, results of operations, cash flows and financial condition.

We may be subject to claims of infringement of third-party intellectual property rights, which could adversely affect our business.

We believe that our most important trademarks are the "Apollo", "Vredestein" and "Reifen", along with their respective variations / formative marks. We are the proprietors of the "Apollo", "Vredestein" and "Reifen" trademark and logos in several parts of the world. Our corporate logos "Go The Distance" and "Winding Road" as well as our brands such as Alnac, Amazer, Apterra, Agrex, Endu, Maloya, Kaizen, Regal and Endurace (along with their respective variations/ formative marks) are registered in several parts of the world. However, in certain countries, their registration is pending. Further, our tyre tread designs are registered in India and in the European Union. We also have copyright registrations for our artistic logos.

While we take care to ensure that we comply with the intellectual property rights of third-parties, we cannot determine with certainty whether we are unintentionally infringing upon any existing third-party intellectual property rights. Such recent instances include:

a. Bridgestone Licensing Services Inc. initiated multiple actions against our trademarks "Hawkz" and "Apollo Hawkz" in Australia, South Africa and certain countries in Latin America. These actions were settled through a worldwide settlement agreement dated April 30, 2013 under which we were required to completely withdraw the Hawkz marks worldwide by April 30, 2014.

b. Apollo adopted the trademark 'XTRAX' and filed applications in Community Trade Mark ("**CTM**"), and Australia to obtain statutory rights in June of 2009. In CTM, our mark was opposed by Michelin on November 17, 2009 based upon their earlier rights in trade mark 'X' and 'X' composite marks in class 12. Apollo has withdrawn the applications and Michelin has confirmed and consented to Apollo's use of any mark including letter "X" (where the said letter is combined with another letter and number is acceptable). Apollo has discontinued the sale and marketing of XTRAX Tyres from the end of December 2014

c. We filed application for marks "Apollo Endurace" in Canada and the United States in 2016. The applications were opposed by Goodyear on the grounds that they have had prior rights for "Endurance". We have withdrawn our application for registration of "Apollo Endurace" in the United States and Canada.

Any such claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, which could adversely affect our business in terms of lost sales opportunity and results of operations.

Non-compliance with environmental, labor and occupational health and safety laws as well as other laws and regulations applicable to our business may expose us to liabilities.

We are required to comply with environmental laws and regulations while conducting our businesses in India and in Europe. These laws govern the discharge of pollutants into the air, on land and in water, establish standards for the treatment, storage and disposal of solid and hazardous substances and wastes and the extent of employee exposure to such hazardous substances. Compliance with these laws and regulations involve significant costs and we have incurred, and shall continue to incur such costs, in the future in order to comply with the environmental laws and regulations of the countries in which we operate.

As of the date of this Preliminary Placement Document, we are not aware of any material violation of applicable environmental, labor and occupational health and safety laws at our plants. Our manufacturing facilities are ISO and OHSAS 18001 certified, with the exception of our Hungary plant which only started production this year. However, the consequences of any future non-compliance may be severe and our facilities may be shut down by the authorities in case of material non-compliance. If any of our facilities are shut down by regulators for non-compliance of environmental laws, we may have to incur significant costs on penalty payments, appeal for any decision to close our facilities and may be required to pay for labor and other costs, while not generating any revenues or products from such facilities during the period of shut down. Moreover, if any of our products are deemed to be hazardous to the environment, we may be required to initiate a product recall, cease production of such products and be liable for the payment of fines or penalties. As a result, our reputation and brand image may be adversely affected and our overall operational expenses may increase and our profits may decrease.

We are also subject to laws governing relationships with employees across all geographies where we operate, such as laws governing minimum wage and maximum working hours, working conditions, hiring and termination, contract labor and work permits. Furthermore, the success of our business is contingent upon, among other things, receipt of all required licenses, permits and authorizations in a timely manner. Any failure to obtain and maintain any licenses and approvals necessary to operate our business may adversely affect our business and operations. For further details, see "***Risk Factors - Any failure to obtain, renew and maintain requisite statutory and regulatory permits, licenses and approvals for our operations from time to time may adversely affect our business***" on page 47. Breach of such laws and regulations may result in the suspension, withdrawal or termination of such licenses or permits, or the imposition of penalties by the relevant authorities, which could adversely affect our business and results of operations.

Any failure to obtain, renew and maintain requisite statutory and regulatory permits, licenses and approvals for our operations from time to time may adversely affect our business.

We require various statutory and regulatory permits, licenses and approvals to carry out our business and operations. The majority of these approvals are granted for a limited duration and require renewal. While we believe that all material licenses required by us to operate our business are currently valid or renewal applications have been made, certain other approvals are also due for renewal. While we have applied for the renewal of some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. We have in the past been faced with delays in receipt of clearances and permits for our manufacturing facilities and ancillary infrastructure, including in respect of land. If we are not able to obtain or renew approvals in a timely manner, then our business and operations may be affected. Our permits and licenses are subject to numerous conditions and we cannot assure you that such permit or licenses would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our activities, any of which could adversely affect our business.

Trade regulation actions could adversely affect our profitability or increase our cost of raw materials.

Our operations are subject to trade regulation actions by the governments of countries in which we carry on our principal operations. Import of tyres is subject to tariff in India as well as in the European Union. The reduction or elimination of these tariffs, whether generally or pursuant to free trade agreements with one or more countries, would permit cheaper foreign goods to be brought into these countries and could potentially open these markets to low cost tyre imports that are currently subject to tariffs. If this occurs and we are unable to compete effectively with these imports, our business and results of operations may be affected.

Conversely, certain raw materials that we consume during our manufacturing process, such as natural rubber, nylon tyre cord fabric, polyester fabric, steel cord, rubber chemicals, synthetic rubber and carbon black are supplied in part, or substantially, as the case may be for respective raw materials, by overseas producers. These raw materials are occasionally the subject of trade disputes, and the Government may impose anti-dumping price control measures, safeguard duties and other restrictions, making it more difficult for foreign suppliers of these raw materials to compete. For example, on September 1, 2017, the Government imposed anti-dumping duty on styrene butadiene rubber of 1500 and 1700 series imported from the European Union, Thailand and South Korea, for a period of five years. Presently, the Government of India imposes anti-dumping duties on imports of nylon fabric, carbon black, rubber chemicals and styrene butadiene rubber.

Imports of natural rubber to India are also subject to tariffs, increases of which could increase the cost of the most significant raw material required for our business. For example, with effect from April 30, 2015, the Government of India increased the import duty on dry rubber from 20% or ₹ 30 per kg (whichever is lower) to 25% or ₹ 30 per kg (whichever is lower) with the view to increase the cost of imported rubber and create demand for locally produced rubber. As a majority of the rubber that we use as raw material is imported, such measures increase our operating costs and adversely affect our business and results of operations. Moreover, the Government has restricted the import of natural rubber only to Chennai and Nhava Sheva seaports in India, which has increased our logistic and handling costs.

Our operations may also be adversely affected by free trade agreements. Certain countries impose significant import duties on tyre imports. If countries with significant import duties in which we operate enter into free trade agreements with countries in which potential competitors are incorporated or are headquartered, this will put us in a competitively disadvantaged position. For example, our ability to expand in certain Southeast Asian markets is adversely affected by the existence of local tyre manufacturers, which are incorporated or headquartered in other Southeast Asian markets and are not subject to the import duties that we are subject to. Further, any increase in or imposition of new tariffs by these countries on imports from India or from Europe may make our exports sold in such countries costlier, thereby impacting our sale volumes. For instance, the United States has recently introduced anti-dumping duty on OHT tyres manufactured in India.

We may not be able to meet our commitment under the Export Promotion Capital Goods scheme ("EPCG") and Advance License Schemes.

We currently import a portion of our capital goods and raw materials under a negligible or reduced import duty under the EPCG and advance license scheme of the Government of India, which is subject to our meeting the committed level of exports. We may not be able to meet these export commitments, which may result in not only the repayment of the entire import duty saved under such schemes but also certain penalties. This may adversely impact our profitability.

Significant changes in laws and governmental regulations could have an adverse effect on our profitability.

The legal and regulatory standards in our principal markets is complex and dynamic and future changes to the laws and regulations with regard to, for example, labor laws, carbon dioxide emissions and safety tests and protocols, could have an adverse effect on the products we produce and on our profitability. For example, an amendment to the Indian Payment of Bonus Act, 1965 in fiscal 2016 led to an increase in the minimum wages payable to workmen at all our plants in India. The Supreme Court also recently issued directions which would require both state governments and particularly state pollution control boards to restrict industrial activities in approved manufacturing facilities unless effluent treatment plants attached to such facilities are fully functional. If for any reason one or more of our manufacturing facilities do not pass inspections to be carried out by the state pollution control boards, we may suffer a disruption in our activities which could adversely affect our business. Further, a revision in the European Union Tyre Labelling Regulation is expected to come into effect in 2019, which may again require us to incur additional costs on developing new materials and processes to improve certain characteristics of our tyres. We also expect revision in regulations that imposes additional challenges for homologation by way of new technologies and investment as well as regulations governing control on rolling resistance and noise, which are contradicting in nature, in electric and hybrid vehicles.

We are also subject to complex tax laws in each of the jurisdictions in which we operate and changes in tax laws could adversely affect our tax position. We often rely on generally available interpretations of tax laws and regulations in the jurisdictions in which we operate. We cannot be certain that the relevant tax authorities shall not change their position with respect to such tax laws, which could subject us to additional taxation. This could adversely affect our profitability, in case we are unable to pass on such additional costs to our customers.

We have certain contingent liabilities which may adversely affect our financial condition.

Our contingent liabilities, on a consolidated basis as of June 30, 2017, are set out below.

Particulars	**As of June 30, 2017**
	(₹ in millions)
Sales Tax	39.64
Income Tax#	84.10
Claims against us not acknowledged as debts:	
(i) Employee related	73.52
(ii) Others	68.06
Excise duty*	161.78

 # Excludes amount of ₹ 441.66 million in appeals which have been decided by appellate authorities in the Company's favour but on which the tax department has filed a further appeal and raised a demand of ₹663.70 million in connection with the adjustments made in MAT computation.

** Excludes demand of ₹ 532.12 million raised on one of the Company's units relating to issues which have been decided by the appellate authority in the 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.*

(1) For the reader's convenience, U.S. dollar translations have been provided at a rate of U.S.$1.00 = ₹64.74 which was the RBI rate as of June 30, 2017.

For further details of our contingent liabilities and certain disputes and litigation, please see the "***Financial Statements***" on page 228.

The materialization of any of these contingent liabilities could adversely affect our business, financial condition and results of operations. For further information on such contingent liabilities, see "***Financial Statements***" on page 228.

We depend on our IT systems in connection with various critical aspects of our business.

We depend on our IT systems in connection with raw material procurement, inventory and supply management, manufacturing processes, warehouse management, transportation, employee payroll management, sales, distribution finance, treasury and accounting. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result in a material adverse effect on our operations. A large-scale IT malfunction could disrupt our business or lead to disclosure of sensitive company information. Our ability to keep our business operating depends on the proper and efficient operation and functioning of various IT systems, which are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems). A significant or large-scale malfunction or interruption of one or more of our IT systems could adversely affect our ability to keep our operations running efficiently. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable. A failure of our information technology systems could also cause damage to our reputation which could harm our business. For example, during fiscal 2016, we implemented SAP in our European operations and such operations were affected when the system did not perform as expected. We also lost a week of B2B e-commerce business during fiscal 2016 due to system breakdown.

Moreover, our business operations across all geographies are linked to our centralized enterprise IT systems located at Gurgaon, India. Interruptions between the connections to our centralized IT systems may result in business disruptions. Dealing with these disruptions and malfunctions may involve significant cost, which may have an adverse effect on our operations and profitability. Further, cyber-attacks and phishing malpractices may materially disrupt our operations. Any or all of such developments could have a material adverse effect on our business, financial condition and results of operations.

Uninsured losses could result in substantial liabilities to us that could negatively impact our financial condition.

We may be subject to losses that are not covered in whole or in part by our existing insurance coverage. We maintain insurance for a variety of risks including, among other things, fire and special perils, including insurance of the boilers and pressure machines at our facilities, goods in transit between our manufacturing facilities and the retail outlets and OEMs, cash-in-safe and cash-in-transit, electronic equipment and other assets. We also carry director and officer liability insurance.

There are certain risks and losses for which we are not insured or may be inadequately insured, such as loss of business, environmental liabilities, cyber-attack and terrorism, title insurance or loss of a key senior management personnel because they are either uninsurable or not insurable at commercially acceptable terms. While we believe that our insurance coverage should be reasonably adequate to cover the normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that our coverage is sufficient to indemnify all material losses.

Should an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities, lose capital invested in that asset or lose the anticipated future income that could have been derived from use of such property, while remaining obligated for any expenses, indebtedness or other financial obligations related to our business. Any such loss could result in substantial liabilities or adversely affect our ability to replace property or equipment that is destroyed or damaged, which would adversely affect our business and results of operations.

We have entered into related party transactions in the past and may continue to do so in the future.

We have entered into various transactions with related parties, such as for the sales of our products, lease of property and assets, and purchase of tubes, curing bladders and tyre building machines. For further details, see our "***Financial Statements***" on page 228.While we believe that we have obtained requisite corporate approvals under applicable laws wherever required for all such transactions and have carried them out in ordinary course of business and on arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such future transactions, individually or in the aggregate, will not have an adverse effect on our business, reputation financial condition, regulatory compliance and results of operations.

We price certain inter-company transactions using transfer pricing, which subjects us to certain risks that may adversely affect our results of operation and financial condition.

We evaluate certain inter-company transactions using transfer pricing under the income tax laws of various countries where we operate. There can be no assurance that the income tax department of such countries shall not initiate proceedings against us that allege violation of transfer pricing norms. Defending such disputes are costly and difficult due to in part, the inherent challenge of documenting and defending the transfer prices that we have used. Moreover, the regulations that govern transfer pricing are vaguely drafted and provide limited guidance regarding their application and interpretation. If the income tax department of these countries initiate a proceeding against us for our transfer pricing practices, our results of operations and financial condition may be adversely affected.

Our ability to pay dividends in future will depend on our earnings, business plans, working capital requirements and restrictive covenants in certain financing arrangements. Our inability to declare dividend in future or declare dividend at a rate lower than past trends may adversely affect the trading price of our Equity Shares.

We have a consistent track record of dividend payment. The details of the dividend paid by us in the last three fiscals are as follows:

For Fiscal	Dividend per Equity Share (in ₹)	Dividend percentage (%)
2017	3.00	300
2016	2.00	200
2015	2.00	200

However, our ability to pay dividends in the future will depend on our earnings, financial condition and future capital requirements. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into from time to time. Therefore, dividends that we have paid in the past are not reflective of the dividends that we may pay in future. In the event we are unable to declare dividends in future, for any or all of the above reasons, or declare dividends at a rate lower than past trends, it may adversely affect the trading price of our Equity Shares. See also, "***Dividends***" on page 65.

We do not own all the premises from which we operate and continuous and uninterrupted use and possession of such premises are subject to certain conditions.

We do not own all the premises from which we operate. Our manufacturing facilities at Oragadam, Limda and Kalamassery in India are situated on leasehold premises, all of which are on long term lease. For further details, see "***Business - Manufacturing Facilities and Tyre Procurement in India***" on page 155. Violation of the terms and conditions of the lease may lead to a termination of the contract. In case we lose the right to use such property, we would be required to move our capacities elsewhere which may cause disruptions to our operations and require significant expenditure. If we are unable to renew our leases or enter into new agreements for suitable premises on acceptable terms, our business and results of operations may be adversely affected.

Our consolidated net revenue will be adversely affected if the Government reduces or withdraws tax benefits and other incentives it currently provides to us or otherwise increases our effective tax rate.

Presently, we enjoy the following tax benefits, subject to fulfilling certain conditions (the "**Subsidy Conditions**"):

a. In Netherlands, we receive the "Innovation Box Tax Benefit, under which certain portion of our profits are taxed at the rate of 5.00%. Non-receipt of such tax benefit would subject our total profits to a 25.50% tax.

b. In India, (i) we receive subsidies under the New Industrial Policy, 2007 and the policy framework of the SIPCOT Industrial Park, in which our Oragadam manufacturing facility is located such as in fiscal 2015 when we received a capital subsidy of ₹ 22.50 million for compliance with the New Industrial Policy, 2007, (ii) we are, subject to certain conditions, entitled to a refund of an amount equal to the aggregate of the net output VAT and the CST paid by our Oragadam manufacturing facility to the Government of Tamil Nadu under our memorandum of understanding and its subsequent supplemental memoranda of understanding with the Government for a period of 14 years (which can be extended by additional four years) from the date of commencement of commercial production subject to a maximum of 50% of the investment made in eligible fixed assets during the approved investment period (as defined by the relevant memorandum of understanding), (iii) we enjoy tax benefits such as a weighted deduction of 150% of the revenue & capital expenditure incurred on R&D activities in Chennai and Limda, and (iv) we also enjoy a 100% deduction of the profit generated by the production of power through windmill based in Limda.

c. In Hungary, we have received and will receive cash incentives from the Hungarian government, which is linked to investment and employment. Further, once the factory in Hungary is operational, we shall receive tax incentives in the form of Tax Holiday from the Hungarian government.

d. Any increase in our effective tax rate as a result of expiration or withdrawal of such tax benefits, changes in applicable tax laws or our failure to fulfil the Subsidy Conditions could materially reduce our profitability. Furthermore, any significant increase in effective tax rates in future could adversely impact our net profits for future periods. For example, in Hungary, the incentives are subject to our completing the committed investment amount and employing and maintaining the committed number of employees over a period of 5 years post the completion of investment. Any failure by us to meet this commitment may result in repayment obligations of the received incentives together with interest.

   For further details of the tax benefits, see "***Taxation***" and "***Financial Statements***" on pages 212 and 228, respectively.

We generate income and incur expenses in multiple currencies and have certain foreign currency denominated borrowings, and exchange rate movement may cause us to incur losses when hedging on our exchange exposure is insufficient.

Changes in currency exchange rates influence our results of operations. Our revenues are influenced by currencies of geographies where we manufacture or sell our products (for instance, Europe, Africa, North America and Middle East). For our manufacturing operations in India, we import a substantial portion of raw materials, the price of which is paid predominantly in U.S. Dollars. Since the total value of our imports is greater than the total value of our exports, we are impacted by fluctuations in value of the Indian Rupee compared to the U.S. Dollar. We also make sales in multiple geographies from India and Europe denominated in currencies which are different from their respective source currencies (i.e. Indian Rupee and Euro). Certain financing arrangements that we have entered into are also denominated, and payable, in currencies other than the Indian Rupee, including the U.S. Dollar and Euro.

The exchange rates between the Indian Rupee, the Euro, the U.S. Dollar and other currencies have fluctuated substantially in the last two decades and could continue to fluctuate in the future. We face risk particularly with respect to the exchange rates between the Indian Rupee and the U.S. Dollar. Between April 1, 2013 and June 30, 2017, the Indian Rupee experienced significant depreciation, with the Indian Rupee-U.S. Dollar exchange rate moving from 54.39 to 64.74, based on the RBI website. Further, we present our consolidated financial statements in Indian Rupees and to that extent we are exposed to translation gains or losses from consolidating our Foreign Subsidiaries, particularly those in Europe. Therefore, any fluctuation in the value of the Indian Rupee compared to the Euro may notionally impact our Consolidated Financial Statements.

We use hedging contracts to hedge foreign exchange exposure relating to the underlying transactions and firm commitments. To the extent that income and expenditures are not denominated in Indian Rupees, despite our entering into foreign exchange hedging contracts from time to time, exchange rate fluctuations could affect the amount of income and expenditure we recognize.

Although we follow foreign currency exposure closely, including on a contract-by-contract basis, and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect against incurring large losses if currencies fluctuate significantly. Adverse fluctuations in foreign exchange rates which are not sufficiently hedged could adversely affect our results of operations and our financial condition. Such fluctuations may also cause a technical non-compliance with the covenants in certain loan agreements that mandate maintenance of specified financial ratios, which could trigger an event of default under such agreements and cross default in other agreements. For further details, see "***Risk Factors - We are subject to restrictive covenants in certain debt facilities***" on page 41.

Statistical, industry and financial data in this Preliminary Placement Document may be incomplete or unreliable.

We have not independently verified data obtained from industry publications and other sources referred to in this Preliminary Placement Document and, therefore, while we believe them to be true, we cannot assure you that such information is complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Further, the industry sources typically contain certain industry and market data, based on certain assumptions. There are no standard data gathering methodologies in the segments in which we conduct our businesses, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that such assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Preliminary Placement Document. Discussions of matters, therefore, relating to geographies and the industries in which we currently operate, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Prospective investors are advised not to place undue reliance on the statistical and industrial information as included in this Preliminary Placement Document, when making their investment decisions. See section titled "***Presentation of Financial Information and Other Conventions***" and "***Industry Overview***" on pages 10 and 113.

Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. We are currently involved in a proceeding initiated by the CCI against certain tyre manufacturers in India in relation to alleged abuse of dominant position. For details see, "***Legal Proceedings***" on page 224. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected. Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds.

On March 4, 2011, the Government of India notified and brought into force new provisions under the Competition Act in relation to combined entities (the "**Combination Regulation Provisions**"), which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations. Any actual, pending, contemplated or threatened proceedings, investigations, actions, claims or suits against us, our subsidiaries and directors, whether meritorious or not, could be time consuming and costly, require significant amounts of management time and result in the diversion of significant operational resources.

Risks relating to India

Indian companies are required to prepare financial statements under the new Indian Accounting Standards. In addition, all income-tax assessees in India, including us, will be required to follow the Income Computation and Disclosure Standards.

We have historically prepared our annual and interim financial statements under Indian GAAP and have recently adopted IND AS from April 1, 2016 in accordance with the Companies (Indian Accounting Standards) Rules, 2015. We announced our financial results under IND AS for the first time for the quarter ended June 30, 2016 and have reported our annual and interim financial statements under IND AS thereafter. The Audited Consolidated Financial Statements included in this Preliminary Placement Document have been prepared under Indian GAAP and IND AS and our unaudited reviewed consolidated financial information as of and for the three months ended June 30, 2017 included in this Preliminary Placement Document have been prepared under IND AS. The financial statements reported under IND AS may not be directly comparable with financial statements prepared under Indian GAAP. While we have included reconciliation between Indian GAAP and IND AS for the balance sheet, statement of profit and loss, statement of cash flow, cash and cash equivalents, equity and net profit for fiscal 2016 and fiscal 2017, we urge that potential investors should consult their advisers for an understanding of the principal differences between Indian GAAP and IND AS, and how these differences might affect our Financial Statements.

Further, Indian GAAP and IND AS differ in certain respects from U.S. GAAP, IFRS and other accounting principles and standards. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the Financial Statements nor do we provide for a reconciliation of the Financial Statements to those of U.S. GAAP or IFRS. Accordingly, the degree to which financial information included in this Preliminary Placement Document will provide meaningful information is entirely dependent on investor’s familiarity with Indian accounting principles.

Further, in compliance with the Companies Act, 2013 we have changed our statutory auditors effective from fiscal 2017. As per the advice and interpretation of our previous auditors we may have taken a stance on accounting policies/standards which may undergo a change if advised differently by the current auditors. This may lead to an adjustment in our financial information.

Furthermore, the Government of India has issued a set of Income Computation and Disclosure Standards (“**ICDS**”) that will be applied in computing taxable income and payment of income taxes thereon applicable with effect from assessment year 2017-2018. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "Profits and gains of business/profession" and "Income from other sources." This is the first time such specific standards have been issued in India for the computation of income taxes and based on the preliminary review, we understand that the impact of ICDS on our tax incidence is negligible.

We are subject to regulatory, economic and social and political uncertainties and other factors beyond our control.

We are incorporated in India, we conduct our corporate affairs and a majority of our business activities in India, including four of our manufacturing facilities. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by the following external risks, should any of them materialize:

- changes in exchange rates and controls;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs and lower the return on investments;
- decline in India’s foreign exchange reserves which may affect liquidity in the Indian economy;
- political instability, resulting from a change in government or in economic and fiscal policies;
- civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war and other similar threats may adversely affect the financial markets;
- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India;
- high levels of inflation;
- downgrading in India’s sovereign debt rating; or
- natural calamities and force majeure events.

The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. Indian governments have generally pursued policies of economic liberalization and financial sector reforms, including by relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy has remained significant and we cannot assure you that such liberalization policies will continue. A significant change in India's policy on economic liberalization and deregulation or any social or political uncertainties could adversely affect business and economic conditions in India generally and consequently, our business and prospects.

In the past, India has experienced communal disturbances, strikes, terrorist attacks, riots, epidemics and natural disasters. India has also experienced natural calamities such as earthquakes, tsunamis, floods and drought in the past few years. Any such events may disrupt our operations or those of our customers and suppliers. Our manufacturing facilities in Tamil Nadu are exposed to the risk of floods and our facility at Gujarat is exposed to the risk of earthquakes. Operations at our Chennai plant were disrupted during floods in 2015. If work is disrupted at one of these facilities due to the occurrence of any such event, it may be impossible or impractical to transfer work to another facility without incurring significant costs and delays and could adversely affect our ability to provide products and services to our customers. Terrorist attacks, armed conflict or war or any heightened risk of such events may also occur. These acts and occurrences could have an adverse effect on the financial markets and the economy of India and of other countries, thereby resulting in a loss of business confidence and a suspension of our operations, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Social changes in India such as the increasing use of cab services provided by service providers such as Uber and Ola may lead to reduced car purchase activity. This may further impact the sale of branded PCR tyres because a cab driver vis-a-vis a car owner is likely to be less quality- and brand-conscious and may opt for cheaper alternative tyres. Cabs and/or vehicle pooling trends may reduce the number of automobiles on the road, thereby impacting the demand for tyres.

Investors may have difficulty enforcing judgments against us or our management.

We are incorporated under the laws of India and majority of our Directors and all our key managerial personnel reside in India. A majority of our assets, and the assets of our Directors and officers, are also located in India. As a result, you may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. See "***Enforcement of Civil Liabilities***" on page 14.

Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Memorandum and Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, quorum requirements and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a corporate entity in another jurisdiction.

Changing tax laws, rules and regulations and legal uncertainties in India, including adverse application of tax laws, may adversely affect our business and financial performance.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the few instances (which are only illustrative and not exhaustive) briefly mentioned below, may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with such changes in applicable law and policy:

- The notified provisions of the Companies Act 2013, together with the rules thereunder, contain significant changes to Indian company law, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, accounting policies, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing.

- The Government of India implemented a GST regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

- There is, however, lack of clarity on certain aspects of GST, and there is no assurance that such issues will not adversely affect our business going forward. Moreover, the investment promotion subsidy that we receive at our Oragadam plant may get impacted by the implementation of GST and there is no assurance that such subsidy will continue to be available under the GST regime. Further, compliance with the GST at its initial stage may negatively impact our business. In the first month post GST implementation, we experienced disruption in demand of our products and there is no assurance that the demand will return to the normal levels. In addition, under the GST regime, we are obliged to pass on any benefits accruing to us as result of the transition to GST to the consumer thereby limiting our benefits. Further, in order for us to avail input credit under GST, the entire value chain has to be GST compliant, including us. While we are and will continue to adhere to the GST rules and regulation, there can be no assurance that our suppliers and dealers will. Any such failure may result in increased cost on account of non-compliance with the GST and may adversely affect our business and results of operations.

- The General Anti Avoidance Rules ("**GAAR**") have been introduced in the Income-tax Act, 1961 ("**IT Act**") along with the rules in the Income Tax Rules, 1962 ("**IT Rules**"), and came into effect on April 1, 2017. The intent of this legislation is to prevent business arrangements set up with the intent to avoid tax incidence under the IT Act. In the absence of any precedents on the subject, the application of these provisions is uncertain.

- The Government of India has amended the rules which determine the 'tax residency' of a company in India with effect from April 1, 2017. Previously, a foreign company could be a tax resident of India only if its control and management was situated wholly in India. Under the amended rules, a foreign company will be treated as a tax resident of India if (i) it is an Indian company; or (ii) its place of effective management ("**POEM**") is in India. POEM is defined in the IT Act to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made. The Government of India has also issued the final guidelines for determining POEM of a company on January 24, 2017. Based on our preliminary assessment of the rules and the factual position of our Company, while we believe that adverse implications from applying the amended rules and the treatment of our foreign subsidiaries under such rules from the POEM perspective is unlikely or limited, the actual impact is uncertain.

Further, there have been recent amendments to other laws in India, as well as new acts and regulations that have been promulgated, including the Insider Trading Regulations and SEBI Listing Regulations. The impact of any or all of the above changes to Indian legislation on our business cannot be fully determined at this time. Uncertainty in the applicability, interpretation or implementation of any amendment to governing law, regulation or policy may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

Our ability to raise debt capital from banks and financial institutions outside India may be constrained by Indian law, which may adversely affect our financial condition, results of operations and prospects.

Pursuant to regulations issued by the RBI, debt capital raising though external commercial borrowings ("**ECB**") are subject to various restrictions including, limits up to which amounts can be raised by an Indian Company in a fiscal, prescription of minimum average maturity, restrictions on end uses for ECB, limits on all-in-cost and so forth. ECBs not complying with requirements specified by the RBI require prior approval of RBI. In addition, there are certain routine procedural and disclosure requirements in relation to any such ECB. Further, raising funding in the international capital markets also requires compliance with the capital markets laws of such countries. Applicable restrictions on ECB may constrain our ability to raise cost effective funding for our business activities including, implementing asset purchases, refinancing existing indebtedness, or financing acquisitions and other strategic transactions in the future, which may adversely affect our business, financial condition, results of operations and prospects.

Our ability to invest in overseas subsidiaries and joint ventures may be constrained by Indian and foreign laws, which may adversely affect our growth strategy and business prospects.

Under Indian foreign investment laws, an Indian company is permitted to invest in its overseas joint ventures or subsidiaries up to 400.00% of its net worth (such net worth calculated as on the date of its last audited balance sheet). This limit also applies to any other form of financial commitment by the Indian company, including in terms of a loan, guarantee or counter guarantee. However, any financial commitment exceeding US$ 1 billion (or its equivalent) in a fiscal would require prior approval of the RBI, even when the total financial commitment of the Indian company is within the eligible limit as mentioned above.

Other restrictions include the restriction on an Indian company providing an "open ended" guarantee for an overseas entity (i.e., not specifying the amount and period of the guarantee, upfront). Investment or financial commitment not complying with the stipulated requirements is permitted with the RBI's prior approval. In addition, there are certain routine procedural and disclosure requirements in relation to any such overseas direct investment. Changes in laws or any other restrictions/approvals from RBI may delay investments or constrain our ability to make any such overseas direct investment. As of June 30, 2017, we had a joint venture incorporated in the U.S., and 43 subsidiaries including subsidiaries incorporated in the Netherlands, Germany, Sweden, France, Belgium, Austria, Spain, Switzerland, U.K., the United States, Hungary, Thailand, the United Arab Emirates, Singapore, Malaysia and South Africa. The limitations on overseas direct investment may constrain our ability to acquire or increase our stake in overseas entities as well as to provide other forms of financial support to such entities, which may adversely affect our growth strategy and business prospects.

Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of the Equity Shares, independent of our operating results.

The Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Indian Rupees and will subsequently be converted into U.S. dollars in case of repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

Risks relating to the Equity Shares and the Placement

Our Equity Shares may experience price and volume fluctuations.

The market price of our Equity Shares may fluctuate as a result of several factors, including:

- volatility in the Indian and the global securities market or in the Rupee's value relative to the U.S. dollar, the Euro and other foreign currencies;
- our profitability and performance;
- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in companies engaged in the tyre manufacturing business;
- adverse media reports about us or the Indian automotive sector;
- speculation as to scandals in the public domain;
- a comparatively less active or illiquid market for Equity Shares;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the tyre industry;
- inclusion or exclusion of us from indices;
- significant developments in India's fiscal and environmental regulations; and
- any other political or economic factors.

The Issue Price will be determined by us in consultation with the Book Running Lead Managers, based on the Bids received in compliance with the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Placement has been completed. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Placement, or that the price at which the

Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Placement.

Future issuances or sales of the Equity Shares could significantly affect the trading price of the Equity Shares.

Any future issuance of Equity Shares could dilute your shareholding. Such future issuances or the disposal of Equity Shares by any of our major shareholders, or the perception that such issuance or sales may occur, may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the major shareholders will not dispose of, pledge or otherwise encumber Equity Shares held by them, which could adversely affect the value of your investment.

There is no guarantee that the Equity Shares issued pursuant to this Placement will be listed on the Stock Exchanges in a timely manner, or at all.

In accordance with Indian law and practice, final listing and trading approval of the Equity Shares issued pursuant to this Placement will not be applied for granted until after the Equity Shares have been issued and allotted. Such approval for listing and trading will require all relevant documents authorizing the issuance of the Equity Shares to be submitted to the Stock Exchanges. Accordingly, there could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the final listing and trading approval would restrict an investor's ability to dispose of the Equity Shares.

An investor will not be able to sell any of the Equity Shares subscribed for in this Placement other than across a recognized Indian stock exchange for a period of 12 months from the date of the issue of the Equity Shares.

Pursuant to the requirements of the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares in this Placement, QIBs subscribing to such Equity Shares may only sell the Equity Shares on the NSE or the BSE and may not enter into any off-market trading arrangement in respect of such Equity Shares. These restrictions may also affect the liquidity of the Equity Shares purchased by you in this Placement and may have an adverse impact on the trading price of the Equity Shares.

Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares, which have been held for more than 12 months, on a stock exchange will not be subjected to capital gains tax in India if securities transaction tax ("**STT**"), has been paid on the sale of the Equity Shares. Any gain realized on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT was paid, will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the Equity Shares. However, capital gains on the sale of the Equity Shares purchased in the Issue by residents of certain countries will not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries. For further details, see "***Taxation***" on page 212.

SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, the Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell the Equity Shares at their preferred price or at all at any particular point in time.

Applicants to the Placement are not allowed to withdraw their Bids after the Bid Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Placement are not allowed to withdraw their Bids after the Bid Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid Closing Date and the date of commencement of trading in the Equity Shares Allotted pursuant to the Issue. Occurrence of any such events after the Bid Closing Date could also impact the market price of the Equity Shares. We may complete the Allotment of the Equity Shares even if such events occur, which may limit the applicants' ability to sell the Equity Shares after the Placement or cause the trading price of the Equity Shares to decline.

If we are classified as a passive foreign investment company ("PFIC") for U.S. Federal income tax purposes, U.S. investors may incur adverse tax consequences.

Under U.S. Federal income tax laws, U.S. investors are subject to special tax rules if they invest in passive foreign investment companies, or PFICs. While we do not believe that we are, or will become in the foreseeable future, a PFIC, since the applicable PFIC rules are complex and, to a certain extent, unclear, there is a risk that we are or may become a PFIC in the future. If we are or become a PFIC, U.S. investors generally will not be subject to the regular U.S. federal income tax rules applicable to dividends and capital gains, but will be subject to complex PFIC rules that could result in additional taxation upon certain distributions by us and/or upon a sale or disposition of Equity Shares.

Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer holders of its equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares who have voted on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If permitted by and subject to applicable law, we may elect not to file a registration statement in relation to such pre-emptive rights otherwise available to you under Indian law. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

MARKET PRICE INFORMATION

Source: www.nseindia.com and www.bseindia.com, the websites of NSE and BSE, respectively

Our Equity Shares are listed on the BSE and NSE.

As the Equity Shares are actively traded on the BSE and the NSE, our stock market data has been given separately for each of these Stock Exchanges.

As on the date of this Preliminary Placement Document, 509,024,770 Equity Shares have been issued, subscribed and are fully paid up. The Face Value of our Equity Shares is ₹ 1 per Equity Share.

On September 29, 2017, the closing price of the Equity Shares on the BSE and NSE was ₹ 244.95 and ₹ 245.75, respectively. The tables below set out, for the periods indicated, the high, low and average closing prices and the trading turnover on the NSE and the BSE for our Equity Shares.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded for the fiscals 2017, 2016 and 2015.

NSE

Year ending	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)*	Total Volume of Equity Shares traded in the Fiscals (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in million)
Fiscal 2017	229.45	October 5, 2016	7,048,803	1,616.93	146.10	June 27, 2016	909,438	133.10	180.95	678,687,386	127,028.40
Fiscal 2016	217.25	August 4, 2015	4,863,271	1,024.27	132.40	January 19, 2016	4,067,685	541.21	171.62	645,274,495	111,039.71
Fiscal 2015	243.15	February 2, 2015	3,574,123	876.02	157.80	March 26, 2015	5,774,857	914.53	195.90	1,068,863,438	208,779.28

** Average of the daily closing prices*
Note: High and low prices are based on daily closing prices
(Source: www.nseindia.com)

BSE

Year ending	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)*	Total Volume of Equity Shares traded in the Fiscals (in number)	Total Turnover of Equity Shares traded in the Fiscals (₹ in million)
Fiscal 2017	229.75	October 5, 2016	1,335,135	306.91	146.00	June 27, 2016	190,734	27.92	180.94	77,791,913	14,486.65
Fiscal 2016	216.95	August 4, 2015	453,387	95.57	132.35	January 19, 2016	196,051	25.99	171.59	66,643,445	11,618.80
Fiscal 2015	243.95	February 2, 2015	314,628	77.18.	157.90	March 26, 2015	166,840	26.50	195.87	126,796,914	24,472.86

** Average of the daily closing prices*
Note: High and low prices are based on daily closing prices
(Source: www.bseindia.com)

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the volume of Equity Shares traded in each of the last six months.

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Equity Shares traded in the month	
										volume	Turnover (₹ in million)
September, 2017	263.35	September 12, 2017	3,002,793	784.40	241.70	September 27, 2017	200,4251	493.18	254.05	63,534,011	16,199.45
August, 2017	285.50	August 7, 2017	1,890,8914	5,315.73	248.35	August 30, 2017	3,302,942	825.20	264.64	117,214,850	31,333.03
July, 2017	266.90	July 26, 2017	5,575,016	1,486.95	249.60	July 11, 2017	3,938,837	1,004.63	256.29	66,587,865	17,094.39
June, 2017	261.75	June 20, 2017	4,810,795	1,263.11	240.70	June 30, 2017	2,152,305	518.36	253.15	94,003,337	23,912.28
May, 2017	250.25	May 2, 2017	2,9997,430	738.22	221.45	May 24, 2017	4,210,918	938.72	233.90	83,306,276	19,580.70
April, 2017	248.10	April 27, 2017	3,700,308	916.91	210.25	April 3, 2017	1,688,873	354.83	229.12	75,722,856	17,427.29

** Average of the daily closing prices*
Note: High and low prices are based on daily closing prices
(Source: www.nseindia.com)

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)*	Equity Shares traded in the month	
										volume	Turnover (₹ in million)
September, 2017	263.3	September 12, 2017	299,144	78.20	242.00	September 27, 2017	155,667	38.26	254.06	4,572,442	1,169.48
August, 2017	285.80	August 7, 2017	1787,597	503.24	248.30	August 30, 2017	216,690	54.16	264.49	9,213,939	2,470.38
July, 2017	266.55	July 31, 2017	201,375	53.56	249.85	July 11, 2017	328,320	83.69	256.29	6,320,455	1,616.47
June, 2017	261.65	June 20, 2017	389,102	102.15	241.00	June 30, 2017	245,596	59.21	253.09	8,956,084	2,278.83
May, 2017	250.65	May 2, 2017	327,680	81.05	221.45	May 24, 2017	417,120	92.87	233.90	7,985,334	1,880.25
April, 2017	247.85	April 27, 2017	274,952	68.11	210.10	April 3, 2017	131,944	27.73	229.11	11,337,920	2,645.64

** Average of the daily closing prices*
Note: High and low prices are based on daily closing prices
(Source: www.bseindia.com)

C. The following table sets forth the market price of our Equity Shares on NSE and BSE on February 2, 2017, the first working day following the approval of the Board of Directors for the Issue.

NSE						BSE					
Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ in million)	Open	High	Low	Close	Number of Equity Shares traded	Turnover (₹ in million)
187.00	188.75	182.10	184.45	2,558,578	473.11	187.00	188.40	182.10	184.35	178,958	33.08

USE OF PROCEEDS

The total proceeds of the Issue will aggregate up to ₹ [●] million. After deducting fees, commissions and expenses of the Issue of approximately ₹ [●] million, the net proceeds of the Issue will be approximately ₹ [●] million ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, our Company intends to use the Net Proceeds of the Issue primarily for funding our future growth plans and other general corporate purposes and to augment our capital base and financial position.

The Net Proceeds of the Issue are not proposed to be utilized towards any specific project. Accordingly, the requirement to disclose (i) the break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project, are not applicable.

The amounts and timing of any expenditure will depend on, among other factors, the amount of cash generated by our operations, competitive and market developments and the availability of acquisition or investment opportunities on terms acceptable to us. In accordance with the decision of our Board, our management will have significant flexibility in applying the Net Proceeds of this Issue. Such investments will be in accordance with the investment policies approved by the Board and/ or a duly authorized committee of the Board, from time to time, and will also be in accordance with all applicable laws and regulations.

Neither our Promoter nor our Directors are making any contribution either as a part of the Issue or separately in furtherance of the use of the proceeds.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our capitalization as of March 31, 2017 which is based on our audited financial statements and adjusted to give effect to the receipt of the gross proceeds of the Issue and the application thereof. This table should be read in conjunction with the "***Selected Financial Information***", "***Risk Factors***", "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and other financial information contained in the "***Financial Statements***" on pages 27, 34, 66 and 228, respectively.

(in ₹ million)

Particulars	Pre-Issue (as at March 31, 2017) – A	Increase / (decrease) due to the Issue – B	Amount after considering the Issue (i.e. Post Issue) - A+B*
Short term borrowings			
- Secured	3,356.86	[●]	[●]
- Unsecured	7,529.41	[●]	[●]
Long term borrowings (excluding current maturities)			
- Secured	21,559.04	[●]	[●]
- Unsecured	-	[●]	[●]
Current maturities of long term borrowings	1,920.20	[●]	[●]
Total debts – a	34,365.51	[●]	[●]
Shareholders' funds			
Share capital	509.02	[●]	[●]
Securities premium	6,085.71	[●]	[●]
Reserves and surplus (excluding securities premium)	66,304.81	[●]	[●]
Total funds excluding debt funds – b	72,899.54	[●]	[●]
Total capitalization a+b	**107,265.05**	[●]	[●]

** Will be finalized upon determination of the Issue Price.*

Notes:

1. *Shareholders' fund represents the sum of share capital, securities premium and reserve and surplus (excluding securities premium)*
2. *Total debt represents the sum of short-term borrowings, long-term borrowings and current maturities of long term borrowings.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Preliminary Placement Document is set out below:

(In ₹, except share data)

		Aggregate value at face value
A	**AUTHORIZED SHARE CAPITAL**	
	730,000,000 Equity Shares	730,000,000.00
	200,000 cumulative redeemable preference shares of ₹ 100 each	20,000,000.00
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	509,024,770 Equity Shares	509,024,770.00
C	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares aggregating up to ₹ 15,000 million ([1][2])	[●]
D	**PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares	[●]
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue*	6,085,712,511.89
	After the Issue[3]	[●]

* *As on June 30, 2017.*

[1] *The Issue has been authorized by the Board of Directors on February 1, 2017 and the shareholders pursuant to their resolution dated March 12, 2017.*

[2] *To be determined upon finalization of the Issue Price.*

[3] *The securities premium account after the Issue is calculated on the basis of Net Proceeds.*

Equity Share Capital History of our Company

The history of the Equity Share capital of our Company is provided in the following table:

Date of allotment / re-issue of forfeited shares / forfeiture / buy-back	No. of equity shares allotted / re-issued / forfeited / bought-back*	Face value per equity share (₹)	Issue price per equity share (₹)	Consideration (Cash/other than cash)
October 17, 1972	77	10	10	Cash
March 30, 1973[1]	33,000	10	10	Cash
November 25, 1974[1]	316,250	10	10	Cash
February 27, 1975[1]	692,000	10	10	Cash
June 19, 1975[1]	250,000	10	10	Cash
September 1, 1975[1]	1,808,673	10	10	Cash
December 29, 1975[1]	4,650,000	10	10	Cash
February 28, 1984[2]	688,950	10	10	Cash
September 20, 1985[2]	363,700	10	10	Cash
November 1, 1987	612,000	10	10	Cash
January 14, 1988	40,000	10	10	Cash
May 21, 1990	9,738,675	10	35	Cash
November 21, 1990	9,738,675	10	40	Cash
September 29, 1995	1,025,667	10	100	Cash
March 30, 1996	552,492	10	100	Cash
April 13, 1996[3]	(-)13,565	10	-	-
September 19, 1996	327,946	10	100	Cash
March 20, 1997	103,008	10	100	Cash
September 24, 1997	161,732	10	100	Cash
March 20, 1998	3,474	10	100	Cash
September 15, 1998	4,190	10	100	Cash
September 18, 1998	3,010,000	10	92	Cash
February 18, 1999	126	10	100	Cash
June 23, 1999	100	10	100	Cash
September 27, 1999	3,260,957	10	100	Cash
May 9, 2003[4]	(-)3,690,000	10	90	-
March 10, 2004	5,712,500	10	236	Cash
October 27, 2006	8,064,500	10	310	Cash

Date of allotment / re-issue of forfeited shares / forfeiture / buy-back	No. of equity shares allotted / re-issued / forfeited / bought-back*	Face value per equity share (₹)	Issue price per equity share (₹)	Consideration (Cash/other than cash)
August 28, 2007	Our Equity Shares were sub-divided from every one Equity Share of ₹ 10 each into 10 Equity Shares of ₹ 1 each, resulting in our issued and subscribed number of Equity Shares being 464,024,770			
October 26, 2007	9,000,000	1	29.30	Cash
November 7, 2007	3,000,000	1	29.30	Cash
February 8, 2008	12,420,000	1	29.30	Cash
April 18, 2008	15,580,000	1	29.30	Cash
June 19, 2014	5,000,000	1	86.20	Cash

* *Unless otherwise indicated, the number of equity shares mentioned in the column below indicates the number of equity shares allotted.*

(1) *Equity shares allotted were partly paid-up to the amount of ₹5.00 per share.*

(2) *Relates to re-issue of forfeited equity shares.*

(3) *Relates to forfeiture of equity shares due to non-payment of call money.*

(4) *Relates to buy-back of equity shares pursuant to the orders dated August 17, 2000 and August 23, 2001 of the Supreme Court of India.*

Our Company has not made any allotment of Equity Shares, including for consideration other than cash, in the one year immediately preceding the date of filing of the Preliminary Placement Document.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by the applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on November 9, 2016 in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "***Description of the Equity Shares***" on page 206.

The following table details the dividend paid by our Company on the Equity Shares for fiscal 2017, 2016 and 2015:

(*in ₹ million, except per share data*)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Face value of Equity Shares (₹ per share)	1	1	1
Interim Dividend on Equity Shares	-	-	-
Final Dividend on Equity Shares	1,527.07	1,018.05	1,018.05
Total Dividend on Equity Shares	1,527.07	1,018.05	1,018.05
Dividend per share (in ₹)	3.00	2.00	2.00
Dividend Rate (percentage)	300	200	200
Dividend Distribution Tax	310.88	207.25	207.25

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. The form, frequency and amount of future dividends will depend on our Company's cash flows, financial condition, working capital and other financing requirements, lender approvals and other factors and shall be at the discretion of our Board and subject to the approval of our Company's shareholders.

The Equity Shares to be issued in connection with this Issue shall qualify for any dividend, including interim dividend, if any, that is declared in respect of the financial year in which they have been allotted.

Also see "***Taxation***" and "***Risk Factors***" on pages 212 and 34, respectively.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*We encourage you to read the following discussion in conjunction with the section "**Selected Financial Information**" on page 27, as well as with our financial statements included under section "**Financial Statements**" on page 228. The following discussion includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied by such forward-looking statements. For a review of the discussions on some of those risks and uncertainties, please see "**Forward-Looking Statements**" on page 13 and "**Risk Factors**" on page 34, both of which discuss a number of factors and contingencies that could affect our financial condition, results of operations and cash flows.*

The financial statement amounts included herein are based on the numbers appearing in the following period's financial statements included for comparison purposes and not on the amounts in the corresponding period's financial statements, e.g., the financial statement amounts included herein as at and for the fiscal year ended March 31, 2015 are based on the regrouped/reclassified numbers included for comparison purposes in the audited consolidated financial statements as at and for the fiscal year ended March 31, 2016 and not on the audited consolidated financial statements as at and for the fiscal year ended March 31, 2015.

While we have historically prepared our standalone and consolidated financial statements in accordance with Indian GAAP, including such Financial Statements for fiscal 2015 (along with comparable statement of cash flow, segment reporting and Change in working capital for fiscal 2016), we have prepared our financial statements for fiscal 2016 and fiscal 2017 as well as of and for the three months ended June 30, 2017 (along with the comparable statement of profit and loss and cash flows for the three months ended June 30, 2016), as disclosed in this section and elsewhere in this Preliminary Placement Document, as per IND AS. IND AS is different in many respects from Indian GAAP and our financial statements prepared in accordance with IND AS may not be comparable to our historical financial statements.

Indian GAAP and IND AS differ in certain respects from IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements included in this Preliminary Placement Document will provide meaningful information to a prospective investor in countries other than in India is entirely dependent on such reader's level of familiarity with Indian accounting processes and practices.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. Our first quarter ends on June 30. Accordingly, all references to a particular first quarter are to the three month period ended June 30 of that year.

Unless otherwise specified, all discussions in this section are based on our consolidated financial statements.

Overview

We commenced operations in 1977 and have grown to become one of the leading tyre manufacturers in India. We also have manufacturing and distributing operations in Europe and distribution networks covering the majority of the Middle East, the ASEAN countries, North America and Africa. In 2016, we were one of the top 17 tyre manufacturing companies in the world, based on turnover *(Source: 2016 Global Tire Rankings by Tire Business August 2016).* During the year ended March 31, 2017, we sold our products in more than 100 countries. Our diversified product portfolio comprises of tyres for commercial vehicles, passenger vehicles, agricultural, industrial and speciality vehicles as well as niche products. We commenced the sale of two wheeler tyres in India in early 2016, making us a full range tyre company and enabling us to service the large and growing two wheeler tyre industry of India. Our products are predominantly marketed under the "Apollo" and the "Vredestein" brands, with "Vredestein" enjoying what we believe to be a premium position in the ultra-high performance, winter and all-season passenger tyre segments.

We sell our products to vehicle manufacturers for fitments in original equipment and for use in the replacement market. Under the "Apollo" brand, we market and sell tyres for use in commercial vehicles, passenger vehicles, agricultural, industrial and speciality heavy vehicles, primarily in India, the Middle East, the ASEAN region, Europe and Africa. Under our "Vredestein" brand, we market and sell tyres for passenger cars, farm vehicles, bicycles and speciality products primarily in Europe, including the "Space Master" (a collapsible spare tyre for use in high-end sports cars and SUVs) and the "Air Master" (a variable front spoiler system made from a special rubber compound for use in sports cars).

We manufacture our products at six facilities, four of which are located in India and two of which are located in Europe. Our facilities in India are located in Oragadam, near Chennai (in Tamil Nadu), Limda (in Gujarat), Perambra and Kalamassery (both in Kerala). Our facilities in Europe are located in Enschede, The Netherlands and Gyöngyöshalász, Hungary. For the three months ended June 30, 2017, our manufacturing facilities in India had an average annual production capacity of approximately 2.92 million TBR, approximately 12.60 million PCT, approximately 3.32 million truck cross-ply tyres, approximately 0.68 million tractor (rear) tyres, approximately 2.20 million light truck tyres and small capacities for other products such as OHT, tractor (front) tyres and so forth. Based on the same period, in Europe, we had an average annual production capacity of approximately 7.24 million PCT, including Space Master which is a collapsible spare tyre used in high-end sports cars, and approximately 0.04 million agricultural vehicle tyres. We are in the process of completing the capacity expansion in India by approximately 2 million TBR in Oragadam and approximately 1 million SUV tyres in Limda. We are also in the process of augmenting our capacities in Europe by approximately 5.5 million PCT and approximately 0.675 million TBR by ramping-up our first European greenfield project at Gyöngyöshalász, Hungary. Once completed, we propose to manufacture both "Apollo" and "Vredestein" branded tyres for sale in Europe and expect to supply "Vredestein" branded passenger and light truck tyres to the OEM segment as well in Europe. In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for the purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India, see "***Business – Manufacturing Facilities and Tyre Procurement***" on page 155. Each of our manufacturing facilities in India is certified ISO/TS 16949:2009 for their quality management systems, ISO 14001:2004 for environmental management systems and BS OHSAS 18001:2007 for occupational safety and health standards. Quality assurance certificates for our Enschede manufacturing facility include ISO/TS16949:2009 and ISO 14001:2004.

Our business is segregated into the replacement and the OEM segments, with sale of replacement tyres being a major source of revenue. Our consolidated net sales from the replacement segment was ₹ 101,092.02 million and ₹ 25,329.89 million, which constituted 77.39% and 77.74% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively. Our consolidated net sales from the OEM segment was ₹ 29,537.67 million and ₹ 7,251.00 million, which constituted 22.61% and 22.26% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively.

As of June 30, 2017, we had a pan-India sales and distribution network that consisted of two sales geographies, 11 regional offices, approximately 150 sales, service and stocking points and approximately 5,300 third party dealers, of which approximately 1,700 third party dealers are exclusive dealers. In Europe, we market, sell and distribute tyres through distribution centres, retail stores, warehouses, sales offices and as of June 30, 2017, our network consisted of approximately 5,800 third-party dealers/distributors. In addition, we have sales/ marketing offices in Bangkok, Kuala Lumpur, Dubai, Johannesburg and Atlanta. For the OEM segment, we believe we have strong relationships with some of the leading international and domestic OEMs across the markets in which we are present. In 2016, we acquired Reifencom, a tyre distributor in Germany, in order to augment our sales network in Europe. As of June 30, 2017, Reifencom along with its subsidiaries operated through 37 stores and had access to more than 2,500 assembly partners across Germany. Reifencom also operates its own online tyre sales portals in Germany, Austria, Switzerland, France, Italy and Denmark. It also sells products through external websites such as Amazon and eBay.

Our achievements in business and corporate social responsibility initiatives have been recognized and we have received various awards which include the "Flame awards Asia" in 2017 for "Best Campaign Leveraging Technology Experience & Engagement" by Rural Marketing Association of India, "National Energy Management Award "in 2017 for "Energy Conservation" by Society of Energy Engineers and Managers (SEEM), "Golden Peacock Award" in 2016 for "Excellence in Corporate Governance" from India's Corporate Institute of Directors, the "Sparsha Award, 2016" for "Livelihood Generation Activities" by the National Institute of Industrial Engineering and Lakshya^{SM}, the "CSR Excellence Award, 2016" by the Vadodara Chapter of Quality Circle Forum of India for the "Best CSR Initiatives and Best Livelihood Initiatives", the "ICQCC 2016" award for quality by the Association of QC Headquarters of Thailand in cooperation with the Department of Industrial Promotion, Ministry of Industry and the "DKG Product Award" in "Technical Rubber Products and Tyres" category for the Air Master at the International Rubber Conference, 2015.

Our consolidated net sales were ₹ 127,256.99 million, ₹ 117, 398.91 million and ₹ 130,629.69 million for fiscals 2015, 2016 and 2017, respectively. Our consolidated net profit was ₹ 9,776.09 million, ₹ 11,229.60 million and ₹

10,989.99 million for fiscals 2015, 2016 and 2017, respectively. For the three months ended June 30, 2017, our consolidated net sales and net profit was ₹ 32,580.89 million and ₹ 883.00 million, respectively. Our consolidated EBITDA (excluding other income and exceptional items) for fiscal 2017 and the three months ended June 30, 2017 was ₹ 18,464.17 million and ₹ 2,732.54 million, respectively and our EBITDA margins, which is EBITDA excluding other income and exceptional items divided by net sales, for the same periods were 14.13% and 8.39%, respectively. The ROE, which is net profit divided by average shareholder funds was 15.82% in fiscal 2017. We are listed on the NSE and the BSE. On June 30, 2017, we had a market capitalization of ₹ 122,522.26 million on the NSE, as of June 30, 2017 *(Source: National Stock Exchange of India)*. We paid a dividend of ₹ 2, ₹ 2 and ₹ 3 per Equity Share for fiscals 2015, 2016 and 2017, respectively. For further details of dividend paid by us and our financial performance, see "***Dividends***" and "***Financial Statements***" on pages 65 and 228, respectively.

Factors affecting our results of operations

We believe that the following factors have significant effect to our results of operations and financial condition during the periods under review and may continue to affect our results of operations and financial condition in the future.

Availability and cost of raw materials

Availability of raw materials

The primary raw materials that we use for the manufacture of our products are natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals. For our products manufactured in India, we import a certain portion of our natural rubber requirements from Thailand, Malaysia and Indonesia. We source other raw materials from India as well as from Korea, China, Thailand, Malaysia and Europe. For products manufactured at our Enschede facility, we procure natural rubber from Africa and a majority of other raw materials from Europe. While we have long term arrangements with our raw material suppliers in most cases, the availability of the primary raw materials that we use in the manufacture of our products may be affected by factors such as unfavorable weather conditions, government policies, political instability, shipping and logistic issues. For example, the availability of natural rubber was affected due to the floods in Thailand in January 2017. We also procure our primary raw materials from a limited number of suppliers and our raw material supply may be disrupted by a breakdown in our business relationship with such suppliers and our inability to commence supply from suitable alternative sources. The demand and supply of major raw materials has an influence on their prices in addition to other factors such as overall demand for tyres from major consuming countries such as China and US which in turn affects our operating costs.

Cost of raw materials

The cost of raw materials is our most significant operating expense and it represented 50.69%, 45.59%, 45.46% and 52.37% of our consolidated net sales (adjusted for changes in inventory of finished goods, work in progress and stock in trade) for fiscal 2015, 2016, 2017 and for the three months ended June 30, 2017, respectively. Apart from natural rubber and steel cord, all our primary raw materials are derivatives of crude oil and therefore, their prices are influenced by the price of crude oil. Crude oil prices have been volatile in the past, due to gaps in demand and supply, changes in weather condition (for example, heating oil is in demand during cold spells), political instability in oil producing countries and general economic conditions, among other reasons. The cost of primary raw materials that are crude oil derivatives is either adjusted periodically or is linked to the price of the commodity on the stock exchanges. The cost of crude oil-based raw materials is influenced by the fluctuation in prices of the derivatives of crude oil. Such derivatives are in turn impacted by the fluctuation in crude oil prices. Therefore, in addition to the availability of raw materials, crude oil price fluctuations affect the price of our raw materials.

Research and development aimed at product innovation

The success of a company engaged in the manufacture of tyres is materially dependent on its ability to innovate and develop new and technologically advanced products, which allows it to compete effectively in an industry which is highly competitive. In the premium segment, to which our Vredestein branded products cater, technological innovation plays a significant role in a company's success. We believe that our ability to develop new and innovative products such as the "Air Master", the "Space Master", the "Altrust" and "Amazer 4G Life" has allowed us to expand our customer base, resulting in added brand value. Research and development is also important in order to develop alternate raw materials, such as variations of synthetic rubber and new compounds that can be used in tyre production, which reduces a company's dependency on natural rubber. We have invested heavily on research and development and at present, we have two R&D Centers, one at Chennai, India and one at Enschede, the Netherlands. Additionally, we have set up satellite R&D Centers in Raunheim, Germany and at Bangalore, India. We also have R&D units located at every manufacturing facility. Our R&D expenses (including capitalized expenses) represented 2.74% and 2.48% of our consolidated net sales for fiscal 2017 and the three months ended June 30, 2017, respectively. As of June 30, 2017, we had a total of 508 R&D personnel, of who 307 were located at our R&D Centres and 201 personnel were located at our manufacturing facilities. Our R&D centers work in close cooperation with international universities, research institutes, test centres, material suppliers, OEMs and replacement clients.

Competitive environment

Tyre industry is a capital intensive industry with long payback periods. We are required to commit significant funds to increase existing capacities to meet market requirements, maintain market position and explore new opportunities. The tyre industry in India, as well as internationally, is highly competitive. The parameters on which companies compete are predominantly (a) the price and the quality of products in the mid-market segment and (b) product design and innovation, price and quality of the products in the premium segment. We also compete on after-sales service such as warranty terms and customer service as well as for distributors and dealers in key areas and markets.

In the international markets, we compete with companies such as Michelin, Bridgestone, Continental, Goodyear, Dunlop, Pirelli, Hankook and Kumho. Some of these companies have substantial global market share, large resources, large R&D teams, strong relationships with OEMs, large sales and distribution networks and extensive experience in certain markets.

In India, we compete with companies such as MRF Limited, CEAT Limited and JK Tyres Limited in all product categories and from Bridgestone in the PCT category. Bridgestone and Michelin have also entered the TBR tyre segment in India and we expect competition from these companies to increase in future. Further, Yokohama Tyres has set up a PCT manufacturing plant in India and Maxxis has announced its plans to set up a two/three wheeler tyre manufacturing plant, which we expect will further intensify competition in the two/three wheeler segment. Moreover, we face competition from Chinese TBR tyre manufacturers, in the replacement segment, whose products are typically cheaper than Indian bias tyres. Our ability to compete effectively is a significant factor that affects and will continue to affect our results of operations.

Purchasing patterns of our OEM customers and contract terms

The tyres that we manufacture are developed by our R&D teams in close cooperation with OEMs and replacement clients. A tyre with a certain specification is compatible with a specific type of vehicle (based on its size, ground clearance, engine capacity and brake horse power). We invest time and money on the development of tyres (through our R&D department) and incur costs while creating the moulds for the manufacture of such tyres. Therefore, we incur significant time and cost prior to the launch of certain, or a range of, vehicles by OEMs. Accordingly, our results of operations may be affected by actual change in vehicle production quantities or postponement of launch of a certain vehicle model altogether, due to a number of reasons, including developmental delays or changes in consumer demand.

Further, the automobile industry is competitive and our OEM customers face constant pressure to reduce their production costs in order to ensure that their vehicles are competitively priced. Accordingly, component pricing is one of the key metrics by which OEMs choose suppliers for their vehicle programs. As a result, we have in the past and will likely continue to experience pressure to reduce our prices. We expect such pricing pressure to continue in the future. Accordingly, we endeavor to continue to innovate and introduce new products and applications as well as to continue to carefully manage and reduce our operating costs in order to maintain our current margins and competitive position.

Economic conditions and growth of the industry

In a majority of cases, passenger cars are comfort or luxury goods and the volume of sale and extent of usage of such goods are dependent on the economic environment and other factors that are not within our control. The global economic environment or the economic environment of a particular region, impacting employment and disposable income levels, impacts consumer demand for vehicles. Other factors that impact sale and usage of vehicles are fluctuating fuel prices and the levels of sophistication of the public transport system. During periods of slow economic activity, consumers may forego or delay vehicle purchases, resulting in reduced demand by OEMs for our tyres, which would also affect sales in the replacement market. Use of trucks and buses are linked to economic growth as well. Increased economic activity leads to an increase in the uses of trucks and buses for product and public transportation, which in turn leads to an increase of our truck and bus tyre sales, both in the OEM and the replacement market.

In addition, changing economic conditions tends to result in fluctuations in interest rates, exchange rates as well as inflation rates, which may have a material effect on key aspects of our operations. Such fluctuations influence the cost of our raw materials, logistic costs as well as affect the cost of financing of vehicles. Other key macroeconomic drivers which have historically affected our industry and which can therefore impact our results of operations are increasing urbanization and industrialization (particularly in emerging economies), increasing industrial and infrastructure construction and growing environmental awareness. For further details, see "***Management's Discussion and Analysis of Financial Conditions and Results of Operations - Quantitative and qualitative disclosures about market risk***" on page 110.

Business expansion through capacity augmentation

Since incorporation, we have significantly expanded our operations across geographies, augmented our capacities through greenfield and brownfield projects, made strategic acquisitions and diversified our product portfolio. Significant capital expenditure has been incurred in undertaking such expansions, which has affected our results of operations and short term cash flows (particularly cash flow from investing activities), including due to the depreciation and amortization we incur each year as a result of such capital expenditure. Capacity expansion is undertaken on future industry and business growth forecasts and our results of operations are subject to the success of such capacity augmentation or establishment. For further details, see "***Risk Factors - We may not be successful in implementing our business strategies***" on page 38. We are in the process of augmenting our capacities in Europe by setting up a greenfield project in Hungary with a capacity of 5.5 million PCT tyres per annum and 0.675 million TBR per annum, in order to cater to the European replacement and OEM segments. In India, we are currently undertaking a brownfield expansion at our Limda plant to manufacture one million SUV tyres per annum and 25–37 inch OTR tyres with an expected capacity of 4,176 MT/annum. We are also expanding the TBR capacities at our Oragadam plant from 2 million tyres per annum to 4 million tyres per annum. In March 2016, we have commenced the sale of two wheeler tyres with the aim to service the large and growing tyre industry. Further, we propose to increase our radial production capacities in future, consistent with projected industry demands. In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for the purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India. Capital expenditure, consisting of net addition in tangible, intangible assets, asset under construction and capital advances, that we incurred for fiscals 2015, 2016, 2017 and the three months ended June 30, 2017 were ₹ 6,929.71million, ₹ 17,926.95 million, ₹ 39,018.00 million and ₹ 9,891.06 million, respectively.

Product mix and margins

Our product margins depend on the extent of value added in a product as well as on demand and supply market forces, particularly movements in raw material prices and price competition. Our results of operations are affected by our ability to manage our tyre product mix to optimize margins and maximize sales volumes. We currently produce a wide range of designs and sizes of tyres across vehicle types. We realize higher margins from PCT sales than from truck tyre sales. Further, margins in TBR sales are higher than truck bias tyre sales. We also sell our products to a mix of OEM and replacement customers across the markets we are present in. We realize higher sales margins from sales of replacement tyres as opposed to sales to OEMs. As a result, if our share of products in which we derive higher margins decreases, our overall margins may be impacted.

Significant Accounting Policies

Basis of accounting and preparation of financial statements under IND AS

The significant accounting policies set out below have been taken from the audited consolidated financial Statements for fiscal 2017. For more information, please see "***Financial Statements***" on page 228.

Basis of preparation and presentation of Consolidated Financial Statements

Our Audited Consolidated Financial Statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, we take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on above basis, except for share-based payment transactions that are within the scope of IND AS 102 *Share-based Payment*, lease transactions that are within the scope of IND AS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IND AS 2 *Inventories* or value in use in IND AS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

Our consolidated financial statements incorporate the financial statements (including structured entities) controlled by us. Control is achieved when we:

- have power over the investee;
- have the ability to use its power to affect its return; and
- are exposed, or has rights, to variable returns from its involvement with the investee.

We reassess whether or not we control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when we obtain control over the subsidiary and ceases when we lose control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date we gain control until the date when we cease to control the subsidiary. Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with our accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by us, liabilities incurred by us to the former owners of the acquiree and the equity interests issued by us in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IND AS 12 *Income Taxes* and IND AS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of us which were entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IND AS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IND AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by us in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair values at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, our previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the business combination.

(iv) The identity of the reserves has been preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

Investments in associates and joint ventures

An associate is an entity over which we have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IND AS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise our share of the profit and loss of the associate or joint venture. When our share of losses of an associate or a joint venture exceeds our interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of our net investment in the associate or joint venture), we discontinue recognising its share of further losses. Additional losses are recognised only to the extent that we have incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over our share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of our share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, we determine whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to our investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IND AS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IND AS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

We discontinue the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When we retain an interest in the former associate or joint venture and the retained interest is a financial asset, we measure the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IND AS 109 *Financial Instruments*. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, we account for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, we reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

We continue to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When we reduce our ownership interest in an associate or a joint venture but we continue to use the equity method, we reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with our associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in our Consolidated Financial Statements only to the extent of interests in the associate or joint venture that are not related to us.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When we are committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether we will retain a non-controlling interest in its former subsidiary after the sale.

When we are committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and we discontinue the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. We discontinue the use of the equity method at the time of disposal when the disposal results in our losing significant influence over the associate or joint venture.

After the disposal takes place, we account for any retained interest in the associate or joint venture in accordance with IND AS 109 *Financial Instruments* unless the retained interest continues to be an associate or a joint venture, in which case we use the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Inventories

Inventories are valued at the lower of cost and estimated net realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable income tax laws of the country in which the respective entities in the Group are incorporated. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment ("PPE")

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with the IND AS 23 *Borrowing Costs*. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of Cenvat /VAT credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Depreciation is recognised so as to write-off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

We believe that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated average useful life considered for the assets are as under.

Category of Assets	**No. of Years**
Building	5 - 60
Plant & Machinery	5 - 25
Moulds	4 - 8
Material Handling Equipments	4 - 15
Computer Hardware	3 - 5
Motor Vehicles	4 - 10
Furniture & Fixtures	4 - 10
Office Equipment	4 - 10

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

We applied IND AS 16 *Property, Plant and Equipment* retrospectively to our PPE and has not availed deemed cost exemption as available under IND AS 101 *First-time Adoption of Indian Accounting Standards*.

Intangible assets

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

The intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Derecognition of intangible assets

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Research and development expenses

Internally generated intangible assets - Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

The estimated average useful life considered for the major intangible assets are as under.

Category of Assets	**No. of Years**
Computer Software	3 - 6
Capitalized Development	6

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with IND AS 16 *Property, Plant and Equipment* requirements for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Group that is classified as held for sale) in accordance with IND AS *105 Non-current Assets Held for Sale and Discontinued Operations*.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances.

Revenue from sale of goods is recognized when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and related services have been rendered.

Other income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Employee benefits

Employee benefits include wages & salaries, social security cost and other pension costs incurred by the Group.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Other short-term and long-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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 or subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Revenue grant is recognised as an income in the period in which related obligation is met.

Export incentives earned in the year of exports are treated as income and netted off from cost of raw material imported.

Foreign currency transactions and translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations (including goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation) are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on translation, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In addition, in relation to a partial disposal of subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to the non-controlling interests and are not recognised in the profit or loss. For all other partial disposals (i.e partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to the identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Employee share based payments

Stock appreciation rights (Phantom stock units) are granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance lease (The Group as lessee)

Assets held under finance leases are initially recognised as our assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with our general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease (The Group as lessee).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingencies

A provision is recognized when the Group has a present obligation (legal / constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of sales related obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial asset

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss except for investments that are designated as at fair value through profit or loss (FVTPL) on initial recognition:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the Other Income.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Debt instrument that do not meet the amortised cost criteria or fair value through other comprehensive income criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the other income line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial assets, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12- month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Group also considers reasonable and supportable information, that is available without undue cost or effort and that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IND AS 11 *Construction Contracts* and IND AS 18 *Revenue*, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in hedging relationship.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies and financial guarantee contracts issued by the Group are measured in accordance with the specific accounting policies set out below:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IND AS 109 Financial Instruments permits the entire combined contract to be designated as at FVTPL in accordance with IND AS 109 Financial Instruments.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at:

- the amount of loss allowance determined in accordance with impairment requirements of IND AS 109 Financial Instruments; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of IND AS 18 Revenue.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the Other income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

We enter into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

We designate certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the Other income line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability ,such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non -financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Group has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Group makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash–generating units (or groups of cash-generating units). A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Basis of accounting and preparation of Consolidated Financial Statements under Indian GAAP

Our Consolidated Financial Statements for fiscal 2015 have been prepared in accordance with Indian GAAP, to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013. 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.

Principles of consolidation

The Consolidated Financial Statements relate to our Company, our Subsidiaries, certain jointly controlled entities and our share of profit / loss in our Associates. The Consolidated Financial Statements have been prepared on the following basis:

(i) The financial statements of our Subsidiaries, such jointly controlled entities and Associates, used in the consolidation are drawn up to the same reporting date as that of our Company i.e., March 31, 2015.

(ii) The financial statements of our Company and our 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) 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 our 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 our 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.

(iv) The excess of cost to us of our investments in our Subsidiaries / jointly controlled entities over our share of equity of our Subsidiaries / jointly controlled entities, at the dates on which the investments in our Subsidiaries / 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.

(v) Minority Interest in the net assets of our consolidated Subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in our Subsidiaries were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of our Subsidiaries attributable to minority interest is identified and adjusted against our profit after tax in order to arrive at the income attributable to shareholders of our Company.

(vi) Goodwill arising on consolidation is not amortised but tested for impairment.

(vii) In respect of the foreign operations, the audited financial statements for the fiscal year ended March 31, 2015 were converted into Indian currency as per AS 11 - The effect of changes in Foreign Exchange Rates.

(viii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as referred under "Inventories" below.

(ix) For more information on our subsidiary companies, associates and jointly controlled entities which have been considered in the preparation of our fiscal 2015 consolidated financial statements, please see "Financial Statements".

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 and so forth. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize.

Inventories

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

Raw materials, stores and spares and traded goods cost (net of Cenvat/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of work in progress and finished goods, cost is determined on a "First In First Out" basis. In case of our Subsidiaries in Europe, the cost is determined on the basis of "First In First Out" and consumable stores are stated at actual cost by reference to latest purchases. The proportion of raw materials and stores and spares of our Subsidiaries in Europe is 18% of the total value of raw materials and stores and spares held by us.

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.

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 our operating, investing and financing activities are segregated based on the available information.

Depreciation and amortisation

Tangible Fixed Assets

Depreciation on fixed assets is provided using straight line method over the estimated useful life of the assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support and so forth.

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 estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The estimated useful life considered for the major assets are as below:

Assets Class	Estimated useful life
Building	20 - 30 Years
Plant & Equipments	8 - 25 Years
Moulds	4 - 10 Years
Material Handling Equipments	3 - 7 Years
Computer Hardware	3 - 5 Years
Computer Software	3 - 5 Years
Motor Vehicles	3 - 5 Years

Furniture & Fixtures and Office Equipment	4 - 10 Years
Continous Process Plant	10 - 20 Years

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.

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.

Fixed assets (tangible/ intangible)

(i) 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.

(ii) 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 is 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.

(iii) Fixed assets taken on finance lease are capitalized and depreciation is provided on such assets, while the interest is charged to the Consolidated Statement of Profit and Loss.

(iv) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately in the balance sheet.

(v) 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.

(vi) Intangible Fixed 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.

Foreign currency transactions and translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/ realizations and year-end restatements are dealt with in the Consolidated Statement of Profit and Loss.

We enter into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge our 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. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made. Exchange difference on such contracts is recognized in the Consolidated Statement of Profit and Loss in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of our net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in our 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 our Company, as follows:

- Assets and liabilities at rates of exchange ruling at year end.

- Income and expense items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiaries are classified as equity and transferred to the foreign currency translation reserve.

Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognized in the Consolidated Statement of Profit and Loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve account under Shareholders' Funds and the ineffective and over-effective portions are recognized in the Consolidated Statement of profit and loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognized in Hedge Reserve are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognized in Hedge Reserve are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve and the ineffective portion is recognized in the Consolidated Statement of profit and loss. On disposal of a foreign entity, the gain or loss recognized in equity is transferred to the Consolidated Statement of Profit and Loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in Hedge Reserve until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that we will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that we should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

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

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

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

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 carried individually at lower of cost and fair value.

Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, pension fund, gratuity fund and compensated absences.

Liability for gratuity to employees determined on the basis of actuarial valuation, using projected unit method, 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, using projected unit method as on the balance sheet date.

Contributions to defined contribution schemes such as provident fund, superannuation fund & employee state insurance scheme and cost of other benefits are recognized as an expense in the year incurred. The shortfall, if any, between the return from the investments of our Company's Employees Provident Fund Trust and the notified interest rate is recognized as an expense in Consolidated Statement of Profit and Loss in the year in which the shortfall is expected to arise.

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, our Company and the pension fund reached an agreement, which has resulted in clarification of the fact that our Company has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. As a result of the above the defined benefit liability was derecognized and included in the consolidated statement of profit and loss as part of the employees expenses. Obligations for contributions to defined contribution plan are recognized in the Consolidated Statement of Profit and Loss for the period in which they arise.

At reporting date employees of another European Subsidiary participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality Table 2005 G Heubeck. Valuation of the obligation under the pension plan is carried out by independent actuary.

One of our Subsidiaries in South Africa provides retirement benefits for its employees through a number of defined contribution plans. Contributions by our 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. Our Company makes a top-up payment which is recognised as an expense in the related period.

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.

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.

Segment reporting

We identify operating & 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 our accounting policies. 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 us as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are recognised as operating leases.

Operating Lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Assets leased by us in our capacity as a lessee where substantially all the risks and rewards of ownership vest in us 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.

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.

Taxes on income

Current tax is determined in accordance with the applicable income tax laws of the country in which the respective entities in our 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 substantively enacted as on the balance sheet date. Deferred tax liabilities are recognised for all timing differences. 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 and items relating to capital losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence of realization of such assets.

Current and deferred tax relating to items directly recognised in reserves is recognised in reserves and not in the Consolidated Statement of Profit and Loss.

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 fixed assets.

Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

Provision and contingencies

A provision is recognized when we have 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 our control 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.

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 up to three years.

Derivative contracts

We enter into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge our 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 Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

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.

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.

Operating cycle

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

Changes in the accounting policy if any in the last three years and their effect on our profits and reserves

There have been changes to our accounting policies from fiscal 2015 to fiscal 2016 and fiscal 2017 primarily owing to changes in the accounting standards from Indian GAAP to IND AS. For example,. the procedure for raw material valuation changed from the "first-in first-out" method to the weighted average method for our European operations. For further details, see "***Management's Discussion and Analysis of Financial Conditions and Results of Operations - Comparison of certain line items for fiscal 2016 as prepared under Indian GAAP versus as prepared under IND AS***" on page 106.

Results of operations

The following table presents a summary of our financial results containing significant items of our income and expenditure for the periods indicated below:

	Three months ended June 30, 2016 (IND AS)		**Three months ended June 30, 2017 (IND AS)**		
Revenue from operations	**₹ in millions**	**% of total revenue**	**₹ in millions**	**% of total revenue**	**U.S.$ in million[(1)]**

Gross sales	35,451.26	98.69	35,129.80	99.07	542.65
Other operating income	194.18	0.54	243.74	0.69	3.76
Other income	277.97	0.77	87.55	0.25	1.35
Total revenue	35,923.41	100	35,461.09	100	547.76
Expenses					
Cost of materials consumed	14,378.77	40.03	17,897.26	50.47	276.46
Purchase of stock-in-trade	2,771.59	7.72	3,169.74	8.94	48.96
Changes in inventories of finished goods, work-in-progress & stock-in-trade	(964.69)	(2.69)	(1,594.14)	(4.50)	(24.62)
Excise duty on sales	2,529.01	7.04	2,548.91	7.19	39.37
Employee benefits expense	4,490.36	12.50	4,314.53	12.17	66.64
Finance costs	269.37	0.75	340.48	0.96	5.26
Depreciation & amortization expense	1,060.05	2.95	1,258.46	3.55	19.74
Other expenses	7,052.06	19.63	6,304.70	17.78	97.39
Total expenses	31,586.52	87.93	34,239.94	96.56	528.90
Profit before exceptional items & tax	4,336.89	12.07	1,221.15	3.44	18.86
Exceptional items - Gain / (Loss)	-	-	-	-	-
Share of profit / (loss) from joint venture	(0.36)	(0.001)	-	-	-
Profit before tax	4,336.53	12.07	1,221.15	3.44	18.86
Tax expense					
Current tax expense	894.54	2.49	321.35	0.91	4.97
MAT credit	-	-	(212.87)	(0.60)	(3.29)
Net current tax expense	894.54	2.49	108.48	0.31	1.68
Deferred tax	286.55	0.80	229.67	0.65	3.55
Total	1,181.09	3.29	338.15	0.95	5.23
Profit after tax	3,155.44	8.78	883.00	2.49	13.63

(1) *For the reader's convenience, U.S. dollar translations have been provided at a rate of U.S.$1.00 = ₹64.74 which was the RBI rate as of June 30, 2017.*

	Fiscal 2015 (Indian GAAP)		**Fiscal 2016 (Indian GAAP)**	
Particulars	**₹ in millions**	**% of total revenue**	**₹ in millions**	**% of total revenue**
Revenue from operations				
Gross Sales	137,247.03	106.65	127,107.69	107.15
Less: Excise Duty	9,990.04	7.76	10,029.73	8.46
Net Sales	127,256.99	98.89	117,077.96	98.69
Other operating income	897.26	0.70	852.28	0.72
Other income	537.99	0.42	700.38	0.59
Total revenue	**128,692.24**	**100.00**	118,630.62	100.00
Expenses				
Cost of materials consumed	64,188.49	49.88	53,628.60	45.21
Purchase of stock-in-trade	5,932.13	4.61	6,057.54	5.11
Changes in inventories of finished goods, work-in-progress & stock-in-trade	633.61	0.49	(51.82)	(0.05)
Employee benefits expense	16,106.15	12.52	15,869.60	13.38
Finance costs	1,827.90	1.42	915.55	0.77
Depreciation & amortization expense	3,882.88	3.02	4,238.89	3.57
Other expenses	21,987.91	17.09	22,743.93	19.17
Total expenses	**114,559.07**	**89.02**	103,402.29	87.16
Profit before exceptional items & tax	**14,133.17**	**10.98**	15,228.33	12.84

Particulars	Fiscal 2015 (Indian GAAP)		Fiscal 2016 (Indian GAAP)	
	₹ in millions	**% of total revenue**	**₹ in millions**	**% of total revenue**
Exceptional items	(824.90)	(0.64)	477.71	0.40
Profit before tax	**13,308.27**	**10.34**	15,706.04	13.24
Tax expense				
Current tax expense	3,534.99	2.75	4,318.77	3.64
Deferred tax expense	(2.81)	0.002	457.08	0.39
Total tax expense	3,532.18	2.74	4,775.85	4.03
Profit for the year	**9,776.09**	**7.60**	10,930.19	9.21

Particulars	Fiscal 2016 (IND AS)		Fiscal 2017 (IND AS)	
	₹ in millions	**% of total revenue**	**₹ in millions**	**% of total** revenue
Revenue from operations				
Gross Sales	127,428.64	98.63	140,528.89	98.11
Other operating income	1,086.68	0.84	1,170.67	0.82
Other income	679.80	0.53	1,541.27	1.07
Total revenue	**129,195.12**	**100.00**	**143,240.83**	**100.00**
Expenses				
Cost of materials consumed	53,542.17	41.44	60,449.61	42.20
Purchase of stock-in-trade	6,057.54	4.69	10,807.37	7.55
Changes in inventories of finished goods, work-in-progress & stock-in-trade	(51.82)	(0.04)	(2,356.44)	(1.64)
Excise duty on sales	10,029.73	7.76	9,899.20	6.91
Employee benefits expense	15,707.87	12.16	17,420.70	12.16
Finance costs	926.01	0.72	1,028.81	0.72
Depreciation & amortization expense	4,267.87	3.30	4,618.13	3.22
Other expenses	23,255.22	18.00	27,014.95	18.86
Total expenses	**113,734.59**	**88.03**	**128,882.33**	**89.98**
Profit before exceptional items & tax	**15,460.53**	**11.97**	**14,358.50**	**10.02**
Exceptional items - Gain / (Loss)	477.71	0.37	-	-
Share of loss in Joint Venture	**(31.75)**	**(0.03)**	**(3.05)**	**(0.002)**
Profit before tax	**15,906.49**	**12.31**	**14,355.45**	**10.02**
Tax expense				
Current tax expense	4,318.77	3.34	2,763.88	1.93
MAT crerdit	-	-	(225.74)	(0.16)
Net current tax expense	4,318.77	3.34	2,538.14	1.77
Deferred tax expense	358.12	0.28	827.32	0.58
Total tax expense	4,676.89	3.62	3,365.46	2.35
Profit for the year	**11,229.60**	**8.69**	**10,989.99**	**7.67**

Segment reporting

The Group's operations comprise of only one business segment – Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/geographical segment as required under IND AS 108 *Operating Segments*.

Based on the "management approach" as defined in IND AS 108 *Operating Segments*, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segment. Accordingly, information has been presented along these business segments which have been defined based on the geographical presence of various entities:

- APMEA (Asia Pacific, Middle East and Africa)
- Europe
- Others

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. Europe segment includes manufacturing and sales operation through the entities in

Europe. Others segment includes sales operations in Americas and all other corporate entities.

The following table presents the details of our consolidated revenue from operations by geographic segment for the periods indicated:

Particulars	**Three months ended June 30, 2016 (IND AS)**	**Three months ended June 30, 2017 (IND AS)**	**% change (IND AS)**
APMEA	25,611.25	25,845.00	0.91
Europe	10,548.41	10,163.78	(3.65)
Others	3,030.94	7,011.80	131.34
Total segment revenue	39,190.60	43,020.58	9.77
Less: Inter segment revenue	3,545.16	7,647.04	115.70
Segment revenue	**35,645.44**	**35,373.54**	(0.76)

Particulars	**Fiscal 2016* (IND AS)**	**Fiscal 2017* (IND AS)**	**% change (IND AS)**
APMEA	99,204.07	101,121.22	1.93
Europe	31,649.89	42,937.38	35.66
Others	6,783.40	15,037.24	121.68
Total segment revenue	137,637.36	159,095.84	15.59
Less: Inter segment revenue	9,122.04	17,396.28	90.71
Segment revenue	**128,515.32**	**141,699.56**	10.26

* In Fiscal 2018, our reporting segments was changed to "APMEA", "Europe" and "Others" from "APMEA", "EA (Europe and Americas)" and "Others". Therefore, the figures for fiscal 2016 and 2017 have been reclassified accordingly in above table. Due to this reclassification, the above figures for fiscal 2016 and 2017 will not reconcile with that reported in annual audited accounts of fiscal 2017.

In fiscal 2016, our reported segments were India, Europe, Others and Other Corp. The following table presents the details of our consolidated revenue from operations for the periods indicated:

Particulars	**Fiscal 2015 (Indian GAAP)**	**Fiscal 2016 (Indian GAAP)**	**% change (Indian GAAP)**
India	89,673.31	87,016.41	(2.96)
Europe	35,825.89	31,737.28	(11.41)
Others	9,025.82	12,122.93	34.31
Total segment revenue	134,525.02	130,876.62	(2.71)
Less: Inter segment revenue	6,370.77	12,946.38	103.22
Segment revenue	**128,154.25**	**117,930.24**	(7.98)

Components and explanations of our income statement items for three months ended June 30, 2017 and Fiscal 2016 and 2017 under IND AS

Revenue

Revenue consists of gross revenue from operations, other operating income and other income.

i. Revenue from operations includes revenue derived from the sale of all types of tyres that we manufacture.

ii. Other operating income comprises of investment promotion subsidy received from the Government of Tamil Nadu, income from sale of raw material scrap, early payment discounts received from raw material suppliers and unwinding of deferred subsidy income relating to export benefits.

iii. Other income includes interest income, dividend income from long term and short term investments, unclaimed credit balances and provisions no longer required written back, profit from sale of investments, net gain on foreign exchange fluctuations, net gain on fair value change in investments and miscellaneous receipts.

Expenditure

Our expenses consists of cost of materials consumed, purchases of stock-in-trade, changes in inventories of finished goods, work-in-process and stock-in-trade, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

i. Cost of materials consumed comprises of raw material costs incurred in tyre production. Such raw materials include natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals.

ii. Purchases of stock-in-trade are purchases of finished goods made during a fiscal, which primarily comprises of the purchase of finished goods such as tyres, tubes and flaps, which we procure from certain third parties.

iii. Our changes in inventories of finished goods, work-in-process and stock-in-trade consist of costs attributable to an increase or decrease in inventory levels during the relevant financial year in finished goods, work-in- process and stock-in-trade.

iv. Employee benefits expense consists of salaries and wages, contributions to provident and other funds, welfare expenses and expenses on our employee stock appreciation rights scheme.

v. Finance costs consist primarily of interest expense (such as interest paid on fixed term loans, debentures and other loans) and other borrowing costs.

vi. Depreciation and amortization expense relates to the depreciation of our tangible and intangible fixed assets.

vii. Other expenses include expenses related to the consumption of stores and spare parts, power and fuel, conversion charges, repairs and maintenance-machinery, buildings, others, rent , lease rent - factory, insurance, rates and taxes, directors' sitting fees, commission to non-whole time directors, net loss on sale of tangible fixed assets, travelling, conveyance and vehicle expenses, postage, telephone and stationery, conference expenses, freight and forwarding, commission on sales, sales promotion expenses, advertisement and publicity, corporate social responsibility expenses, research and development, bank charges, statutory auditors remuneration, doubtful receivables / advances provision and written-off legal & professional expenses, provision for impairment of investment & loan in joint venture and provision for contingencies and miscellaneous expenses.

viii. Excise duty relates to the sales made during the year.

Components and explanations of our income statement items for Fiscal 2015 under Indian GAAP

Revenue

Revenue consists of net revenue from operations, other operating income and other income.

i. Revenue from operations includes revenue derived from the sale of all types of tyres that we manufacture.

ii. Other operating income comprises of investment promotion subsidy received from the Government of Tamil Nadu, income from sale of scrap and early payment discounts received from raw material suppliers.

iii. Other income includes interest income, dividend income from long term and short term investments, unclaimed credit balances and provisions no longer required written back, net gain on foreign exchange fluctuations, technical aid fees and miscellaneous receipts.

Expenditure

Our expenses consists of cost of materials consumed, purchases of stock-in-trade, changes in inventories of finished goods, work-in-process and stock-in-trade, employee benefits expense, finance costs, depreciation and amortization expense and other expenses.

i. Cost of materials consumed comprises of raw material costs incurred in tyre production. Such raw materials include natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals.

ii. Purchases of stock-in-trade are purchases of finished goods made during a fiscal, which primarily comprises of the purchase of finished goods such as tyres, tubes and flaps, which we procure from certain third parties.

iii. Our changes in inventories of finished goods, work-in-process and stock-in-trade consist of costs attributable to an increase or decrease in inventory levels during the relevant financial year in finished goods, work-in- process and stock-in-trade.

iv. Employee benefits expense consists of salaries and wages, contributions to provident and other funds, staff welfare expenses, expenses on our employee stock appreciation rights scheme and our share in jointly controlled entities.

v. Finance costs consist primarily of interest expense (such as interest paid on fixed term loans, debentures and other loans), other borrowing costs and our share in jointly controlled entities.

vi. Depreciation and amortization expense relates to the depreciation of our tangible and intangible fixed assets.

vii. Other expenses include expenses related to the consumption of stores and spare parts, power and fuel, conversion charges, repairs and maintenance-machinery, buildings, others, rent , lease rent - factory / service charges, insurance, rates and taxes, directors' sitting fees, commission to non-whole time directors, net loss on sale of tangible fixed assets, travelling , conveyance and vehicle expenses, freight and forwarding expenses, advertisement and publicity expenses, research and development, commission on sales, postage, telex, telephone and stationary expenses, conference expenses, doubtful receivables and advances written off, remuneration paid to statutory auditors, bank charges, sales promotion expenses, corporate social responsibility expenses, legal & professional expenses, miscellaneous expenses and our share in jointly controlled entities.

Comparison of the results of operations for the three months ended June 30, 2017 and the three months ended June 30, 2016

Revenue from operations

Gross sales

Our gross sales decreased by 0.91% to ₹35,129.80 million (U.S.$ 542.65 million) in the three months ended June 30, 2017 from ₹35,451.26 million in the three months ended June 30, 2016, primarily due to lower volumes in India and depreciation of the Euro vis-a-vis the Rupee, resulting in translation losses, which was partially offset by the increased volumes in Europe and by the price increases undertaken in India. The volume degrowth was led by reduced Truck tyre sales to the OE segment in India due to reduced OE demand on account of the non-availability of Bharat IV compliant production lines with OE (Original Equipment) manufacturers. We also saw some destocking towards the end of the quarter at the dealership levels on account of introduction of Goods and Services Tax ("**GST**").

Other operating income

Other operating income increased by 25.52% to ₹243.74 million (U.S.$ 3.76 million) in the three months ended June 30, 2017 from ₹194.18 million in the three months ended June 30, 2016, primarily due to unwinding of deferred subsidy income relating to export benefits which was partially offset by lower investment promotion subsidy from Government of Tamil Nadu.

Other income

Other income decreased by 68.50% to ₹87.55 million (U.S.$ 1.35 million) in the three months ended June 30, 2017 from ₹277.97 million in the three months ended June 30, 2016, primarily due to loss in forex fluctuations and decrease in interest income earned on deposits and dividend income earned from mutual funds. Such decrease in interest and dividend income was due to redemption of deposits and mutual fund investments during the quarter.

Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods, work-in-progress and stock-in-trade

Total cost of materials consumed, purchase of stock in trade and changes in inventories of finished goods, work in progress and stock in trade increased by 20.31 % to ₹19,472.86 million (U.S.$ 300.80 million) in the three months ended June 30, 2017 from ₹16,185.67 million in the three months ended June 30, 2016, primarily due to increase in the price of raw materials.

Excise duty on sales

Excise duty on sales increased by 0.79% to ₹2,548.91 million (U.S.$ 39.37 million) in the three months ended June 30, 2017 from ₹2,529.01 million in the three months ended June 30, 2016.

Employee benefit expense

Employee benefit expense decreased by 3.92% to ₹4,314.53 million (U.S.$ 66.64 million) in the three months ended June 30, 2017 from ₹4,490.36 million in the three months ended June 30, 2016, primarily due to depreciation of the Euro vis-a-vis the Rupee, which resulted in translation losses and cost optimisation efforts undertaken across our Company.

Finance costs

Finance cost increased by 26.40% to ₹340.48 million (U.S.$ 5.26 million) in the three months ended June 30, 2017 from ₹ 269.37 million in the three months ended June 30, 2016, primarily due to increased interest expense on higher gross borrowings in India. However, the entire interest cost is not charged to P&L as a portion of the interest cost for borrowing for Chennai capex is being capitalised. In Europe, although gross borrowings increased (due to funding requirements of our greenfield project in Hungary), the interest payable on such debt was capitalised and consequently, our finance cost in Europe did not impact adversely.

Depreciation & amortization expense

Depreciation & amortization expenses increased by 18.72% to ₹1,258.46 million (U.S.$ 19.44 million) in the three months ended June 30, 2017 from ₹1,060.05 million in the three months ended June 30, 2016, primarily on account of higher fixed assets relating to TBR expansion in Chennai.

Other expenses

Other expenses decreased by 10.60% to ₹6,304.70 million (U.S.$ 97.39 million) in the three months ended June 30, 2017 from ₹7,052.06 million in the three months ended June 30, 2016, primarily due to reduction in sales promotion expenses and cost optimisation.

Total tax expense

Total tax expense decreased by 71.37% to ₹338.15 million (U.S.$ 5.23 million) in the three months ended June 30, 2017 as compared to ₹1,181.09 million in the three months ended June 30, 2016, primarily due to reduction in profits.

Profit for the period

Due to the reasons stated above, the profit for the three months ended June 30, 2017 decreased by 72.02% to ₹883.00 million (U.S.$ 13.63 million) from ₹3,155.44 million in in the three months ended June 30, 2016.

Comparison of the results of operations for the fiscal years ended March 31, 2017 and March 31, 2016 (as per IND AS)

Revenue from operations

Gross sales

Our gross sales increased by 10.28% to ₹140,528.89 million in fiscal 2017 from ₹ 127,428.64 million in fiscal 2016, primarily due to strong volume growth in India and Europe and the addition of Reifencom revenues on a full year basis in fiscal 2017, as compared to fiscal 2016 when the contribution by Reifencom was only accounted for the fourth quarter in fiscal 2016 as we acquired Reifencom in January 2016. Our increase in gross sales in fiscal 2017 was partially offset by reduced price and product mix.

Other operating income

Other operating income increased by 7.73% to ₹1,170.67 million in fiscal 2017 from ₹1,086.68 million in fiscal 2016, primarily due to unwinding of deferred subsidy income, early payment discount received from Raw material supplier which was partially offset by reduced investment promotion subsidy from Government of Tamil Nadu .

Other income

Other income increased by 126.72% to ₹1,541.27 million in fiscal 2017 from ₹ 679.80 million in fiscal 2016, primarily due to increase in interest income earned on deposits, unclaimed credit balances/ provisions no longer required written back and increase in gain from forex fluctuations.

Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods, work-in-progress and stock-in-trade

Total cost of materials consumed, purchase of stock in trade and changes in inventories of finished goods, work in progress and stock in trade increased by 15.71% to ₹68,900.54 million in fiscal 2017 from ₹ 59,547.89 million in fiscal 2016, as a result of increase in volumes in India and Europe and full consolidation of Reifencom operations in fiscal 2017 vis-a-vis one quarter consolidation of Reinfencom operations in fiscal 2016.

Excise duty on sales

Excise duty on sales decreased by 1.30% to ₹9,899.20 million in fiscal 2017 from ₹10,029.73 million in fiscal 2016.

Employee benefits expenses

Employee benefits expenses increased by 10.90% to ₹ 17,420.70 million in fiscal 2017 from ₹ 15,707.87 million in fiscal 2016 due to full consolidation of Reifencom in fiscal 2017 and inflation.

Finance costs

Finance cost increased by 11.10% to ₹ 1,028.81 million in fiscal 2017 from ₹ 926.01 million in fiscal 2016, primarily due to higher borrowings in Europe. However, the entire interest cost is not charged to the profit and loss account as a portion of the interest cost for borrowings for Chennai and Hungary capex is being capitalised.

Depreciation & amortization expense

Depreciation & amortization expense increased by 8.21% to ₹4,618.13 million in fiscal 2017 from ₹4,267.87 million in fiscal 2016, primarily on account of full consolidation of Reifencome operations and addition of property, plant and equipment related to capacity expansion in the ordinary course of business

Other expenses

Other expenses increased by 16.17% to ₹27,014.95 million in fiscal 2017 from ₹23,255.22 million in fiscal 2016, on account of full consolidation of Reifencom operations, higher freight, sales promotion, repairs & maintenance and other expenses in line with the business growth.

Exceptional items

Exceptional items represented a nil amount in fiscal 2017, as compared to a gain of ₹ 477.71 million in fiscal 2016. The gain in fiscal 2016 was due to the profit on sale of property by Apollo Tyres Africa (Pty) Limited post closure of the plants.

Total tax expense

Total tax expense decreased by 28.04% to ₹3,365.46 million in fiscal 2017 as compared to ₹4,676.89 million in fiscal 2016, primarily due to increase in tax incentives and concessions in India which was primarily on account of the deduction availed for capitalization of plant and machinery for our Chennai project, deduction on account of R&D expenses incurred and due to reduction in profits.

Profit for the year

Due to the reasons stated above, the profit for the year decreased by 2.13% to ₹10,989.99 million in fiscal 2017 from ₹ 11,229.60 million in fiscal 2016.

Comparison of the results of operations for fiscal years ended March 31, 2016 and March 31, 2015 (as per Indian GAAP)

Revenue from operations

Our revenue from operations, net of excise duty, decreased by 8.00% to ₹ 117,077.96 million in fiscal 2016 from ₹ 127,256.99 million in fiscal 2015, primarily due to decrease in sales from our European operations. The decrease was due to a decline in raw material prices resulting in reduced selling prices, depreciation of the Euro vis-a-vis the Rupee, which resulted in translation losses, mild winters resulting in lower sale volumes, which was partially offset by the revenue derived through the acquisition of Reifencom in January 2016. Further, our revenue in India declined due to reduced prices, necessitated by a reduction in raw material prices, which was partially offset by an increase in volumes sold. We also shut down our South African operations in 2015, which affected our consolidated revenue.

Other operating income

Other operating income marginally decreased by 5.01% to ₹ 852.28 million in fiscal 2016 from ₹ 897.26 million in fiscal 2015, primarily due to reduction in scrap sales and decrease in early payment discount received from raw material suppliers.

Other income

Other income increased by 30.18% to ₹ 700.38 million in fiscal 2016 from ₹ 537.99 million in fiscal 2015, primarily due to an increase in interest income earned on deposits and dividend income earned from mutual funds. Such increase in interest and dividend income was due to an increase in deposit and mutual fund investments during the year. Other income also increased due to fees received from third parties for technical aid provided by us and foreign exchange gains.

Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods, work-in-progress and stock-in-trade

Total cost of materials consumed, purchase of stock in trade and changes in inventories of finished goods, work in progress and stock in trade decreased by 15.72% to ₹ 59,634.32 million in fiscal 2016 from ₹ 70,754.23 million in fiscal 2015, primarily due to the decrease in the cost of raw materials consumed on account of a reduction in the price of certain raw materials, which was caused by a decline in natural rubber and global crude oil prices as well as due to the closure of our South African operations.

Employee benefits expenses

Employee benefits expenses marginally decreased by 1.47% to ₹ 15,869.60 million in fiscal 2016 from ₹ 16,106.15 million in fiscal 2015 due to closure of our South African operations, which was partially offset by an increase in employee cost due to the acquisition of Reifencom in January 2016, as well due to increased employee cost on account of inflation.

Finance cost

Finance cost decreased by 49.91% to ₹ 915.55 million in fiscal 2016 from ₹ 1,827.90 million in fiscal 2015, primarily due to a decrease in the gross borrowings in India. In Europe, although gross borrowings increased (due to funding requirements of our greenfield project in Hungary), the interest payable on such debt was capitalised and consequently, our finance cost did not increase.

Depreciation & amortization expense

Depreciation & amortization expense increased by 9.17% to ₹ 4,238.89 million in fiscal 2016 from ₹ 3,882.88 million in fiscal 2015, primarily as a result of the addition of plant, property and equipment related to capacity expansion in the ordinary course of business.

Other expenses

Other expenses marginally increased by 3.44% to ₹ 22,743.93 million in fiscal 2016 from ₹ 21,987.91 million in fiscal 2015, primarily due to increase in advertising and publicity costs, legal and other professional expenses and rent (including lease rent payable for the land on which our factories are located). Other expenses also increased due to acquisition of Reifencom in January 2016, which was partially offset by the closure of our South African operations.

Exceptional items

Exceptional items represented a gain of ₹ 477.71 million in fiscal 2016, as compared to a loss of ₹ 824.90 million in fiscal 2015. The gain in fiscal 2016 was due to the profit on sale of property by Apollo Tyres Africa (Pty) Limited post closure of the plants. In fiscal 2015, Apollo Tyres Africa (Pty) Limited had undertaken a restructuring process which resulted in an exceptional item loss of ₹ 824.90 million.

Current tax expense

Current tax expenses increased by 22.17% to ₹ 4,318.77 million in fiscal 2016 from ₹ 3,534.99 million in fiscal 2015, primarily due to an increase in earnings in our Indian operations, which was partially offset by a reduction in earnings in our European operations.

Deferred tax expense

Deferred tax expenses were ₹ 457.08 million in fiscal 2016 as compared to a deferred tax credit of ₹ 2.81 million in fiscal 2015. This was primarily due to tax credit in our South African operations in fiscal 2015.

Profit for the year

Due to the reasons stated above, the profit for the year increased by 11.81% to ₹ 10,930.19 million in fiscal 2016 from ₹ 9,776.09 million in fiscal 2015.

Cash flows

The following table presents the details our cash flow information for the three months ended June 30, 2017 and June 30, 2016:

	For the three months ended June 30,		
	2016 *(₹ in million)* **(IND AS)**	**2017** *(₹ in million)* **(IND AS)**	**2017** *(U.S. $ in million)* **(IND AS)**
Net cash generated from/ (used in) operating activities	6,556.39	2,856.12	44.12
Net cash generated from/ (used in) used in investing activities	(13,161.29)	(5,965.10)	(92.14)
Net cash generated from/ (used in) financing activities	6,962.22	4,059.56	62.71

Effect of foreign currency fluctuation arising out of consolidation	(170.64)	54.56	0.84
Net increase / (decrease) in cash and cash equivalents	186.68	1,005.14	15.53
Adjusted Cash and cash equivalents at the beginning of the period	2,280.17	191.78	2. 96
Adjusted Cash and cash equivalents at the end of the period	2,466.85	1,196.92	18.49

(1) For the reader's convenience, U.S. dollar translations have been provided at a rate of U.S.$1.00 = ₹64.74 which was based on reference rate published by the RBI as of June 30, 2017.

The following table presents the details our cash flow information for fiscals 2016 and 2017:

(₹ in million)

	For the fiscal year ended March 31,	
	2016 **(IND AS)**	**2017** **(IND AS)**
Net cash generated from/ (used in) operating activities	21,224.97	9,024.54
Net cash generated from/ (used in) used in investing activities	(22,827.64)	(29,418.95)
Net cash generated from/ (used in) financing activities	(2,546.61)	18,946.30
Effect of foreign currency fluctuation arising out of consolidation	59.92	(640.28)
Net increase / (decrease) in cash and cash equivalents	(4,089.36)	(2,088.39)
Adjusted Cash and cash equivalents at the beginning of the year	5,861.25	2,280.17
Cash & cash equivalents acquired on acquisition of subsidiary during the year	508.28	-
Adjusted Cash and cash equivalents at the end of the year	2,280.17	191.78

The following table presents the details our cash flow information for fiscals 2015 and 2016:

(₹ in million)

	For the fiscal year ended March 31,	
	2015 **(Indian GAAP)**	**2016** **(Indian GAAP)**
Net cash generated from/ (used in) operating activities	14,119.68	22,007.06
Net cash generated from/ (used in) used in investing activities	(7,500.20)	(23,914.22)
Net cash generated from/ (used in) financing activities	(6,835.86)	1,607.62
Effect of foreign currency fluctuation arising out of consolidation	(359.28)	(166.86)
Net increase / (decrease) in cash and cash equivalents	(575.66)	(466.40)
Cash & cash equivalents acquired on acquisition of subsidiary during the year	0.00	508.28
Adjusted Cash and cash equivalents at the beginning of the year	6,438.07	6,370.69
Adjusted Cash and cash equivalents at the end of the year	5,862.41	5,904.29

Net cash generated from/ (used in) operating activities

Net cash generated from operating activities was ₹ 2,856.12 million (U.S.S$ 44.12 million) for the three months ended June 30, 2017, compared to ₹ 6,556.39 million for the three months ended June 30, 2016. This decrease was primarily due to reduction in profitability.

Net cash generated from operating activities was ₹ 9,024.54 million in fiscal 2017 compared to ₹ 21,224.97 million in fiscal 2016. This decrease was primarily on account of the build up of inventory, trade receivables and other current assets. Net cash generated from operations was also lower due to decrease in profitablity in India operations which was partially offset by increase in profitability in our European operations. Further, in fiscal 2016, there was cash inflow on account of sale of our assets in South Africa post closure of the plant.

Net cash generated from operating activities was ₹ 22,007.06 million in fiscal 2016 compared to ₹ 14,119.68 million in fiscal 2015. This increase was due to increased profitability from our Indian operations, which was partially offset by a decrease in profitability of our European operations. Net cash from operations was also generated from the sale of our assets in South Africa post closure of the plant in fiscal 2016 as against a loss in fiscal 2015 due to the cost of restructuring the South African operations (which included the cost of employee retrenchment). Net cash flow from operating activity also increased due to reduction in working capital position in fiscal 2016 as compared to fiscal 2015.

Net cash generated from/ (used in) investing activities

Net cash used in investing activities was ₹ 5,965.10 million (U.S.$ 92.14 million) for the three months ended June 30, 2017, compared to ₹ 13,161.29 million for the three months ended June 30, 2016. The decrease in net cash outflow was due to cash inflow from redemption of investment in mutual funds and inter corporate deposits in the three months ended June 30, 2017 as compared to cash outflow from investment in mutual funds and inter corporate deposits in the three months ended June 30, 2016. Lower capital expenditure on fixed assets in the three months ended June 30, 2017 as compared to three months ended June 30, 2016 also contributed to the decrease.

Net cash used in investing activities was ₹29,418.95 million in fiscal 2017 compared to ₹22,827.64 million used in fiscal 2016. This net cash outflow was primarily due to purchase of fixed assets for the expansion of the capacity of our Chennai plant and for our greenfield project in Hungary and investment in mutual funds which was partially offset by redemption of inter corporate deposit and receipt of investment subsidy in Hungary.

Net cash used in investing activities was ₹23,914.22 million in fiscal 2016 compared to ₹ 7,500.20 million used in fiscal 2015. The increase in net cash outflow from investing activities was primarily due to purchase of fixed assets for the expansion of the capacity of our Chennai plant and for our greenfield project in Hungary, acquisition of Riefencom and fixed deposits placed with financial institutions.

Net cash generated from/ (used in) financing activities

Net cash generated from financing activities was ₹4,059.56 million (U.S.$ 62.71 million) for the three months ended June 30, 2017, compared to net cash generated from financing activities of ₹6,962.22 million for the three months ended June 30, 2016. This decrease in net cash inflow was primarily due to lower drawdown of borrowings and due to lower investing activities and redemption of financial investments in the three months ended June 30, 2017 as compared to the three months ended June 30, 2016.

Net cash generated from financing activities was ₹18,946.30 million in fiscal 2017, compared to an outflow of ₹ 2,546.61 million in fiscal 2016. The net increase in cash generated from financing activities was primarily due to increase in borrowings for our Chennai and Hungary plants.

Net cash generated from financing activities was ₹ 1,607.62 million in fiscal 2016, compared to an outflow of ₹ 6,835.86 million in fiscal 2015. The increase in net cash generated from financing activities was primarily due to net increase in borrowings for funding the greenfield project in Hungary and for acquisition of Reifencom.

Comparison of certain line items for fiscal 2016 as prepared under Indian GAAP versus as prepared under IND AS

Equity Reconciliation

(₹ in million)

Particulars	**As at March 31, 2016**	**As at April 1, 2015**
Equity as per previous GAAP	61,822.09	50,422.97
Proposed dividend and dividend tax adjustment	1,225.30	1,225.30
Impact due to retrospective application of Business Combination	1,100.99	1,180.50
Fair valuation of Investment	4.15	86.50
Impact of restatement of long term borrowings & MTM of related derivative instruments	2.08	21.90
Impact of discounting of security deposits to its present value	(17.51)	(14.53)
Deferred tax impact	224.14	120.91

Impact of retrospective recognition of government grant	2,679.91	2,445.51
Impact of depreciation due to transition adjustment	(1,118.06)	(1,194.92)
Others	123.06	(103.78)
Equity as per IND AS	66,046.15	54,190.36

Reconciliation of Net Profit

(₹ in Million)

Particulars	**Year ended March 31, 2016**
Net profit as per previous GAAP	10,930.19
Fair Valuation of Investments	(82.34)
Reclassification of actuarial gain impact to other comprehensive income	(57.56)
Deferred tax impact	98.96
Impact of retrospective application of Apollo (Mauritius) Holdings Pvt Ltd (AMHPL) merger	67.32
Impact of retrospective recognition of government grant	234.40
Impact of depreciation due to transition adjustment	34.72
Others	3.91
Net Profit as per IND AS	11,229.60
Other Comprehensive Income (net of tax)	1,927.81
Total Comprehensive Income (net of tax)	13,157.41

Indebtedness

As of June 30, 2017, our consolidated net indebtedness was ₹ 34,236.52 million (U.S.$ 528.85 million, calculated at a rate of U.S.$1.00 = ₹64.74 based on the reference rate published by the RBI as of June 30, 2017)**,** consisting of short-term borrowings, long-term borrowings, current maturity of long term borrowings, derivative financial liabilities related to borrowings (net of derivative financial assets related to borrowings, cash and cash equivalents and current investments).

The following table summarizes our consolidated long-term and short-term indebtedness as of June 30, 2017:

Gross and Net debt

(₹ in million)

Particulars	**As at June 30, 2017**
Long term borrowings	28,999.09
Short term borrowings	9,193.27
Current maturity of long term borrowings	1,910.04
Derivative financial liabilities	131.25
Less: Derivative financial Assets (Short term)	218.05
Gross Debt	**40,015.60**
Less: Cash and other short term investments	
Cash and Cash equivalents	4,468.45
Current Investments	1,310.63
Net Debt	**34,236.52**

For a summary of restrictive covenants that we are subject to, as part of our arrangements with our lenders, please see "***Risk Factors – We are subject to restrictive covenants in certain debt facilities***." on page 41.

Contractual obligations

Our material contractual obligations are short-term and long-term indebtedness, operating leases for land, office premises, information technology hardware, machinery, vehicles and finance leases for certain assets.

The following table presents the details of our payments due in respect of such operating and finance leases as of March 31, 2017:

(₹ in million)

	Total	**Due within 1 year of March 31, 2017**	**Due within a period between 1 and 5 years of March 31, 2017**	**Due after 5 years from March 31, 2017**
Operating leases	5,914.87	1,567.27	3,781.63	565.97
Finance leases (gross)	195.59	51.06	113.42	31.11
Total	**6,110.46**	**1,618.33**	**3,895.05**	**597.08**

Contingent liabilities and commitments

Contingent liabilities

The following table presents the details of our contingent liabilities as of June 30, 2017:

(₹ in million)

Particulars	**Amount**
Sales Tax	39.64
Income Tax #	84.10
Claims against our Company not acknowledged as debts	
- Employee related	73.52
- Others	68.06
Excise Duty*	161.78
Total	**427.10**

** Excludes demand of ₹ 532.12 million raised on one of our units, which relates to issues that have been decided by the Appellate Tax Authority in India in our favour, in appeals, pertaining to our other units. Show-cause notices received from various Government agencies pending formal demand notices have not been considered as contingent liabilities.*

 # Excludes an amount of ₹ 441.66 million in appeals which have been decided by the Appellate Tax Authorities in our favour but against which the Tax Department in India has appealed further and a demand of ₹ 663.70 million relating to the adjustments made in MAT computation, which in our opinion, is not sustainable and the probability of cash outflow is considered remote.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

Commitments

The following table presents the details of our commitments as of March 31, 2017:

(₹ in million)

Particulars	**Amount**
Estimated amount of contracts remaining to be executed on capital account & not provided for*	15,471.55
Total	**15,471.55**

**Includes ₹ 4.03 million payable to NSL Wind Power Company towards additional 402,805 shares allotted and Rs. 0.06 Million payable to OPGS Power Gujarat Private Limited towards additional 310,000 shares allotted under the group captive scheme. All the additional shares were allotted during fiscal 2016-17 but payment for additional shares is made after March 31, 2017. Total investment by the Group is 598,805 shares of NSL Wind Power Company and 930,000 shares of OPGS Power Gujarat Private Limited as of March 31, 2017.*

Capital expenditures

Our major capital expenditures (consisting of net addition in tangible, intangible assets, asset under construction and capital advances) include expenditure on new manufacturing plants and buildings, expansion of existing plant capacities and capital expenditure on research and development.

Capital expenditure for the three months ended June 30, 2017 was ₹ 9.89 billion which was primarily due to purchase of fixed assets for the expansion in capacities of our Chennai (Oragadam) plant and for our greenfield project in Hungary.

Capital expenditure for fiscal 2017 was ₹39.02 billion, which was an increase of ₹21.09 billion from fiscal 2016 primarily due to purchase of fixed assets for the expansion in capacities of our Chennai (Oragadam) plant and for our greenfield project in Hungary. Capital expenditure for fiscal 2016 and fiscal 2015 was ₹ 17.93 billion and ₹6.93 billion, respectively, which was an increase of ₹ 11.00 billion. This increase was primarily due to purchase of fixed assets for the expansion in capacities of our Oragadam plant and for our greenfield project in Hungary which was partially offset by the sale of the assets at our plant in South Africa.

For details of our proposed capital expenditures, please see "***Business***" on page 141.

Current Assets and Current Liabilities

The following table presents the details of change in the current assets and the current liabilities for the fiscal year ended March 31, 2016 and March 31, 2017:

(₹ In million)

	For the fiscal year ended March 31, 2017 (IND AS)
Increase/(decrease)	
Inventories	7,064.38
Trade receivables	431.48
Loans	1.99
Investments	(1,073.24)
Other financial assets	(399.69)
Other current assets	1,097.38
Cash and cash equivalents	(2,590.99)
Other bank balances	18.17
Sub total (A)	**4,549.47**
Borrowings	3,487.28
Trade payables	1,885.89
Other current liabilities	(104.70)
Other financial liabilities	4,721.31
Short-term provisions	751.00
Current tax liabilities (net)	(394.80)
Sub total (B)	**10,345.98**
Net change (A-B)	(5,796.51)

(₹ In million)

	For the fiscal year ended March 31, 2016 (Indian GAAP)
Increase/(decrease)	
Inventories	1,672.25
Trade receivables	1,254.05
Short-term loans and advances	4,351.74
Current Investments	216.35
Other current assets	219.44
Cash and cash equivalents	(3.91)
Sub total (A)	**7,709.92**

Dues to MSMEs	5.96
Other Trade payables	6,555.14
Other current liabilities	(1,368.20)
Short term borrowings	2,734.57
Short-term provisions	1,227.35
Sub total (B)	**9,154.82**
Net change (A-B)	**(1,444.90)**

Interest coverage ratio

Particulars	**Fiscal**		
	2015 (Indian GAAP)	**2016 (IND AS)**	**2017 (IND AS)**
Interest coverage ratio*	8.14	17.75	25.97

** Our interest coverage ratio is our profit for the period (profit after tax) adjusted for interest paid and non-cash items (depreciation and deferred tax expense) and then divided by interest paid.*

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

Related Party Transactions

We have in the past engaged, and in the future may engage, in transactions with related parties, including with our affiliates and certain directors or key management personnel on an arm's length basis. Such transactions could be for, among other things, rent or lease of certain properties, sale and purchase of machinery, products or raw materials, remuneration, the purchase or sale of investments and the purchase or sale of Equity Shares.

For additional details of our related party transactions, see our Financial Statements on page 228.

Quantitative and qualitative disclosures about market risk

Market risk is the risk attributable to the probable loss caused by adverse changes in market prices. We are exposed to market risks such as interest rate risk, commodity risk, credit risk and inflation risk in the normal course of our business.

Exchange Rate Risk

We face exchange rate risk due to the import of certain raw materials, the price of which we are required to pay in foreign currency, which is mostly the U.S. Dollar. Products that we export are paid for in foreign currency and this act as a natural hedge to a substantial portion of our imported raw material payments. However, as the value of our imports exceed that of our exports, the balance amount of imports in foreign currency carries the exchange rate risk.

In order to manage exchange rate risk, we enter into forward contracts in order to protect our revenues against the volatility of the Rupee with respect to the U.S. Dollar.

While we believe that our forward contracts protect us against certain short-term volatility in the Rupee-U.S. Dollar and Rupee-Euro exchange rates, there can be no assurance that they will fully mitigate any adverse movements in exchange rates. For further details, see "***Risk Factors - We generate income and incur expenses in multiple currencies and have certain foreign currency denominated borrowings, and exchange rate movement may cause us to incur losses when hedging on our exchange exposure is insufficient***" on page 51.

Interest Rate Risk

Interest rates are sensitive to many factors that are beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Upward revisions in interest rates of our floating interest rate facilities could increase our cost of servicing debts, which could adversely affect our results of operations. Further, upward revisions in interest rates would require us to pay a higher rate of interest on fixed interest rate facilities that we may avail going forward, which could also increase our financing costs. We currently use hedging instruments, including derivatives, to mitigate such interest rate risks.

Commodity Risk

We are exposed to market risks arising out of fluctuations in the prices of raw materials and components used to manufacture tyres. The primary raw materials that we use while manufacturing tyres are natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals. The cost of such raw materials is subject to the price of that commodity on the stock exchange and is therefore, subject to commodity price fluctuations. In the ordinary course of business, we purchase these raw materials and components either on a purchase order basis or pursuant to supply agreements.

Credit Risk

In India, we are exposed to credit risk on trade receivables owed to us by OEMs and export customers. In Europe, we are exposed to credit risk on trade receivables and we purchase credit insurance to mitigate this risk (except for trade receivables from OEMs and a few other customers in certain countries). To the extent of such uninsured risk, if our customers fail to pay us in a timely manner, or at all, we may have to make provisions for or write-off such amounts. As of March 31, 2017 and June 30, 2017, trade receivables owed to us were ₹ 11,274.96 million and ₹ 10,825.41 million, respectively.

Other qualitative factors

Seasonality of Business

The demand for our products, particularly from our OEM customers, is dependent on the industrial output of the automotive industry. The sales volumes and prices for vehicles are influenced by the cyclicality and seasonality of demand. For example, sale of automobiles by OEMs in December is usually lower than other months due to anticipated changes in vehicle models in the new year. Further, the farm vehicle segment is also subject to seasonality linked to the agricultural cycle in India. In Europe, the sale of tyres in the replacement market is significantly higher during winter and consequently, the timely arrival of a strong winter is important for replacement sales. The automotive industry is and will continue to be cyclical. The automotive industry is also sensitive to factors such as consumer demand, consumer confidence, disposable income levels, employment levels, fuel prices and general economic conditions. For further details, see "***Risk Factors - Seasonal or economic cyclicality could adversely affect our business and results of operations***" on page 36.

Competitive Conditions

We expect competition from existing and potential competitors to intensify. For further details, see "***Risk Factors - Competition may result in the reduction of our market share or margins, either of which could adversely affect our business or results of operations***" on page 37.

Significant developments since June 30, 2017 which could affect our results of operations

In November 2016, we entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for the purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India.

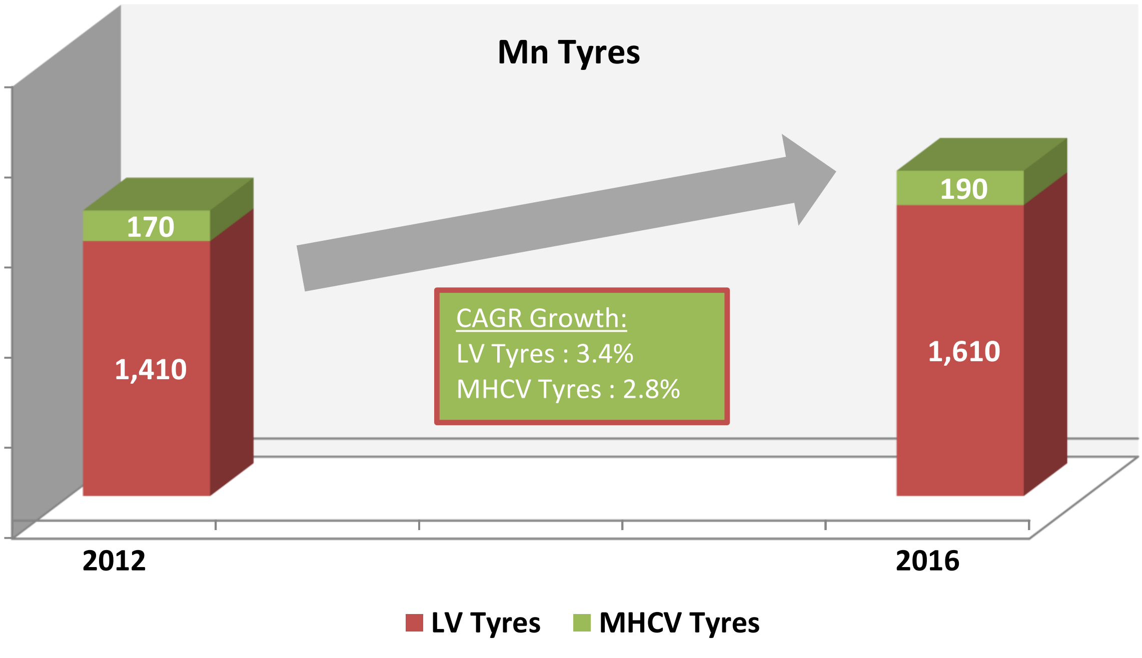
The Indian Parliament adopted a comprehensive national GST regime that will combine taxes and levies by the central and state governments into a unified rate structure. For further details, see "***Risk Factors - Changing tax laws, rules and regulations and legal uncertainties in India, including adverse application of tax laws, may adversely affect our business and financial performance***" on page 55.

The information in this section has been extracted from publicly available documents and other third party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. The official, industry, market and other data in this document has not been independently verified by us or any of our advisors, or any of the GCBRLMs or any of their respective advisors, and should not be relied on as if it had been so verified. Statements in this section that are not statements of historical fact constitute "forward looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties, and certain factors could cause actual results or outcomes to differ materially.

The global tyre industry

The global tyre market can be primarily categorised in to Light Vehicle (LV) tyres and Medium and Heavy Commercial Vehicle (MHCV) tyres. Light Vehicles include the passenger cars and light trucks which are primarily used by individuals to commute while MHCV include the trucks and buses used for transporting goods and people. The global tyre industry is dominated by LV tyres which contributed 90% to the global tyre sales volume in 2016.

The total global sales volumes of LV tyres have increased from 1,410 Mn tyres in 2012 to 1,610 Mn tyres in 2016, representing a CAGR of 3.4%. Similarly, total global sales of MHCV tyres have increased from 170 Mn tyres in 2012 to 190 Mn tyres in 2016 representing a CAGR of 2.8%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest 0, 5 and 10)*

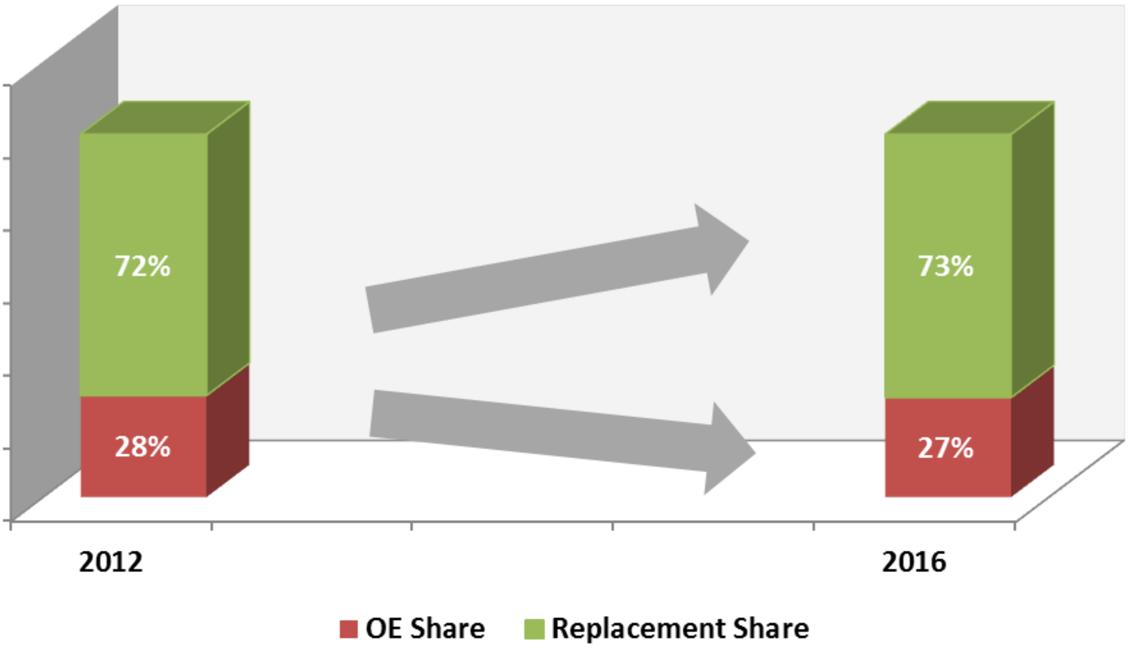


Customer segmentation

Customers in the tyre industry can be broadly classified into original equipment (OE) and replacement segments. OE segment consists of customers who are automobile manufacturers, while the replacement segment consists of customers in transportation and corporate sectors, as well as individuals.

LV tyres

In 2016, OE sales contributed 27% and replacement sales contributed 73% to the total sales of LV tyres in terms of number of units sold. The change in share of above customer segments in total sales volume in the last 5 years has been illustrated below: *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers)*



MHCV tyres

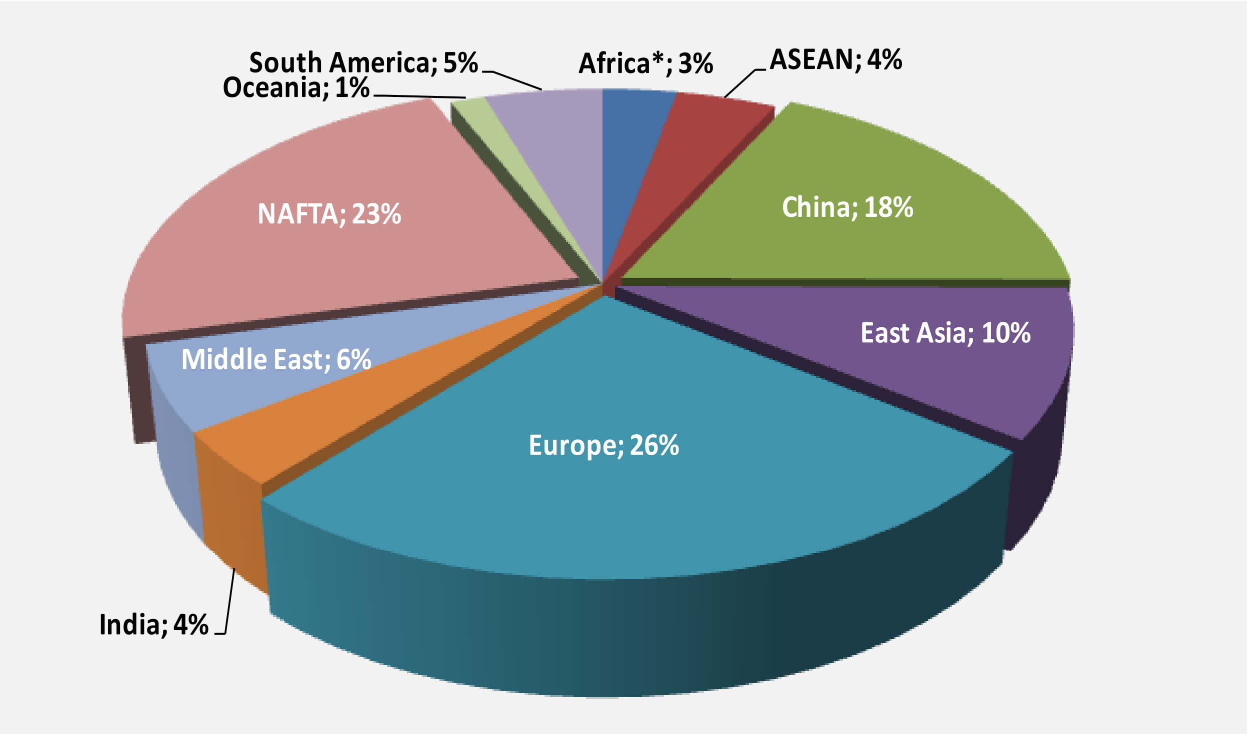
In 2016, OE sales contributed 18% while replacement sales contributed 82% to the total sales of MHCV tyres in terms of number of units sold. The share of above customer segments in total sales volume in the last 5 years has been the same as also illustrated below: *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers)*

Geographic segmentation

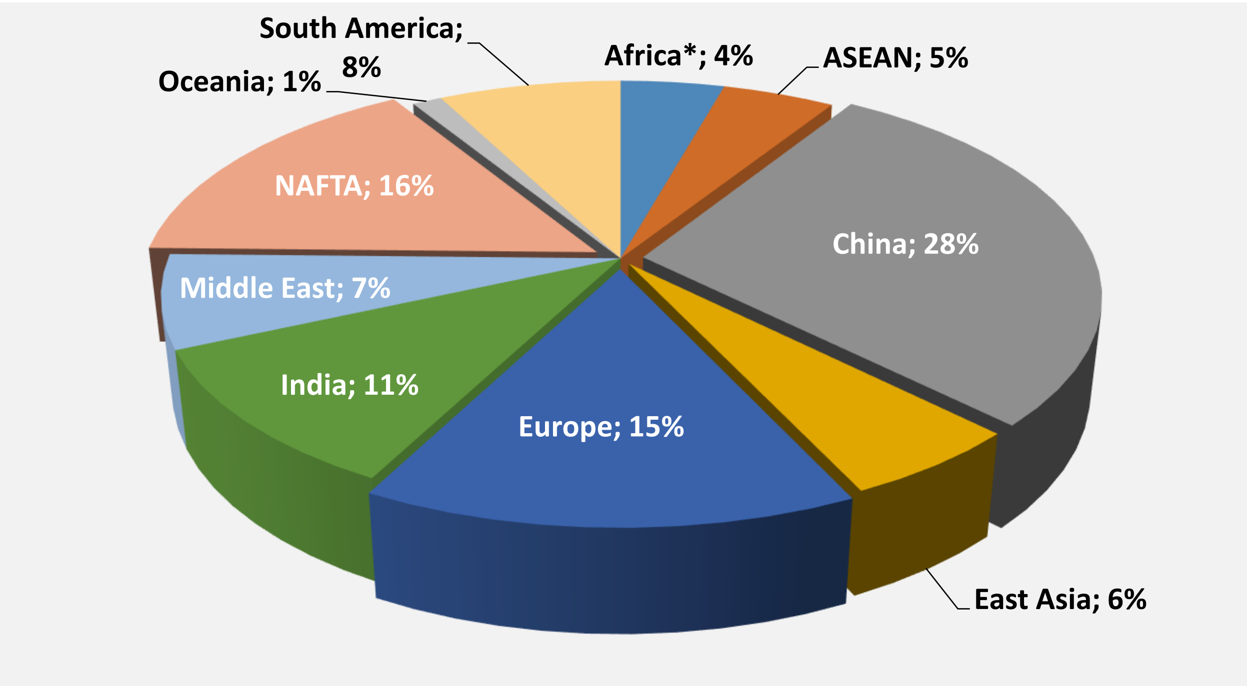
In 2016, Europe (Eastern, Central and Western Europe) and NAFTA (North America Free Trade Agreement countries) contributed to nearly half of the LV tyre demand while Emerging Countries/Economies (ASEAN,

China, India, Africa* and South America) dominate as far as MHCV tyre sales are concerned. *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers)*
Africa * includes Africa and North Africa

LV tyre sales by geography



MHCV tyre sales by geography



By 2021, the share of Europe and NAFTA in global LV tyre sales is expected to come down to 45% from 49% in 2016 as Emerging Countries/Economies (led by China) outpace the growth. As for MHCV segment, Emerging

Countries/Economies are expected to continue with their stronghold in tyre sales with their share remaining stable at 56% through 2021. *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers).*

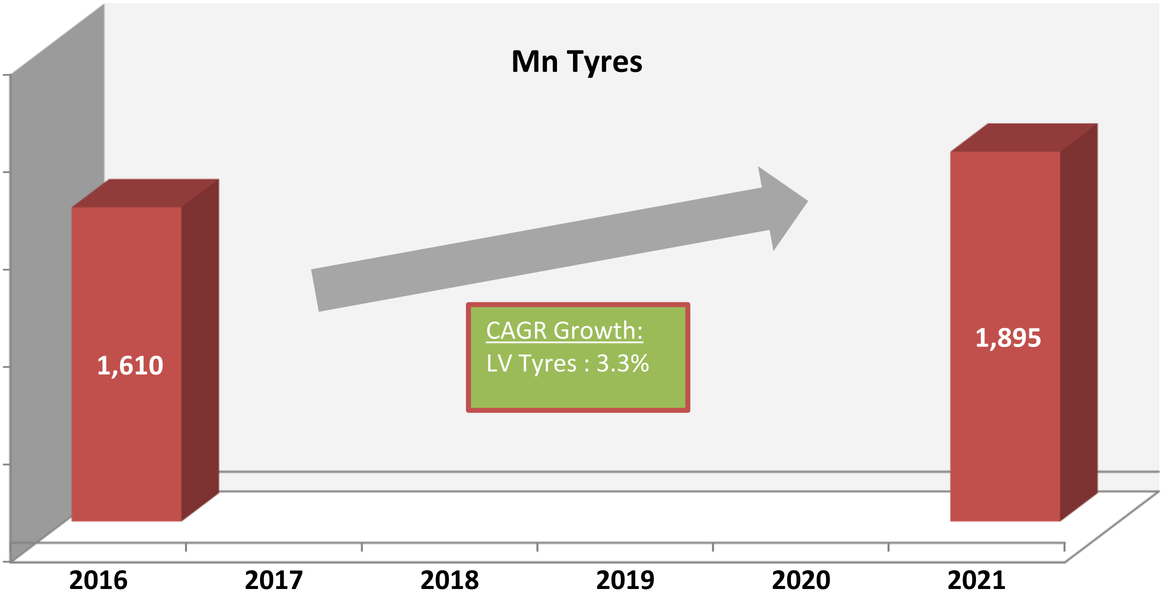
Growth drivers

Global LV sales grew by 5% in 2016 as compared to 3% in 2015. Increase in demand from China and Europe, as well as the Middle East and India helped offset the declines registered in Brazil, East Asia and Russia. Going forward, NAFTA is expected to grow at a slower pace albeit on a large base, Russian and Brazilian markets are expected to recover starting from 2017. MHCV segment grew by 7% in 2016 as compared to a 5% de-growth in 2015 indicating market recovery. A moderate growth is expected to continue in 2017.

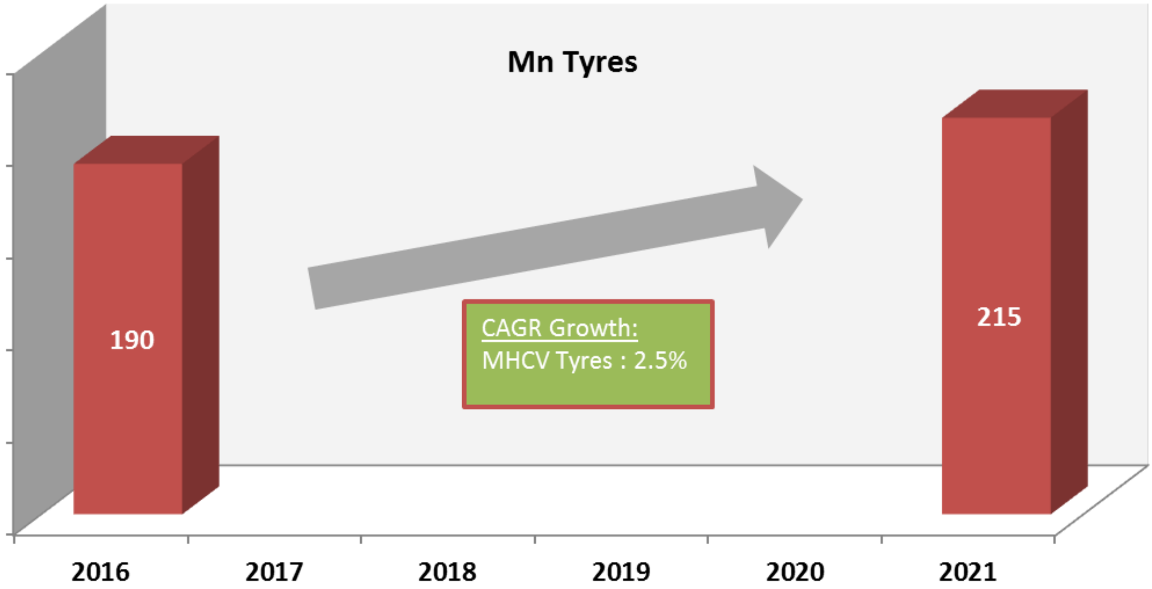
Replacement tyre sales returned to growth in all regions in 2016 both in LV and MHCV segments. In 2017, emerging markets are expected to witness stronger growth but in mature markets, sales are expected to slow after a recovery from the 2012 slowdown, especially in the European Union. *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers).*

Projected growth of the global tyre industry

Global sales volume of LV tyres is expected to increase from 1,610 Mn tyres in 2016 to 1,895 Mn tyres in 2021, representing a CAGR of 3.3%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



The total global sales of MHCV tyres is expected to increase from 190 Mn tyres in 2016 to 215 Mn tyres in 2021, representing a CAGR of 2.5%. *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest 0, 5 and 10).*



The tyre industry in India

Due to softer economic growth, the tyre industry witnessed modest growth from 2012 to 2016. As of December 31, 2016, the Indian tyre industry comprised of 39 companies, with 60 tyre manufacturing units across India. The industry had an estimated turnover of US$ 8.5 billion for fiscal 2015, with exports valued at an estimated US$ 1.7 billion during the same period (*Source: ATMA, available at: http://atmaindia.org/overview/*).

Overview of major product categories

Truck and bus (MHCV) tyres

MHCV tyres are either bias (TBB) or radial (TBR) tyres used on vehicles such as commercial freight trucks, dump trucks and passenger buses. MHCV tyres may be sub-categorized into specialties according to the vehicle position such as steering, drive axle, and trailer. Each type is designed differently with the reinforcements, material compounds and tread patterns.

Passenger car (PCR) tyres

Passenger car tyres are primarily radial tyres, which are used for application in passenger vehicles such as cars, vans, etc.

Light commercial vehicle and small commercial vehicle (LCV/SCV) tyres

LCV/SCV tyres include tyres used for application in light and small commercial vehicles which are primarily used for intra-city movement of goods. Such vehicles include pick-up trucks such as Mahindra's Jeeto, Bolero Pik-up, Tata Xenon pickup, Supro, etc.

Agricultural and off-road flotation tyres

Agricultural tyres include tyres used in farm vehicles, typically tractors and specialty vehicles such as harvesters. Such tyres have very deep, widely spaced lugs to allow the tyre to grip soil easily. Based on the axle where such tyres are fitted, agricultural tyres can be categorized into front, rear or trailer tyres. Such tyres can be either bias or radial depending upon the application requirements.

Off-road flotation tyres help traction in swampy environments and where soil compaction is a concern, featuring large footprints at low inflation pressures to spread out the area where the rubber meets the ground.

2/3 wheeler tyres

2/3 wheeler tyres are used for application in 2 wheelers such as scooters, motorcycles, mopeds, etc., and 3 wheelers such as auto rickshaws. A 2/3 wheeler tyre can be either of a bias or radial construction.

Indian tyre production

The following table presents the category-wise tyre production data for India from fiscals 2012 to 2016 and the nine months ended December 31, 2015 and the nine months ended December 31, 2016: *(Source: ATMA Report)*

(In million)

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Nine months ended December 31, 2015	Nine months ended December 31, 2016	% change
MHCV tyres	16.1	16.5	16.5	17.1	16.8	12.4	12.1	(2.7)
Passenger car (including jeep) tyres	28.7	32.1	31.7	35.7	38.7	28.8	33.5	16.4
Light truck (LCV)/ SCV tyres	6.7	8.2	9.3	10.2	9.7	7.3	7.8	7.0
Tractor (rear) tyres	1.9	1.9	2.3	2.1	2.0	1.5	1.9	22.5
2/3 wheeler (scooters - 2 and 3 wheelers, motorcycles and mopeds) tyres	67.1	59.1	63.4	76.0	79.9	60.1	68.1	13.3
Other tyres	4.9	5.0	5.6	5.0	4.9	3.7	4.0	8.1
Total tyres	**125.4**	**122. 8**	**128.9**	**146.2**	**152.0**	**113.8**	**127.3**	**11.9**

The above figures include actual production data of ATMA members and estimated production data of other tyre companies that are not member of ATMA.

Indian tyre exports

The following table presents the category-wise tyre export data from India between fiscals 2012 to 2016 and the nine months ended December 31, 2015 and the nine months ended December 31, 2016: *(Source: ATMA Reports)*

(In million)

Category	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Nine months ended December 31, 2015	Nine months ended December 31, 2016	% change
MHCV tyres	2.2	2.4	2.4	2.2	1.9	1.4	1.7	17.5
Passenger car (including jeep) tyres	1.7	1.8	2.2	2.7	2.3	1.7	2.0	16.0
Light truck (LCV)/ SCV tyres	1.7	1.8	1.6	1.5	1.7	1.2	1.4	15.9
Tractor (rear) tyres	0.03	0.04	0.06	0.07	0.1	0.1	0.1	5.5
2/3 wheeler (scooters - 2 and 3 wheelers, motorcycles and mopeds) tyres	1.9	2.0	2.1	1.8	2.1	1.5	1.8	17.4
Other tyres	0.4	0.4	0.6	0.4	0.5	0.3	0.3	6.8
Total tyres	**7.9**	**8.4**	**9.0**	**8.7**	**8.7**	**6.3**	**7.3**	**16.0**

The above figures represent the export data of ATMA members only.

Indian tyre imports

Import of MHCV and PCR form a significant part of tyres imported into India. The following table shows the share of imports in the PCR and the MHCV tyre segments as percentage of total tyres in such segments available for domestic use (Domestic Availability) *(Source: ATMA Reports)*. Domestic availability is the sum of tyres produced in India and tyres imported less exports.

For PCR tyres

(In million except percentages)

Particulars	**Fiscals**					
	2012	**2013**	**2014**	**2015**	**2016**	**Nine months ended December 31, 2016**
Domestic availability	32.3	35.7	34.6	38.3	41.9	35.8
Imports	5.3	5.4	5.1	5.2	5.6	4.3
Imports as a percentage of domestic availability (%)	16.3%	15.1%	14.8%	13.7%	13.2%	12.1%

For MHCV tyres

(In million except percentages)

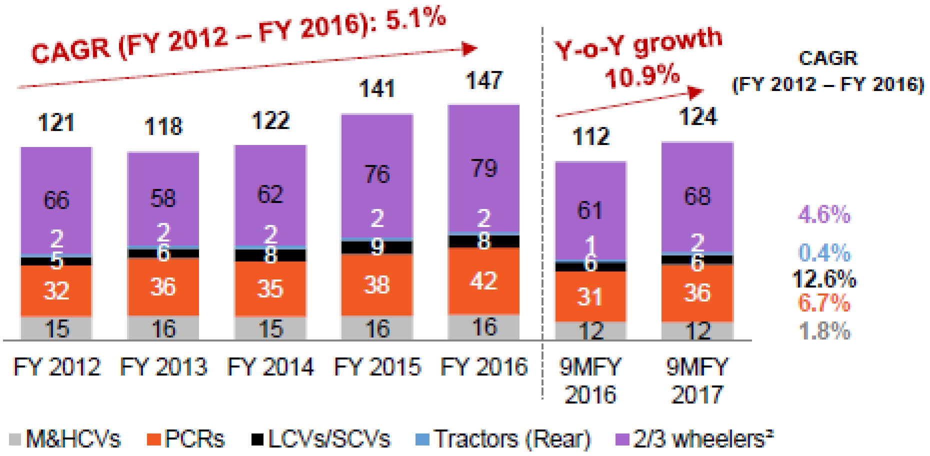
Particulars	**Fiscals**					
	2012	**2013**	**2014**	**2015**	**2016**	**Nine months ended December 31, 2016**
Domestic availability	15.2	15.9	15.3	15.9	16.3	11.8
Imports	1.3	1.8	1.3	0.9	1.5	1.4
Imports as a percentage of domestic availability (%)	8.8%	11.0%	8.4%	6.0%	9.2%	11.7%

Tyre companies in India face competition from Chinese tyres imported into India. The following table shows the percentage of PCR and MHCV tyres imported from China as a percentage of India's domestic availability, during the periods indicated: *(Source: ATMA Report)*

Period	**PCR imported from China as a % of domestic availability**	**MHCV tyres imported from China as a % of total domestic availability**
Fiscal 2012	6.0%	4.4%
Fiscal 2013	3.4%	0.7%
Fiscal 2014	4.9%	1.3%
Fiscal 2015	5.5%	3.5%
Fiscal 2016	5.9%	7.1%
Nine months ended December 31, 2016	5.0%	9.5%

Domestic Availability

Tyres available for sale in India grew at a CAGR of 5.1% between fiscal 2012 and fiscal 2016. The passenger car tyre segment witnessed significant growth registering a CAGR of 6.7% during the period. The following graph demonstrates the Domestic Availability of each product category from fiscal 2012 to nine months ended fiscal 2017. *(Source: ATMA Reports – numbers of tyres are rounded-off to the nearest whole numbers)*

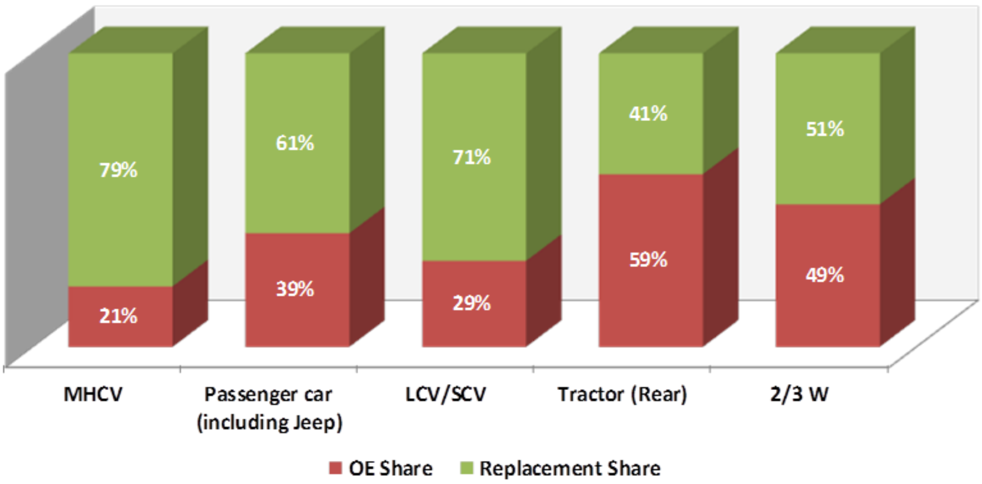


[2] *2 / 3 wheeler tyres include 2 wheeler scooters, 3 wheeler scooters, motorcycles and mopeds.*

Note: Please note that the number of tyres in the graph above are in millions.

Channel-wise segmentation

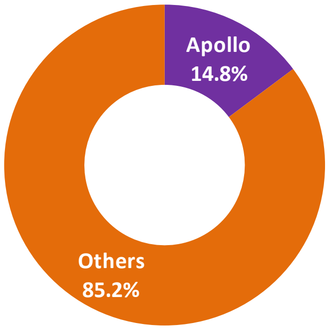
The following graph demonstrates the channel-wise segmentation by volume for the nine months ended December 31, 2016: *(Source: ATMA Reports - percentages are rounded-off to the nearest whole numbers)*



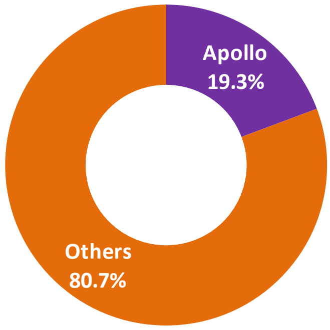
Market share in India

The following graphs represent our market share in India across various categories of tyres during the nine months ended December 31, 2016. Our market share data has been calculated based on the volumes sold by us as a percentage of Domestic Availability. *(Source: ATMA Reports)*

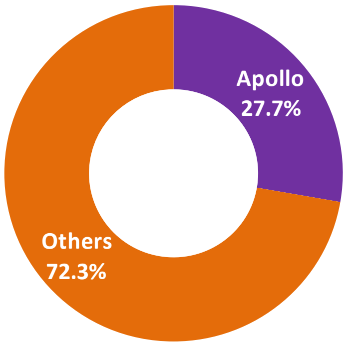
PCR



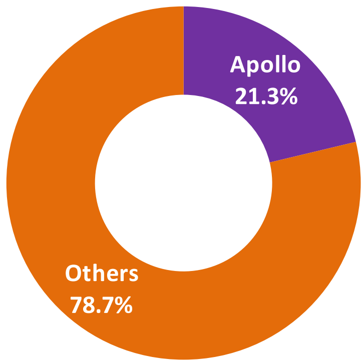
Tractor (rear)



Truck (bias)



Truck (radial)



Growth drivers

Macroeconomic outlook

Positive economic outlook

Economic growth is projected to remain strong and India will remain the fastest growing G20 economy. The increase in public wages and pensions will support consumption. The government's focus on infrastructure development and better fleet utilization will boost economic growth and the trend of shifting towards larger trucks will increase the demand in commercial vehicle tyres. Private investment will recover gradually as excess capacity diminishes and the landmark Goods and Services Tax (GST) regime and other measures to improve the ease of doing business are being implemented. GDP at market prices is expected to expand by 7.3% and 7.7% in 2017 and 2018 respectively. *(Source: http://www.oecd.org/economy/india-economic-forecast-summary.htm)*

Robust consumption and a rebound in exports expected to boost growth

Exports have picked up, driven by strong demand from Asia and the euro area. Higher oil prices and gold imports, coupled with a decline in remittances inflows, are reflected in some deterioration in the current account deficit. However, the deficit remains well below its longer-term average. FDI net inflows have been rising steadily since 2014 and are fully financing the current account deficit. *(Source: http://www.oecd.org/economy/india-economic-forecast-summary.htm)*

Structural reforms will lead to inclusive growth

The acceleration of structural reforms is bringing a new growth impetus. The GST should help make India more of a single market and thus spur productivity, investment, competitiveness, job creation and incomes. The abolition of the Foreign Investment Promotion Board, which reviewed foreign investment programmes, should promote FDI inflows. The central government's initiative to rank individual states on the ease of doing business is opening a new era of structural reforms. Many states have already modernised regulations and administrative procedures and some are experimenting with reforms of land acquisition and labor regulations. *(Source: http://www.oecd.org/economy/india-economic-forecast-summary.htm)*

Vehicle production in India

Passenger vehicles

Passenger vehicle production in India has increased from 3.1 Mn units in fiscal 2012 to 3.4 Mn units in fiscal 2016 representing a CAGR of 2.1%. During the nine months ended December 31, 2016, production increased by 9.1%. *(Source : ATMA Reports)*. The production is further expected to grow at a CAGR of 8.2% between 2016 and 2021 *(Source: LMC World Tyre Forecast Service)*

MHCVs

MHCV production in India decreased from 0.4 Mn units in fiscal 2012 to 0.3 Mn units in fiscal 2016. The production started tapering off in fiscal 2013 which continued in fiscal 2014. Since fiscal 2015, the production growth has been positive with the segment recording double digit increases of 21.1% and 27.0% in fiscal 2015 and fiscal 2016 respectively. During the nine months ended December 31, 2016, production increased by 1.9% *(Source : ATMA Reports)* as demonetization and implementation of BS IV norms (starting on April, 1, 2017) led to postponement of buying decision and thus, increased inventory levels at dealer yards. Production from here is expected to grow at a CAGR of 4.5% between 2016 and 2021 *(Source: LMC World Tyre Forecast Service)*

Two wheelers

Two wheeler production in India has increased from 15.4 Mn units in fiscal 2012 to 18.8 Mn units in fiscal 2016 representing a CAGR of 5.1%. During the nine months ended December 31, 2016, production increased by 7.1% *(Source : ATMA Reports)*.

Tractors

Tractor production in India decreased from 0.63 Mn units in fiscal 2012 to 0.57 Mn units in fiscal 2016. The production is largely dependent upon the predictions of adequate monsoonal rains during a given year which also helped production to grow by 17.5% during the nine months ended December 31, 2016 *(Source : ATMA Reports)*. With India suffering from a shortage in availability of agricultural labor, a reduction in the labor intensity and an improvement in productivity levels are currently in need. Hence, improved seed varieties, widespread extension services and farm mechanization will be the three critical focus areas going forward. *(Source : Labour in Indian agriculture : A growing challenge - A report by FICCI 2015)* Adoption of modern techniques and mechanization will only help drive the demand for tractors and other agricultural equipment in the future.

It is noteworthy to mention that the Government of India and the Indian Automotive Industry have collaborated to prepare an Automotive Mission Plan 2016-26 (AMP 2026) which seeks to define the trajectory of evolution of the automotive ecosystem in India. AMP 2026 aims to make India among the top three in the world in engineering, manufacture and export of vehicles and auto components. The target is to increase the size of the Indian automotive industry by 3.5 – 4 times in value from the output of Rs. 4.6 trillion in 2015 to Rs. 16.2 – 18.9 trillion by 2026. AMP 2026 aims to achieve the target through upgradation of emission norms, encourage the use of hybrid and electric vehicles, end of life policy, new safety regulations, favourable trade policies, skill development, etc. (Source : Automotive Mission Plan : 2016-26, A curtain raiser).

Radialization

Radialization refers to a shift from bias to radial tyres. One of the major differences between bias and radial tyres is the raw materials used – bias tyres use nylon fabric while radial tyres use steel cord. The other major difference is the complexity in production process – radial tyres are more complex to manufacture as they require more automated equipment, thus making it more capital intensive than a bias tyre.

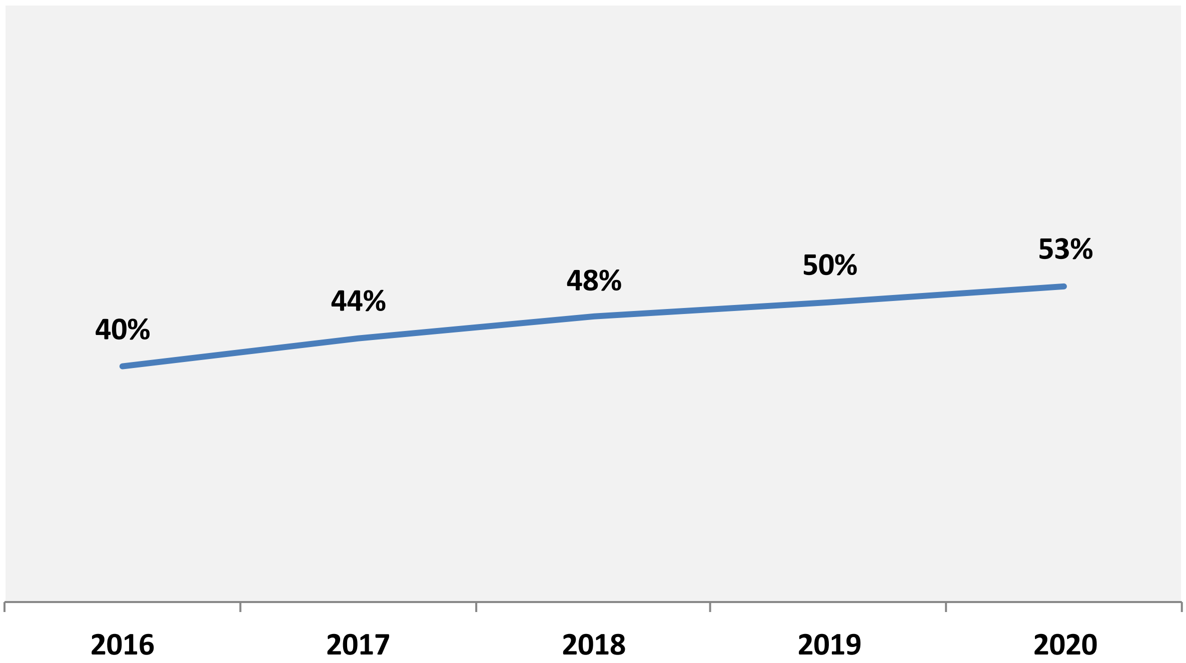
Radial tyres tend to be better suited for a more comfortable ride and in handling high-speeds on good roads and offer better vehicle handling, longer tread life, low rolling resistance, better fuel efficiency and better puncture resistance. Bias tyres are better suited for off-road or for driving on roads with poor conditions, are easily repairable and are resistant to bursting from overloading. Mature markets can be generally characterized by a high degree of radialization. In contrast, India is undergoing radialization, except for in the PCR segment, which comprises only of radial tyres.

Following the increasing radialization trend, tyre manufacturers in India have rapidly increased their radial tyre capacities. The share of production of radial tyres for MHCV vehicles has been detailed in the following table: *(Source: ATMA Reports)*

(In million except percentages)

Particulars	**Fiscal 2012**	**Fiscal 2013**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2016**	**Nine months ended December 31, 2016**
TBR produced	2.7	3.5	4.3	5.6	6.1	4.5
MHCV tyres produced	16.1	16.6	16.5	17.1	16.8	12.1
TBR production as a % of the total MHCV tyres produced	17.1%	21.1%	25.9%	32.6%	36.2%	37.3%

Radialization in India is only expected to increase going forward. The trend can be illustrated as follows (*Source: LMC World Tyre Forecast Service*):



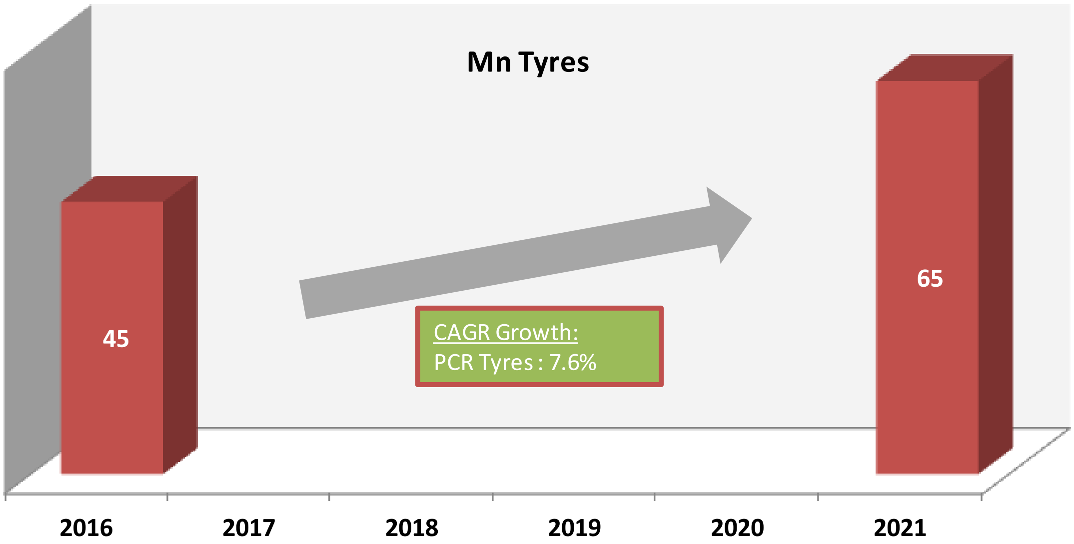
Anti-dumping duty implementation

In a recent investigation, Directorate General of Anti-Dumping and Allied Duties (DGAD) found the TBR tyres being imported from China to be causing injury to the domestic industry. Following the investigation, the Finance

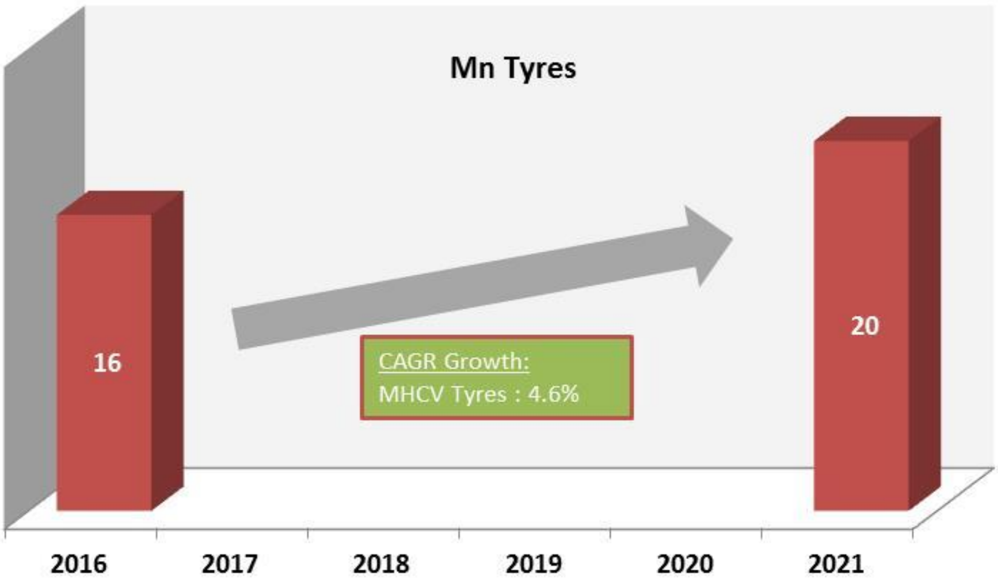
Ministry of India has imposed an anti-dumping duty on TBR imports from China for a period of 5 years. The levy ranges between U.S.$ 245.35 to $452.33 per tonne. This outcome is expected to facilitate the domestic manufacturers to capture the growing demand for TBR tyres.

Projected growth of Indian tyre industry

The total sales of PCR tyres is expected to increase from 45 Mn tyres in 2016 to 65 Mn tyres in 2021, representing a CAGR of 7.6%. *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



The total sales of MHCV tyres is expected to increase from 16 Mn tyres in 2016 to 20 Mn tyres in 2021, representing a CAGR of 4.6%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers)*



The total sales of LCV tyres is expected to increase from 10 Mn tyres in 2016 to 14 Mn tyres in 2021, representing a CAGR of 7.0%. *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest whole numbers)*

The tyre industry in Europe

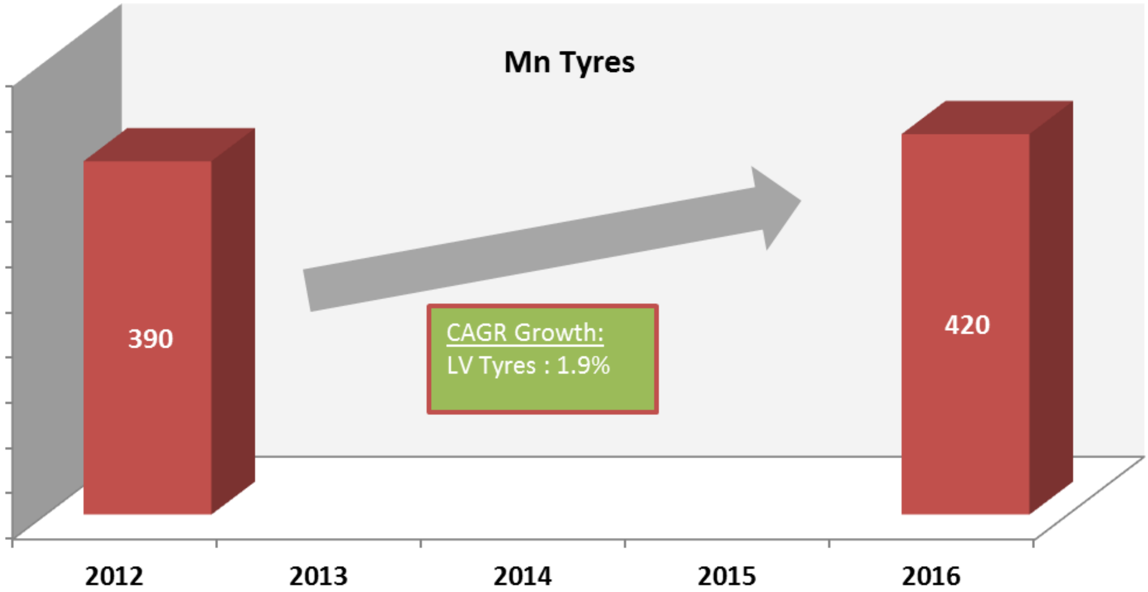
The European tyre market is one of the largest tyre markets in the world contributing 25% to the global LV and MHCV tyre sales volumes in 2016 *(Source: LMC World Tyre Forecast Service).* The region is home to some of the world's premium car manufacturers such as Porsche, Ferrari, Maserati, Audi, BMW, Mercedes-Benz and Volkswagen and the market primarily is focused on high and ultra-high performance tyres, such as winter tyres, run flat tyres, energy efficient and high speed rating tyres.

In Europe, LV tyres dominate the market. In 2016, the LV tyre segment accounted for approximately 78% of the total tyre sales revenue, with the replacement segment driving a majority of the sales *(Source: LMC World Tyre Forecast Service and Eurostat).* Western Europe is the largest tyre market within Europe contributing more than 70% of the total tyre volume in 2016.

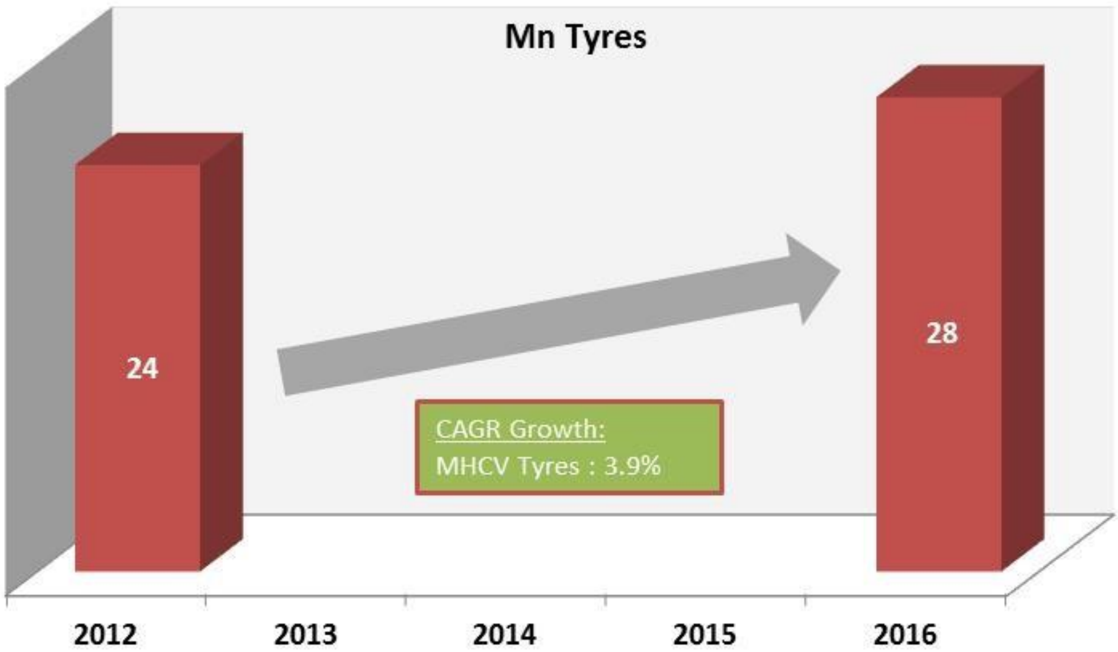
Following a decline in the tyre industry between 2008 and 2013, LV and MHCV tyre volumes have recovered, as miles driven increased, supported by low fuel prices. This trend is expected to continue *(Source: LMC World Tyre Forecast Service).* For details of projected tyre industry growth in Europe, see "***Industry - Projected growth of the tyre industry in Europe***".

The growth trend in the European tyre market from 2012 to 2016 has been illustrated below:

LV tyres *(Source: LMC World Tyre Forecast Service - number of tyres are rounded-off to the nearest 0, 5 or 10)*



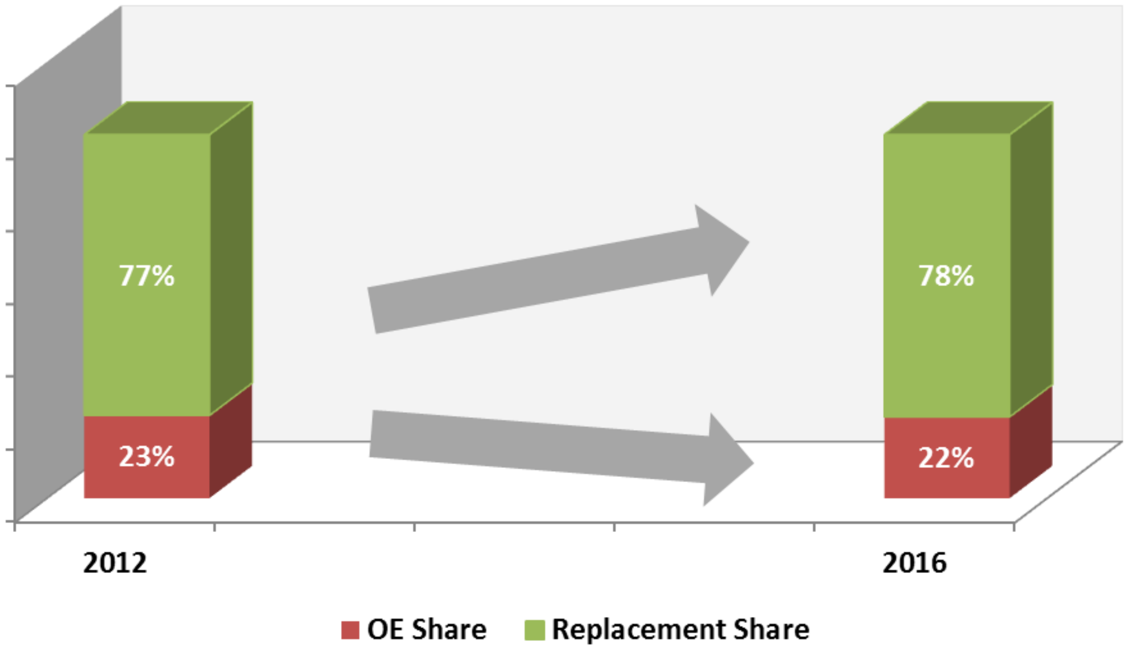
MHCV tyres *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest whole numbers)*



Customer segmentation

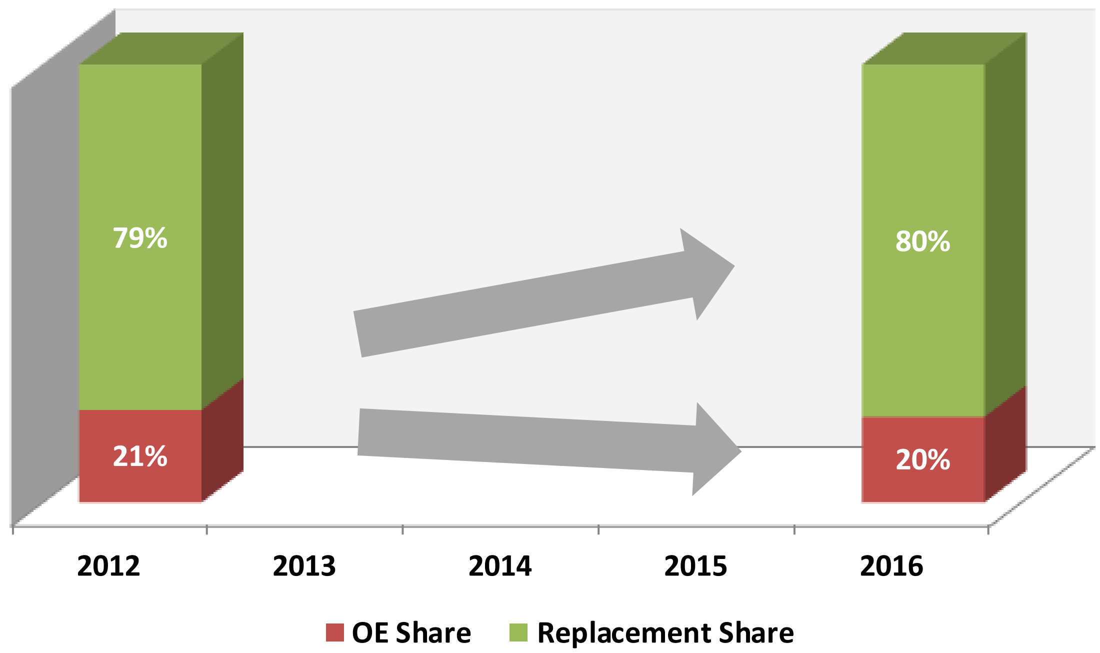
LV tyres

In 2016, OE sales contributed 22% and replacement sales contributed 78% to the total sales of LV tyres in terms of number of units sold. The following chart illustrates the change in share of these customer segments between 2012 to 2016: *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers)*



MHCV tyres

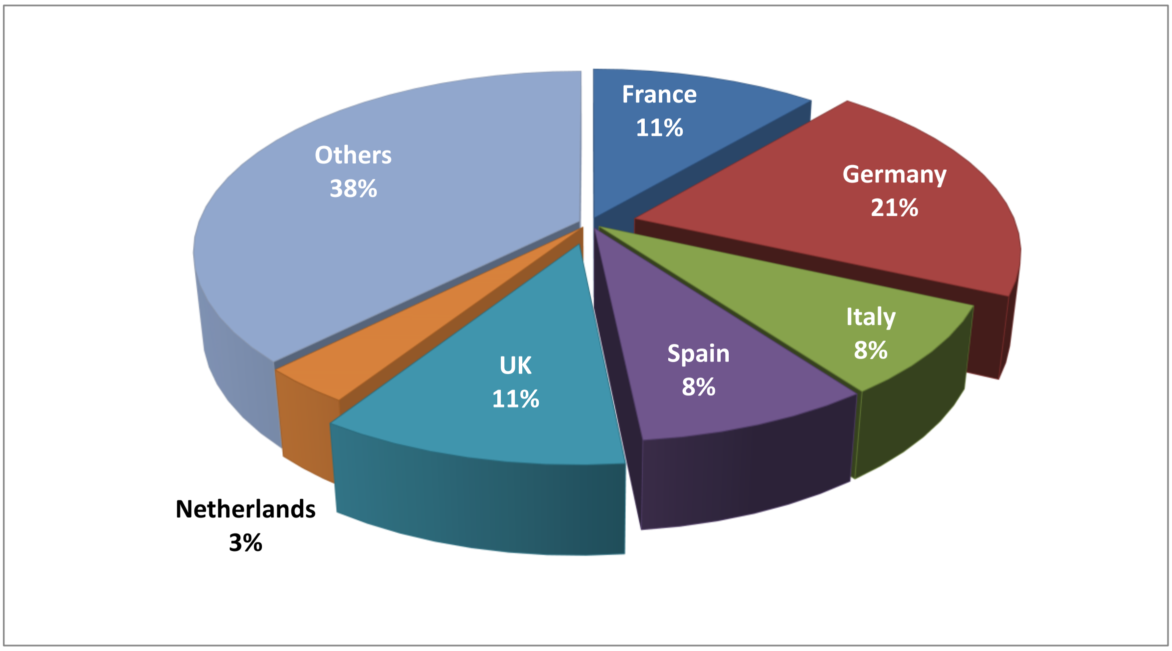
In 2016, OE sales contributed 20% while replacement sales contributed 80%, to the total sales of MHCV tyres in terms of number of units sold. The following chart illustrates the change in share of these customer segments between 2012 to 2016: *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers)*



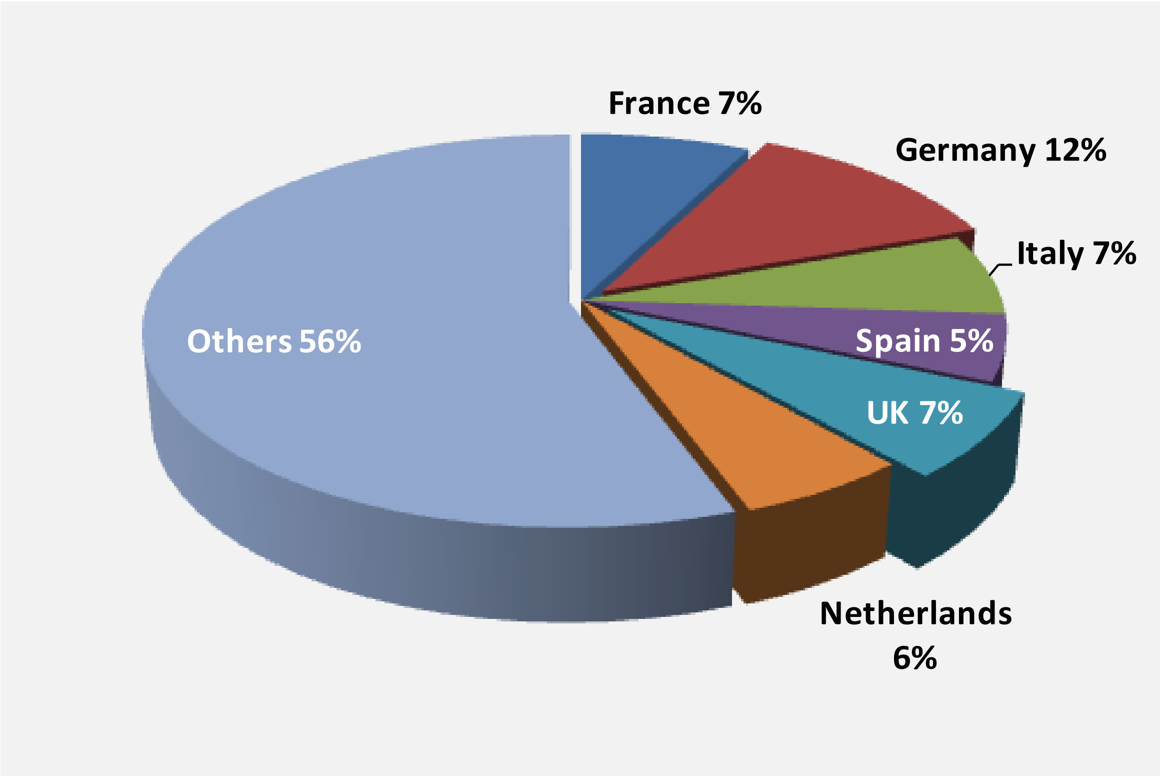
Country-wise share in tyre consumption

Within Europe, Western Europe is the largest tyre market with Germany, France, Italy, the U.K. and Spain contributing 59% of the total tyre sales in Europe. Germany being the largest tyre market, contributing 21% of the total tyre sales in Europe. The following chart illustrates the country-wise market share in Europe during 2016: *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers).*

LV tyres



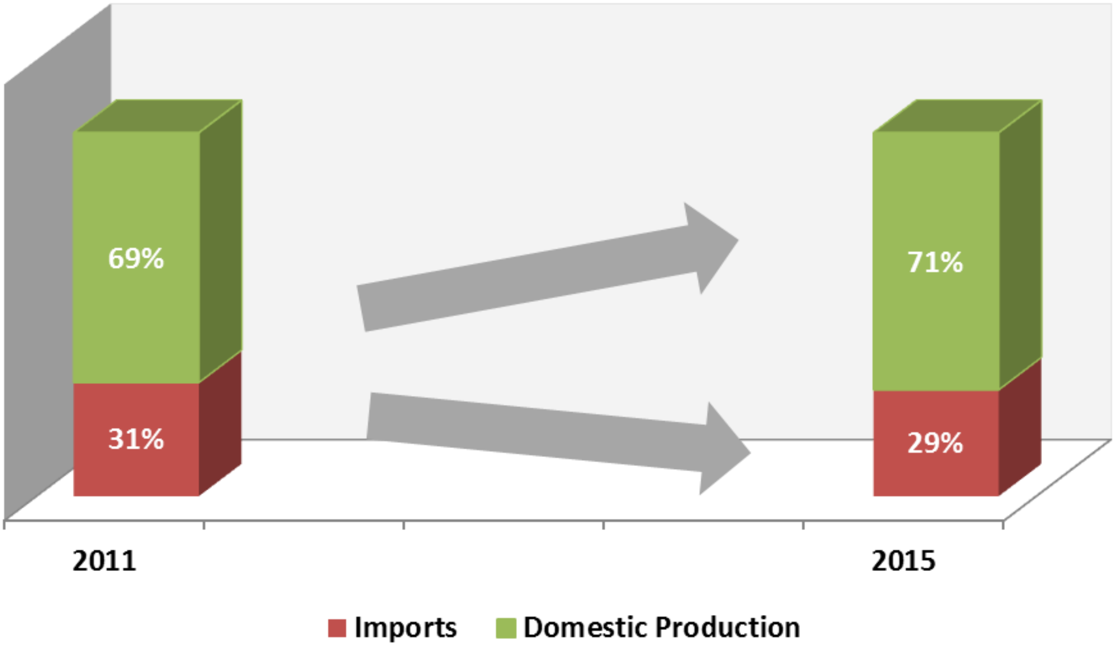
MHCV tyres



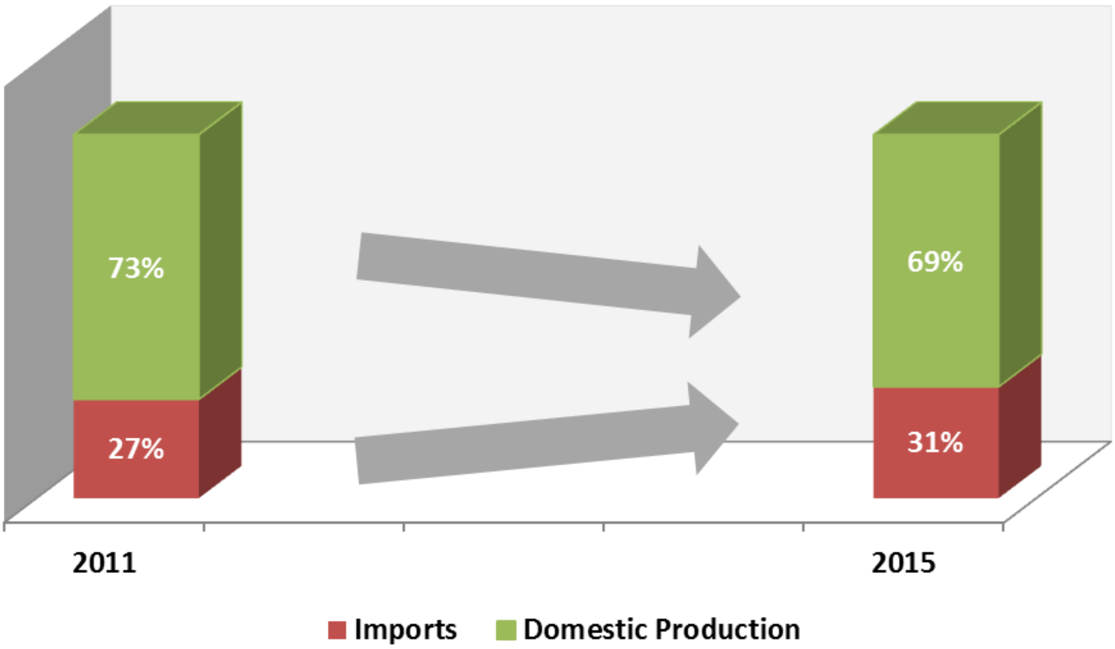
European tyre imports

During 2015, total tyre imports in Europe accounted for 29% of the LV tyre market and 31% of the MHCV market. The following charts illustrate the percentage share of imports in the LV and the MHCV tyre segments in Europe between 2011 and 2015. *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers)*

LV tyres

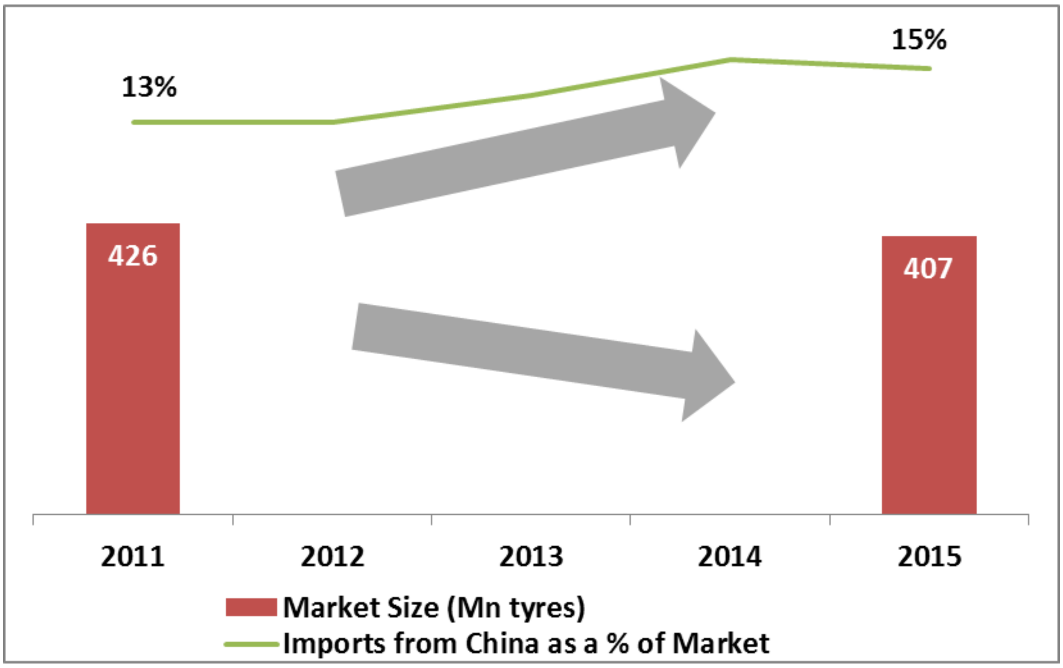


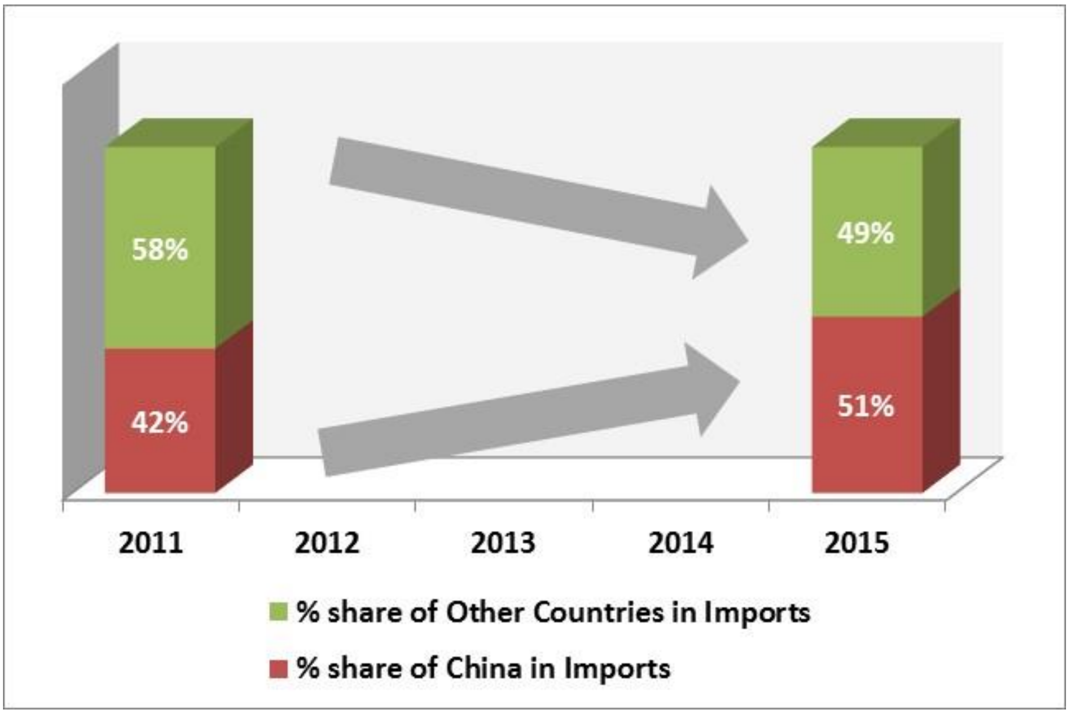
MHCV tyres



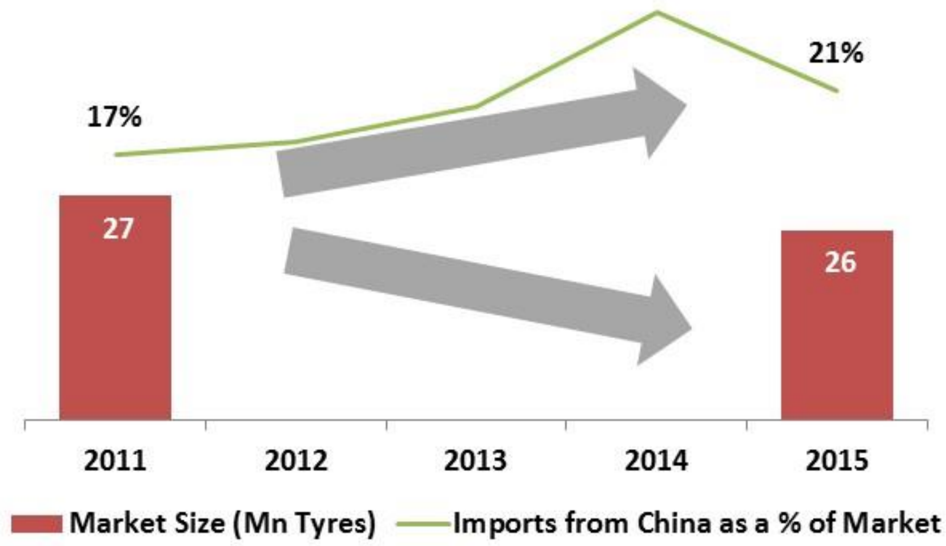
The following charts demonstrate the share of Chinese imports as a percentage of total LV and MHCV tyre markets in Europe between 2011 to 2015 *(Source: LMC World Tyre Forecast Service – numbers are rounded-off to the nearest whole numbers).*

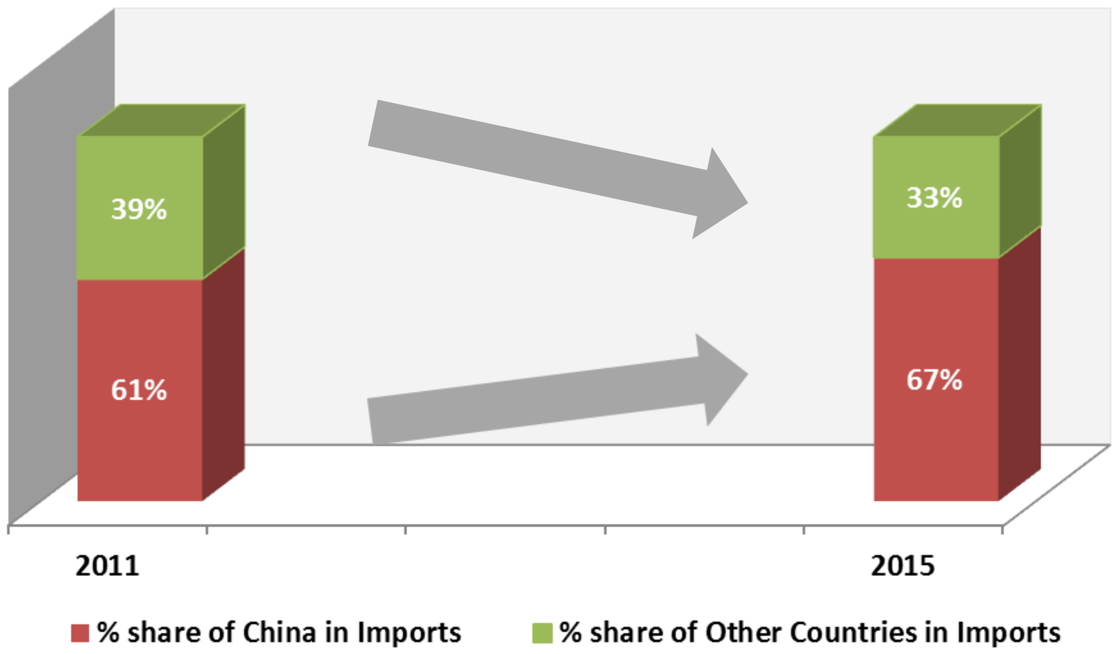
LV tyres





MHCV tyres

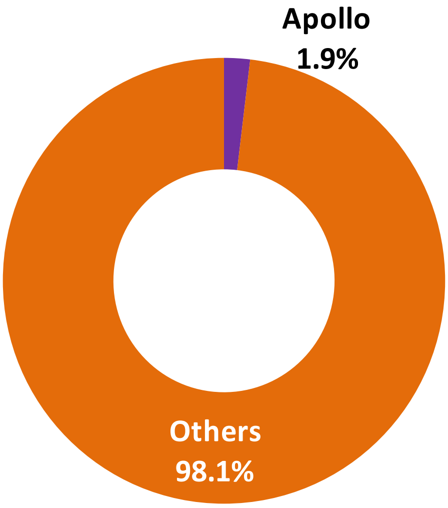




Stricter labelling norms introduced in Europe are expected to restrain the growing imports from China.

Market share in Europe

The following chart represents our market share in Europe's LV tyres replacement market in 2016:



Growth drivers

Macroeconomic factors

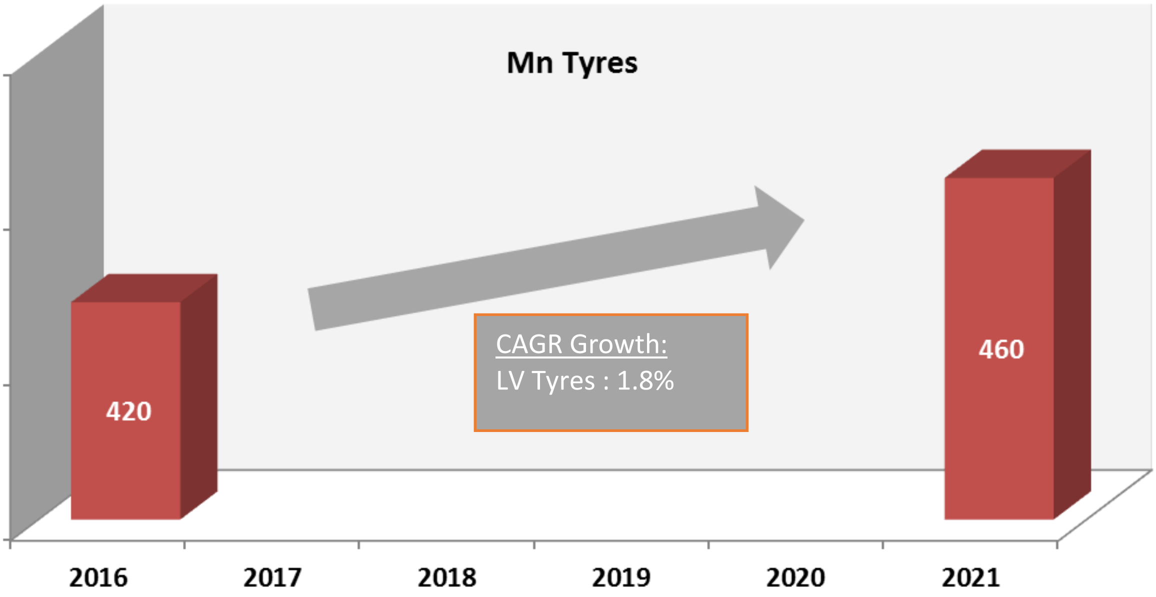
The European economic recovery is expected to continue in major markets in 2017 and 2018. All the EU member states are expected to show growth for the first time in the last decade. Real GDP for the Euro area has grown for the last 15 consecutive quarters, employment is growing at a robust pace and unemployment continues to fall (but still remains above the pre-crisis levels). Investment growth continues though still at subdued levels. Private consumption is set to remain the main growth driver, supported by sustained improvements in employment, rise in nominal wage growth and growing real disposable income. Investment is set to continue growing but only moderately, supported by a number of factors such as very low financing costs and strengthening global activity. (*Source : https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2017-economic-forecast_en*) Further, as per the Europe 2020 strategy adopted by European council on June 17, 2010, the emphasis is on smart, sustainable and inclusive growth as a way to overcome the structural weaknesses in the European economy, improve its competitiveness and productivity and underpin a sustainable social market economy. The key headline targets include improvement in employment levels among the population aged between 20-64 from 70.1% in 2015 to 75% in 2020 and reduce poverty by lifting at least 20 million people out of the risk of poverty or social exclusion (*http://ec.europa.eu/eurostat/web/europe-2020-indicators/europe-2020-strategy*).

Projected growth of the tyre industry in Europe

The following charts demonstrate the projected growth of various tyre segments over the next five years:

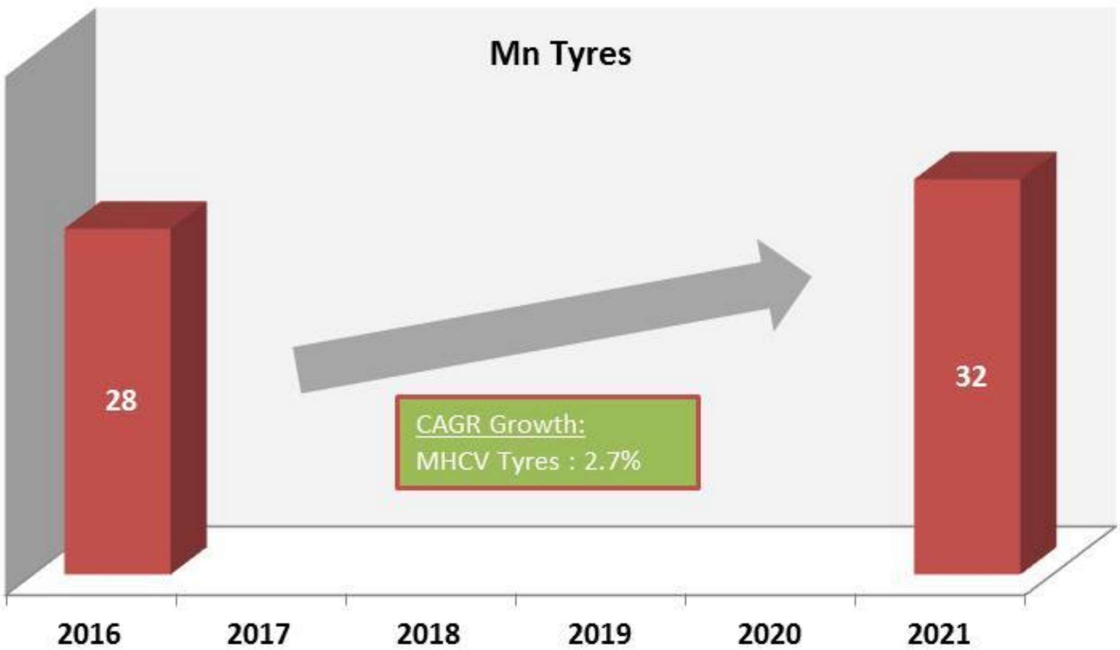
LV Tyres

The total sales of LV tyres is expected to increase from 420 Mn tyres in 2016 to 460 Mn tyres in 2021, representing a CAGR of 1.8%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



MHCV tyres

The total sales of MHCV tyres is expected to increase from 28 Mn tyres in 2016 to 32 Mn tyres in 2021, representing a CAGR of 2.7%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers)*

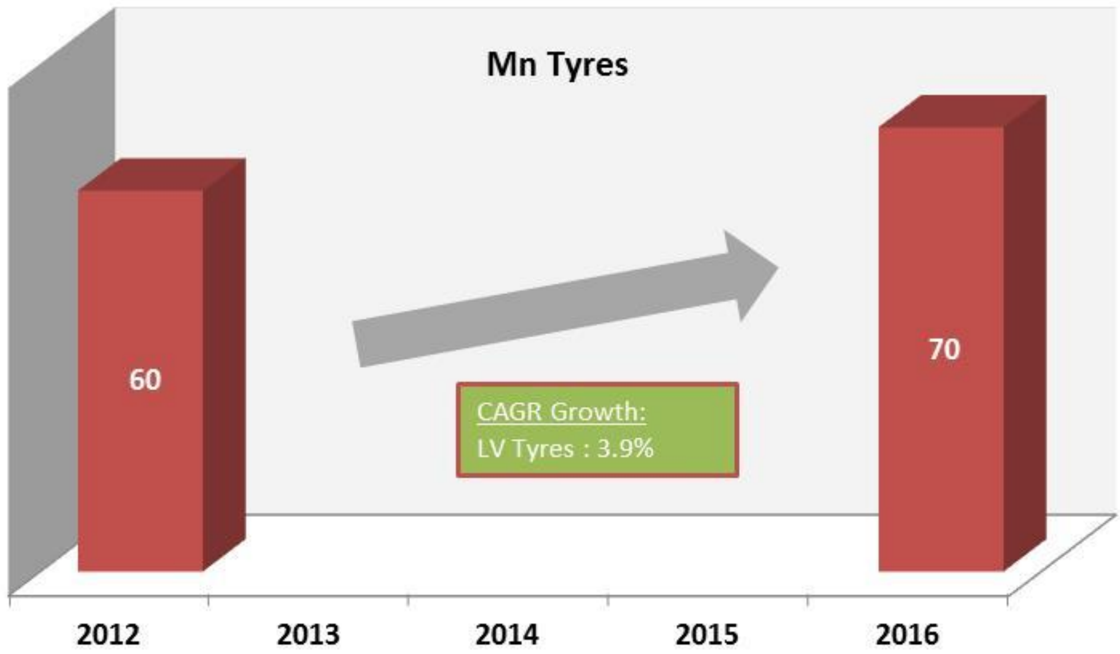


The ASEAN tyre industry

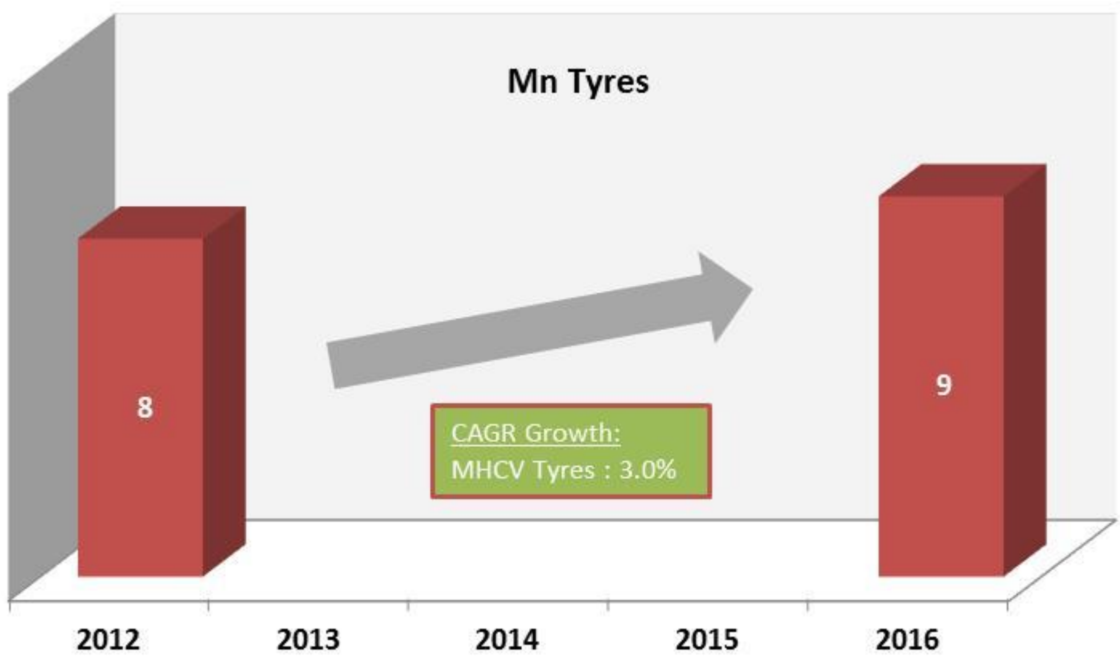
ASEAN is an important export base. Car tyre exports from Thailand increased materially between January and September 2016, supported by a strong increase in exports to the U.S. and Japan. The increase in exports is consistent with the increase in capacities as new plants especially from Chinese manufacturers were established *(Source: LMC World Tyre Forecast Service)*.

The growth trend in the domestic ASEAN tyre market from 2012 to 2016 has been illustrated as follows:

LV tyres *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



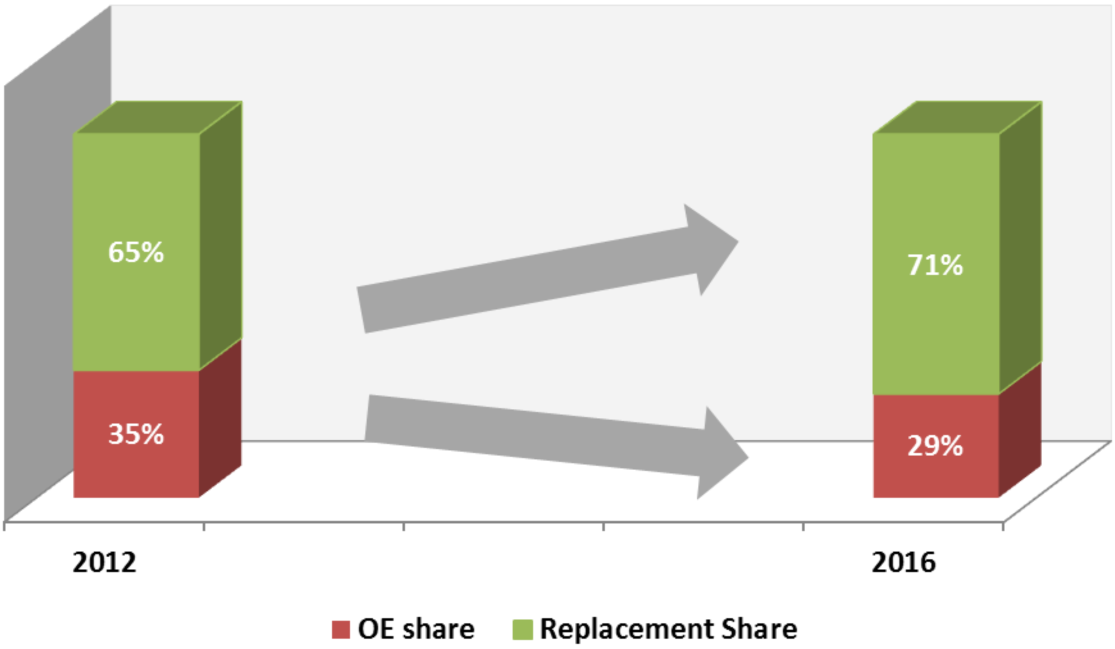
MHCV tyres *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers)*



Customer segmentation

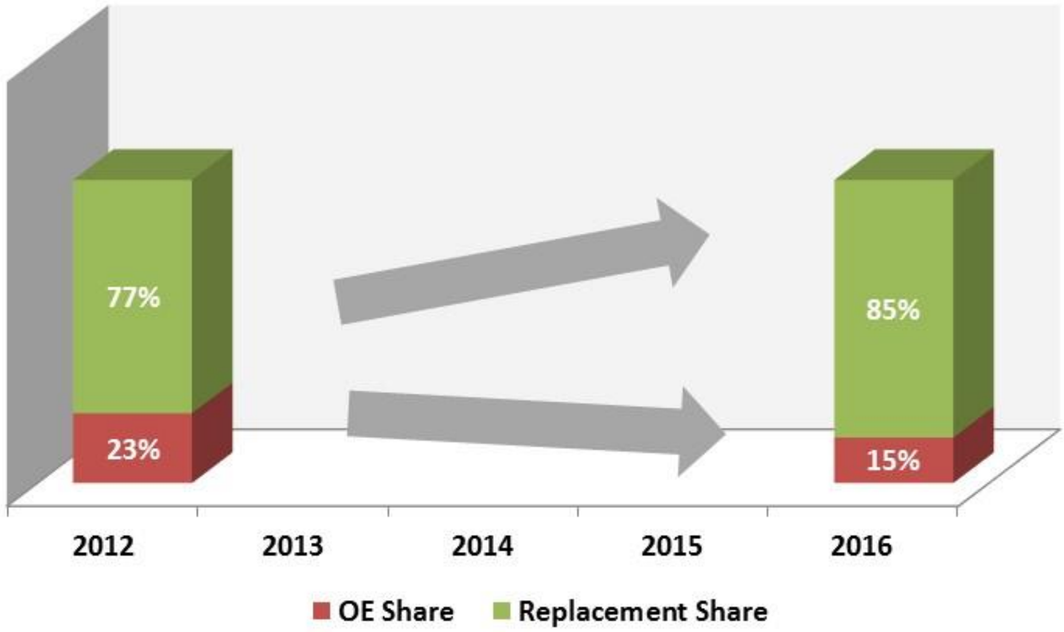
LV tyres

In 2016, OE sales contributed 29%, while replacement sales contributed 71% to the total sales of LV tyres in terms of number of units sold. The change in share of these customer segments from 2012 to 2016 has been illustrated as follows: *(Source: LMC World Tyre Forecast Service -percentages are rounded-off to the nearest whole numbers)*



MHCV tyres

In 2016, OE sales contributed 15% and replacement sales contributed 85%, to the total sales of MHCV tyres in terms of number of units sold. The change in share of these customer segments from 2012 to 2016 has been illustrated as follows: *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers)*

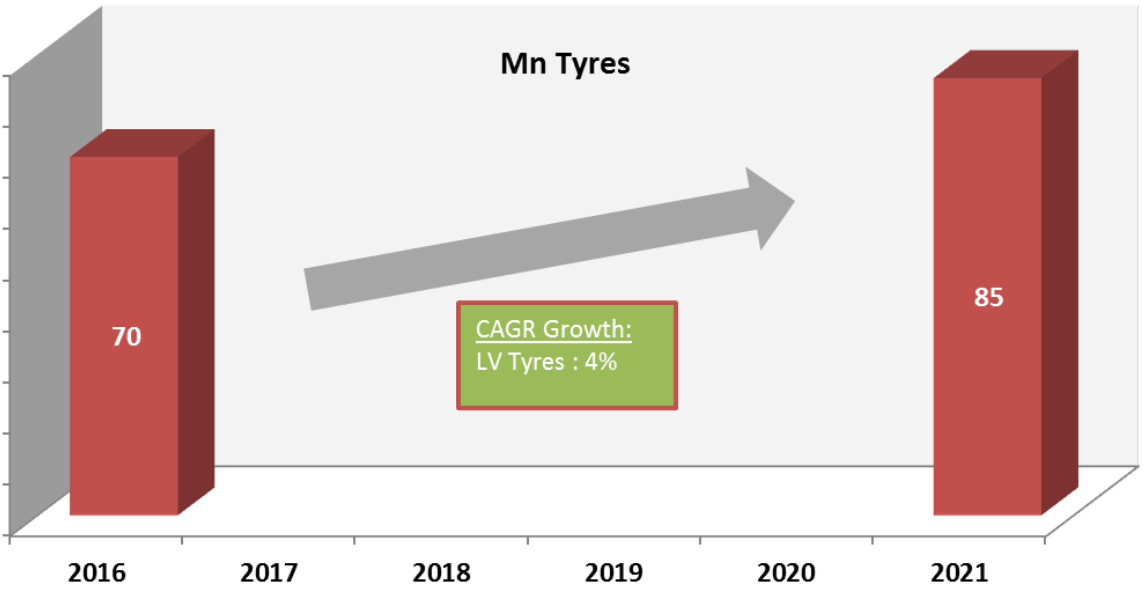


Projected growth of the tyre industry in ASEAN

The following charts demonstrate the projected growth of various tyre segments over the next five years:

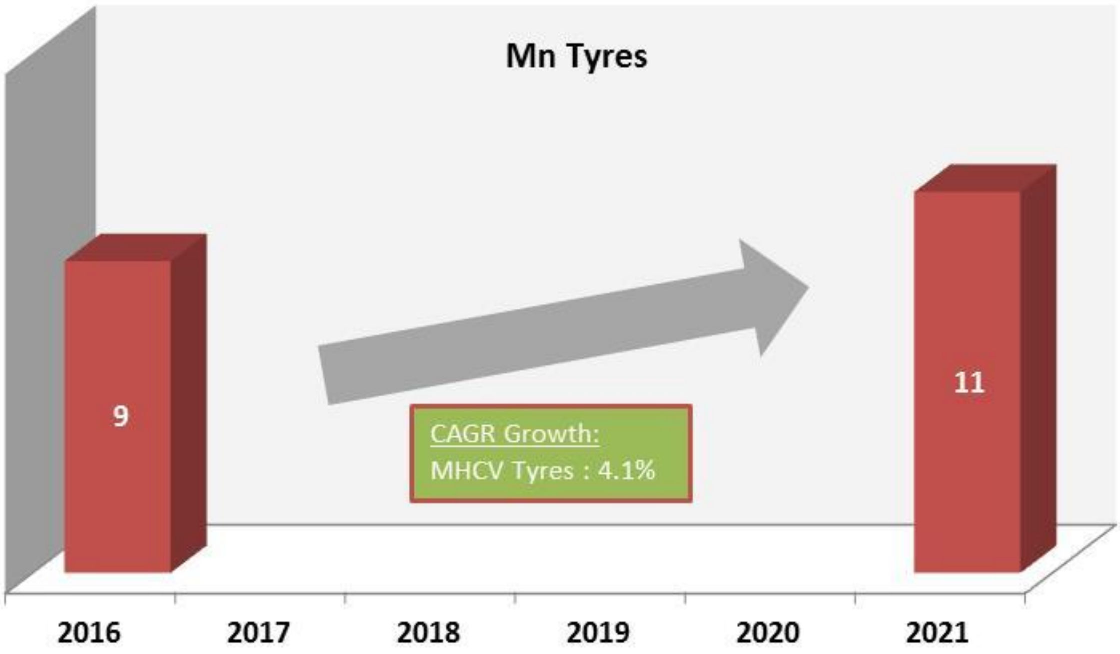
LV tyres

The total sales of LV tyres is expected to increase from 70 Mn tyres in 2016 to 85 Mn tyres in 2021, representing a CAGR of 4%. *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



MHCV tyres

The total sales of MHCV tyres is expected to increase from 9 Mn tyres in 2016 to 11 Mn tyres in 2021, representing a CAGR of 4.1%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers)*

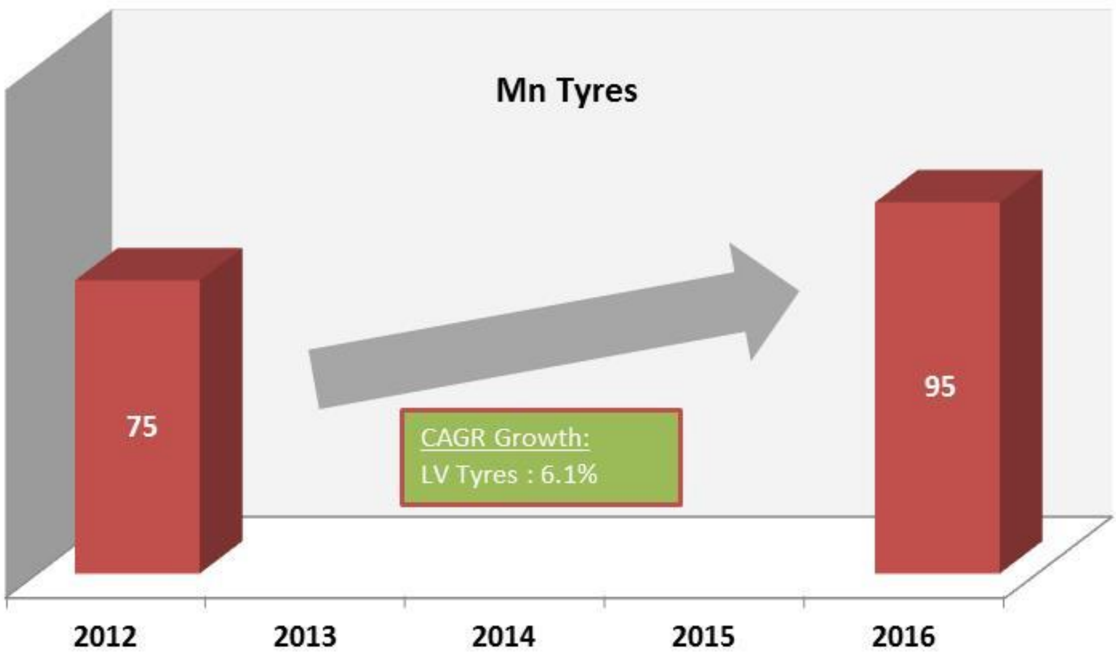


The Middle Eastern tyre industry

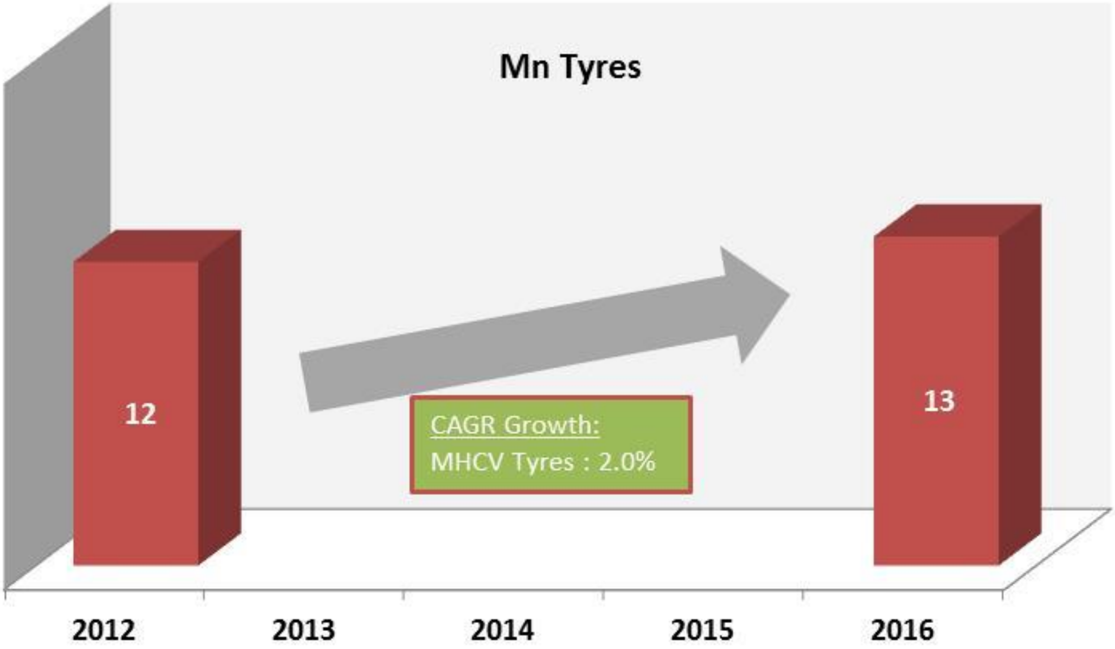
The Middle East market is primarily driven by imports. In terms of production, the Middle East tyre market is dominated by PCR production, followed by LCV and HCV categories. Turkey is the largest tyre producer in the region and accounted for 61% of the total tyres produced in the Middle East during 2016 *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers).*

The growth trend in the domestic Middle Eastern tyre market from 2012 to 2016 can be illustrated as follows:

LV tyres *(Source: LMC World Tyre Forecast Service - number of tyres are rounded-off to the nearest 0, 5 or 10).*



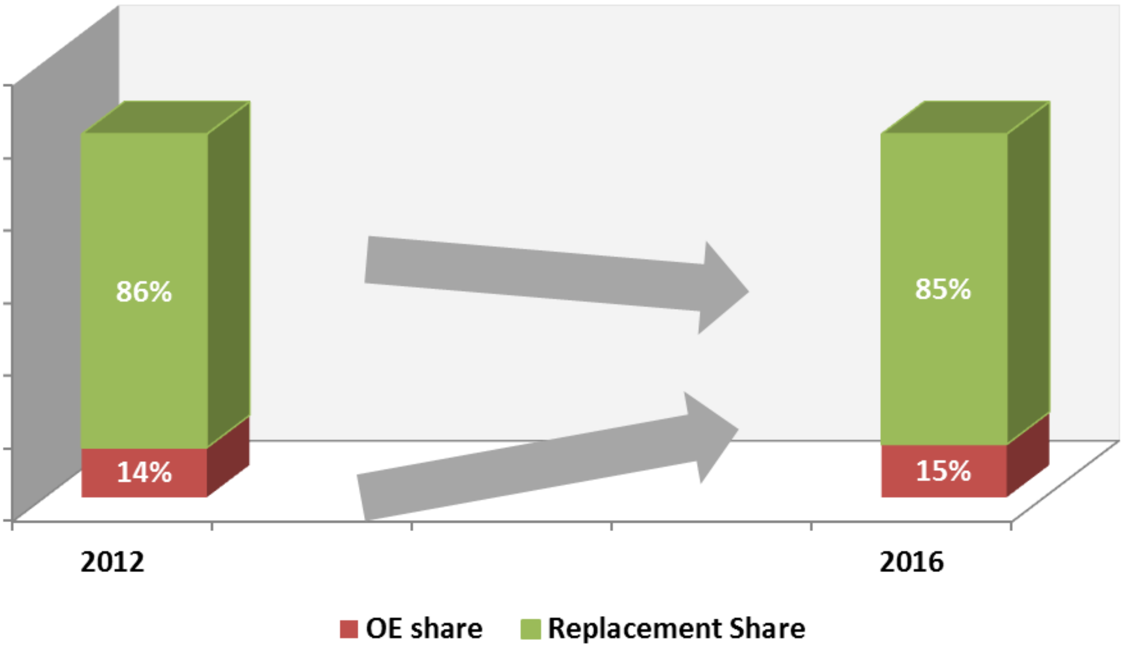
MHCV tyres *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers).*



Customer segmentation

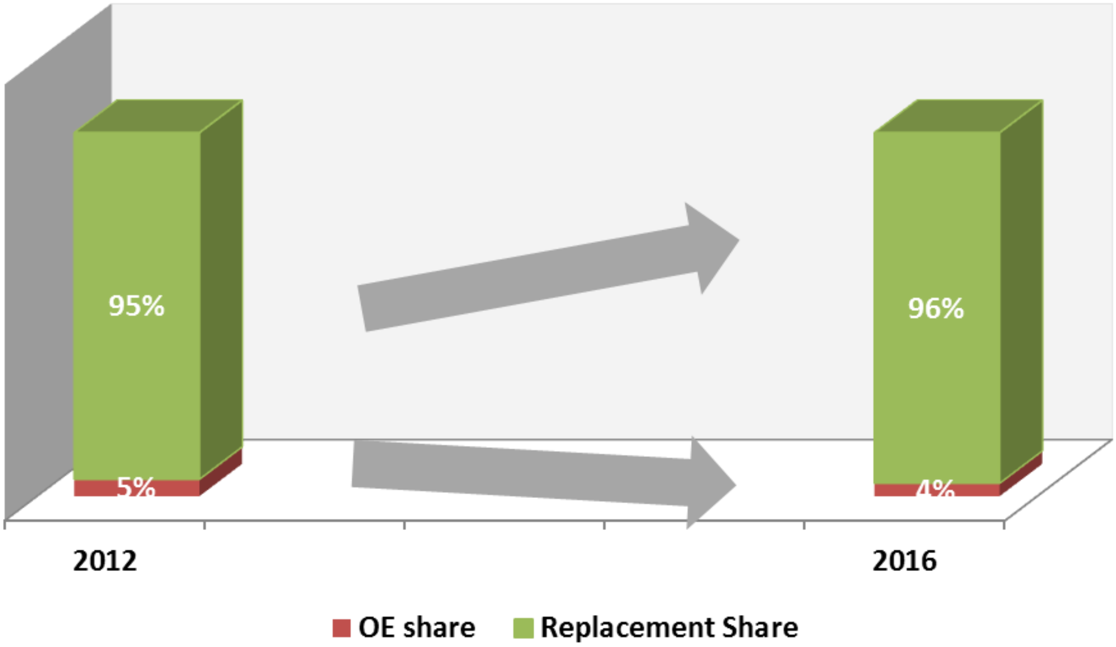
LV tyres

In 2016, OE sales contributed 15% and replacement sales contributed 85% to the total sales of LV tyres in terms of number of units sold. The following chart illustrates the change in share of these customer segments from 2012 to 2016: *(Source: LMC World Tyre Forecast Service - percentages are rounded-off to the nearest whole numbers)*



MHCV tyres

In 2016, OE sales contributed 4% while replacement sales contributed 96%, to the total sales of MHCV tyres in terms of number of units sold. The following chart illustrates the change in share of these customer segments from 2012 to 2016: *(Source: LMC World Tyre Forecast Service – percentages are rounded-off to the nearest whole numbers)*

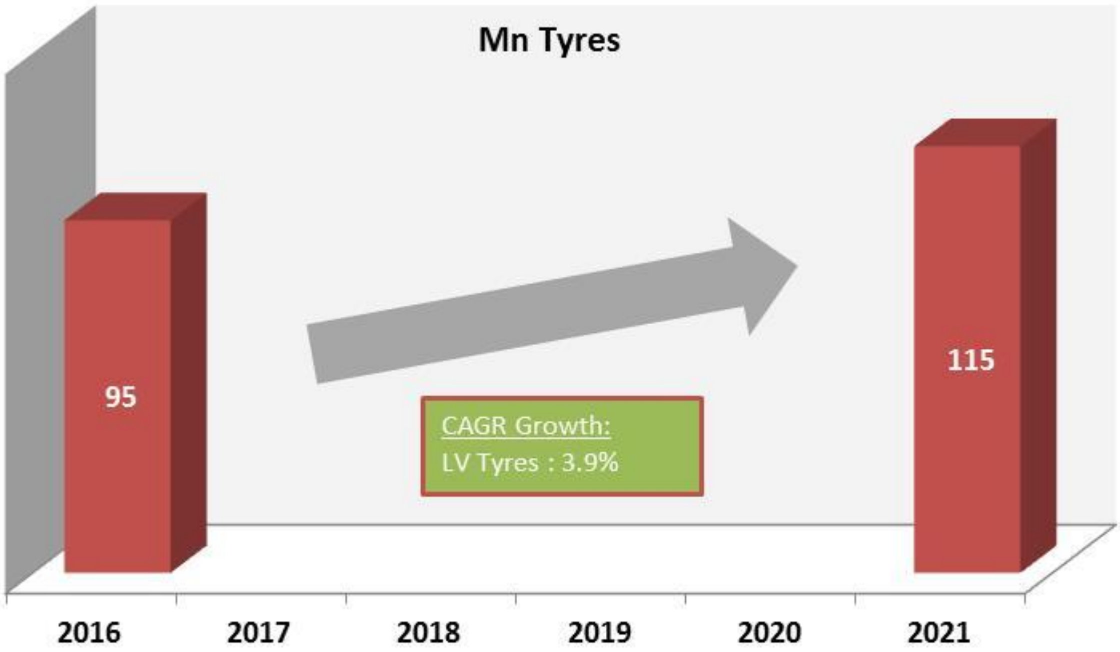


Projected growth of the tyre industry in the Middle East

The following charts demonstrate the projected growth of various tyre segments over the next five years:

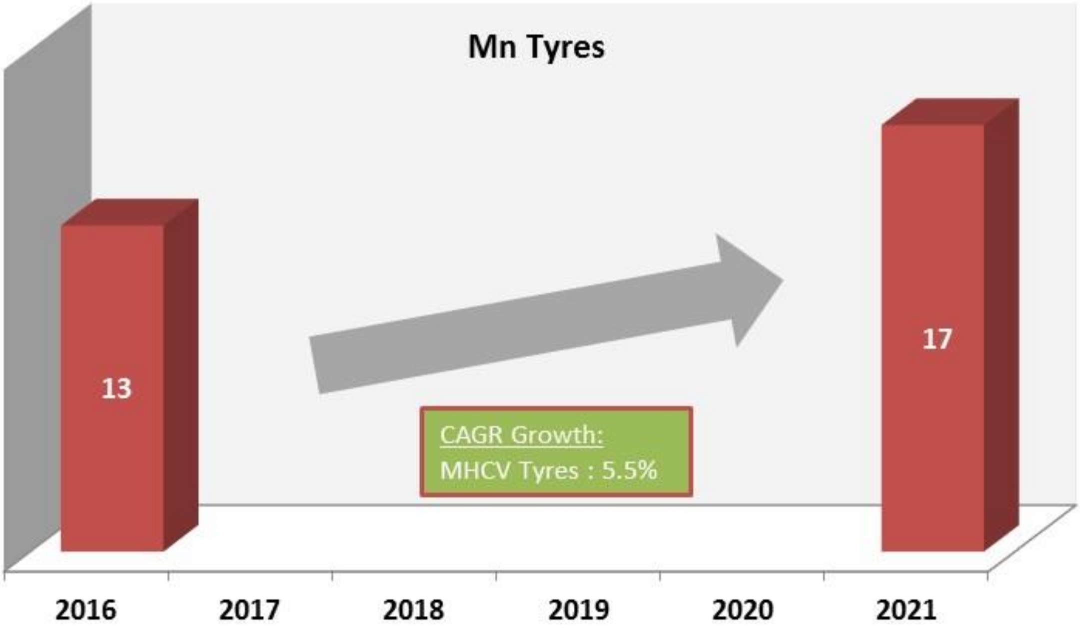
LV tyres

The total sales of LV tyres is expected to increase from 95 Mn tyres in 2016 to 115 Mn tyres in 2021, representing a CAGR of 3.9%. *(Source: LMC World Tyre Forecast Service - numbers of tyres are rounded-off to the nearest 0, 5 and 10)*



MHCV tyres

The total sales of MHCV tyres is expected to increase from 13 Mn tyres in 2016 to 17 Mn tyres in 2021, representing a CAGR of 5.5%. *(Source: LMC World Tyre Forecast Service – numbers of tyres are rounded-off to the nearest whole numbers)*



BUSINESS

*The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Preliminary Placement Document, including the information contained in "**Risk Factors**", "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" and "**Financial Statements**" on pages 34, 66 and 228, respectively. All financial information and operational data in this section, unless otherwise expressly mentioned, is as of June 30, 2017.*

Overview

We commenced operations in 1977 and have grown to become one of the leading tyre manufacturers in India. We also have manufacturing and distributing operations in Europe and distribution networks covering the majority of the Middle East, the ASEAN countries, North America and Africa. In 2016, we were one of the top 17 tyre manufacturing companies in the world, based on turnover *(Source: 2016 Global Tire Rankings by Tire Business August 2016).* During the year ended March 31, 2017, we sold our products in more than 100 countries. Our diversified product portfolio comprises of tyres for commercial vehicles, passenger vehicles, agricultural, industrial and speciality vehicles as well as niche products. We commenced the sale of two wheeler tyres in India in early 2016, making us a full range tyre company and enabling us to service the large and growing two wheeler tyre industry of India. Our products are predominantly marketed under the "Apollo" and the "Vredestein" brands, with "Vredestein" enjoying what we believe to be a premium position in the ultra-high performance, winter and all-season passenger tyre segments.

We sell our products to vehicle manufacturers for fitments in original equipment and for use in the replacement market. Under the "Apollo" brand, we market and sell tyres for use in commercial vehicles, passenger vehicles, agricultural, industrial and speciality heavy vehicles, primarily in India, the Middle East, the ASEAN region, Europe and Africa. Under our "Vredestein" brand, we market and sell tyres for passenger cars, farm vehicles, bicycles and speciality products primarily in Europe, including the "Space Master" (a collapsible spare tyre for use in high-end sports cars and SUVs) and the "Air Master" (a variable front spoiler system made from a special rubber compound for use in sports cars).

We manufacture our products at six facilities, four of which are located in India and two of which are located in Europe. Our facilities in India are located in Oragadam, near Chennai (in Tamil Nadu), Limda (in Gujarat), Perambra and Kalamassery (both in Kerala). Our facilities in Europe are located in Enschede, The Netherlands and Gyöngyöshalász, Hungary. Based on three months ended June 30, 2017, our manufacturing facilities in India had an average annual production capacity of approximately 2.92 million TBR, approximately 12.60 million PCT, approximately 3.32 million truck cross-ply tyres, approximately 0.68 million tractor (rear) tyres, approximately 2.20 million light truck tyres and small capacities for other products such as OHT, tractor (front) tyres and so forth. Based on the same period, in Europe, we had an average annual production capacity of approximately 7.24 million PCT, including Space Master which is a collapsible spare tyre used in high-end sports cars, and approximately 0.04 million agricultural vehicle tyres. We are in the process of completing the capacity expansion in India by approximately 2 million TBR in Oragadam and approximately 1 million SUV tyres in Limda. We are also in the process of augmenting our capacities in Europe by approximately 5.5 million PCT and approximately 0.675 million TBR by ramping-up our first European greenfield project at Gyöngyöshalász, Hungary. Once completed, we propose to manufacture both "Apollo" and "Vredestein" branded tyres for sale in Europe and expect to supply "Vredestein" branded passenger and light truck tyres to the OEM segment as well in Europe. In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India. For further details, see "***Business – Manufacturing Facilities and Tyre Procurement***" on page 155. Each of our manufacturing facilities in India is certified ISO/TS 16949:2009 for their quality management systems, ISO 14001:2004 for environmental management systems and BS OHSAS 18001:2007 for occupational safety and health standards. Quality assurance certificates for our Enschede manufacturing facility include ISO/TS16949:2009 and ISO 14001:2004.

Our business is segregated into the replacement and the OEM segments, with sale of replacement tyres being a major source of revenue. Our consolidated net sales from the replacement segment was ₹ 101,092.02 million and ₹ 25,329.89 million, which constituted 77.39% and 77.74% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively. Our consolidated net sales from the OEM segment was ₹

29,537.67 million and ₹ 7,251.00 million, which constituted 22.61% and 22.26% of our total sales, respectively, for fiscal 2017 and the three months ended June 30, 2017, respectively.

As of June 30, 2017, we had a pan-India sales and distribution network that consisted of two sales geographies, 11 regional offices, approximately 150 sales, service and stocking points and approximately 5,300 third party dealers, of which approximately 1,700 third party dealers are exclusive dealers. In Europe, we market, sell and distribute tyres through distribution centres, retail stores, warehouses, sales offices and as of June 30, 2017, our network consisted of approximately 5,800 third-party dealers/distributors. In addition, we have sales/ marketing offices in Bangkok, Kuala Lumpur, Dubai, Johannesburg and Atlanta. For the OEM segment, we believe we have strong relationships with some of the leading international and domestic OEMs across the markets in which we are present. In 2016, we acquired Reifencom, a tyre distributor in Germany, in order to augment our sales network in Europe. As of June 30, 2017, Reifencom along with its subsidiaries operated through 37 stores and had access to more than 2,500 assembly partners across Germany. Reifencom also operates its own online tyre sales portals in Germany, Austria, Switzerland, France, Italy and Denmark. It also sells products through external websites such as Amazon and eBay.

Our achievements in business and corporate social responsibility initiatives have been recognized and we have received various awards which include the "Flame awards Asia" in 2017 for "Best Campaign Leveraging Technology Experience & Engagement" by Rural Marketing Association of India, "National Energy Management Award "in 2017 for "Energy Conservation" by Society of Energy Engineers and Managers, "Golden Peacock Award" in 2016 for "Excellence in Corporate Governance" from India's Corporate Institute of Directors, the "Sparsha Award, 2016" for "Livelihood Generation Activities" by the National Institute of Industrial Engineering and Lakshya[SM], the "CSR Excellence Award, 2016" by the Vadodara Chapter of Quality Circle Forum of India for the "Best CSR Initiatives and Best Livelihood Initiatives", the "ICQCC 2016" award for quality by the Association of QC Headquarters of Thailand in cooperation with the Department of Industrial Promotion, Ministry of Industry and the "DKG Product Award" in "Technical Rubber Products and Tyres" category for the Air Master at the International Rubber Conference, 2015.

Our consolidated net sales were ₹ 127,256.99 million, ₹ 117, 398.91 million and ₹ 130,629.69 million for fiscals 2015, 2016 and 2017, respectively. Our consolidated net profit was ₹ 9,776.09 million, ₹ 11,229.60 million and ₹ 10,989.99 million for fiscals 2015, 2016 and 2017, respectively. For the three months ended June 30, 2017, our consolidated net sales and net profit was ₹ 32,580.89 million and ₹ 883.00 million, respectively. Our consolidated EBITDA (excluding other income and exceptional items) for fiscal 2017 and the three months ended June 30, 2017 was ₹ 18,464.17 million and ₹ 2,732.54 million, respectively and our EBITDA margins, which is EBITDA excluding other income and exceptional items divided by net sales, for the same periods were 14.13% and 8.39%, respectively. The ROE, which is net profit divided by average shareholder funds, on our Equity Shares was 15.82% in fiscal 2017. We are listed on the NSE and the BSE. On June 30, 2017, we had a market capitalization of ₹ 122,522.26 million on the NSE *(Source: National Stock Exchange of India)*. We paid a dividend of ₹ 2, ₹ 2 and ₹ 3 per Equity Share for fiscals 2015, 2016 and 2017, respectively. For further details of divided paid by us and our financial performance, see "***Dividends***" and "***Financial Statements***" on pages 65 and 228, respectively.

Our Competitive Strengths

The following are our key competitive strengths:

Leadership position in the Indian market

We are one of India's leading tyre manufacturers with approximately four decades of experience in the Indian tyre market. Our products in India primarily include truck and light truck tyres, for which we believe we enjoy a leading market position, PCT, and farm vehicle tyres. We commenced manufacturing of TBR tyres in 2010 which we believe allowed us to benefit from an early mover advantage in this segment. For truck tyres, our market share was 24.79% for the nine months ended in December 2016, as measured by volume available for sale in the Indian market *(Source: The ATMA Report, Q3 Fiscal 2017).* We commenced the sale of PCT in 2000 and presently, we are one of the top three manufacturers of PCT in India, with an estimated market share of 14.79% for nine months ended in December 2016, as measured by volume available for sale in the Indian market *(Source: The ATMA Report, Q3 Fiscal 2017)*. For tractor (rear) tyres, we are one of the top three manufacturers in India with an estimated market share of 19.29% for the nine months ended in December 2016, as measured by volume available for sale in the Indian market *(Source: The ATMA Report, Q3 Fiscal 2017)*. We commenced the sale of "Apollo"-branded two and three wheeler tyres in early 2016, the manufacturing of which is currently outsourced. We believe that with this launch, we have become a full range tyre company, which has further strengthened our leadership position in India. We believe that our leadership position offers us several competitive advantages such as flexibility in pricing our products, lower manufacturing costs due to economies of scale, greater publicity and ability to benefit from favourable distribution terms, all of which underpins our profitability.

Well positioned global brands

We market our products under our two key brands, “Apollo” and “Vredestein”. The “Apollo” brand has been in existence for the last 40 years and “Vredestein” brand has also had long usage in Europe. Based on their operational history, we believe these two key brands have become well-recognized in their respective markets. Through these two key brands, we have a presence across a premium and mid-range customer base and diversified vehicle categories and geographies. We also sell truck cross-ply tyres in India under the “Kaizen” brand.

We believe that our leading market position in India attests customer trust in the quality of our products and the wide recognition of our brand “Apollo”. We continue to undertake brand building exercises such as increasing our branded retail footprint and investing in other marketing initiatives to further strengthen our brand recognition in India. The “Apollo” brand is also present in the international markets such as Europe and Africa and we continue our efforts to strengthen it in the Middle East and South East Asia through our sale and distribution network.

“Vredestein” is our premium brand for PCT and high-end agricultural vehicle tyres in the European markets. While “Vredestein” has been known for its winter tyres in the past, we have increased its presence in the summer and all season tyre category in recent years, which we believe has strengthened our market position.

As part of our brand building efforts, we have collaborated with an automotive design house Italdesign Giugiaro SpA, by means of its industrial design department and its related brand “Giugiaro Design” to produce designer and high performance PCT, which we market under the “Vredestein” brand. We also produce the Vredestein Space Master collapsible spare tyre that is used by and produced for a variety of high-end sports cars and SUVs in the OEM segment. We intend to continue to invest in high-end technology and in our marketing initiatives to promote our “Vredestein” brand across the markets.

We are committed to build our brands globally and aim to continue utilizing our differentiated brand positioning to increase our market share. As part of our brand building strategy, we entered into a brand campaign contract with Manchester United F.C., a large football club, to market our brands in a few geographies, which was extended to a global scale brand campaign initiative in 2016.

Extensive and growing distribution network

We have a large sales and distribution network in India, which we believe is bolstered by our long-term relationships with our third party dealers. India’s geographic spread and market size make it important for us to have a widespread and efficient distribution network in order to maximize our sales. As of June 30, 2017, we had approximately 150 sales, service and stocking points in India and approximately 5,300 third party dealersof which approximately 1,700 third party dealers are exclusive dealers, including approximately 830 rural exclusive dealers. Our distribution network broadly comprises of multi-brand dealers and specialist dealers, which sell “Apollo” branded tyres along with other products we manufacture. Our specialist network of “Apollo” branded dealers includes Apollo Super Zone, Apollo Zone and Apollo Point. We have an automated facility in Dubai, which offers a variety of amenities such as wireless internet, lounges and entertainment centers to our customers. We also have a growing presence in multi-brand outlets, known as Apollo Corners, aimed at marketing our products to customers. We also use alternate channels for customers outreach. We have arrangement with The Ford Motor Company, Volkswagen AG, Indian Oil Corporation Limited and Toyota Motor Corporation on a commission basis for selling our tyres in their respective dealerships and outlets.

In Europe, we market, sell and distribute tyres through distribution centres, retail stores, warehouses and local sales offices. We also have a network of approximately 5,800 third party dealers/distributors in Europe in countries such as Germany, Netherlands, France, Belgium, Switzerland, Austria, England, Ireland and Spain as well as countries in Eastern Europe and Scandinavian regions, which we believe provide us with the ability to deliver products to most countries in Europe at a short notice. In 2016, we acquired Reifencom, a tyre distributor in Germany, to augment our sales network in Europe. Reifencom sells tyres for passenger cars and two wheelers predominantly in the B2C segment through retail stores and online sales portals and offers services such as tyre fitment, wheel alignment and balancing and tyre hotel. Reifencom also has a limited presence in the B2B segment in Europe. As of June 30, 2017, Reifencom along with its subsidiaries operated 37 stores and had access to more than 2,500 assembly partners across Germany. It operates its own online tyre sales portals, in Germany, Austria, Switzerland, France, Italy and Denmark and also markets products through external portals such as Amazon and eBay. To further grow our dealer network in Europe, we launched a program called "Inner Circle" during 2015 which was thereafter joined by new dealers based in Germany, Belgium, Hungary, Austria, Switzerland and the Netherlands. In North America, we export tyres through our distributors to dealers in Canada and the United States.

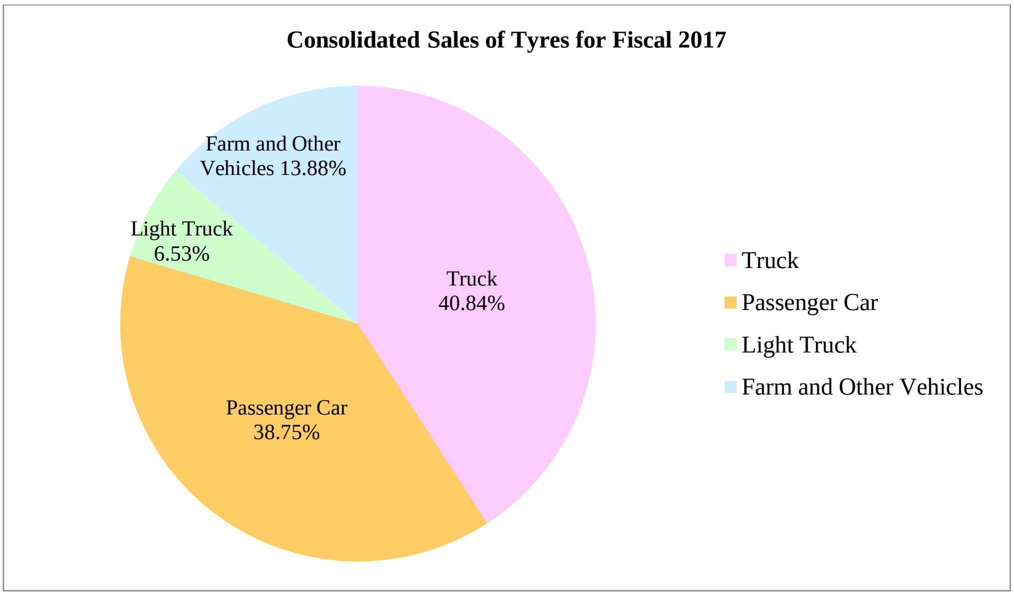
We are in the process of increasing our presence in the ASEAN, SAARC and the Middle East markets. As of June 30, 2017, in Thailand, we operated through approximately 140 third party dealers and we had approximately 80 national or regional distributors in the rest of the ASEAN region. As of June 30, 2017, we operated through 49, 10 and 5 distributors, in the Middle East & Africa, the SAARC and the Oceania regions, respectively.

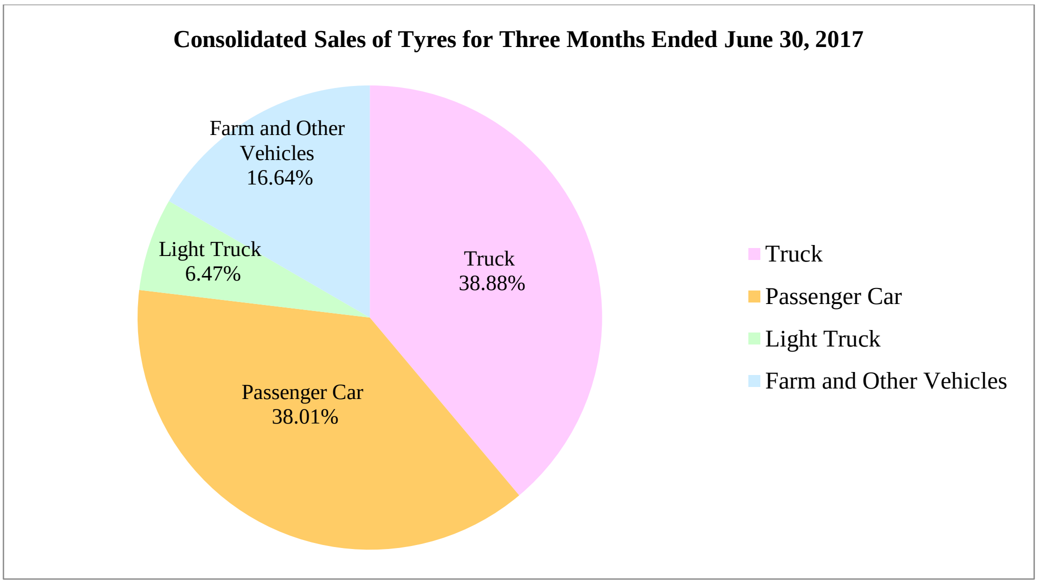
Diversified product portfolio and geographical presence

Our product portfolio includes tyres for diverse vehicle types, customer segments, price ranges and end markets.

We market and sell a variety of tyres for use in commercial vehicles, passenger vehicles, agricultural, industrial and speciality heavy vehicles, bicycles and speciality products. We have also commenced the sale of two wheeler tyres in India in 2016, which makes us a full range tyre company and offers us the ability to service the large and growing two wheeler tyre industry in India. We outsource the manufacturing of such tyres to a domestic tyre manufacturer on contract manufacturing basis.

Our consolidated sales from truck, passenger car, light truck and farm and other vehicle tyres represented 40.84%, 38.75%, 6.53% and 13.88% of our consolidated net sales for fiscal 2017, respectively and 38.88%, 38.01%, 6.47% and 16.64% of our consolidated net sales for the three months ended June 30, 2017, respectively.





Our end markets include a mix of replacement and OEMs in each of our geographic segments, with consolidated replacement sales representing 77.39% and 77.74% of our consolidated net sales for fiscal 2017 and the three months ended June 30, 2017, respectively.

In the passenger car segment, "Vredestein" branded tyres represent our premium range and "Apollo" branded tyres are positioned in the mid-price range. The availability of products at different price points allows us to cater to a varied range of customers and markets.

Our end markets are also geographically diverse, consisting of more than 100 countries as of March 31, 2017, with Asia Pacific, Middle East & Africa (APMEA) segment, Europe segment and others segment accounting for approximately 67.42%, 32.27% and 0.30%, respectively, of our consolidated net sales for fiscal 2017 and approximately 69.04%, 30.60% and 0.36%, respectively, for the three months ended June 30, 2017. We believe that our global business operations spread across product segments insulate us from disruptions in any one product or geographic segment.

Strong research and development capabilities

We place significant emphasis on research and development ("**R&D**"), aimed at growing our market share by offering advanced products to our customers. We have structured our R&D teams across our two key geographies, i.e. Europe and Asia. In Europe, we have established a R&D centre at Enschede, The Netherlands and in Asia, we have established a R&D centre at Chennai, India. In addition, we have two satellite R&D centres at Raunheim, Germany and at Bangalore, India. The R&D centre in Chennai predominantly focuses on the development of commercial vehicle tyres, off-road tyres, and two wheeler tyres and the Bangalore satellite R&D centre focuses on the development of advance engineering of novel concepts. The R&D centre in Enschede focuses on the development of PCT and the Raunheim satellite R&D centre focuses on the development of "Vredestein" branded products for leading German OEMs.

Our R&D centres support our growth by developing technologies and products in close cooperation with international universities, research institutes, test centres, material suppliers, OEMs and replacement clients. We believe our experience in India and Europe has contributed significantly to our R&D initiatives as different geographies pose distinctive challenges on us and our products.

We enjoy leadership position in TBR segment in India and in April 2017, we started selling TBR tyres in a few countries in Europe. We also enter into two/three wheels tyre market in India in early 2016 and based on a positive feedback we received from our dealers, we believe that our products were well accepted. Our R&D initiatives have made considerable progress in developing "Tyre Plus" products, such as the "Air Master", a variable front spoiler made with a specially developed rubber for use in the European market. At low speeds, the spoiler retracts under the bumper to give the car sufficient ground clearance. At higher speeds, it extends on the outside in order to optimise the airflow around the wheels and reduce fuel consumption. In performance mode, the spoiler is fully extended and provides additional down force on the front wheels, leading to higher grip on the road. The spoiler is powered pneumatically and transforms into required shapes by means of several air chambers.

Further, we developed the "Space Master" tyre, which is a collapsible spare tyre. The "Space Master" can be deflated and compacted for storage as a spare tyre, enabling greater boot space in cars. For usage, it can be easily inflated with an air pump by connecting to the car's battery, thereby providing mobility during emergencies. We work with several OEMs in order to ensure that the Space Master tyres, when fitted, meet the physical specifications and synchronize with the electronic control systems in a variety of high-end sports cars and SUVs.

Through our R&D initiatives, we focus on developing fuel efficient PCT and TBR tyres. In European market, we have recently introduced PCT with low rolling resistance labels and a majority of our PCT tyres carry our self-declared green energy labels and green safety labels (wet braking labels). We also recently launched commercial van tyres that include summer, all season and winter tyres for the European market. These tyres aim at achieving highest safety and green label levels. Recent products introduced in the PCT segment in India include the "Amazer 4G Life" tyres, which is designed with the aim of sustaining a life of more than 100,000 kilometres of tyre use.

The TBR tyres were launched in European market in early 2017 are currently being manufactured in our Oragadam facility and are being exported to Europe. Once the TBR tyres manufacturing capacity at our Hungary facility becomes fully operative, the production of these TBR tyres will be shifted to Hungary.

In the farm segment, we have developed and recently launched a new product for hard soil application called "Virat 23", the first tyre in India to be launched with 23 lugs. This tyre was launched after extensive testing. We have also developed the first "45 inch" off the road ("**OTR**") tyre, which is one of the biggest loader tyres developed in India.

Our R&D team was instrumental in us receiving top ratings by ADAC for products across the summer, winter, all seasons and agriculture segments. The Sporttac 5 and the Ultrac Vorti received the "Highly Recommendable" recognition from ADAC.

Our expenditure (including capitalized expense) on R&D was 2.74% and 2.48% of our net sales in fiscal 2017 and three months ended June 30, 2017 respectively and we intend to continue to invest in R&D. Through our R&D capabilities, we believe we are able to commit to technological leadership and the development of innovative and high quality products in order to meet our customers' demands.

Technological innovations

We believe in technology and innovation that drive our corporate growth. We have made notable technological innovations including the development of the "Space Master", the "Air Master", the "Apollo Altrust", the "Amazer 4 G Life" and the "Apollo XMR" among others. We have also recently launched three new TBR tyres, the EnduRace RD HD, the Apollo EnduMile LHD and the Apollo EnduComfort CA, which have been designed to reduce the cost per kilometre of vehicles. We continuously strive to build sustainable technologies and safe products that reduce risks and also increase value for our stakeholders across the value chain. For further details, see "***Business – Our Competitive Strengths - Strong research and development capabilities***" and "***Business – Research and Development***" on page 145 and 159, respectively.

Experienced and multi-cultural management team and skilled employee base

We benefit from a strong and multi-cultured senior management team, with extensive experience in various industries across diversified jurisdictions, which we believe offers us significant competitive advantages. Our Board comprises of members who have significant experience in the tyre industry and includes Mr. Onkar S Kanwar, our Chairman & Managing Director, who has more than 40 years of experience in the tyre industry, Mr. Neeraj Kanwar, Vice Chairman & Managing Director, who has 20 years of experience in the tyre industry, Mr. Sunam Sarkar, Director, who has more than 18 years of experience in the tyre industry, Mr. Robert Steinmetz, Non-Executive Director, who is the former Chief of International Business at Continental Tyres and Mr. Francesco Gori, Director, who is the former CEO of Pirelli Tyres. Our Board also comprises of other reputed Non-Executive directors with significant experience in diversified fields, such as Mr. Nimesh N Kampani, the Chairman of the JM Financial Group, Mr. Arun K Purwar, the former Chairman of the State Bank of India, Mrs. Pallavi Shroff and Mr. Akshay Chudasama, Managing Partners of Shardul Amarchand Mangaldas & Co., Mr. Vikram S Mehta, the former Chairman of the Shell Group of Companies in India, Mr. Vinod Rai, the former Comptroller and

Auditor General of India, Mr. Paul Antony the Additional Chief Secretary, Government of Kerala (Industries and Power), General Bikram Singh (Retired), former Chief of the Indian Army and Dr. S. Narayan, former Principal Secretary to the Prime Minister of India.

Apart from our Directors, we also benefit from the experience and diversity of our key personnel and employees, many of whom have experience in various functions across the tyre industry. For further details of our senior management, see "***Board of Directors and Senior Management***" on page 165.

We train our employees in specific skillsets in order to ensure that they are appropriately positioned to assist the needs of our business and customers. For example, we run the "Aspire" program for our employees, which allows employees in India an easy transition from production related roles to sales and customer service related duties. As part of our "Customer Champion" program, we train employees in technical, functional and leadership skills. We have also leveraged the multi - jurisdictional nature of our business to train employees by transferring skilled manufacturing employees and project managers from our Oragadam plant to Hungary to facilitate our greenfield project based on their knowledge and experience. Similarly, new employees at our Hungary plant were trained in Enschede and Oragadam ahead of their commencement of duties. We believe that our training initiatives have allowed us to form a strong, skilled employee base, which offers us significant competitive advantages.

Our Strategies

Maintain our market leadership position, grow our market share and take advantage of the growth trajectory in India

To maintain our leadership position in India, we must position ourselves to be able to take advantage of any potential growth in the Indian tyre market. We expect that such growth in the industry will be primarily driven by increased industrial activity, including infrastructure development. According to LMC International, sale of truck tyres and PCT in India are expected to increase at CAGRs of 4.56% and 7.63%, respectively, between 2016 and 2021.

We believe we are well positioned to take advantage of the estimated increase in demand in the OEM and replacement tyre markets. While we intend to continue to maintain our market leadership in the truck segment, we aim to achieve leadership in the passenger car segment as well. For example, we are in process of expanding of the capacities of our Limda plant through a brownfield expansion, which will enable us to manufacture approximately 1 million SUV tyres per annum which we believe will help strengthen our position in the passenger car segment. In addition, as of December 31, 2016, we were the largest exporter of PCT from India, exporting approximately 67.52% of the total industry exports during this period *(Source: ATMA Report, Q3 FY 2017).* We believe that we have the flexibility to divert certain portion of sales allocated for export to the domestic market if the domestic market grows faster than estimated. Currently, we sell a portion of the "Apollo" and "Vredestein" branded tyres manufactured in India in the European market; going forward, we plan to manufacture certain portion of such tyres at our Hungary plant, which will release some manufacturing capacities in India to service the Indian market.

With our leadership position, we believe we are well positioned to capitalize on our product offering in TBR. Given the expected growth in the Indian market, we believe that we would require increased capacity to manufacture TBR for the Indian as well as the export markets and therefore, we are currently undertaking an expansion of our TBR production capacity at our Oragadam plant to approximately 4 million tyres per annum from its original phase 1 capacity of approximately 2 million tyres per annum. During the three months ended June 30, 2017, we had already reached an average capacity of approximately 2.92 million tyres per annum. We plan to optimize the utilization rate of our traditional cross-ply truck tyres capacity, the demand for which is gradually declining and is being replaced by TBR. We are also planning to convert a portion of our cross-ply capacity in Kalamassery plant into specialty tyres or industrial tyres capacity, which would cater to both the European and the Indian markets.

In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India.

Premiumization in Europe

For the European market, we have historically followed a "dual brand strategy", focussing equally on both the "Vredestein" and the "Apollo" brands. The "Vredestein" brand is positioned as a premium brand whereas the "Apollo" brand is positioned as a mass market support brand. This strategy has helped us access a wide consumer base having varying product requirements in terms of technology and pricing.

To achieve our targets in Europe, we focus on the premium segment, which has the highest margins. The premium segment comprises of (a) all tyres above 17 inch rim size in the passenger car segment and (b) tractor drive radial 65 series and XL series in the agricultural segment. We aim to increase our market share in the premium segment in order to improve profitability.

We intend to position the "Vredestein" brand in the replacement and OEM markets with a focus on premium PCT, agriculture and bicycle tyres. The "Apollo" brand will remain a support brand for the mass market with a focus on PCT and TBR. We also focused on establishing premium distribution channels, entering into partnerships with premium OEMs and building our growth in the premium segment starting with our core markets in Europe, including Germany, Austria, Switzerland, Netherlands, Belgium and Luxembourg. Therefore, while we continue to operate with two brands, we plan to focus on the premium segment of the European tyre market.

Enhance presence in new markets

We continue to pursue organic and inorganic growth in our operating markets as well as in new target markets by expanding our sales and distribution network and by establishing new manufacturing capacities. We have established subsidiaries in countries such as the UAE, Thailand, Malaysia and South Africa to cater to the markets in and adjacent to such geographies, which has enabled us to understand those markets and the customers in such markets and consequently, develop products suitable for such markets. Our presence in such geographies has also provided us enhanced brand visibility, allowed us to improve after sales service and helped us to grow our marketing network. In addition, we established sales and marketing offices in Mexico, the U.S. and a global marketing office in London. We plan to continue our strategy of establishing or acquiring subsidiaries or establishing sales and marketing offices in new markets to enhance our coverage area, which we believe improve brand recall and our market position and allow access to a larger customer base.

Improve our cost competitiveness

In order to improve our cost competitiveness in Europe, we are currently in the process of ramping-up our greenfield project at Gyöngyöshalász, Hungary which recently began production. Once fully ramped up, this plant will be used to manufacture "Apollo" and "Vredestein" branded tyres. This plant is located within proximity of our raw material suppliers as well as OEMs, which reduces transportation costs.

Further, we are presently in the process of undertaking several initiatives at our manufacturing units in both India and Europe to reduce costs and improve productivity. Such initiatives include increasing automation levels, reducing energy consumption, improving utilization of main upstream equipment to reduce the need of compound outsourcing, increasing solar power generation and further reduction in scrap levels.

Grow organically as well as inorganically in order to achieve global leadership

We intend to continue to make new organic and inorganic investments to access new geographies, enhance our technological capabilities and expand our range of products and brands. We believe that our acquisitions have provided us with, and will continue to offer us, brand presence, manufacturing, marketing, sales and distribution infrastructure, and a pool of experienced management with local knowledge in our target markets. We have and plan to continue to make investments to increase our capacity, enhance our product offerings and expand our distribution network.

Organic growth

- TBR - We commenced TBR production at our plant in Oragadam, Tamil Nadu in 2010, with a terminal capacity of approximately 2 million TBR tyres per year. We are currently working on completing the expansion of this capacity to approximately 4 million tyres per annum, with an estimated investment of ₹ 25.52 billion.

- PCT - We aim to grow our market share in the mid-range and the premium PCT segment by expanding our product portfolio and distribution reach. We also plan to diversify our PCT offerings to the premium OEM segment, which we expect will boost brand perception. We are augmenting the capacities at our Limda plant to enable us to manufacture approximately 1 million SUV tyres per annum, with an estimated investment of ₹ 1.66 billion.

- OTR tyres - We are currently augmenting our capacity for the manufacture of OTR tyres. This expansion is substantially completed.

- Two and three wheeler tyres - We commenced the sale of two wheeler tyres in India in early 2016, the manufacturing of which is currently outsourced. Currently, we have also undertaken a pilot project to set up a small capacity for this segment in our Limda plant.

- Greenfield expansions – We started trial production of PCT in our greenfield project at Gyöngyöshalász, Hungary in April 2017. The plant started commercial production in August 2017 and is undergoing production ramp-up. Once fully ramped-up, it will augment our European manufacturing capacity by approximately 5.5 million PCT per annum and approximately 0.675 million TBR tyres per annum. This plant will manufacture both "Vredestein" and "Apollo" branded tyres in PCT and "Apollo" branded tyres in TBR which will help us to meet increasing demands of the replacement market, increase the supply of PCT to OEMs to whom we are currently unable to supply due to capacity limitations at our Enschede plant and improve our cost competitiveness. Further, in November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India.

Inorganic growth

In order to grow our market share, gain access to new distribution channels, markets and products and improve competitive positioning, we plan to continue to evaluate inorganic growth opportunities. We have successfully completed acquisitions in the past, which demonstrates our ability to grow inorganically. In April 2006, we acquired Dunlop Tyres International (Proprietary) Ltd which we believe helped us to learn the nuances of the TBR tyre manufacturing process, which eventually helped us to develop our own TBR technology and gain market leadership position in India. In May 2009, we acquired Vredestein Banden BV, an acquisition that has provided us with "Vredestein" which we are positioning as a premium brand for high-end PCT and access to the European market. In fiscal 2016, we acquired Reifencom and its subsidiaries, a German tyre distribution company, which we believe would augment our distribution network in Europe. As of the date of this Preliminary Placement Document, we do not have any concrete plans to undertake any strategic acquisitions.

Continue to focus on our R&D initiatives

We believe that strong R&D capabilities are fundamental to our strategy of offering technological advanced products to our customers and growing our market share. Our satellite R&D centre in Raunheim, Germany, is working towards developing "Vredestein" and "Apollo" branded products for leading German OEMs. The satellite R&D centre in Bangalore, India, focuses on the research in the field of advanced and alternative materials for tyre manufacture and in the field of electronics aimed at developing in automobile and related applications.

We partner with, and intend to continue to partner with, OEMs and other industry participants to address the evolving technological, regulatory and aesthetic requirements of our customers. We collaborate with leading OEMs to design tyres that cater to their specifications. We believe we have been successful in introducing new technology in product development and manufacturing processes, which includes the rationalization and standardization of raw materials, compounds, specifications and simulation techniques. We intend to continue to focus on developing products that appeal to customer preferences, are technologically advanced and reduce their adverse impact on the environment.

Our Business

Our product portfolio

Our product portfolio comprises of tyres for passenger cars, sports utility vehicles, multi utility vehicles, light trucks, trucks and buses, agriculture, industrial and specialty vehicles, bicycle and off highway tyres, two and three wheeler tyres, re-treading material, alloy wheels and speciality products.

We sell tyres primarily under the "Apollo", "Vredestein" and "Kaizen" brands, details of which are set out below:

Pricing segment	Brand	Primary geography	Ultra high performance and winter tyres	PCT	Truck and light commercial vehicle tyres	Farm vehicle tyres	Off highway vehicles	Bicycle	Two/ three wheelers
Top	VREDESTEIN	Europe	✓	✓	X	✓	✓	✓	X
Medium	apollo	India, Europe	✓	✓	✓	✓	✓	X	✓
Others	KAIZEN TYRES	India	X	X	✓	X	X	X	X

Products in India

We manufacture and/ or sell bias and radial tyres for a wide variety of vehicles in India, as set out below:

Vehicle	Tyre Type	Brands
Trucks (heavy commercial vehicles and buses)	Radial; Bias	Apollo; Kaizen (only for truck bias tyres)
Passenger cars (cars, SUVs, vans)	Radial	Apollo; Vredestein (small volumes)
Light trucks (light commercial vehicles and small commercial vehicles)	Radial; Bias	Apollo
Farm and other vehicles (agricultural vehicles, OHV and specialty vehicles)	Radial; Bias	Apollo
Two and three wheelers	Bias	Apollo

In India, we sell tyres primarily under our "Apollo" brand for trucks, passenger cars, light trucks, farm vehicles, two and three wheelers and other vehicles. We also sell truck cross-ply tyres under our brand "Kaizen". To further strengthen our product offering in India, we also import "Vredestein" branded PCT from our Enschede manufacturing facility to India for use in high-end cars and SUVs, which currently has a minor contribution to our revenues. We also sell "Apollo" branded tyres in other countries in Asia, Africa, Europe and Latin America.

Our net sales in India, by major product category, are set out below for the periods indicated:

(₹ in millions, except for percentages)

Category	Fiscal						Three months ended June 30, 2017 (IND AS)	
	2015 (Indian GAAP)		2016 (IND AS)		2017 (IND AS)			
	Sales	% of total sales	Sales	% of total sales	Sales	% of total sales	Sales	% of total sales
Truck Tyres	57,918.60	65.24%	55,907.15	64.64%	52,765.19	59.85%	12,754.95	55.84%
Passenger Car Tyres	15,313.83	17.25%	15,064.40	17.42%	17,080.02	19.37%	4,676.07	20.47%

Light Truck Tyres	6,995.75	7.88%	7,873.05	9.10%	8,450.18	9.58%	2,102.92	9.21%
Farm Tyres	6,702.24	7.55%	6,750.10	7.81%	8,130.72	9.22%	2,819.54	12.35%
Others	1,852.26	2.08%	890.38	1.03%	1,740.91	1.98%	487.35	2.13%
Total	**88,782.68**	**100.00%**	**86,485.08**	**100.00%**	**88,167.02**	**100.00%**	**22,840.83**	**100.00%**

Note: Net sales attributable to our India segment by major product category include inter-company sales.

Our net sales attributable to our India segment by end use are set out below for the periods indicated:

(₹ in millions, except for percentages)

Category	**Fiscal**						**Three months ended June 30, 2017 (IND AS)**	
	2015 (Indian GAAP)		**2016 (IND AS)**		**2017 (IND AS)**			
	Sales	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**
Replacement (*includes exports)*	67,409.45	75.93%	64,471.29	74.55%	65,209.39	73.96%	17,247.35	75.51%
OEMs	21,373.23	24.07%	22,013.79	25.45%	22,957.63	26.04%	5,593.48	24.49%
Total	**88,782.68**	**100.00%**	**86,485.08**	**100.00%**	**88,167.02**	**100.00%**	**22,840.83**	**100.00%**

Products in Europe

We acquired the "Vredestein" brand in May 2009 with the acquisition of Vredestein Banden BV, which is now called Apollo Vredestein BV. This acquisition was the part of our strategy to enter the European market and acquire a premium brand. We also export "Vredestein" branded tyres to the United States, South East Asia and the Middle East.

We sell bias and radial tyres for a wide variety of vehicles in Europe, as set out below:

Vehicle	**Tyre type**	**Brand**
Passenger car (cars, SUVs, vans)	Radial	Vredestein; Apollo
Agricultural vehicles	Radial; Bias	Vredestein, Apollo
Space Master (for passenger cars)	Bias	Vredestein
Bicycle	–	Vredestein
Industrial	Radial; Bias	Vredestein, Apollo
Truck	Radial	Apollo

We sell tyres in Europe primarily through the "Vredestein" brand for passenger cars, agricultural vehicles, industrial vehicles and bicycles. We also market the "Space Master" tyres under this brand. Under the "Apollo" brand, we sell PCT, Industrial and TBR in Europe

Our net sales attributable to sale of major product categories in Europe is set out below for the periods indicated:

(₹ in millions, except for percentages)*

Category	**Fiscal**						**Three months ended June 30, 2017 (IND AS)**	
	2015 (Indian GAAP)		**2016 (IND AS)**		**2017 (IND AS)**			
	Sales	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**
Passenger Car Tyres	25,156.37	70.22%	21,934.96	69.30%	30,057.23	70.00%	6,873.65	67.62%
Agricultural Tyres	4,658.38	13.00%	4,114.31	13.00%	4,138.54	9.64%	1,205.29	11.86%
Space Master	4,765.55	13.30%	3,765.07	11.90%	4,486.76	10.45%	1,054.85	10.38%

Bicycle Tyres	545.26	1.52%	386.02	1.22%	396.26	0.92%	88.35	0.87%
Industrial Tyres	343.03	0.96%	316.16	1.00%	359.58	0.84%	88.24	0.87%
Others	357.30	1.00%	1,133.37	3.58%	3,499.01	8.15%	853.40	8.40%
Total	**35,825.89**	**100.00%**	**31,649.89**	**100.00%**	**42,937.38**	**100.00%**	**10,163.78**	**100.00%**

** The sales numbers were prepared in Euros and were converted into ₹ at the conversion rates of ₹ 77.58, ₹ 72.33, ₹ 73.61 and ₹ 71.08 for fiscals 2015, 2016, 2017 and for the three months period ended June 30, 2017, respectively.*

Our net sales attributable to our Europe segment by end use are set out below for the periods indicated:

(₹ in millions, except for percentages)*

Category	**Fiscal**						**Three months ended June 30, 2017 (IND AS)**	
	2015 (Indian GAAP)		**2016 (IND AS)**		**2017 (IND AS)**			
	Sales	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**	**Sales**	**% of total sales**
Replacement (*includes exports)*	28,266.77	78.90%	25,821.54	81.58%	36,402.15	84.78%	8,520.63	83.83%
OEMs	7,559.12	21.10%	5,828.35	18.42%	6,535.23	15.22%	1,643.15	16.17%
Total	**35,825.89**	**100.00%**	**31,649.89**	**100.00%**	**42,937.38**	**100.00%**	**10,163.78**	**100.00%**

** The sales numbers were prepared in Euros and were converted into ₹ at the conversion rates of ₹ 77.58, ₹ 72.33, ₹ 73.61 and ₹ 71.08 for fiscals 2015, 2016, 2017 and for the three months period ended June 30, 2017, respectively*

"Vredestein" branded tyres cater primarily to customers seeking high-performance tyres for passenger cars, agricultural vehicles and bicycles. Some of the "Vredestein" branded tyres for high-end passenger cars are designed by Giorgetto Giugiaro, an Italian designer who has designed a number of high-end cars. We have an agreement with ItalDesign Giugiaro S.p.A., an automotive design house, wherein we collaborate with its industrial design department and its related brand "Giugiaro Design" to design tyres that we sell under our "Vredestein" brand. Through this partnership, we have developed more than 10 complete tyre lines over the past 14 years.

Marketing, Sales and Distribution

Sales, marketing and distribution network in India

As of June 30, 2017, we market, sell and distribute tyres through 11 regional offices and approximately 150 sales, service and stocking points. For fiscal 2017 and the three months ended June 30, 2017, 88.80% and 89.37% of the total sales from India were generated from the Indian market, of which 62.76% and 64.88% of the total sales from India were through our dealer network and 26.04% and 24.49% were through OEMs, respectively.

As of June 30, 2017, our network of dealers comprised of approximately 5,300 third party dealers, consisting of multi-brand dealers and exclusive dealers. Exclusive dealers stock and sell Apollo and Kaizen branded tyres only.

Our truck, light truck, passenger car, farm vehicle, two and three wheeler and other tyres are sold primarily through third party multi-brand dealers. Such tyres are also sold through third party specialist dealers, which are called Apollo Super Zone, Apollo Zone, and Apollo Point throughout India. Apollo Super Zone is our premium branded dealerships present across India and provides what we believe to be a superior purchasing experience to the customers through modern, highly automated facilities such as wireless internet, lounges and entertainment centres. For sale of our products in rural areas in India, we have set up a network of "Rural Exclusive Dealers". We provide our specialist dealers with assistance in converting and operating retail operations, including providing assistance on layout of the dealer's store, installation of latest automation facilities, service, quality, signage, training and other aspects of sales and operations.

Sales offices also work with dealers to add automation, upgrade storefronts and implement marketing programs. From time to time, our sales offices engage customers that own large fleets of commercial vehicles using "Apollo" or “Kaizen” branded tyres to present recommendations based on tyre performance versus the observed route-length, average distance travelled, cargo type and tyre application.

The increase in the use of TBR has increased the need for retreading outlets. We have established 21 Apollo Retread Zones, through which we provide retreading services for truck and light tyres to fleet owners. These branded outlets are equipped with retreading machines and tread materials.

We also operate the Apollo Direct Tyre helpline, where customers of the farm and car category may call for any assistance and information related to tyres purchase. They can also contact the helpline to lodge complaints. In addition, we have Apollo Tyres Road Assist services for our premium car customers, through which we offer round the clock on-road assistance in case of an emergency.

We host a variety of marketing initiatives and incentive programs for dealers. We have a recurring advance scheme, with rewards for exceeding sales targets. We provide training and sales materials and distribute a booklet each quarter containing network programs that we plan to undertake, incentive schemes and good practices.

We have undertaken various marketing initiatives aimed at increasing our customer base. We expanded our network of Apollo Zones for Commercial Vehicle from 7 to 16 in fiscal 2017 and further to 18 as of June 30, 2017, with the objective to provide one-stop-shop for quality tyres and services.

We also continued our customer engagement programs to strengthen our product perception and leadership position. We conducted van campaigns across ten states to strengthen our brand recall in the small commercial vehicle segment.

For the passenger vehicle segment, we undertook various customer networking programs and introduced policies such as “unconditional warranty” on certain PCT. We have also increased the number of our branded retail stores across the country in order to achieve greater retail growth.

In the off-highway tyre segment, we participated in various trade shows and exhibitions. We also collaborated with ITC Limited to access their “e-Choupal” network across states such as Uttar Pradesh, Madhya Pradesh, and Maharashtra. We also partnered with M&M for joint customer outreach program "Swatantrata Mahotsava" where we showcased our products in locations across Maharashtra during the launch of Mahindra & Mahindra’s new tractor which uses “Apollo” branded tyres. We also rolled out innovative consumer offers which we believe our customers have appreciated. Our marketing initiatives were recognized by the Rural Marketing Association of India and we were also awarded the “Silver Recognition” at the “Flame Awards Asia 2016.

During fiscal 2017 and the three months period ended in June 30, 2017, we manufactured tyres for the OEM segment for many newly launched vehicles including the Superb and Rapid facelift from Skoda Auto AS, Swift Dzire, Baleno Sports, Ciaz Sports from Maruti Suzuki India Limited, Innova Crysta from Toyota Motor Corporation, Ameo and Polo GT from Volkswagen AG.

Exports from India

We export “Apollo” branded tyres manufactured in India to international markets including Asia, Africa and Latin America. We also export such tyres to our operations in Europe.

For sales to the Middle East, Southeast Asia and other markets, we typically sell our products through our regional sales offices which sell the products to the distributors. As of June 30, 2017, we had a network of 49 distributors in the Middle East and Africa, approximately 80 distributors in the ASEAN region (excluding Thailand, in which we operated through approximately 140 third party dealers) and 15 distributors in the SAARC and Oceania countries. We have a sales office in Dubai, United Arab Emirates, which serves as a regional centre for our sales, market research and customer support in the Middle East, North Africa and Central Asia. We also have sales and marketing offices in Bangkok, Thailand and Kuala Lumpur, Malaysia to support our customers in Southeast Asia. Our distributors sell our tyres to wholesalers and dealers in the countries they serve. We sell tyres to these distributors on a free on board or cost, insurance and freight basis, with sales typically secured fully by letters of credit or advanced payment. We do not provide distributors with unsecured credit. We typically offer distributors with an incentive linked to tyre sales.

Other than Europe, our largest export markets are Southeast Asia, which accounted for 2.68% and 2.78% of our net sales attributable to our India segment, and the Middle East, which accounted for 2.06% and 1.75% of our net sales attributable to our India segment for fiscal 2017 and the three months ended June 30, 2017, respectively. Our principal exports to these markets are PCT.

Marketing, Sales and Distribution Network in Europe

We market, sell and distribute tyres through distribution centres, retail stores, warehouses and local sales offices in Europe. For fiscal 2017 and the three months ended June 30, 2017, our revenue was approximately 79.74% and 79.43% from replacement market in Europe and 15.22% and 16.17% and from OEMs in Europe, respectively.

We acquired Reifencom in 2016, through which, as of June 30, 2017, we had access to 37 stores across Germany and online tyre sales portals, which are operative in Germany, Austria, Switzerland, France, Italy and Denmark.

As of June 30, 2017, our sales and distribution network comprises of approximately 5,800 third party dealers/distributors, including outlets in the countries/regions as set out below:

Country/ area	Number of Dealers/Distributors
Germany	1,417
Netherlands	411
France	564
Scandinavia	433
Belgium	467
Italy	24
Switzerland	570
Austria	333
Eastern Europe	385
England and Ireland	417
Spain	739
Others	50

We also export “Vredestein” branded tyres to the United States, South East Asia and the Middle East. Through our sales offices in these countries, we export tyres to dealers/distributors who are primarily independent specialist dealers/distributors.

Our sales to OEMs comprises of all of our Space Master tyres and a portion of tyres for agricultural vehicles. We currently sell a very small volume of PCT (except the Space Master) to OEMs in Europe. We provide operational support to OEMs through technical collaboration in quality control and development and sales promotions.

Our major marketing initiatives include introducing new products in what we believe are high visibility venues.

For example, in 2017, we launched the new Vredestein Comtrac 2 All Season tyre at the AutoZum show in Salzburg, Austria. In the same year, in Ivalo, Finland, we launched the new Vredestein Wintrac Pro, a spiked UHP tyre that provides premium performance in the most severe conditions. We offered our customers an opportunity to test the tyres themselves in an exciting driving experience on ice and snow tracks

The Vredestein Ultrac Satin was introduced at the International Motor Show Geneva in 2016 and in the same year, the Apollo Altrust made its debut at REIFEN Essen, Germany.

In the farm vehicle segment in 2016, new tyres under the Vredestein Traxion 85 series were introduced in the EIMA show in Bologna, Italy.

At SIMA, the international agribusiness show in Paris in 2016, we introduced the widest radial implement tyre available with a diameter below the crucial 1250-millimetre mark, the 800/40 R 22.5 168D Flotation Trac radial.

In 2015, we launched the “Inner Circle”, our branded retail program for our dealers, which has been rolled out through Europe and in which new dealers have joined in Germany, Belgium, Hungary, Austria, Switzerland and the Netherlands.

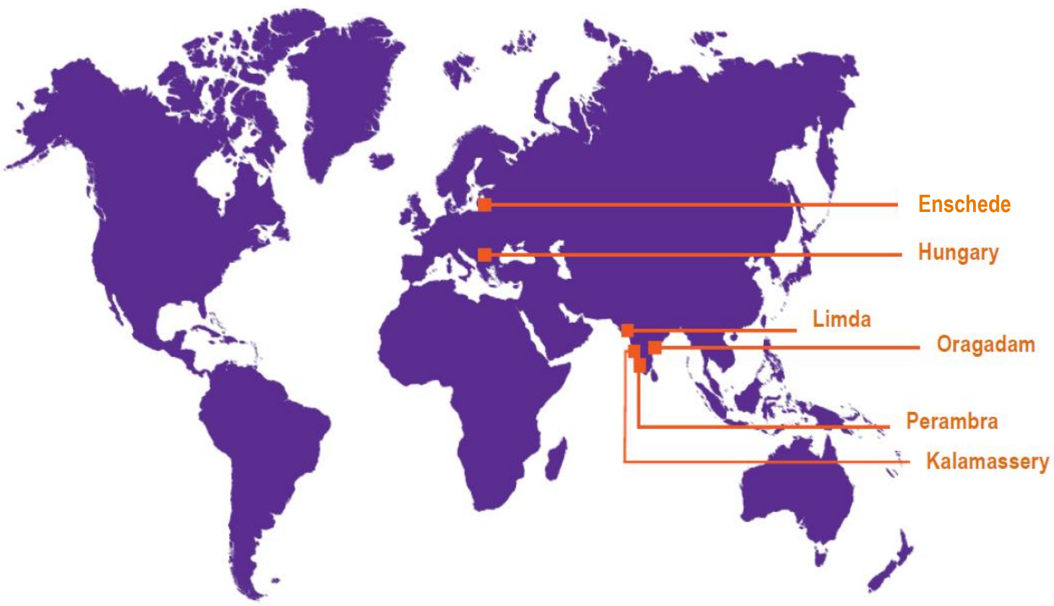
We targeted younger consumers by launching the online campaign "#rocktheroad", which was aimed at increasing the "Vredestein" brand visibility in the 25 to 45 age group.

As part of our commitment to further develop our brands, we entered into a brand campaign contract with Manchester United F.C., one of the largest football clubs in the world, to market our brands in a few geographies, which was extended to a global scale brand campaign initiative in 2016. We believe that our association with a brand such as Manchester United on a global scale provides us with greater brand visibility. The partnership has enabled us to obtain benefits from a range of global marketing activities such as the multi-channel advertising campaign "There are no shortcuts", display of the Apollo brand on the LED display boards of the pitch at all Manchester United home games, consumer engagement digital campaigns such as "Apollo Challenges", customer loyalty program based on our association with Manchester United, sales incentive program to dealers that reward them with experiences at the Manchester United stadium and the launch of the special edition Apollo and Manchester United dual branded tyres in India, the Middle East, South East Asia and the United Kingdom.

Further, Vredestein's bicycle tyre product group has also recently announced an exclusive contract with an all Dutch pro-cycling team. We are also one of the main sponsors as official tyre partner of "Mille Miglia", which is a racing event for classic cars, to promote Vredestein's vintage car tyre portfolio that includes the Sprint Classic, Snow Classic, Grip Classic and Transport Classic.

Manufacturing Facilities and Tyre Procurement

We manufacture our tyres at six facilities across India and Europe. We started the trial production for PCT in our greenfield project at Gyöngyöshalász, Hungary in April 2017. It recently started commercial production and we propose to continually ramp-up production. The location of our manufacturing facilities, including the new greenfield project at Hungary is set out below:



Manufacturing Facilities and Tyre Procurement in India

We manufacture our tyres at our four manufacturing facilities in India, located in Oragadam, near Chennai, Tamil Nadu, Limda, Gujarat, Perambra, Kerala, and Kalamassery, Kerala. We currently outsource the manufacturing of two wheeler tyres, which we sell under the "Apollo" brand. From time to time, to meet temporary increases in demand, we also source a small number of front-balancing tyres for tractors from third parties, which we sell under the "Apollo" brand. We also procure a small number of tyres from third parties for use in small commercial vehicles.

A summary description of our capacities for major product categories being manufactured in our facilities in India is set forth below, as of June 30, 2017:

Product Category	**Average capacity (*million tyres per annum) based on three months* ended June 30, 2017**	**Capacity utilization* for**	
		Three months ended June 30, 2017	**Fiscal 2017**
TBR	2.92	70.36%	85.80%
Truck Cross-Ply	3.32	71.44%	80.18%
PCT	12.60	75.76%	82.47%
Tractor (rear)	0.68	83.86%	78.75%
Light Truck	2.20	65.56%	71.06%

*The capacity utilization for the fiscal 2017 has been calculated on basis of actual capacities of the respective product categories during the fiscal year, which may be different from the average capacities based on three months ended June 30, 2017.

Oragadam Manufacturing Facility

We established our manufacturing facility in the SIPCOT Industrial Park, Oragadam near Chennai, which commenced operations in fiscal 2010 and from which we commenced the sale of TBR in 2010. At this facility, we manufacture TBR and PCT. We are currently in the process of expanding the TBR capacities at this plant from original phase 1 capacity of approximately 2 million tyres per annum to approximately 4 million tyres per annum. During the three months ended June 30, 2017, we have reached an average capacity of approximately 2.92 million tyres per annum.

Our Oragadam manufacturing facility is situated on a property that has been leased to our Company for a 99 year period, which commenced on January 9, 2008.

Pursuant to our memorandum of understanding and its subsequent supplemental memoranda of understanding with the Government of Tamil Nadu ("**GoTN**"), we were sanctioned a "Structured Package of Assistance" in accordance with the terms of the New Industrial Policy, 2007 and its later iterations under the Tamil Nadu Industrial Policy 2014. The Structured Package of Assistance entitled us, *inter alia*, to a refund of an amount equal to the aggregate of the net output VAT and the CST paid by us to the GoTN, in the form of an investment promotion subsidy, for a period of 14 years (which can be extended by additional four years) from the date of commencement of commercial production subject to a maximum of 50% of the investment made in eligible fixed assets during the approved investment period (as defined by the relevant memorandum of understanding). We are eligible to receive this subsidy subject to fulfilment of certain conditions. As we have met the relevant conditions, we recognized subsidy income of ₹ 464.50 million and ₹ 39.12 million as "other operating income" in our profit and loss account for fiscal 2017 and for the three months ended June 30, 2017, respectively. The total subsidy income that we have recognized since commencement of receipt of the subsidy to June 30, 2017 is ₹ 2,500.01 million out of which ₹ 1,510.18 million has been received so far.

Moreover, as per the New Industrial Policy, 2007, greenfield and brownfield projects, in which an investment of more than ₹ 2,000.00 million has been made and which employs more than 400 direct workers, are eligible for a back ended capital subsidy of ₹ 15.00 million. Further, manufacturing units located within the SIPCOT Industrial Park are eligible for an additional 50% capital subsidy over and above the limits specified by the New Industrial Policy, 2007. During fiscal 2015, we received the capital subsidy of ₹ 22.50 million as our Oragadam manufacturing facility has fulfilled these conditions. Such subsidy has been credited to the "capital subsidy" account disclosed under "Reserves & Surplus" in our balance sheet. During fiscal 2015, we also received an environmental subsidy of ₹ 3 million. For further details, see "***Regulation and Policies***" and "***Financial Statements***" on pages 163 and 228, respectively.

Limda Manufacturing Facility

Our Limda manufacturing facility commenced operations in fiscal 1991. At this facility, we manufacture tyres for use in passenger cars, light trucks, trucks (bias tyres), farm vehicles, OHV and other vehicles.

We are currently undertaking a brownfield expansion at this facility for the manufacture of SUV tyres. This expansion is expected to enable us produce approximately 1 million SUV tyres per annum. We are also building a capacity for the manufacture of OTR tyres. Other than these two expansions, we are also setting up a pilot two-three wheeler radial tyre capacity at our Limda manufacturing facility with an estimated investment of ₹ 0.25 billion.

Our Limda manufacturing facility is situated on a property which has been leased by our Company for a 99 year period, from May 17, 1990.

Perambra Manufacturing Facility

Our Perambra manufacturing facility commenced operations in 1977. At this facility, we manufacture tyres for use in light trucks and trucks (bias tyres), farm vehicles and other vehicles.

We own the Perambra manufacturing facility and the underlying property.

Kalamassery Manufacturing Facility

We acquired our Kalamassery manufacturing facility in 1995. At this facility, we manufacture tyres for use in light trucks, trucks (bias tyres), farm vehicles and OHV. We converted a portion of our capacity at this plant from truck bias tyres to OHV tyres in fiscal 2013. We will also convert further truck bias capacity at this plant to a capacity for specialty tyres and industrial tyres.

We leased the Kalamassery manufacturing facility and underlying property from PTL Enterprises Limited, a related party, pursuant to a long-term lease which expires in March 2022.

In November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India.

Manufacturing facilities and tyre procurement in Europe

We manufacture "Vredestein" branded passenger car and Space Master tyres at our manufacturing facility at Enschede. We also sell "Apollo" branded PCT in Europe, which is primarily manufactured at and sourced from our manufacturing facilities in India and some part of the demand is also manufactured at our manufacturing facility at Enschede. We also source some part of our Vredestein branded tyres PCT from our manufacturing facilities in India.

We also manufacture high-end large-sized "Vredestein" branded agricultural tyres at our Enschede manufacturing facility. A small number of agricultural tyres are manufactured at our Kalamassery manufacturing facility for export to Europe. Apart from the aforementioned, we source substantially all of the remainder from a third party contractor in India. Pursuant to the terms of our contract with the third party contractor, we typically review the quantity and price of tyres procured on an annual basis.

We source "Vredestein" branded bicycle and industrial vehicle tyres from third party manufacturers in Thailand, India and Indonesia. Pursuant to the terms of our contracts with such third party manufacturers, we may procure a quantity of tyres as mutually agreed with the manufacturer and at a price which is typically reviewed annually based on the price of raw material and applicable exchange rates.

We intend to continue to support our European operations with supplies from India. During fiscal 2017 and the three months ended June 30, 2017, we sourced 0.91 million and 0.28 million PCT tyres, respectively, from our manufacturing facilities in India. We started a trial production for PCT in our greenfield facility in Gyöngyöshalász, Hungary. See *"— Manufacturing Facilities and Tyre Procurement — Hungary Manufacturing Facility*". Substantial part of the PCT demand for European market which is currently being sourced from our Indian plants will be shifted to Hungary plant once the plant ramps-up. TBR demand for Europe is also currently being sourced from India, which will likewise be shifted to our Hungary plant once its TBR capacity is operational.

A summary description of our capacities for various product categories being manufactured in facilities in Europe is set forth below, as of June 30, 2017.

Product Category	Average capacity (*million tyres per annum) based on three months ended* **June 30, 2017**	Capacity utilisation* for	
		Three months ended June 30, 2017	**Fiscal 2017**
PCT (Including Space Master)	7.24	86.06%	88.34%
Agricultural vehicle tyre	0.04	67.99%	70.08%

**The capacity utilization for the fiscal 2017 has been calculated on basis of actual capacities of the respective product categories during the fiscal year, which may be different from the average capacities based on three months ended June 30, 2017.*

Enschede Manufacturing Facility

We acquired our manufacturing facility located at Enschede, The Netherlands, in 2009. Post-acquisition of this facility, we have invested in the plant and have upgraded all the capacities of the plant. At present, it has a capacity to produce up to approximately 7.3 million tyres per year. The Enschede plant produces tyres for passenger cars (including Space Master tyre which is a collapsible spare tyre used in high-end sports cars) and agricultural vehicles. A majority of the tyres manufactured at this plant is marketed under the "Vredestein" brand. A small percentage of the products are marketed under the "Apollo" brand.

We own the Enschede manufacturing facility and underlying property.

Hungary Manufacturing Facility

We began trial production of PCT in our greenfield facility in Gyöngyöshalász, Hungary in April 2017. We recently started commercial production at our Hungary plant and the plant is currently undergoing a production ramp-up. Once fully ramped up, this plant is expected to have a capacity of approximately 5.5 million PCT per annum and approximately 0.675 million TBR tyres per annum. We expect the TBR production to start in fiscal 2019. We own the land on which the plant is being constructed.

Quality Control

At our facilities in India, we implement various quality assurance controls at different stages of the manufacturing process and undertake procedures to test the quality of raw materials, component parts and finished tyres. We also have on-site maintenance and repair facilities and maintain an inventory of spare parts and machinery to reduce the risk of equipment failure and minimize any interruptions to production.

Each of our manufacturing facilities in India is certified ISO/TS 16949:2009 for their quality management systems, ISO 14001:2004 for environmental management systems and BS OHSAS 18001:2007 for occupational safety and health standards.

As with our manufacturing facilities in India, the Enschede manufacturing facility has implemented various quality assurance controls into the stages of the manufacturing process and has procedures to test the quality of raw materials, component parts and finished tyres. We review production schedules at our Enschede manufacturing facility from time to time to match its capacity with demand to minimize inventory carrying costs. We also have on-site maintenance and repair facilities and maintain an inventory of spare parts and machinery to reduce the risk of equipment failure and minimize any interruptions to production. Quality assurance certificates for our Enschede manufacturing facility include ISO/TS 1649:2009 and ISO 14001:2006.

Raw Materials and Suppliers

The primary raw materials required to manufacture tyres are natural rubber, synthetic rubber, tyre cord fabric, carbon black, steel cord and certain chemicals. Of our total raw material costs, rubber (including natural rubber and synthetic rubber), carbon black, tyre cord fabric and others (including steel cord) accounted for 52.87%, 11.17%, 11.20% and 24.76% for fiscal 2017 and 56.89%, 10.93%, 10.18% and 22.00% for the three months ended June 30, 2017, respectively. See "***Management's Discussion and Analysis of Our Financial Condition and Results of Operations—Significant Factors Affecting Our Results of Operations—Cost and Availability of Raw Materials.***"

We have a centralized purchasing team which manages our raw materials requirements. We have a defined "Supplier Qualification Process", which is led by the R&D team. There are multiple stages of such "Supplier Qualification Process" which is managed through stringent raw material specification, laboratory testing and process performance. As part of our procurement risk mitigation plan, we typically have two to three pre-approved suppliers for each raw material, which allows us to source competitively and maintain alternate sourcing capabilities. For certain raw materials, such as steel cord, synthetic rubber and certain chemicals, our R&D team works with the suppliers to engage in joint development efforts to develop raw material solutions aimed at enhancing product performance and productivity.

We have entered into long-term arrangements with the suppliers of most of our raw materials. Such arrangements typically have a term of three years. The procurement pricing is usually adjusted each quarter, or on an "as-agreed" basis. For raw materials such as natural rubber, our purchase model is a combination of long term and spot basis. We take delivery of raw materials sourced from India and from Europe at our manufacturing facilities. For raw materials sourced internationally for our manufacturing facilities in India, we typically take delivery at the port where the raw materials arrive and we arrange for transport of the raw materials to our manufacturing facilities.

We source our natural rubber requirements from India and from suppliers in Asia and Africa, particularly Thailand, Malaysia and Indonesia. We enter into long-term contracts with such natural rubber suppliers for fixed quantities, with pricing typically determined monthly and linked to the price of the commodity on the Singapore Commodity Exchange or any other agreed benchmark.

We source carbon black from suppliers predominantly in India, Korea and Europe, with pricing determined monthly or quarterly, based on a pre-agreed formula.

We source steel cord typically from suppliers in India, China, Malaysia and Europe, with pricing determined on a quarterly basis. Our R&D teams work with our suppliers of steel cord on various technical requirements.

We source tyre cord fabric typically from suppliers in Asia (for our India operations) and from Europe (for our European operations), with pricing determined monthly or quarterly based on an agreed formula.

We source synthetic rubber from India, other parts of Asia and Europe, with pricing determined monthly or quarterly.

In 2016, we set up a global procurement office in Singapore, which has led to direct sourcing from producers in the region. During this year, we also established a "Vendor Quality Cell" for interfacing between the suppliers and our plants.

Research and Development

R&D expenses (including capitalized expense) represented 2.74% and 2.48% of our consolidated net sales for fiscal 2017 and the three months ended June 30, 2017, respectively. We have two R&D centres, one in Chennai, India, and one in Enschede, The Netherlands. We have also established two satellite R&D centres - one in Raunheim, Germany and the other in Bangalore, India. Further, we also have R&D labs located at every manufacturing facility. As of June 30, 2017, we had total of more than 500 R&D personnel, of whom more than 300 were located at our R&D centres and approximately 200 personnel were located at our manufacturing facilities.

Our R&D efforts at our Enschede facility, which had approximately 130 employees as of June 30, 2017, focuses primarily on adapting PCT to anticipated regulatory changes, evolving customer preferences and the performance requirements of the markets in which we are present. We also work with OEMs to develop tyres, designs, compounds and materials for replacement tyres for their vehicles, and adapting to competitive and regulatory developments in our industry. For example, with the implementation of the European Union Tyre Labelling Regulation 1222/2009 and subsequent amendments 228/2011 and 1235/2011, we have focused our R&D efforts on developing new materials and processes to improve our tyres' characteristics that will be assessed on the labels. Accordingly, our team works to improve safety, rolling & cut-chip resistance, reduce weight, noise levels and decrease the level of carbon dioxide emissions in our tyres. Additionally, our R&D team works closely with the R&D teams of our suppliers to develop new materials and processes to meet the desired tyre performances. Also our R&D participates in European Union projects on traffic safety and ecological safety aspects like use of sustainable materials in tyres to protect the environment from time to time.

Our R&D efforts at the Chennai facility, which as of June 30, 2017, had 140 employees, focuses primarily on the development of commercial vehicle tyres for India and our international markets, including TBR and truck bias tyres, agricultural tyres, two three wheeler tyres and off highway tyres. Specifically, these initiatives focus on developing bigger tubeless tyres, super single tyres, low rolling resistance tyres, low aspect ratio truck tyres, and improving our material conservation and sustainability efforts. Our R&D centres also works closely with a number of OEM's and testing facilities.

We believe that our R&D center in Raunheim, Germany, which as of June 30, 2017 had 25 employees, will assist with our entry in the European OEM market. This office is staffed with test drivers, OEM engineers and so forth. with the focus on being geographically closer to our customers in the region. Our R&D office at Bangalore, India which, as of June 30, 2017, had 13 employees is focused on the development of advanced solutions for all kind of tyre performances.

In order to address volatility in price and availability of natural rubbers, we are exploring the feasibility of usage of alternate materials as a substitute for natural rubber in our tyres. Such substitutes include the use of recycled materials and partial replacement of natural rubber with synthetic rubber. Further, in response to legal requirements such as labelling regulations and mandatory use of green tyres in certain parts of the world, we have focused our R&D initiatives on technologies such as low rolling resistance, usage of non-petroleum based materials, nano-materials and use of environmental friendly chemicals and oils and compliance with the requirements of Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH**") or green manufacturing. We also constantly evaluate the use of new compounds for TBR and PCT. We believe that our R&D efforts have improved our cost of production, product quality and production capacities and allowed us to introduce new products across our product categories. Additionally, we have been able to expand our product portfolio, including our winter tyre range, all season tyre range and other ultra-high performance summer tyres as a result of our R&D efforts.

For details of the products developed through our R&D efforts, see "***Business - Our Competitive Strengths - Strong research and development capabilities***" on page 145.

Intellectual Property Rights

We have a portfolio of more than 265 trademarks (including both registered trademarks and trademarks pending registration) across more than 150 countries in the world. We believe that the trademarks that are most material to our business are "Apollo", "Vredestein" and "Reifen" along with their respective variation and formative representations which is registered or pending registration in all our key markets and geographies. Our corporate logo "Winding Road" is registered as a trademark in India. The word mark and logo "Go The Distance" is registered in several jurisdictions around the world and is pending registration in countries such as India, Indonesia and Bangladesh. Our innovative product "Air Master", a variable front spoiler system made from a special rubber compound for use in sports cars, is also patented in Europe, United States, Netherlands, China, Japan and Russia. Additionally, we have approximately 30 copyright registrations incorporating the logo of "Winding Road". We also have approximately 40 Design Tyre Tread applications registered and pending for registration in India and the European Union.

Employees

As of June 30, 2017, our total workforce consisted of 15,850 employees, including contractual workers, as set out below:

Particulars	**India**	**Europe**	**Rest of the world**	**Total**
Employees	8,646	2,415	81	11,142
Contractors	4,329	378	1	4,708
Total	**12,975**	**2,793**	**82**	**15,850**

In India, most all of our workmen (except workers at our Oragadam plant) are members of organized unions and covered by collective bargaining or settlement agreements. From time to time, we have experienced disruptions in our operations due to work stoppages at our manufacturing facilities in India, particularly for the period during which we renegotiate these settlement agreements. In April 2014, we renewed the settlement agreement at our

Perambra plant, which expired in April 2017. Currently, we are in process of negotiating the settlement agreement for Perambra. The settlement agreement for our Limda plant is valid up to December 2018 and the settlement agreement for our workmen at Kalamassery is valid up to March 2018.

In Europe, a portion of our permanent staff and operators are members of registered unions and covered by collective bargaining or similar agreements. We are currently negotiating the wage settlement agreements in relation to our Europe operations.

For further details of disruptions and stoppages at our manufacturing facilities, see "***Risk Factors – We are subject to stringent labour law and may face labour disruptions that could interfere with our operations***" on page 42.

Competition

In India, we primarily face competition from MRF Limited, CEAT Limited and JK Tyres Limited across all tyre categories and from Bridgestone in the PCT category. Bridgestone and Michelin have also entered the TBR segment and we expect to face significant competition from these tyre manufacturers as they penetrate further into the market. Further, Yokohama Tyres set up a PCT tyre manufacturing plant in India and Maxxis has already completed construction of its two/three wheeler tyre manufacturing plant in Gujarat, which will further intensify competition in the two/three wheeler segment. We currently face competition from Chinese TBR, which are priced in the range of TBB tyres in India. However, the Finance Ministry of India has recently imposed an anti-dumping duty on TBR imports from China for a period of 5 years. The levy ranges from U.S.$245.35 to $452.33 per tonne. We believe this will help promote the sale of locally manufactured TBR and TBB tyres. For further details of competition from Chinese tyre companies, please see "***Risk Factors – Competition may result in the reduction of our market share or margins, either of which could adversely affect our business or results of operations***" on page 37.

In Europe, we face competition from all of the major tyre brands, including Michelin, Bridgestone, Continental, Goodyear, Dunlop, Pirelli, Hankook and Kumho.

The global tyre market is led by three major companies: Bridgestone, Michelin and Goodyear. We face competition from these brands throughout the markets and product categories we serve and intend to enter. We also face competition in markets from Korean and Japanese tyre manufacturers, such as Hankook, Kumho, Toyo and Yokohama Tyres.

Health, Safety and Environment

We are committed to complying with applicable health, safety and environmental regulations applicable to our operations.

We believe that accidents and occupational hazards can be significantly reduced through systematic analysis and risk control. We provide our management, employees and contractors with extensive training on health and safety matters and employ dedicated internal and external health and safety managers at our manufacturing facilities . These managers conduct risk management programs and management meetings concerning the health and safety of our employees. We also hire third parties to conduct annual health and safety audits of our manufacturing facilities.

We also have dedicated personnel to ensure that our business continues to comply with all applicable environmental regulations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, disposal and clean-up requirements could have a significant impact on our operating costs. We are certified by authorized agencies for compliance with ISO 14001 for environmental standards and OSHAS 18001 for occupational safety and health standards for all our plants other than our facility in Hungary, which began operations only recently in 2017.

During fiscal 2016, there were 327 loss time incidents at our premises in India, which led to losing 4,194 man days. The number of loss time incidents in India was significantly reduced to 70 which led to a loss of 1,564 man days during fiscal 2017. In our European operations, there were 10 loss time incidents which led to losing 701 man days during fiscal 2016, which was reduced to eight loss time incidents leading to loss of 665 man days during fiscal 2017. There were no fatalities or occupational diseases at any of our manufacturing units during fiscal 2016 and 2017.

Insurance

We maintain specialized insurance for various risks that our business faces. We maintain insurance for, among other things, fire and special perils, burglary of our manufacturing facilities, cash-in-sale and cash-in-transit, electronic equipment and other assets, product liability, goods for transit between our manufacturing facilities and the dealers and OEMs and raw materials. For our employees, we maintain statutory worker compensation insurance, as well as mediclaim insurance for our senior management and director and officer liability insurance. For our European operations, we maintain a personal accident policy instead of statutory worker compensation insurance and mediclaim insurance. Under our agreements with our contractors, the contractors are responsible for insuring their own employees.

Corporate Social Responsibility

Sustainability and social responsibility are an inherent component of our corporate strategy. We believe that the objective of CSR activities is aimed at a positive impact on the everyday lives of our stakeholders. Further, our CSR programs and activities are aligned with national and international development goals, particularly relating to health and environment. With this strategy and the requirements of the Companies Act, 2013, we have adopted a CSR policy and focus our CSR activities on two broad areas: “Environment” and “Social”. Within the “Social” area of our CSR activities, health and community development are our areas of focus.

Environment

We undertook and implemented various environmental initiatives related to different focus areas such as biodiversity conservation, climate change mitigation, watershed management and a variety types of waste management. We have contributed to conservation of biodiversity and mitigation of climate change through plantation of trees. We have also focused on enhancement of water availability and its restoration and quality improvement. Eco-restoration and improvement of water bodies in the community is yet another project aimed at restoring and enhancing the aqua-biodiversity. As part of this project, we have undertaken restoration of ponds near our facilities at Oragadam, Limda and Perambra. The activity includes water quality assessment, cleaning, deepening and binding of the ponds. We have also started a project on conservation of the Bukk National Park in Hungary, which involves maintaining of meadow, in order to attract native species within the areas.

We believe that renewable energy proliferation is important to address issues relating to climate change. We promote the use of biogas in the communities around the Limda plant in Gujarat.

Social

We have supported various program such as HIV-AIDS awareness and prevention program, eye care program and promotion of health and sanitation. We also undertook initiatives that aided the livelihood and income generation for farmers and improved farming practices.

Our strategy involves engaging women by either strengthening the existing self-help groups or by creating a new self-help groups, where required. We also provide skill development training to women in order to help create sources of livelihood for them.

We also undertook philanthropic activities in support of education of underprivileged girls and health care needs of underprivileged communities in rural areas. We provided financial aid to the victims of the Nepal earthquake and the Chennai floods.

We have supported a kindergarten school in Gyöngyöshalász, Hungary. The project involves (a) providing equipment to the school kitchen (which also acts as a community kitchen) in order to ensure food for the children and for people from Gyöngyöshalász and (b) providing the students with stationery.

In recognition of our CSR initiatives, we were awarded the Asian CSR Award 2015 by the Asian Forum of Corporate Social Responsibility and the Global Green Future Leadership Award 2016 by the World CSR Congress in fiscal 2016.

REGULATIONS AND POLICIES IN INDIA

The following is an overview of certain important laws and regulations which are relevant to our business in India. The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information, and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Rubber Act, 1947

The domestic rubber industry is regulated by the Rubber Act, 1947 (the "**Rubber Act**") and the rules thereunder. The Rubber Act provides for the constitution of a Rubber Board consisting of, among others, members nominated by the Central Government, representatives of the State Governments of Tamil Nadu and Kerala, a prescribed number of whom are required to be persons representing rubber-producing interests, small growers, rubber manufacturers and labourers employed on rubber plantations.

The Rubber Act provides that a person shall not possess, sell or acquire rubber without a general or special license issued by the Rubber Board. Every general license is published by the Rubber Board in the Official Gazette and in such newspapers as directed by the Rubber Board, while the special license is accorded for a limited period and is subject to extension by the Rubber Board. In the event of default of the provisions of the Rubber Act, the defaulter shall be punishable with imprisonment for the term which may extend to one year or with fine which may extend to five thousand rupees or both.

Customs Act, 1962 and Rules there under relating to import of rubber

The Customs Act, 1962 (the "**Customs Act**") provides that an importer must file a bill of entry or a cargo declaration, containing the prescribed particulars for a customs clearance. In addition, a series of other documents relating to the cargo are to be filed with the appropriate authority. This is followed by an assessment by the assessing officer in order to determine the duty liability. All imported goods are also examined for verification of correctness of description given in the bill of entry. After this assessment, the importer may seek delivery of the goods from the custodians. Rubber may be imported freely, under the advance authorization scheme or on payment of the requisite customs duty.

Customs Act, 1962 and Rules there under relating to export of tyres

An exporter must obtain a business identification number from the Directorate General of Foreign Trade prior to filing of shipping bill for clearance of export goods. Exporters are also required to register their authorized foreign exchange dealer code and open a current account in the designated bank. An exporter is required to file shipping bills or bills of export in the format prescribed in the Shipping Bill and Bill of Export (Form) Regulations, 1991. Upon approval of the bills of export by the Export Department, the exporter must present the goods to the authorized export officer, who will then clear the goods, from the port of export availing the incentives offered under the foreign trade policy.

Central Motor Vehicles Rules, 1989

The Central Motor Vehicles Rules, 1989 (the "**Motor Vehicles Rules**") contains certain provisions regulating the manufacture of tyres for agricultural tractors as well as other vehicles. The Motor Vehicles Rules direct the tyre manufacturers to specify the load carrying capacity of the tyres, and further give directions relating to aspects such as the non-skid depth and size of the tyres and the ply rating.

In addition to the laws mentioned above, taxation statutes including the Income Tax Act, 1961, the Goods and Services Tax, 2017 apply to our Company. Further, other miscellaneous regulations and statutes including in relation to intellectual property such as the Trade Marks Act, 1999; environment laws including the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986 and Hazardous Wastes (Management and Handling) Rules, 1989 and labour laws including the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Bonus Act, 1965 and Minimum Wages Act, 1948 also apply to our Company.

Foreign Trade (Development and Regulation) Act, 1992

Foreign Trade (Development and Regulation) Act, 1992, as amended (the "**Foreign Trade Act**") provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India. According to the Foreign Trade Act, a person is not permitted to carry on the business of exports and imports until a valid Importer Exporter Code ("**Importer Exporter Code**") is issued by the Director General of Foreign Trade. In case the exporter or importer violates the provisions of laws relating to central excise or customs or foreign exchange or commits any other economic offence under any other law, or the Director General believes that such export or import has been carried out in a manner prejudicial to the trade relations of India with any other country, the Director General shall have the right to suspend or cancel the Importer Exporter Code after giving the person a reasonable opportunity of making a representation in writing within a reasonable period of time.

Further, the Foreign Trade Act was amended by the Foreign Trade (Development and Regulation) Amendment Act, 2010 which provided for quantitative restrictions to be imposed by the Central Government in the instance it is satisfied, after conducting enquiry,that increased quantities of goods imported into India would cause or threaten to cause serious injury to the domestic industry. However, such quantitative restrictions shall not be imposed on any goods originating from a developing country in the instance the share of imports of such goods from that country does not exceed three percent, or where such goods originate from more than one developing country, so long as the aggregate of the imports from all such countries taken together does not exceed nine percent, of the total imports of such goods into India.

Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016 (the "**BIS Act**") provides for the establishment of a national standards body, the Bureau of Indian Standards (the "**Bureau**"), for the development of the activities of standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services. The Bureau is responsible for, among other things, promoting exports and imports, recalling goods and articles not conforming to the required standard and controlling proliferation of varieties through standardization and certification. The BIS Act repealed the Bureau of Indian Standards Act, 1986 which did not include services under its standardization regime.

The Pneumatic Tyres and Tubes for Automotive Vehicles (Quality Control) Order, 2009, as amended (the "**Pneumatic Tyres Order**") was issued under the the Bureau of Indian Standards Act, 1986. The Pneumatic Tyres Order was notified by the Department of Industrial Policy and Promotion ("**DIPP**") on November 19, 2009 and came into effect on May 13, 2011. It provides quality standards for pneumatic tyres (which include pneumatic tubes) with the objective of ensuring safety of human lives and vehicles and also availability of quality products, whether domestic or imported, to the consumers. Under the Pneumatic Tyres Order, every person who manufactures, imports, stores for sale, sells or distributes pneumatic tyres has to conform to the specified standard and bear the standard mark of the Bureau of Indian Standards after obtaining the certification marks licence from the Bureau of Indian Standards.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our operation and business is vested in our Board, which exercises its powers subject to our Memorandum and Articles of Association and the requirements of applicable Indian laws. Pursuant to the Companies Act and our Articles of Association, the Directors may be appointed by the Board or by our shareholders in a general meeting. In accordance with Article 98 of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. Currently, our Company has 14 Directors. The present composition of the Board and its proceedings are in accordance with the Companies Act and the SEBI Listing Regulations.

The following table sets forth details regarding the Board as of the date of this Preliminary Placement Document:

Name, Address, DIN, Term, Occupation and Nationality	Age (years)	Designation
Mr. Onkar S. Kanwar **Address:** 3/3, Shanti Niketan, New Delhi 110 021, India **DIN:** 00058921 **Term:** Five years with effect from February 1, 2013, and has been re-appointed for a further period of five years with effect from February 1, 2018 **Occupation:** Industrialist **Nationality:** Indian	75	Chairman and Managing Director
Mr. Neeraj Kanwar **Address:** 1 Thornwood Gardens, London, W8 7EA, United Kingdom **DIN:** 00058951 **Term:** Five years with effect from May 28, 2014 **Occupation:** Industrialist **Nationality:** Indian	46	Vice Chairman and Managing Director
Mr. Sunam Sarkar **Address:** 1 Grange Garden, #18-06, the Grange 249631, Singapore **DIN:** 00058859 **Term:** Liable to retire by rotation **Occupation:** Service **Nationality:** Indian	52	Non-Executive Director
Mr. Francesco Gori **Address:** Via Appiani 2, Milan 20121, Italy **DIN:** 07413105 **Term:** Liable to retire by rotation **Occupation:** Service **Nationality:** Italian	65	Non-Executive Director

Name, Address, DIN, Term, Occupation and Nationality	Age (years)	Designation
Mr. Robert Steinmetz **Address:** Entenfang 28, Grossburgwedel, Burgwedel 30938, Germany **DIN:** 00178792 **Term:** Liable to retire by rotation **Occupation:** Professional **Nationality:** German	77	Non-Executive Director
Mr. A. K. Purwar **Address:** C-2303/4, Floor – 23, Ashok Tower, 63/7-4, Dr. SS Rao Road, Parel, Mumbai 400 012, Maharashtra, India **DIN:** 00026383 **Term:** Five years with effect from August 6, 2014 **Occupation:** Professional **Nationality:** Indian	71	Independent Director
Mr. Akshay Chudasama **Address:** Shanti Cottage No.2, Narayan Dabholkar Road, Malabar Hill, Mumbai 400 006, Maharashtra, India **DIN:** 00010630 **Term:** Five years with effect from August 6, 2014 **Occupation:** Lawyer **Nationality:** Indian	48	Independent Director
Gen. Bikram Singh (Retd.) **Address:** House No. 3086, Block D, Aero City, Mohali, Punjab **DIN:** 07259060 **Term:** Five years with effect from August 11, 2015 **Occupation:** Retired professional **Nationality:** Indian	65	Independent Director
Mr. Nimesh N. Kampani **Address:** 123, Maker Tower 'B', Cuffe Parade, Mumbai 400 005, Maharashtra, India **DIN:** 00009071 **Term:** Five years with effect from August 6, 2014 **Occupation:** Professional **Nationality:** Indian	71	Independent Director

Name, Address, DIN, Term, Occupation and Nationality	Age (years)	Designation
Ms. Pallavi Shroff **Address:** S-270, Greater Kailash-II, New Delhi 110 048, India **DIN:** 00013580 **Term:** Five years with effect from May 15, 2014 **Occupation:** Lawyer **Nationality:** Indian	61	Independent Director
Dr. S. Narayan* **Address:** Flat No. 2B, Nithyasree Apartments, 51, Chamiers Road, Chennai 600 028, Tamil Nadu, India **DIN:** 00094081 **Term:** Five years with effect from August 6, 2014 **Occupation:** Professional **Nationality:** Indian	74	Independent Director
Mr. Vikram S. Mehta **Address:** 18, Friends Colony (West), New Delhi 110 065, India **DIN:** 00041197 **Term:** Five years with effect from August 6, 2014 **Occupation:** Professional **Nationality:** Indian	64	Independent Director
Mr. Vinod Rai **Address:** 3, Palam Marg, 3rd Floor, Vasant Vihar 110 057, New Delhi, India **DIN**: 01119922 **Term:** Five years with effect from February 9, 2016 **Occupation:** Retd. Government Official **Nationality:** Indian	69	Independent Director
Mr. Paul Antony** **Address:** A-6, Lower Millenium Apartments, Jagathy, Thycaud, Thiruvananthapuram 695 014 Kerala, India **DIN:** 02239492 **Term:** Liable to retire by rotation **Occupation:** Service **Nationality:** Indian	59	Nominee Director

* *Dr. S. Narayan's name has been published on the website of the MCA in the list relating to directors disqualified under Section 164(2) of the Companies Act. Dr. Narayan has represented that his name has been included erroneously and that he is not disqualified to act as*

director under the Companies Act. Dr. Narayan has also sought his name to be removed from the list and has informed us that the MCA has directed the relevant Registrar of Companies to take immediate action for rectifying the records.

***Mr. Paul Antony is a nominee of the Government of Kerala, appointed with effect from November 18, 2016, pursuant to an order dated November 2, 2016 issued by the Government of Kerala.*

Relationship with other Directors

Except Mr. Onkar S. Kanwar, who is the father of Mr**.** Neeraj Kanwar, none of the other Directors are related to each other.

Borrowing Powers of our Directors

Our Directors are authorised to raise monies (in foreign exchange or Indian Rupee) from banks, financial institutions or bodies corporate from time to time, together with monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) up to an amount not exceeding ₹ 50,000 million notwithstanding that such borrowings may exceed the aggregate of our paid up share capital plus free reserves.

Interests of our Directors

Our Directors may be deemed to be interested to the extent of any fees payable to them for attending meetings of the board of Directors or committees thereof, of our Company or our Subsidiaries, as applicable as well as to the extent of any reimbursement of expenses payable to them by our Company under our Articles of Association or by our Subsidiaries, as applicable. Our Directors may also be deemed to be interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company, including any profit related commission.

Our Directors may also be regarded as interested in the equity shares held by them, if any, in our Company or any of our Subsidiaries, as applicable, or that may be subscribed by or allotted to their relatives or the companies, firms or trusts, in which they are interested as directors, members, partners, trustees or promoters. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Our Directors may also be regarded as interested to the extent of their association with certain companies with which our Company may have outstanding transactions. For details, see "***Financial Statements – Related Party Transactions***" on page 228.

Further, Mr. Nimesh N. Kampani is Non-Executive Chairman and Director of JM Financial Institutional Securities Limited, one of the Global Coordinators and Book Running Lead Managers. JM Financial Institutional Securities Limited shall be involved only in the marketing of the Issue and shall be entitled to receive fees as per their engagement for the services rendered for the purposes of this Issue, which shall not constitute a material interest in the Issue. Also, Ms. Pallavi Shroff and Mr. Akshay Chudasama are managing partners of Shardul Amarchand Mangaldas & Co, the domestic legal counsel to the Company for the purposes of this Issue. Shardul Amarchand Mangaldas & Co shall be entitled to receive fees for the services rendered for the purposes of this Issue, which shall not constitute a material interest in the Issue.

There are no existing or potential conflicts of interest between any duties owed to our Company by the Directors and the private interests or external duties of the Directors. As part of their investment portfolio, certain of the Directors may from time to time hold direct or beneficial interests in securities of our Company or other companies, with which our Company has engaged or may engage in transactions, including those in the ordinary course of business. Our Company does not believe that the holdings in such other companies create a conflict of interest because transactions typically engaged between the issuers of such securities and our Company are not likely to have a material effect on the prices of such securities.

Except as disclosed in this Preliminary Placement Document, our Directors do not have any economic interest in our Company. As of June 30, 2017, there were no outstanding transactions other than in the ordinary course of business undertaken by our Company in which the Directors were interested parties.

For details relating to contracts, agreements or arrangements entered into by our Company during the three years preceding the date of this Preliminary Placement Document, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements, see "***Financial Statements – Related Party Transactions***" on page 228.

Shareholding of Directors

The following table sets forth the shareholding of the Directors as of June 30, 2017:

Name	Number of Equity Shares	Percentage (%)
Mr. Neeraj Kanwar	671,380	0.13
Mr. Vikram S. Mehta	6,000	Negligible
Mr. A. K. Purwar	5,000	Negligible

Terms of appointment of Executive Directors

Mr. Onkar S. Kanwar

Mr. Onkar S. Kanwar was appointed as the Managing Director of our Company for a period of five years with effect from February 1, 2013 pursuant to a Board resolution dated February 6, 2013 and a shareholders' resolution dated April 19, 2013. He has been re-appointed for a further period of five years with effect from February 1, 2018 pursuant to a Board resolution dated May 5, 2017 and a shareholders' resolution dated July 5, 2017.

In accordance with terms and conditions of his re-appointment, Mr. Onkar S. Kanwar is entitled to:

- **Salary:** ₹ 6 million per month with suitable increases as may be determined by the Board of Directors from time to time, not exceeding 50% increase in salary by way of annual increment each year.

- **Commission:** As may be decided from time to time by the Board of Directors, subject to an overall ceiling 5% of the net profits of our Company, computed in accordance with the Companies Act.

- **Perquisites and Allowances:** Perquisites and allowances, such as accommodation or house rent allowance (in lieu thereof), house maintenance allowance, 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 our Company's rules/schemes, restricted to an amount not exceeding 300% of annual salary.

- **Other Benefits:** These include contribution to provident fund, superannuation fund or annuity fund, gratuity, earned leave, encashment of leave at the end of the tenure, provision for car(s) for use on Company's business and telephones at residence, reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of our Company. Mr. Onkar S. Kanwar is also eligible for housing, education, medical and other loans in accordance with the rules of our Company.

Mr. Neeraj Kanwar

Mr. Neeraj Kanwar has been appointed as the Managing Director of our Company for a period of five years from May 28, 2014 pursuant to a Board resolution dated May 10, 2013 and shareholders' resolution dated August 7, 2013. However, the terms and conditions of his appointed were modified pursuant to a resolution of the Board dated May 5, 2017 and of our shareholders dated July 5, 2017.

In accordance with terms and conditions of his appointment, Mr. Neeraj Kanwar is entitled to:

- **Salary:** ₹ 3.6 million per month with suitable increases as may be determined by the Board of Directors from time to time, not exceeding 50% increase in salary by way of annual increment each year.

- **Commission:** As may be decided from time to time by the Board of Directors, subject to an overall ceiling 5% of the net profits of our Company, computed in accordance with the Companies Act.

- **Perquisites and Allowances:** Perquisites and allowances, such as accommodation 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 our Company's rules/schemes, restricted to an amount not exceeding 300% of annual salary.

- **Other Benefits:** These include contribution to provident fund, superannuation fund or annuity fund, gratuity, earned leave, encashment of leave at the end of the tenure, provision for car(s) for use on Company's business and telephones at residence, reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of our Company. Mr. Neeraj Kanwar is also eligible for housing, education, medical and other loans in accordance with the rules of our Company.

Remuneration of the Directors

A. Executive Directors

The compensation paid by our Company to Mr. Onkar S. Kanwar and Mr. Neeraj Kanwar for the period between April 1, 2017 and August 31, 2017 was ₹ 68.19 million and ₹ 41.60 million, respectively.

For details of compensation paid to our Executive Directors during fiscals 2017, 2016 and 2015, see "***Financial Statements – Related Party Transactions***" on pages F85, F147 and F205.

Further, pursuant to a resolution of the Board dated August 11, 2015, Mr. Sunam Sarkar resigned from his position as an Executive-Director, however he continues to hold a directorship in our Company as a Non-Executive Director. For details of his compensation paid by our Company for the fiscals 2016 and 2015, see "***Financial Statements – Related Party Transactions***" on pages F147 and F205.

B. Non-Executive Directors

The Non-Executive Directors are paid remuneration comprising sitting fees and commission. Our Company pays sitting fees of ₹ 0.1 million per meeting, with effect from April 1, 2014, to Non-Executive Directors for attending the meetings of the Board and all committees thereof, pursuant to the resolution passed by the Board dated March 28, 2014. The commission payable to the Non-Executive Directors is typically linked to the net profits of the Company for the corresponding fiscal.

The following table sets forth the compensation paid by our Company to the Non-Executive Directors for the period between April 1, 2017 and August 31, 2017:

(*In ₹ million*)

Name	Sitting Fees	Commission	Total Compensation
Mr. A.K. Purwar	0.30	5.00	5.30
Mr. Sunam Sarkar	0.50	5.00	5.50
Mr. Francesco Gori	0.30	5.00	5.30
Mr. Nimesh N. Kampani	0.50	5.00	5.50
Mr. Robert Steinmetz	0.50	5.00	5.50
Dr. S. Narayan	0.80	5.00	6.30
Mr. Vikram S. Mehta	0.20	5.00	5.20
Mr. Akshay Chudasama	0.70	5.00	5.70
Ms. Pallavi Shroff	0.50	5.00	5.50
Mr. Vinod Rai	0.30	5.00	5.30
Gen. Bikram Singh (Retd.)	0.40	5.00	5.40
Mr. Paul Antony	0.20	5.00	5.20

The following table sets forth the compensation paid by our Company to the Non-Executive Directors for the fiscal 2017, 2016 and 2015:

(*In ₹ million*)

Name	Sitting Fees			Commission provided			Total Compensation		
	For Fiscal ended March 31,								
	2017	**2016**	**2015**	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Mr. Francesco Gori(1)	0.40	0.20	-	0.74	-	-	1.14	0.20	-
Mr. Robert Steinmetz	0.70	1.00	0.50	5.17	5.56	3.01	5.87	6.56	3.51
Dr. S. Narayan	1.00	1.90	1.30	5.17	5.56	3.01	6.17	7.46	4.31
Mr. Vinod Rai	0.50	0.20	-	0.74	-	-	1.24	0.20	-
Mr. Nimesh N. Kampani	0.60	0.90	0.50	5.17	5.56	3.01	5.77	6.46	3.51
Mr. A. K. Purwar	0.50	0.80	0.60	5.17	5.56	3.01	5.67	6.36	3.61
Ms. Pallavi Shroff	0.40	0.80	0.50	5.17	4.89	-	5.57	5.69	0.50
Mr. Akshay Chudasama	1.20	1.40	1.10	5.17	5.56	1.16	6.37	6.96	2.26
Mr. Vikram S. Mehta	0.50	0.60	0.40	5.17	5.56	3.01	5.67	3.61	3.41
Gen. Bikram Singh (Retd.)(2)	0.70	0.80	-	3.31	-	-	4.01	0.80	-
Mr. Paul Antony*	0.20	-	-	5.17	-	-	5.37	-	-
Mr. P. H. Kurian*		0.20	0.30		5.56	4.78		5.76	5.08
Mr. K. Jacob Thomas(3)		-	1.10	0.53	5.56	3.01	0.53	5.56	4.11
Mr. Shardul S. Shroff(4)		-	-	-	-	3.01		-	3.01
Mr. Sunam Sarkar(7)	0.80	0.80	-	3.31	-	-	4.11	0.80	-

* *Sitting fee and commission is paid to the Government of Kerala in relation to the nominees appointed by it. Accordingly, the sitting fees and commission for fiscal 2017 is presented jointly for Mr. P. H. Kurian who ceased to be our director with effect from November 18, 2016 and Mr. Paul Antony who was appointed with effect from November 18, 2016.*
(1) *Mr. Francesco Gori has been appointed with effect from February 9, 2016.*
(2) *Gen. Bikram Singh (Retd.) has been appointed with effect from August 11, 2015.*
(3) *Mr. K. Jacob Thomas ceased to be a director with effect from May 8, 2015.*
(4) *Mr. Shardul S. Shroff ceased to be a director with effect from May 15, 2014.*
(7) *Mr. Sunam Sarkar ceased to be an Executive Director with effect from August 11, 2015 and is currently appointed as a Non-Executive Director of our Company.*

Corporate Governance

Our Company has been complying with the requirements of applicable law, including the Companies Act, the SEBI Listing Regulations and the SEBI guidelines, in respect of corporate governance including constitution of the Board of Directors and committees thereof.

The Board of Directors presently consists of 14 directors. In compliance with the requirements of the SEBI Listing Regulations and the Companies Act, the Board of Directors includes eight Independent Directors including one woman Director.

The corporate governance framework, *inter alia*, is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of committees of the Board, as required under law. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas.

Committees of the Board of Directors

The Board has constituted four committees, each of which functions in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations, as applicable. These are, (i) Audit Committee, (ii) Stakeholders Relationship Committee, (iii) Nomination and Remuneration Committee, and (iv) Corporate Social Responsibility Committee. The details of these committees are as follows:

A. Audit Committee

The members of the Audit Committee are:

1. Dr. S. Narayan (Chairman)
2. Mr. Akshay Chudasama (Member)
3. Mr. Robert Steinmetz (Member)
4. Mr. Nimesh N. Kampani (Member)

The terms of reference of the Audit Committee, amongst others, include overview of our Company's financial reporting process, review of financial statements, related party transactions and review and adequacy of internal audit function and internal control system of our Company. Further, the Audit Committee in its meeting held on May 14, 2014 noted and adopted the terms of reference provided under Section 177 of the Companies Act, 2013, including recommendation for appointment of auditors of our Company, review and monitor auditor's independence, monitoring the end use of funds raised through public offers and related matters.

Further, under the supervision of the Audit Committee, we have formed a risk management steering committee headed by Mr. Satish Sharma, acting as our President (Asia Pacific, Middle East and Africa), as the Chairman and represented by the functional heads as chief risk officers.

B. Stakeholders Relationship Committee

The members of the Stakeholders Relationship Committee are:

1. Dr. S. Narayan (Chairman)
2. Mr. Onkar S. Kanwar (Member)
3. Mr. Neeraj Kanwar (Member)
4. Mr. Sunam Sarkar (Member)
5. Ms. Pallavi Shroff (Member)

The terms of reference of the Stakeholders Relationship Committee, amongst others, include approval of transfer/ transmission of shares/ debentures issued by our Company, issue of duplicate certificates, issue of certificates after split/ consolidation/ replacement and looking into the redressal of shareholders' complaints and other areas of investor services.

C. Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Dr. S. Narayan (Chairman)
2. Mr. Onkar S. Kanwar (Member)
3. Mr. Akshay Chudasama (Member)
4. Mr. Nimesh N. Kampani (Member)

The terms of reference of the Nomination and Remuneration Committee, amongst others, include review and grant of annual increments, vary and/ or modify the terms and conditions of appointment and re-appointment including remuneration and perquisites and commission payable to Managing Directors within the overall ceiling of remuneration approved by members. Further, the Committee in its meeting held on May 15, 2014, noted and adopted the terms of reference provided under Section 178 of the Companies Act, 2013, including formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to remuneration of the directors, key managerial personnel and other employees and to see that the remuneration of directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of our Company and its goals.

D. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Mr. Onkar S. Kanwar (Chairman)
2. Dr. S. Narayan (Member)
3. Mr. Sunam Sarkar (Member)
4. Gen. Bikram Singh (Retd.) (Member)

Nominee Directors

Nominee Directors may be appointed by financial institutions, the Central Government, the State Government or the Industrial Finance Corporation being lenders or holders of a substantial interest in the share capital of our Company. The power to appoint them must be contained in contractual arrangements between our Company and such financial institutions/third parties. Nominee Directors may be nominated to the Board and hold office only for so long as our Company owes any money to the relevant institution/third party or for so long as the relevant institution holds Equity Shares in our Company.

The Government of Kerala had by order dated June 11, 1975 subscribed to Equity Shares totaling ₹ 2.5 million and, in addition, agreed to further underwrite Equity Shares of our Company totaling ₹ 2.5 million. As per the terms of the order, the Government of Kerala was entitled to nominate two Directors on the Board. Subsequently, by order dated November 1, 2013, the Government of Kerala withdrew one nominee from the Board. Currently, Mr. Paul Antony is appointed as the nominee of the Government of Kerala pursuant to an order dated November 2, 2016.

Key Managerial Personnel and members of the senior management

In addition to our Managing Directors, our Key Managerial Personnel and members of the senior management include:

S. No.	Name of the person	Whether Key Management Personnel or member of the senior management	Designation in the Company
1.	Mr. Gaurav Kumar	Key Management Personnel	Chief Financial Officer
2.	Ms. Seema Thapar	Key Management Personnel	Company Secretary
3.	Mr. P. K. Mohamed	member of the senior management	Chief Advisor, Research & Development
4.	Mr. Satish Sharma	member of the senior management	President (Asia Pacific, Middle East and Africa)
5.	Ms. Martha Desmond	member of the senior management	Chief Human Resources Officer
6.	Mr. Markus J. Korsten	member of the senior management	Chief Manufacturing Officer
7.	Mr. Marco Paracciani	member of the senior management	Chief Marketing Officer
8.	Mr. Kannan Prabhakar	member of the senior management	Chief, Projects
9.	Mr. Daniele Lorenzetti	member of the senior management	Chief Technology Officer
10.	Mr. Mathias Heimann	member of the senior management	President – Europe
11.	Mr. Pedro Matos	member of the senior management	Chief Quality Officer

Shareholding of Key Managerial Personnel

Except for the shareholding of our Vice Chairman and Managing Director, Mr. Neeraj Kanwar, disclosed above, our Key Managerial Personnel do not hold any Equity Shares as of June 30, 2017.

Interest of Key Managerial Personnel

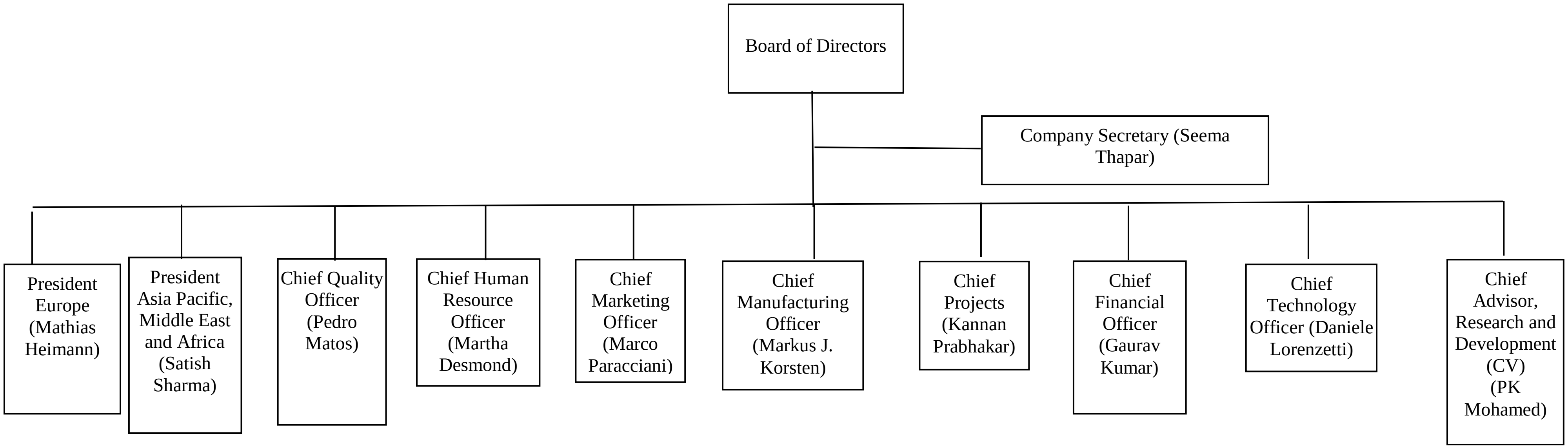
Except as stated in "***Financial Statements – Related Party Transactions***", and to the extent of their shareholding, if any, and remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business, our Key Managerial Personnel do not have any other interest in our Company.

Payment or Benefit to Directors and Key Managerial Personnel of our Company

The perquisites and allowances that may be payable to the Directors are in accordance with the Companies Act, 2013. The perquisites and allowances that may be payable to the Key Managerial Personnel are in accordance with our Company's human resources policies. Except as disclosed above, our Directors and Key Managerial Personnel are not entitled to any other non-salary related amount or benefit.

Organization chart

Our Company's management organization structure is set out below:


Board of Directors
Company Secretary (Seema Thapar)
President Europe (Mathias Heimann)
President Asia Pacific, Middle East and Africa (Satish Sharma)
Chief Quality Officer (Pedro Matos)
Chief Human Resource Officer (Martha Desmond)
Chief Marketing Officer (Marco Paracciani)
Chief Manufacturing Officer (Markus J. Korsten)
Chief Projects (Kannan Prabhakar)
Chief Financial Officer (Gaurav Kumar)
Chief Technology Officer (Daniele Lorenzetti)
Chief Advisor, Research and Development (CV) (PK Mohamed)

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended ("**Insider Trading Regulations**"), applies to our Company and requires our Board to formulate and publish on our website, a code of practices and procedures for fair disclosure of unpublished price sensitive information to be followed by our Company. Further, pursuant to Regulation 9(1) of the Insider Trading Regulations, our Board is required to implement a code of conduct to regulate, monitor and report trading by our employees and other insiders. The Insider Trading Regulations set out the minimum standards to be followed for each of these codes. Our Company has implemented a code of practices and procedures for fair disclosure of unpublished price sensitive information and a code of conduct for our employees and other connected persons, in accordance with the Insider Trading Regulations.

Other Confirmations

Except as otherwise stated above in "- ***Interests of our Directors***" and "***-Interest of Key Managerial Personnel***" on pages 168 and 173, none of our Directors, Promoter or Key Managerial Personnel have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

ORGANIZATIONAL STRUCTURE AND MAJOR SHAREHOLDERS

Corporate History

We were incorporated in the State of Kerala on September 28, 1972 as a public limited company engaged in the business of manufacturing, producing and generally carrying on business of a manufacturer in tyres for different types of vehicles.

The Registered Office of the Company is located at 3rd floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi 682036, India and our Corporate Office is located at Apollo House, Plot No. 7, Institutional Area, Sector 32, Gurgaon 122 001, Haryana, India.

As of the date of this Preliminary Placement Document, our Equity Shares are listed on the BSE and the NSE. The Promoter and the Promoter Group have an aggregate shareholding of 44.15% in the Company as of June 30, 2017.

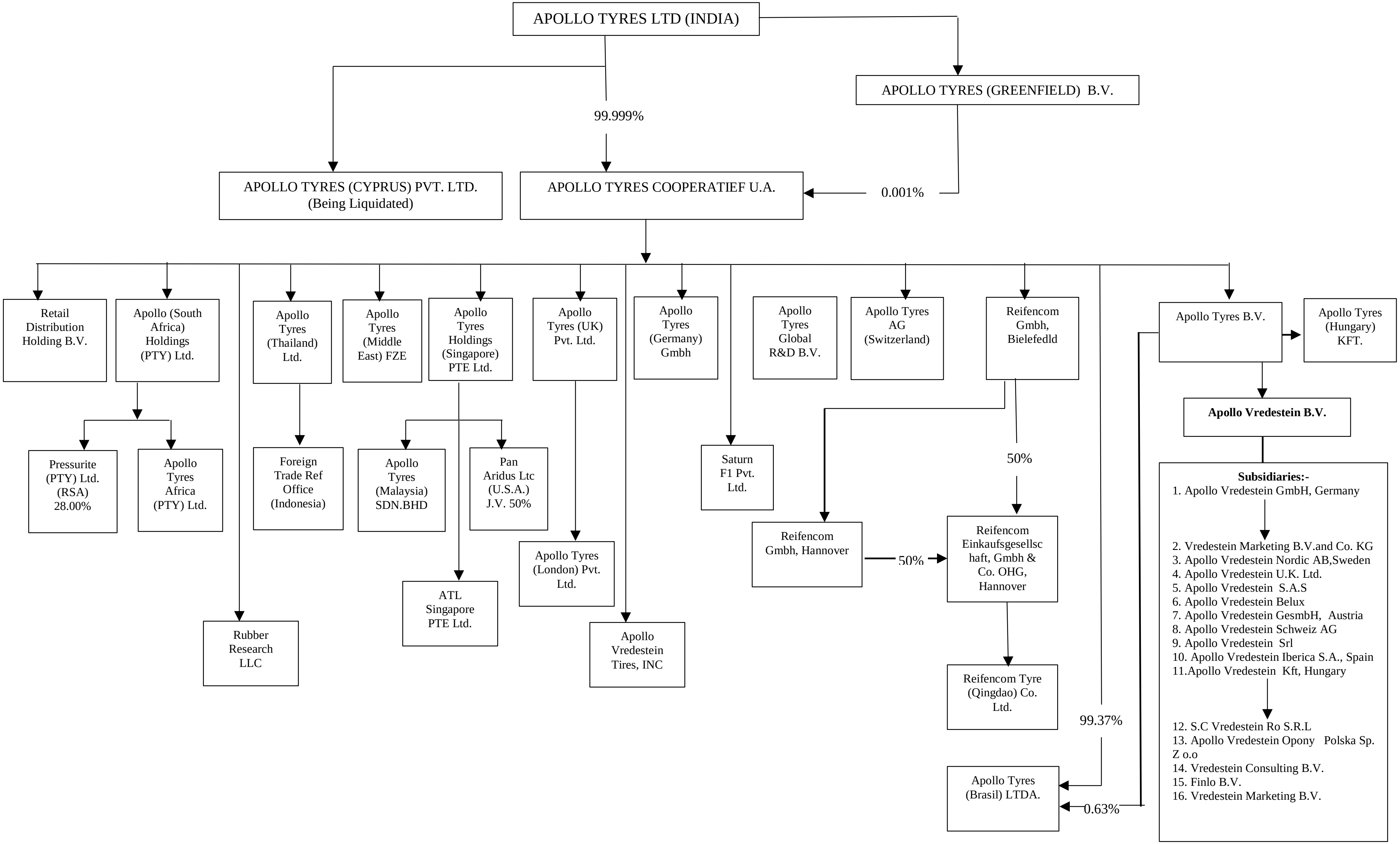
With effect from August 28, 2007, our Equity Shares were sub-divided from every one equity share of ₹ 10 each into 10 Equity Shares of ₹ 1 each.

We set up our first plant in Perambra, Kerala in 1977 and our second plant was set up in Limda, Gujarat in 1991. Thereafter, we have taken on lease the manufacturing facility at Kalamassery, Kerala from PTL Enterprises Limited since 1995. We commenced operations at our Oragadam manufacturing facility in fiscal 2011. We have recently set up a Greenfield project at Hungary which has started commercial production and is undergoing production ramp-up. Once fully ramped-up, this plant will manufacture both "Vredestein" and "Apollo" branded tyres in PCT and "Apollo" branded tyres in TBR. Further, in November 2016, we also entered into an MoU with the Government of Andhra Pradesh whereby the Government has agreed to provide us with necessary assistance and incentives to facilitate our investments in Andhra Pradesh. We are currently in the process of negotiating the agreements to sell and related documents with the Government for purchase of approximately 200 acres of land in Andhra Pradesh. This land will be used for the purposes of establishing a Greenfield plant across product categories which shall serve as our future growth vehicle in India. For further details of our manufacturing facilities, see "***Business***" on page 141.

In 2006, we acquired the entire share capital of Dunlop Tyres International (Proprietary) Limited through which we acquired the rights to use the Dunlop brand across South Africa and 31 other countries in Africa on an exclusive basis. In 2013, we sold this entity and the related rights including the right to use Dunlop brand to a third party. As a part of our group restructuring activity, the entire share capital of Apollo (South Africa) Holdings (Pty) Limited which was held by Apollo (Mauritius) Holdings Private Limited, an erstwhile wholly owned subsidiary of our Company ("**AMHPL**") was transferred to Apollo Tyres Cooperatief U.A. ("**ATCOOP**") in fiscal 2016. Thereafter, pursuant to an order passed on August 26, 2016 by the High Court of Kerala approving the scheme of amalgamation between AMHPL and our Company, AMPHL was amalgamated into our Company. For details, see "***Business***" and "***Risk Factors***" on pages 141 and 34.

On May 15, 2009, we completed the acquisition of Vredestein Banden B.V., which is now Apollo Vredestein B.V. Further, in fiscal 2016, we acquired Reifencom (along with its subsidiaries), a tyre distributor in Germany, in order to augment our sales network in Europe. For more information, see "***Business***" and "- ***Significant Subsidiaries***".

As of June 30, 2017, we have a Joint Venture incorporated in the United States, an Associate Company incorporated in South Africa and 43**.** Subsidiaries including Subsidiaries incorporated in South Africa, Singapore, Cyprus, Netherlands, Switzerland, UK, Brazil, Germany, Sweden, France, Belgium, Italy, Spain, the United States, Hungary, Thailand, the United Arab Emirates, China and Norway, as shown below:



APOLLO TYRES LTD (INDIA)
APOLLO TYRES (GREENFIELD) B.V.
99.999%
APOLLO TYRES (CYPRUS) PVT. LTD. (Being Liquidated)
APOLLO TYRES COOPERATIEF U.A.
0.001%
Retail Distribution Holding B.V.
Apollo (South Africa) Holdings (PTY) Ltd.
Pressurite (PTY) Ltd. (RSA) 28.00%
Apollo Tyres Africa (PTY) Ltd.
Rubber Research LLC
Apollo Tyres (Thailand) Ltd.
Foreign Trade Ref Office (Indonesia)
Apollo Tyres (Middle East) FZE
Apollo Tyres Holdings (Singapore) PTE Ltd.
Apollo Tyres (Malaysia) SDN.BHD
Pan Aridus Ltc (U.S.A.) J.V. 50%
ATL Singapore PTE Ltd.
Apollo Tyres (UK) Pvt. Ltd.
Apollo Tyres (London) Pvt. Ltd.
Apollo Vredestein Tires, INC
Apollo Tyres (Germany) Gmbh
Saturn F1 Pvt. Ltd.
Apollo Tyres Global R&D B.V.
Apollo Tyres AG (Switzerland)
Reifencom Gmbh, Bielefedld
Reifencom Gmbh, Hannover
50%
50%
Reifencom Einkaufsgesellschaft, Gmbh & Co. OHG, Hannover
Reifencom Tyre (Qingdao) Co. Ltd.
99.37%
Apollo Tyres (Brasil) LTDA.
0.63%
Apollo Tyres B.V.
Apollo Tyres (Hungary) KFT.
Apollo Vredestein B.V.
Subsidiaries:-
1. Apollo Vredestein GmbH, Germany
2. Vredestein Marketing B.V.and Co. KG
3. Apollo Vredestein Nordic AB,Sweden
4. Apollo Vredestein U.K. Ltd.
5. Apollo Vredestein S.A.S
6. Apollo Vredestein Belux
7. Apollo Vredestein GesmbH, Austria
8. Apollo Vredestein Schweiz AG
9. Apollo Vredestein Srl
10. Apollo Vredestein Iberica S.A., Spain
11.Apollo Vredestein Kft, Hungary
12. S.C Vredestein Ro S.R.L
13. Apollo Vredestein Opony Polska Sp. Z o.o
14. Vredestein Consulting B.V.
15. Finlo B.V.
16. Vredestein Marketing B.V.

Main Objects

As set out in our Memorandum of Association, our Company's main objects include carrying on the business of:

1. To manufacture, produce, prepare, press, vulcanise, repair, retread and generally to carry on business of manufacturer in tyres of different types of vehicles including buses, omni buses, charabance, trucks, lorries, automobiles, motor-cycles, cycles, tractors, aeroplanes and also in industrial tyres, inner tubes, flaps, miscellaneous repair materials and other articles and appliances made with or from natural and / or synthetic rubber, its compounds, substance, derivatives, and substitutes, India rubber, or the same in combination with any metallic or non-metallic substances, vulcanite, leather, rayon, hessian or plastics or products in which rubber, rayon, hessian or plastics is or are used.
2. To export, import, purchase, sell, deal and trade in all such varieties of tyres, tubes, flaps, miscellaneous repair materials and other articles and appliances made with or from natural and / or synthetic rubber, its compounds, substances, derivatives and substitutes, India rubber, or the same in combination with any metallic or non-metallic substances, vulcanite leather, rayon, hessian or plastics or products in which rubber, rayon, hessian or plastic is or are used.
3. To carry on the business of manufacturers, fabricators, processors, producers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and dealers in natural rubber, India rubber, synthetic rubber, in compounds made from rubber and by-products of rubber.
4. To carry on the business of manufacturers, fabricators, processors, producers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and dealers in any metallic or non-metallic substances, leather, hides and skins, chemicals, nylon, rayon, asbestos, canvas, flooring and paving materials and other compositions, water proof articles, articles made of plastic, oil-cloth, linoleum, tarpaulins and all other articles which are components used for the manufacture of tyres.

Shareholding Pattern

(a) The shareholding pattern of our Company as of June 30, 2017 is detailed in the table below:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
(A) Promoter & Promoter Group	17	224,716,742	224,716,742	44.15	36,953,963	16.44	224,709,292
(B) Public	1,30,877	284,308,028	284,308,028	55.85		0.00	2,73,623,415
(C1) Shares underlying DRs				0.00		0.00	
(C2) Shares held by Employee Trust				0.00		0.00	
(C) Non Promoter-Non Public				0.00		0.00	
Grand Total	**1,30,894**	**509,024,770**	**509,024,770**	**100.00**	**36,953,963**	**7.26**	**4,98,332,707**

(b) Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group" as of June 30, 2017 is detailed in the table below:

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
					No.(a)	As a % of total Shares held(b)	
A1) Indian							
Individuals/Hindu Undivided Family	**4**	**883,010**	**883,010**	**0.17**		**0.00**	**883,010**
Taru Kanwar	1	12,250	12,250	0.00		0.00	12,250
Simran Kanwar	1	18,500	18,500	0.00		0.00	18,500
Raaja R S Kanwar	1	180,880	180,880	0.04		0.00	180,880
Neeraj Kanwar	1	671,380	671,380	0.13		0.00	671,380
Any Other (specify)	12	221,856,732	221,856,732	43.58	**36,953,963**	16.66	221,849,282
Amit Dyechem Pvt Ltd.	1	1,560,595	1,560,595	0.31		0.00	1,560,595
Kenstar Investment & Finance Private	1	1,842,280	1,842,280	0.36		0.00	1,842,280
Global Capital Ltd	1	3,627,158	3,627,158	0.71		0.00	3,626,158
Indus Valley Investment And Finance Pvt Ltd	1	5,076,040	5,076,040	1.00		0.00	5,076,040
Ganga Kaveri Credit & Holdings Pvt. Ltd.	1	7,688,380	7,688,380	1.51		0.00	7,688,380
Sacred Heart Investment Company Pvt Ltd	1	24,435,180	24,435,180	4.80		0.00	24,435,180
Motlay Finance Pvt Ltd	1	16,942,817	16,942,817	3.33	**7,202,000**	42.51	16,942,817
Classic Autotubes Ltd	1	14,493,500	14,493,500	2.85		0.00	14,493,500
Apollo International Ltd	1	984,485	984,485	0.19		0.00	984,485
Sunrays Properties & Investment Co Pvt Ltd	1	36,307,648	36,307,648	7.13	**17,625,000**	48.54	36,301,198
Apollo Finance Ltd	1	36,759,650	36,759,650	7.22	**6,800,000**	18.50	36,759,650
Neeraj Consultants Pvt Ltd	1	72,138,999	72,138,999	14.17	**5,326,963**	7.28	72,138,999
Sub Total A1	**16**	**222,739,742**	**222,739,742**	**43.76**	**36,953,963**	**16.59**	**222,732,292**
A2) Foreign							
Individuals (NonResident Individuals/ Foreign Individuals)	**1**	**1,977,000**	**1,977,000**	**0.39**	**0**	**0.00**	**1,977,000**
Shalini Kanwar Chand	1	1,977,000	1,977,000	0.39	**0**	0.00	1,977,000
Sub Total A2	**1**	**1,977,000**	**1,977,000**	**0.39**	**0**	**0.00**	**1,977,000**
A=A1+A2	**17**	**224,716,742**	**224,716,742**	**44.15**	**36,953,963**	**16.44**	**224,709,292**

(c) Statement showing shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of Equity Shares as of June 30 , 2017 is detailed in the table below:

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialized form(Not Applicable
							No.(a)	As a % of total Shares held(b)	
B1) Institutions									
Mutual Funds/	**93**	**53,738,726**	**53,738,726**	**10.56**	**53,738,726**	**10.56**		**0.00**	**52,994,026**
Franklin Templeton Mutual Fund A/C Franklin India Prima Plus	1	5,293,261	5,293,261	1.04	5,293,261	1.04		0.00	5,293,261
Foreign Portfolio Investors	**262**	**136,036,088**	**136,036,088**	**26.72**	**136,036,088**	**26.72**		**0.00**	**135,534,208**
Templeton Global Investment Trust-Templeton Emerging Markets	1	5,685,518	5,685,518	1.12	5,685,518	1.12		0.00	5,685,518

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of Locked in shares		Number of equity shares held in dematerialized form(Not Applicable
							No.(a)	As a % of total Shares held(b)	
LSV Emerging Markets Equity Fund LP	1	5,491,000	5,491,000	1.08	5,491,000	1.08		0.00	5,491,000
Franklin Templeton Investment Funds	1	21,146,207	21,146,207	4.15	21,146,207	4.15		0.00	21,146,207
Financial Institutions/ Banks	46	5,442,023	5,442,023	1.07	5,442,023	1.07		0.00	4,794,773
Sub Total B1	401	195,216,837	195,216,837	38.35	195,216,837	38.35		0.00	193,323,007
B2) Central Government/ State Government(S)/ President Of India	2	10,000,000	10,000,000	1.96	10,000,000	1.96		0.00	10,000,000
Central Government/ State Government(S)/ President Of India	2	10,000,000	10,000,000	1.96	10,000,000	1.96		0.00	10,000,000
Sub Total B2	**2**	**10,000,000**	**10,000,000**	**1.96**	**10,000,000**	**1.96**		**0.00**	**10,000,000**
B3) Non-Institutions									
Individual Share Capital Upto Rs. 2 Lacs	126,475	35,776,152	35,776,152	7.03	35,776,152	7.03		0.00	27,749,779
Individual Share Capital in Excess of Rs. 2 Lacs	5	6,001,500	6,001,500	1.18	6,001,500	1.18		0.00	6,001,500
NBFCs Registered with RBI	8	286,277	286,277	0.06	286,277	0.06		0.00	286,277
Any Other (Specify)	3,986	37,027,262	37,027,262	7.27	37,027,262	7.27		0.00	36,262,852
Bodies Corporate	1,050	8,642,448	8,642,448	1.70	8,642,448	1.70		0.00	8,410,528
Clearing Members	173	611,931	611,931	0.12	611,931	0.12		0.00	611,931
Unclaimed or Suspense or Escrow Account	1	1,402,300	1,402,300	0.28	1,402,300	0.28		0.00	1,402,300
Custodian A/C - Ashwin Shantilal Mehta	1	13,507,300	13,507,300	2.65	13,507,300	2.65		0.00	13,507,300
Trusts	35	23,401,005	23,401,005	4.60	23,401,005	4.60		0.00	23,401,005
NRI – Repat	2,727	2,969,578	2,969,578	0.58	2,969,578	0.58		0.00	2,437,088
Sub Total B3	**130,474**	**79,091,191**	**79,091,191**	**15.54**	**79,091,191**	**15.54**		**0.00**	**70,300,408**
B=B1+B2+B3	**130,877**	**284,308,028**	**284,308,028**	**55.85**	**284,308,028**	**55.85**		**0.00**	**273,623,415**

(d) Statement showing shareholding pattern of the 'Non Promoter- Non Public' category shareholder as of June 30, 2017 is detailed in the table below:

Category & Name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	0.00
C2) Employee Benefit Trust	0	0		0.00	0.00

Our Company has issued 11,750 redeemable non-convertible debentures of ₹ 1.00 million each, which are outstanding as of August 31, 2017. Our debentures are listed on the NSE.

As of the date of this Preliminary Placement Document, our Company does not have any outstanding securities convertible into or exercisable or exchangeable for Equity Shares of our Company.

Significant Subsidiaries

Details of our significant wholly owned subsidiary is as set out below:

1. Apollo Vredestein B.V.

Incorporation and Business

Apollo Vredestein B.V. was incorporated as a private limited company in Netherlands pursuant to deed of incorporation dated March 16, 2005. Its registration number is 34223268. Its corporate seat is situated at Enschede, Netherlands.

For more information with respect to our subsidiaries, see "***Financial Statements***" on page 228.

2. Apollo Tyres Cooperatief U. A.

Incorporation and Business

Apollo Tyres Cooperatief U. A. was incorporated as a cooperative in Netherlands pursuant to a deed of incorporation dated May 1, 2009. Its registration number is 08195150. Its corporate seat is situated at Amsterdam, Netherlands.

For more information with respect to our subsidiaries, see "***Financial Statements***" on page 228.

3. Apollo Tyres (Hungary) Kft.

Incorporation and Business

Apollo Tyres (Hungary) Kft. was incorporated as a private limited company in Hungary on June 4, 2014. Its registration number is 01-09-191973. Its registered office is situated at 3212 Gyöngyöshalász, Apollo út 106., Hungary.

For more information with respect to our subsidiaries, see "***Financial Statements***" on page 228.

Arrangement with Shareholders

The Government of Kerala has by an order dated June 11, 1975 subscribed to Equity Shares totaling ₹ 2.5 million, and in addition, agreed to further underwrite Equity Shares of the Company totaling ₹ 2.5 million. As per the terms of the order, the Government of Kerala was entitled to nominate two Directors to the Board of Directors of our Company. Further, the then managing director of the Company and his associates agreed to purchase the Equity Shares held by the Government of Kerala, on the expiry of seven years, if the Government of Kerala so desires, on our Company's payment of full face value of shares plus interest calculated at the rate of 11% p.a. from the date of investment, or at the prevailing market rate, whichever is higher. However, the Government of Kerala continues to hold Equity Shares in the Company and pursuant to an order dated November 1, 2013, issued by the Government of Kerala, it withdrew one director from the Board of Directors of our Company. For details of the current Director nominated by the Government of Kerala on our Board, see "***Board of Directors and Senior Management***" on page 165.

Delisting of our Equity Shares

In the past, the Equity Shares were also listed on The Ahmedabad Stock Exchange Limited, Calcutta Stock Exchange Limited, The Delhi Stock Exchange Limited, The Ludhiana Stock Exchange Limited and the Cochin Stock Exchange Limited. However our Equity Shares have subsequently been voluntarily delisted from the Ahmedabad Stock Exchange Limited, Calcutta Stock Exchange Limited, The Delhi Stock Exchange Limited and The Ludhiana Stock Exchange Limited in accordance with the provisions of the SEBI (Delisting of Securities) Guidelines, 2003. Further, SEBI pursuant to an order dated December 23, 2014 provided an exit to the Cochin Stock Exchange Limited as a result of which our Equity Shares were delisted from the Cochin Stock Exchange Limited.

ISSUE PROCEDURE

*The following is a summary intended to present a general outline of the procedure relating to the application, Bid payment, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Company or the Global Coordinators and Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "**Selling Restrictions**" and "**Transfer Restrictions**" on pages 196 and 201, respectively.*

Our Company, the Global Coordinators and Book Running Lead Managers and their respective directors, officers, agents, advisors, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Application Forms would not result in triggering an open offer under the SEBI Takeover Regulations.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR QIBs ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, our Company, being a listed company in India may issue Equity Shares to QIBs, provided that:

- the shareholders of our Company have adopted a special resolution approving the QIP. Such special resolution must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the QIP and (b) the Relevant Date;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- Under Regulation 82(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the QIP, are listed on the Stock Exchanges, which have nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to adopt the above-mentioned special resolution;

- the Issue must be made through a private placement offer letter (i.e., this Preliminary Placement Document) and an application form serially numbered and addressed specifically to the QIB to whom the Issue is made and is sent within 30 days of recording the names of such QIBs;

- the aggregate of the proposed Issue and all previous QIPs made by our Company in the same financial year must not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of our Company as per the audited balance sheet of the previous financial year;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company or has withdrawn or abandoned any such invitation or offer;

- an offer to QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer letter (i.e., this Preliminary Placement Document), our Company must prepare and record a list of

QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by our Company prior to the invitation to subscribe;

- our Company shall offer to each Allottee such number of our Equity Shares in the Issue which would aggregate to at least ₹ 20,000 calculated at the face value of our Equity Shares;

- our Company complies with the minimum public shareholding requirements set out in the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"); and

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited.

At least 10% of the equity shares issued to QIBs shall be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bidders are not allowed to withdraw their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. However, a discount of upto 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Committee of Directors (Funds Raising) decides to open the proposed issue and "stock exchange" means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the resolution of the shareholders passed on March 12, 2017 our Company may offer a discount of not more than 5% on the Floor Price.

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, see the section "***– Pricing and Allocation – Designated Date and Allotment of Equity Shares***" on page 191.

The Equity Shares issued pursuant to the QIP must be issued on the basis of this Preliminary Placement Document and the Placement Document shall contain all material information required under applicable law including the information specified in Schedule XVIII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to QIBs and no offer is being made to the public or to any other category of investors.

This Issue was authorized and approved by our Board of Directors on February 1, 2017 and approved by our shareholders on March 12, 2017.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500 million; and
- five, where the issue size is greater than ₹ 2,500 million.

No single Allottee shall be Allotted more than 50 % of the Issue Size.

QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see the section "***—Bid Process—Application Form***" on page 188.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered hereby have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) pursuant to Section 4(a)(2) under the Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of certain restrictions on transfer of the Equity Shares, see "*Transfer Restrictions*" on page 201.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Our Company has also filed a copy of this Preliminary Placement Document with each of the Stock Exchanges. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on October 3, 2017.

Issue Procedure

1. Our Company and the Global Coordinators and Book Running Lead Managers shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to the QIBs and the Application Form will be specifically addressed to such QIBs. In terms of Section 42(7) of the Companies Act, 2013, our Company shall maintain complete records of the QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the stipulated time periods as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered will be determined by the GCBRLMs in consultation with our Company, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee at least such number of Equity Shares in the Issue which would aggregate to at least ₹ 20,000 calculated at the face value of the Equity Shares.

4. QIBs may submit an Application Form, including any revisions thereof along with payment and a copy of the PAN allotment letter, during the Issue Period to the Global Coordinators and Book Running Lead Managers.

5. Bidders will be required to indicate the following in the Application Form:

    - Full official name of the QIB to whom Equity Shares are to be Allotted;

    - number of Equity Shares Bid for;

    - price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price"; which shall be any price as may be determined by our Company in consultation with the Global Coordinators and Book Running Lead Managers at or above the Floor Price or the Floor Price net of such discount as approved in accordance with SEBI ICDR Regulations;

- details of the depository account to which the Equity Shares should be credited; and
- a representation that it is either (i) outside the United States, or (ii) an institutional investor meeting the requirements of a "qualified institutional buyer" as defined in Rule 144A, and (iii) it has agreed to certain other representations set out in the Application Form.

6. Once a duly completed Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Issue Closing Date. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

8. Upon receipt of the Application Form, after the Issue Closing Date, our Company shall, in consultation with the Global Coordinators and Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Global Coordinators and Book Running Lead Managers will send the serially numbered CAN along with the Placement Document to the QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the QIB to subscribe to the Equity Shares Allocated to such QIB and to pay the application money (being the product of the Issue Price and Equity Shares Allocated to such QIB). The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB. **Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Global Coordinators and Book Running Lead Managers.**

9. Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to the Escrow Account by the Pay-In Date as specified in the CAN sent to the respective QIBs. No payment shall be made by QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares and our Company shall keep a record of the bank account from where such payment for subscriptions have been received. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only after listing of the Equity Shares being offered under this Issue for the purposes permitted under the Companies Act, 2013.

10. Upon receipt of the application monies from the QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the QIBs. We will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the successful Bidders maintained by the depository participant, our Company shall apply to the Stock Exchanges for listing approvals.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approval, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those QIBs to whom the Equity Shares have been Allotted. Our Company and the

Global Coordinators and Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations are eligible to invest in the Equity Shares pursuant to the Issue. Currently, under Regulation 2(1)(zd) of the SEBI ICDR Regulations, a QIB means:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Fund;
- pension funds with minimum corpus of ₹ 250 million;
- provident funds with minimum corpus of ₹ 250 million;
- public financial institutions as defined in Section 2(72) of the Companies Act, 2013;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA 20 respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule 1 of the FEMA 20.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA 20, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The existing foreign investment limit for FPIs in our Company is 45% of the paid up capital of our Company.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

The RBI, typically, monitors the level of FPI/NRI shareholding in Indian companies on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 2% below the overall limit, the RBI cautions non-resident investors and authorized dealers not to further transact in equity shares on the stock exchanges, without prior approval of the RBI. Further, upon aggregate foreign shareholding in Indian companies reaching the ceiling, the RBI prohibits further purchase of equity shares by non- resident investors on the stock exchanges. For details of shareholding of our Company, including shareholding of FPIs and NRIs, see the section "***Organizational Structure and Major Shareholders***" on page 177.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA 20, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or persons related to the Promoter;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company and the Global Co-ordinators and Book Running Lead Managers and any of their respective shareholders, employees, counsel, officers, directors, representatives, agents or affiliates are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations.

Note: *Affiliates or associates of the Global Coordinators and Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Global Coordinators and Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, the QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings given or made under the sections "***Notice to Investors***", "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 1, 3, 196, and 201, respectively:

- The QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and is not excluded under Regulation 86 of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

- The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

- The QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

- The QIB acknowledges that it has no right to withdraw its Bid after the Issue Closing Date;
- The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;
- The QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;
- The QIB confirms that its Bids would not result in triggering an open offer under the SEBI Takeover Regulations;
- The QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

  a. The expression 'belong to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

  b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;
- The QIBs confirm that they shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS MUST PROVIDE THEIR BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, THE QIB SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by a QIB shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the QIB upon issuance of the CAN by our Company in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. The Application Form shall be submitted to the Global Coordinators and Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

JM Financial Institutional Securities Limited* 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India **Contact Person**: Ms. Neha Agarwal **Email**: apollo.qip2017@jmfl.com **Phone No.**: +91 22 6630 3151	**Kotak Mahindra Capital Company Limited** 27 BKC, C-27, "G" Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Contact Person**: Mr. Ganesh Rane **Email**: apollo.qip@kotak.com **Phone No.**: + 91 22 4336 0000	**UBS Securities India Private Limited** 2/F, 2 North Avenue, Maker Maxity Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India **Contact Person**: Ms. Lipika Mitra **Email**: ol-apollo_qip@ubs.com **Phone No.**: +91 22 6155 6156

** In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992, as amended, read with proviso to Regulation 5(3) of the SEBI ICDR Regulations, JM Financial Institutional Securities Limited shall be involved only in the marketing of the Issue.*

The Global Coordinators and Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form.

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each QIB shall mention the details of the bank account from which the payment has been made along with confirmation that the payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Global Coordinators and Book Running Lead Managers. Such Bids cannot be withdrawn after the Issue Closing Date. The book shall be maintained by the Global Coordinators and Book Running Lead Managers.

Price Discovery and Allocation

Our Company, in consultation with the Global Coordinators and Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the Global Coordinators and Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Bids received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE GLOBAL

COORDINATORS AND BOOK RUNNING LEAD MANAGERS IS OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Global Coordinators and Book Running Lead Managers, in their sole and absolute discretion, shall decide the QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, address where the application money needs to be sent, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective successful QIB's account.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the QIBs shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Global Coordinators and Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

Bank Account for Payment of Application Money

Our Company has opened the "**Apollo Tyres QIP - Escrow Account**" with Kotak Mahindra Bank Limited in terms of the arrangement among our Company, the Global Coordinators and Book Running Lead Managers and Kotak Mahindra Bank Limited as escrow bank. The QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques or demand draft or cash shall be rejected.

If the payment is not made favouring the "**Apollo Tyres QIP - Escrow Account**" within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in Apollo – QIP Escrow Account only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

In case of cancellations or default by the QIBs, our Company and the Global Coordinators and Book Running Lead Managers have the right to reallocate the Equity Shares at the Issue Price among other investors at their sole and absolute discretion.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the QIBs pay the application money for the Equity Shares allocated to them calculated at Issue Price to the "**Apollo Tyres QIP - Escrow Account**" as stated above.

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Our Company, at its sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the QIBs' beneficiary accounts maintained with the Depository Participant, our Company will apply for final trading and listing approvals from the Stock Exchanges.

In the case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website. Our Company shall make the requisite filings with the RoC and the SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. If you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company after receipt of notice from the Global Coordinators and Book Running Lead Managers and the listing approval of the Stock Exchanges for Equity Shares offered in the Issue.

After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

In the event that our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the respective Bidders.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Global Coordinators and Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Global Coordinators and Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

A QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a successful QIB will be credited in electronic form directly to the specified beneficiary account (with the Depository Participant) of the QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Global Coordinators and Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the QIBs.

Release of Funds to our Company

The Escrow Agent shall not release the monies lying to the credit of the "**Apollo Tyres QIP – Escrow Account**" till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the listing approval of the Stock Exchanges for the Equity Shares offered in the Issue.

PLACEMENT AND LOCK-UP

No assurance can be given as to the liquidity or sustainability of the trading market for the Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

Placement Agreement

The Global Coordinators and Book Running Lead Managers and our Company have entered into a Placement Agreement, pursuant to which the Global Coordinators and Book Running Lead Managers have agreed, subject to certain conditions, to use their reasonable efforts to procure QIBs to subscribe to such number of our Equity Shares as may be agreed among our Company and the Global Coordinators and Book Running Lead Managers, pursuant to Chapter VIII of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and the Issue is subject to the satisfaction of certain conditions and subject to the termination of the Placement Agreement in accordance with the terms contained therein.

In connection with the Issue, the Global Coordinators and Book Running Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares or in secondary market transactions. As a result of such transactions, the Global Coordinators and Book Running Lead Managers may hold long or short positions in the Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Global Coordinators and Book Running Lead Managers may purchase Equity Shares. See "***Offshore Derivative Instruments***" on page 8. Further, Mr. Nimesh N. Kampani is a common director between the Company and JM Financial and accordingly JM Financial, shall be involved only in the marketing of the Issue.

From time to time, the Global Coordinators and Book Running Lead Managers and their affiliates may engage in transactions with and perform services for our Company, group companies or affiliates in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and its group companies or affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

The Company shall not, during the period commencing on the date hereof and ending 90 days after the date of allotment of Equity Shares pursuant to the Issue, directly or indirectly: (a) issue, offer, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares) or file any registration statement under the U.S. Securities Act, as amended, with respect to any of the foregoing; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences associated with the ownership of any of the Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares), regardless of whether any of the transactions described above is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise; (c) deposit Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares) with any depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares or such other securities in any depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above; provided that the foregoing restrictions do not apply to any sale, transfer or disposition of Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares) pursuant to (A) the Issue; and (B) otherwise subject to the prior written consent of the GCBRLMs, which consent shall not be unreasonably withheld or delayed.

Promoter Lock-up

The Promoter, during the period commencing on the date hereof and ending 90 days after the date of allotment of Equity Shares pursuant to the Issue (the "**Lock-up Period**") agrees not to, directly or indirectly: (a) offer, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) or file any registration statement under the U.S. Securities Act, with respect to any of the foregoing; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, any of the economic consequences associated with the ownership of any of the Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned), regardless of whether any of the transactions described above is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise; (c) deposit Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) with any depositary in connection with a depositary receipt facility or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of Equity Shares or such other securities in any depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (d) above; provided that the foregoing restrictions do not apply to any sale, purchase, transfer or disposition of Equity Shares (including securities convertible into or exercisable or exchangeable for Equity Shares which may be deemed to be beneficially owned by the undersigned) pursuant to (A) acquisition in open market transactions, subject to compliance with applicable laws, including the SEBI Takeover Regulations; (B) solely among the promoter group or their affiliates, provided that prior to any such sale, transfer or disposition, the transferee shall agree to be bound by the restrictions set forth in the lock-up letter as if it were the transferor by executing and delivering a lock-up agreement to the GCBRLMs, to the satisfaction of the GCBRLMs; (C) as a result of enforcement of existing pledges of Equity Shares in effect as of the date of the Placement Agreement; (D) in addition to any Equity Shares pledged by the Promoter or promoter group as of the date of the Placement Agreement, the pledge of additional Equity Share capital of the Company to either (i) top up existing pledges of Equity Shares pledged by the Promoter or the promoter group as of the date of the Placement Agreement, as required under the relevant financing and security documents in force as of that date, or (ii) in relation to any new financing or refinancing arrangement entered into by the Company, or (iii) for any borrowing incurred by any member(s) of the Company's Promoter / promoter group, provided that in no event shall any general sale, transfer or disposition of additional Equity Shares be permitted without prior intimation to and consent of the GCBRLMs; (E) with prior written intimation to and consent of the GCBRLMs, such consent not to be unreasonably withheld or delayed; and (F) to the extent such sale, transfer or disposition is required by applicable law.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Preliminary Placement Document or any offering material are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Preliminary Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

GENERAL

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Company or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations. Each purchaser of the Equity Shares in the Issue will be required to make, or be deemed to have made, as applicable, the acknowledgments and agreements as described under "***Transfer Restrictions***" on page 201.

REPUBLIC OF INDIA

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs and is not an offer to the public. This Preliminary Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made. This Preliminary Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India.

AUSTRALIA

This Preliminary Placement Document and the offer of Equity Shares are only made available in Australia to persons to whom a disclosure document is not required to be given under Chapter 6D of the Australian Corporations Act 2001 (the "**Australian Corporations Act**") and has not been and will not be lodged or registered with the Australian Securities & Investments Commission or any other regulatory body or agency in Australia. This Preliminary Placement Document is not a prospectus, product disclosure statement or any other form of formal "disclosure document" for the purposes of the Australian Corporations Act and is not required to, and does not, contain all the information which would be required in a disclosure document under the Australian Corporations Act. (i) The offer of the Equity Shares under this Preliminary Placement Document is only made to persons to whom it is lawful to offer the Equity Shares without a disclosure document such as a professional investor or sophisticated investor for the purposes of Chapter 6D of the Australian Corporations Act; (ii) this Preliminary Placement Document is made available in Australia to persons as set forth in clause (i) above; and (iii) by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (ii) above and agrees not to sell or offer for sale within Australia any Equity Shares sold to the offeree within 12 months after their transfer to the offeree under this Preliminary Placement Document.

BAHRAIN

No invitation to the public in the Kingdom of Bahrain to subscribe for the Equity Shares will be made and the Preliminary Placement Document will not be issued, passed to, or made available to the public generally.

CAYMAN ISLANDS

This Preliminary Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. Equity Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands. However, Cayman Islands Exempted and Ordinary Non- Resident Companies and certain other legal entities formed under the laws of but not resident in the Cayman Islands and engaged in business outside of the Cayman Islands may be permitted to acquire Equity Shares.

PEOPLE'S REPUBLIC OF CHINA

Each of the Global Coordinators and Book Running Lead Managers, severally, and not jointly, and the Company represents, warrants and agrees that:

This Preliminary Placement Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the People's Republic of China (the "**PRC**"). The Equity Shares have not been and will not be filed with, or approved by, the China Securities Regulatory Commission or any other regulatory authority in the PRC.

The Preliminary Placement Document has not been, may not be, issued, circulated or distributed in the PRC and the Equity Shares have not been and may not be offered, sold, pledged or transferred, directly or indirectly, within the territory of PRC, to any PRC person or entity unless such person or entity has obtained the requisite approval from, or has made the appropriate filings with, the relevant PRC authorities.

DUBAI INTERNATIONAL FINANCIAL CENTRE / UNITED ARAB EMIRATES

The Equity Shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this Preliminary Placement Document does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This Preliminary Placement Document has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Global Coordinators and Book Running Lead Managers has severally and not jointly, or jointly and severally, represented and warranted that it has not made and will not make an offer to the public of any Equity Shares which are the subject of the issue of Equity Shares contemplated by this Preliminary Placement Document in that Relevant Member State, except that the Equity Shares may be offered to the public in that Member State at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor, as defined in the Prospectus Directive (as defined below);
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive or supplement a prospectus pursuant to Article 16 at the Prospectus Directive), subject to obtaining the prior consent of the relevant Global Coordinators and Book Running Lead Managers nominated by the Company for any such offer; or
(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Equity Shares shall result in a requirement for the publication by the Company or any Global Coordinators and Book Running Lead Managers of a prospectus or the initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive and each person who initially acquires any Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed with the Global Coordinators and Book Running Lead Managers and the Company that it is a qualified investor within the meaning of the law of the Relevant Member State implementing Article 2(1)I of the Prospectus Directive or any measure implementing the Prospectus Directive in any Relevant Member State.

For the purposes of this provision, the expression "an offer to the public" in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that

Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2003/71/EC), and includes any relevant implementing measure in the Relevant Member State.

HONG KONG

This Preliminary Placement Document has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under that SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) (the "**CWUMPO**") of Hong Kong or which do not constitute an offer to the public within the meaning of the CWUMPO; and (ii) each of the Global Coordinators and Book Running Lead Managers has not issued or had in its possession for the purposes of the issue of Equity Shares whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

JAPAN

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") The Global Coordinators and Book Running Lead Managers have represented and agreed that they will not offer or sell any Equity Shares, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

KUWAIT

The issue of Equity Shares has not been approved by the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry, nor has the Company received authorization or licensing from the Kuwait Central Bank or the Kuwait Ministry of Commerce and Industry to market or sell the Equity Shares within Kuwait. Therefore, no services relating to the offering, including the receipt of applications and/or the allotment of Equity Shares, may be rendered within Kuwait by the Company or persons representing the Company.

MALAYSIA

No prospectus or other offering material or document in connection with the offer and sale of the Equity Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase the Equity Shares is meant to qualify as an "excluded offer or excluded invitation" within the meaning of Section 38 of the Securities Commission Act, 1993. Each Lead Manager has severally represented, warranted or agreed that the Equity Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or person specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

MAURITIUS

The Equity Shares may not be offered, distributed or sold, directly or indirectly, to the public in Mauritius. Neither this Preliminary Placement Document, nor any offering material or information contained herein relating to the offer of Equity Shares, may be released or issued to the public in Mauritius or used in connection with any such offer. This Preliminary Placement Document does not constitute an offer to sell Equity Shares to the public in Mauritius. This Preliminary Placement Document is not a prospectus.

QATAR

This document does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (i) neither this Preliminary Placement Document nor the Equity Shares have been registered, considered, authorized or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (ii) neither the Company nor persons representing the Company are authorized or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (iii) this Preliminary Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (iv) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This document shall not form the basis of, or be relied on in connection with, any contract in Qatar. Neither the Company nor persons representing the Company are, by distributing this document, advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

SINGAPORE

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Placement This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). Accordingly, the Equity Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Placement.

Each of the following relevant persons specified in Section 275 of the SFA who has subscribed for or purchased shares, namely a person who is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 of the SFA except:

(a) to an institutional investor under Section 274 of the SFA or to a relevant person or to any person pursuant to Section
(b) 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(c) where no consideration is or will be given for the transfer;
(d) where the transfer is by operation of law;
(e) pursuant to Section 276(7) of the SFA; or
(f) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures)
(g) Regulation 2005 of Singapore.

SWITZERLAND

The Equity Shares may be offered in Switzerland on the basis of a private placement, not as a public offering. The Equity Shares will neither be listed on the six Swiss Exchange nor are they subject to Swiss law. This Preliminary Placement Document does not constitute a prospectus within the meaning of Art. 1156 of the Swiss Federal Code of Obligations or Arts. 32 et seq. of the Listing Rules of the six Swiss Exchange, and does not comply with the Directive for Equity Shares of Foreign Borrowers of the Swiss Bankers Association. We will not apply for a listing of the Equity Shares on any Swiss stock exchange or other Swiss regulated market and this Preliminary Placement Document may not comply with the information required under the relevant listing rules. The Equity Shares have not and will not be registered with the Swiss Federal Banking Commission or any other Swiss authority for any purpose, whatsoever.

UNITED KINGDOM

Each of the Global Coordinators and Book Running Lead Managers has represented, warranted and undertaken that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Equity Shares in circumstances in which section 21(1) of FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

UNITED STATES OF AMERICA

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only (1) in the United States to persons who are U.S. QIBs, and (2) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur. Each purchaser of the Equity Shares offered by this Preliminary Placement Document will be deemed to have made the representations, agreements and acknowledgements as described under "***Transfer Restrictions***" in this Preliminary Placement Document.

TRANSFER RESTRICTIONS

Pursuant to Chapter VIII of the SEBI ICDR Regulations, any resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "***Selling Restrictions***" on page 196.

United States Transfer Restrictions

The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Each purchaser of the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Preliminary Placement Document and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

- the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time the buy order for the Equity Shares was originated and continues to be located outside the United States and has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

- the purchaser is not an affiliate (as defined in Rule 405 of the Securities Act) of our Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from our Company or an affiliate (as defined in Rule 405 of the Securities Act) thereof in the initial distribution of the Equity Shares;

- the purchaser is aware of the restrictions on the offer and sale of the Equity Shares pursuant to Regulation S described in this Preliminary Placement Document;

- the Equity Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S; and

- the purchaser acknowledges that our Company, the Global Coordinators and Book Running Lead Managers and their respective affiliates (as defined in Rule 405 of the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each purchaser of the Equity Shares within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Preliminary Placement Document and such other information as it deems necessary to make an informed investment decision and that:

- the purchaser is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

- the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

- the purchaser is a "qualified institutional buyer" (as defined in Rule 144A), is aware that the sale to it is being made in a transaction not subject to the registration requirements of the Securities Act and is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer;

- it will notify any transferee to whom it subsequently offers, sells, pledges or otherwise transfers and the executing broker or any other agent involved in any resale of the Equity Shares of the restrictions applicable to the Equity Shares and instruct such transferee, broker or agent to abide by such restrictions;

- the purchaser is aware that the Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

- if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, in accordance with Regulation S or in accordance with Rule 144 under the Securities Act (if available), in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

- the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for re-sales of any Equity Shares;

- the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

- our Company shall not recognize any offer, sale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions; and

- the purchaser acknowledges that our Company, the Global Coordinators and Book Running Lead Managers and their respective affiliates (as defined in Rule 405 of the Securities Act), and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Any resale or other transfer or attempted resale or other transfer, made other than in compliance with the above stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Global Co-ordinators and Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of the SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

The SCRR requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions. Our Company is in compliance with this requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the “equities” as well as the “derivatives” segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m. that has been introduced recently). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company’s shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Prohibition of Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information, subject to certain limited exceptions.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

Set out below is certain information relating to the share capital of our Company, including a brief summary of certain provisions of our Company's Memorandum and Articles of Association and the Companies Act, 2013 and certain related legislations of India, all as currently in effect. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

General

The authorized share capital of our Company as on the date of this Preliminary Placement Document was ₹ 750 million, divided into 730,000,000 equity shares of ₹ 1 each and 200,000 cumulative redeemable preference shares of ₹ 100 each. Our issued subscribed and paid up equity share capital as on the date of this Preliminary Placement Document is ₹ 509,024,770 divided in to 509,024,770 Equity Shares of ₹ 1 each.

Dividends

Under the Companies Act, 2013, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the shareholders. Unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, 2013, no dividend can be declared or paid by a company for any fiscal except, among other things, out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013 or out of the profits of the company for any previous fiscal arrived at as laid down by the Companies Act, 2013. Further, under the Companies Act 2013, a company is not permitted to declare any dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against the profit of the company for the current year.

The Companies Act, 2013 read with the Companies (Declaration and Payment of Dividend) Rules, 2014 provides that if the profit for a year is inadequate or nil, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared shall not exceed the average of the rates at which dividend was declared by the company in the three years immediately preceding that year; (ii) the total amount to be drawn from such accumulated profits from previous years shall not exceed one-tenth of the sum of the paid-up share capital and free reserves as appearing in the latest audited financial statement; (iii) the amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared; (iv) the balance of reserves after withdrawal must not be below 15% of paid-up share capital as appearing in the latest audited financial statement. In accordance with the SEBI Listing Regulations, dividend declared by a company have to be on a per share basis only.

According to the Articles of Association, the shareholders of our Company in a general meeting may declare dividend which may not exceed the amount of the dividend recommended by the Board. However, the board of directors is not obligated to recommend a dividend. The decision of the board of directors and shareholders may depend on a number of factors, including but not limited to the company's profits, capital requirements and overall financial condition. The profits of our Company shall, subject to any special rights relating thereto created or authorized to be created under our Articles of Association, be divisible among our shareholders in proportion to the amount of capital paid-up on the equity shares held by them respectively. The Board may also, from time to time, without the sanction of the shareholders of our Company in general meeting, pay to the shareholders of our Company, such interim dividends as appear to be justified by the profits of our Company. Under the Companies Act, 2013 dividends can only be paid in cash to shareholders listed on the register of shareholders or to the order of such registered shareholders or to his bankers. No shareholder is entitled to a dividend while unpaid calls on any of his shares are outstanding.

Dividend must be paid within 30 days from the date of its declaration. Unclaimed dividend shall not be forfeited by our Company unless the claim thereof becomes barred by law. In terms of the provisions of the Companies Act, our Company shall credit such unclaimed dividends to the unpaid dividend account of our Company, and any money transferred to the unclaimed dividend account of our Company which remains unpaid and unclaimed for a period of seven years from the date they became due for payment, shall be transferred by our Company to the 'Investor Education and Protection Fund', established by the Central Government.

Capitalization of Reserves

In addition to permitting dividends to be paid out of current or retained earnings, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to distribute an amount transferred in the free reserves, the securities premium account or the capital redemption reserve account, to its shareholders, in the form of fully paid up bonus shares, which are similar to a stock dividend. Bonus shares are distributed to shareholders in the proportion of the number of ordinary shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to regulations issued by SEBI. The relevant provisions of the SEBI ICDR Regulations prescribe that no company shall, pending conversion of outstanding convertible securities, fully or partly convertible debt instruments, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. Further, as per the Companies Act, 2013, for the issuance of bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The bonus issue must be made out of free reserves built out of profits or share premium account collected in cash only and not from reserves created by revaluation of fixed assets. Further, bonus shares cannot be issued in lieu of dividend.

Our Company, in a general meeting, may upon the recommendation of the Board, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of our Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, among such shareholders as would be entitled to receive dividends, provided that any sum standing to the credit of a share premium account or capital redemption reserve fund may only be applied in paying up of unissued equity shares to be issued to our Company's shareholders as fully paid bonus shares.

Pre-Emptive Rights and Alteration of Share Capital

The Companies Act, 2013 and our Articles of Association give the shareholders the preemptive right to subscribe for new shares in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined.. The offer shall be deemed to include: a right exercisable by the person concerned to renounce the shares offered to him in favour of any person, and the notice shall contain a statement of this right. The board of directors is authorized to distribute any new shares not purchased by the pre-emptive rights holders in a manner which is not disadvantageous to the shareholders and the company.

Under Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

Our Articles of Association provide that our Company may from time to time, by ordinary resolution:

- Increase its share capital by such amount as it thinks expedient by creating new shares;
- Consolidate and divide all or any of its share capital into shares of larger amount than the existing shares;
- Sub-divide all or any of its existing shares into shares of smaller amount than is fixed by our Memorandum of Association so, however, that in the sub-division the proportion between the amount paid and any amount unpaid on each reduced share shall be the same as it was in the case of shares from which the reduced shares are derived; and
- Cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Preference Shares

Subject to Section 55 of the Companies Act 2013, any new shares may be issued as preference shares which are liable to be redeemed within a period not exceeding 20 years from the date of their issue, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption subject to the conditions provided in the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014.

General Meetings of Shareholders

There are two types of general meetings of the shareholders:

(i) Annual General Meeting, and
(ii) Extraordinary General Meeting

In accordance with Section 96 of the Companies Act, 2013 a company must hold its annual general meeting within six months after the expiry of each fiscal provided that not more than 15 months shall elapse between the annual general meeting and the next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months.

The Board may, whenever it thinks fit, call an Extraordinary General Meeting and an Extraordinary General Meeting shall also be requisitioned or in default may be called by such requisitionists as provided by Section 100 of the Companies Act, 2013. Since our Company has more than 5,000 members, thirty members personally present shall constitute the quorum for a general meeting, as provided under Section 103 of the Companies Act, 2013. If the quorum is not present within half an hour of the scheduled time for holding of the general meeting, the meeting, convened upon requisition of members shall be dissolved, but in any other case it shall stand adjourned and reconvened to the same day in the next week.

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. A document may be served by the company on any member thereof and the notice of every meeting of the company shall be given to every member in any manner authorized by and as provided in Sections 20 and 101 of the Companies Act, 2013.

According to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, a company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in our Company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Subject to the provisions of the Companies Act, 2013 and our Articles of Association, votes may be given either personally or by proxy, and in the case of a body corporate, a duly authorized representative under Section 113 of the Companies Act, 2013 shall be entitled to exercise the same powers on behalf of the corporation as if it were an individual member of the company. On a show of hands, every member holding equity shares and present in person shall have one vote. On a poll, every member holding equity shares therein shall have voting rights in proportion to his share of the paid-up equity share capital. In the case of joint holders, anyone of such persons may vote at any meeting either personally or by his proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting, that the vote of the first named person of such joint holders in the register of members, who tenders a vote whether in person or proxy shall be accepted to the exclusion of the votes of the other joint holders.

Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution. The Companies Act, 2013 provides that to amend the articles of association of a company, a special resolution is required to be passed in a general meeting.

Section 47 of the Companies Act 2013 provides that any preference shareholder present at any meeting of our Company, shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. However, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the company.

Under the Companies Act, 2013 and our Articles of Association, every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, shall be signed by an officer or any attorney duly authorized by it. The proxy so appointed shall have no right to speak at such meeting and shall not be entitled to vote except on poll.

The instrument appointing a proxy is required to be lodged with our Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer of the share shall have been received by our Company at the Registered Office before the meeting.

Registration of Transfers and Register of Members

Our Company shall keep its Register of Members at its Registered Office and shall enter the particulars of every transfer or transmission of equity shares. Subject to the provisions of Section 91 of the Companies Act, 2013, the Board shall have the power to close the Register of Members for such periods, not exceeding 45 days in aggregate in a year and 30 days at any one time, subject to giving of previous notice of at least seven days or such lesser period as may be specified by SEBI. Under the SEBI Listing Regulations, our Company may, upon at least seven working days' advance notice to such Stock Exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of equity shares and the delivery of certificates in respect thereof may continue while the register of members is closed.

Directors

The Articles of Association of our Company provide that unless otherwise determined by the shareholders of our Company at a general meeting, the number of directors of our Company shall not be less than three and not be more than 15. The directors shall be appointed by our Company in a general meeting subject to the provisions of the Companies Act, 2013, and the Articles of Association. Pursuant to the Companies Act, 2013, not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office at every annual general meeting. The directors to retire are those who have been the longest in the office since their last appointment.

The directors have the power to appoint any other persons as an addition to the Board but any director so appointed shall hold office only up to the date of the next following annual general meeting of our Company but shall be eligible for re-election at such meeting. A casual vacancy in the Board (for instance, due to the death or resignation of a director) who is appointed by the shareholders can be filled by the Board of Directors at a meeting of the Board, and the person so appointed shall hold office only until the date which the director in whose place he is appointed would have held office. Subject to the provisions of Section 161 of the Companies Act, 2013, the board of directors shall also have the power to appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from India.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the company. Under Section 137 the Companies Act, 2013, a company must file the financial statements with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the SEBI Listing Regulations, copies of such balance sheet and the profit and loss account are required to be simultaneously sent to the stock exchanges on which the shares of the company making such filings are listed. A listed company must also publish its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of such company is situated. Our Company submits certain information online, including its financial results and the shareholding pattern statement, in accordance with the requirements of the SEBI Listing Regulations and as may be specified by SEBI from time to time.

Transfer of shares

Equity shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the depository participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold), which are, however, exempt from stamp duty.

Under Section 58 of the Companies Act, 2013, if a public company without sufficient cause refuses to register a transfer of shares within 30 days from the date on which the instrument or intimation of transfer is delivered to the company, the transferee may, within a period of 60 days of such refusal or where no intimation has been received from the company, within 90 days of the delivery of the instrument of transfer, appeal to the National Company Law Tribunal seeking to register the transfer of shares.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, our Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Companies Act, 2013 provides that the shares or debentures of a publicly listed company shall be freely transferable. However, the Board of Directors may, under our Articles of Association, subject to Section 58 of the Companies Act, 2013 and the SCRA, at any time in its absolute discretion decline to register transfer of shares. Notice of such refusal must be sent to the transferee within two months of the date on which the transfer was lodged with our Company.

According to our Articles of Association, a nominee on becoming entitled to shares or debentures by reason of the death of the holder(s) shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares or debentures, except that he shall not, before being registered as a member in respect of the shares, be entitled to exercise any rights conferred by membership in relation to meetings of the company. Further, any person who becomes entitled to shares by reason of death or insolvency of a member, or by any other lawful means other than by a transfer, may with the consent of the Board upon producing such evidence as may be required by the board, either be registered as holder of shares or make such transfer as the deceased or insolvent member would have made.

Acquisition by our Company of its own equity shares

Sections 68, 69 and 70 of the Companies Act, 2013 read with Rule 17 of the Companies (Share Capital and Debentures) Rules, 2014 relate to the power of a company to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of the issue of any shares or other specified securities (other than from the proceeds of an earlier issue of the same kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back has been authorized by the articles of association of the company;
- a special resolution has been passed in a general meeting of the company authorizing the buy-back. Under the Companies (Management and Administration) Rules, 2014, such resolution authorizing buy-back has to be passed through a postal ballot;
- the buy-back is for less than 25% of the total paid-up capital and free reserves of the Company, provided that the buy-back of equity shares in any financial year shall not exceed 25% of its total paid-up equity capital in that financial year;
- the ratio of the aggregate of secured and unsecured debts owed by the company after buy-back is not more than twice the paid-up capital and its free reserves;
- all the shares or other specified securities for buy-back are fully paid-up; and
- the buy-back is in accordance with the regulations made by SEBI in this behalf.

The requirement of special resolution mentioned above would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back or to issue the same kind of securities for six months subject to certain exceptions. Every buy-back must be completed within a period of one year from the date of passing of the special resolution or resolution of the board of directors, as the case may be. Under Section 70 of the Companies Act, 2013, a company is also prohibited from purchasing its own shares or other specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company or group of investment companies or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act, 2013. Subject to certain conditions, a company is also prohibited from giving, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person for any shares in the company or its holding company.

Winding up

Our Articles of Association provide that on winding up, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of our Company, and may, with the like sanction, vest any part of the assets of our Company in trustees upon such trusts for the benefit of the contributories, as the liquidator with the like sanction shall think fit.

As per the Companies Act, subject to the rights of creditors, of employees, and of the holders of any other shares entitled by their terms of issue to preferential repayments over the shares, in the event of winding-up of our Company, the holders of Equity Shares are entitled to be repaid the amounts of capital paid up or credited as paid up on such shares or in case of a shortfall, proportionately. All surplus assets after payments due to employees, the holders of any preference shares and other creditors belong to the holders of ordinary shares in proportion to the amount paid up or credited as paid up on such shares, respectively, at the commencement of winding up. Without prejudice to the rights or the holder of shares issued upon special terms and conditions, preference shareholders shall have prior rights to repayment of capital and dividends due.

TAXATION

Statement of Tax Benefits

To,
The Board of Directors
Apollo Tyres Limited
7, Institutional Area, Sector 32
Gurgaon
Haryana - 122001

Proposed qualified institutions placement of equity shares having face value of Re 1 each ("Equity Shares") of Apollo Tyres Limited (the "Company" or "Issuer"), in India in accordance with Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended and outside India pursuant to an exemption from registration under the US Securities Act, 1933, as amended (the "Offer" or "Offering").

1. This report is issued in accordance with the terms of our engagement letter dated 16 August 2017.

2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2017 (hereinafter referred to as the "Income Tax Regulations") has been prepared by the management of the Company in connection with the proposed Offering, which we have initialed for identification purposes.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the preliminary placement document and the placement document to be filed by the Company in connection with the Offer ("**Placement Documents**") is the responsibility of the management of the Company and has been approved by the equivalent committee of the Board of Directors of the Company at its meeting held on 03 October 2017 for the purpose set out in paragraph 9 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities

Auditor's Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, as per the 'Guidance Note on Audit Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our work has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report

5. Pursuant to the Regulations and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available as of 03 October 2017 to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Offering.

Inherent Limitations

7. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

Further, we give no assurance that the Revenue authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes**.**

Opinion

8. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available as of 03 October 2017, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

(i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or

(ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

9. This report has been issued solely at the request of the Company for use in connection with the proposed Offering by the Company and this report, including the Statement, or extracts thereof may accordingly be used in the Placement Documents and may be shared with and relied on as necessary by JM Financial Institutional Securities Limited, Kotak Mahindra Capital Company Limited and UBS Securities India Private Limited and it is not to be used, circulated, quoted, or otherwise referred to for any other purpose without our prior written consent.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

per **David Jones**
Partner
Membership No.: 98113

Date: 03 October 2017
Place: Gurgaon

NOTE ON POSSIBLE TAX BENEFITS AVAILABLE TO APOLLO TYRES LIMITED AND ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

Apollo Tyres Limited ("the Company") is an Indian Company, subject to tax in India. The Company is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation.

Considering the activities and the business of the Company, the following benefits may be available to them.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

Deduction under Section 35 of IT Act

1. In accordance with and subject to the provisions of Section 35(2AB) of the IT Act, the Company is eligible for a deduction of a sum equal to one-half times of expenditure (not being in the nature of cost of any land or building) on scientific research on in-house research and development facility as approved by the prescribed authority (Department of Scientific & Industrial Research) and related to the business carried on by the Company. With effect from assessment year beginning on or after the 1st day of April 2021, the deduction under section 35(2AB) of the Act shall be limited to the amount of expenditure actually incurred.

Deduction under Section 80-IA of IT Act

2. As per section 80-IA of the IT Act, units set up to undertake power generation at any time beginning 1st April 1993 but before 31st March 2017 are entitled to special tax benefits, which entitle such units to deduction of 100% of the profits and gains derived from power generation for a period of 10 consecutive years out of 15 years beginning the year in which the unit begins power generation. The Company has power generating units which are entitled to the said tax holiday under section 80-IA of the Act.

However, as per Section 115JB of the Act, the Company shall be required to pay Minimum Alternate Tax ("MAT") at the rate of 18.5% (plus applicable surcharge, education cess and secondary & higher education cess) on book profits, irrespective of these tax benefits.

Additional depreciation under section 32 of IT Act

3. In accordance with section 32(1)(iia) of the IT Act, companies engaged in the business of manufacture or production of any article or thing are allowed additional depreciation at the rate of 20 percent on any new plant and machinery installed after 31st March 2005. The Company claims additional depreciation on new plant and machinery acquired.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders.

III. GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY

Dividend Income

1. As per Section 10(34) of the IT Act, income by way of dividends referred to in Section 115–O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income-tax. Such dividend is also to be excluded while computing MAT liability

   However, in view of the provisions of Section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

2. As per Section 10(35) of the IT Act, the income received in respect of units of a Mutual Fund specified in section 10(23D) of the IT Act would be exempt in the hands of the Company. Such income is also to be excluded while computing MAT liability.

   However, in view of the provisions of Section 14A of the IT Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

3. As per section 115BBD of the IT Act, dividend income received by an Indian Company from a specified foreign Company i.e. in which the Indian Company holds twenty-six per cent or more in nominal value of the equity share capital, will be taxable @ 15% on gross basis (plus applicable surcharge and education cess).

Income from business

4. Subject to compliance of certain conditions laid down in Section 32 of the IT Act, the Company will be entitled to a deduction for depreciation in respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under the Income Tax Rules, 1962. Unabsorbed depreciation, if any, shall be carried forward for set off in the subsequent years indefinitely.

5. The Company will be entitled to amortize expenses being the expenditure incurred on QIP issue of shares, under section 35D of the IT Act, subject to the limits specified in Section 35D(3) and fulfillment of conditions prescribed under section 35D of the IT Act.

6. The Company will be entitled to claim contribution made to approved institutions engaged in carrying eligible project or scheme under section 35AC as deduction from the business income.

Minimum Alternate Tax ("MAT")

7. Under section 115JB of the IT Act, in case the income tax payable under the normal provisions of the IT Act is less than 18.5% of the book profits of the Company, then such book profit would be deemed to be the total income of the Company for that year and MAT payable on such total income would be at the rate of 18.5% plus applicable surcharge and education cess. "Book profits" means net profit as per the Profit & Loss account, subject to adjustments as specified in the section.

8. Under section 115JAA(1A) of the IT Act, where any tax is paid under the MAT provisions for any assessment year commencing on the 1st day of April 2006, credit in respect of tax so paid shall be allowed to the Company in accordance with the provisions of the IT Act. Tax credit eligible to be carried forward will be the difference between the MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to fifteen years succeeding the year in which the MAT credit becomes allowable.

Dividend Distribution Tax ("DDT")

9. Under section 115-O of the IT Act, for the purpose of payment of dividend distribution tax (DDT) at 15% (plus applicable surcharge and education cess) on the dividends, the dividends so declared, distributed or paid by the domestic Company shall be reduced by the dividends received from its subsidiary provided where:
   a. such subsidiary is a domestic company, it has paid DDT on the dividends declared / distributed / paid by it;
   b. where such subsidiary is a foreign company, the domestic Company has paid taxes under section 115BBD of the IT Act at 15% (plus applicable surcharge and education cess) on dividends received/ earned

For the said purpose, a Company shall be a subsidiary of another Company, if such other Company, holds more than half in nominal value of the equity share capital of the former mentioned Company.

As per proviso to this section, the same amount of dividend would not be taken into account for reduction more than once.

10. Further, with effect from 1 October 2014, for the purpose of determining DDT on dividends under section 115-O of the IT Act, the dividend amount (i.e. dividends to be distributed / declared / paid minus dividend income received from subsidiaries as discussed above – hereinafter referred to as net distributed profits) would be increased to such amount as would, after reduction of DDT, be equal to the net distributed profits.

Capital Gains

11. Under Section 10(38) of the IT Act, long term capital gains arising to the Company on transfer of long term capital asset being an equity share in a Company or a unit of an equity oriented fund will be exempt in the hands of the Company, provided such transaction is chargeable to securities transaction tax.

    For this purpose, "Equity Oriented Fund" means a fund –

    a. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
    b. which has been set up under a scheme of a Mutual Fund specified under Section 10(23D) of the IT Act.

    Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures

    The Long Term Capital gains exempt under Section 10(38) would be liable to MAT under Section 115JB of the IT Act.

12. As per section 111A of the IT Act, short term capital gains arising to the Company on transfer of short term capital asset being an equity share in a company or a unit of an equity oriented fund will be taxed at the rate of 15 percent (plus applicable surcharge and cess), provided such transaction is chargeable to securities transaction tax.

Other deductions

13. A deduction amounting to 100% or 50%, as the case may be, of the sums paid as donations to various entities is allowable as per section 80G of the IT Act.

IV. GENERAL TAX BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

1. The tax benefits / implications referred to in paragraphs 1, 2, 11 and 12under the heading "General tax benefits to the Company" will equally apply to the resident shareholders. The reference to MAT liability as indicated in the said paragraphs will apply only to shareholders qualifying as Company as defined in the IT Act.

   It is, however, to be noted that in case of resident shareholders (other than domestic companies and specified tax exempts institutions/ trusts), dividend income received from a domestic company, which is in excess of Rs 1 million is liable to tax at the rate of 10 percent (plus applicable surcharge and cess), on a gross basis.

2. As per the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to a taxpayer on transfer of shares of the Company will be exempt from capital gains tax if such gain is invested within 6 months from the date of transfer in specified long-term assets, being bonds issued

by NHAI, REC or such other bonds as notified. The investment in such bonds cannot exceed Rs 5 million and the investment made has a lock-in of 3 years. In case the specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

3. As per the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ("HUF") on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer, subject to fulfillment of conditions as prescribed under proviso to section 54F of the IT Act.

V. GENERAL TAX BENEFITS AVAILABLE TO NON-RESIDENTS SHAREHOLDERS (OTHER THAN NON-RESIDENT INDIANS, MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

1. The tax benefits / implications referred to in paragraphs 1, 2, 11 and 12 under the heading "General tax benefits to the Company" will equally apply to the non-resident shareholders.

2. In terms of the first proviso to Section 48 of the IT Act, in case of a non-resident, while computing the capital gains (in cases not covered under section 10(38) and not subject to section 111A of the Act) arising from transfer of shares in or debentures of the Company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

3. As per the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to a taxpayer on transfer of shares of the Company will be exempt from capital gains tax if such gain is invested within 6 months from the date of transfer in specified long-term assets, being bonds issued by NHAI, REC or such other bonds as notified. The investment in such bonds cannot exceed Rs 5 million and the investment made has a lock-in of 3 years. In case the specified asset is transferred or converted into money within 3 years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion.

4. Under the provisions of Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (which are not exempt under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer, , subject to fulfillment of conditions as prescribed under proviso to section 54F of the IT Act.

5. Under Section 90(2) of the IT Act, provisions of the double taxation avoidance agreement (DTAA) between India and the country of residence of the Non-Resident would prevail over the provisions of the IT Act to the extent the DTAA is more beneficial to the Non-Resident.

   Any person wanting to claim benefits under any such DTAA will not be able to claim any benefits unless a tax resident certificate, containing such particulars as prescribed by the Central Board of Direct Taxes., is obtained by the non-resident from the Government of the country in which such person is a resident

VI. GENERAL TAX BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS

In addition to the benefits/implications mentioned under V – "General tax benefits to non-residents shareholders", the following benefits are applicable to non-resident Indian shareholders:

1. A non-resident Indian, i.e. an individual being a citizen of India or a person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the IT Act, i.e. "Special provisions relating to certain incomes of non-residents". If the non-resident Indian opts to be governed by the provisions of this Chapter, he shall not be entitled to any deduction under Chapter VI-A of the IT Act or any allowance for expenditure incurred.

2. Under section 115E of the IT Act, where shares in a Company are subscribed for in convertible foreign exchange by a non-resident Indian, capital gains arising to such non-resident Indian on transfer of shares held for a period exceeding 12 months shall (in case not covered under section 10(38) of the IT Act) be taxed at a flat rate of 10% (plus applicable educational cess) without indexation benefit, but with protection against foreign exchange fluctuation under the first proviso to section 48 of the IT Act.

3. Under section 115F of the IT Act, long term capital gains (not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible foreign exchange shall be exempt from income tax if the entire net consideration is reinvested in certain specified assets within six months from the date of transfer. If only a part of the net consideration is so invested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the new assets are transferred or converted into money within three years from the date of their acquisition.
4. Under section 115I of the IT Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the IT Act for any assessment year by furnishing his return of income under section 139 of the IT Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year. In such a case, the tax on Investment income and long term capital gains shall be computed in accordance with the normal provisions of the IT Act.

VII. GENERAL TAX BENEFITS AVAILABLE TO MUTUAL FUNDS

1. As per section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

   However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of Section 115R of the IT Act.

VIII. GENERAL TAX BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

1. The tax benefits / implications referred to in paragraphs 1, 11 and 12 under the heading "General tax benefits to the Company" will equally apply to the FII.

2. Further, as per provisions of Section 115AD of the IT Act, income (other than income by way of dividends referred to in Section 115-O of the IT Act or capital gains referred to in section 10(38) and 111A of the IT Act) of FIIs arising from securities (other than the units purchased in foreign currency referred to Section 115AB of the IT Act) would be taxed at concessional rates, as follows:

Nature of income	**Rate of tax (%)**
Long term capital gains	10
Short term capital gains (other than those referred	

to section 111A of the IT Act)	30
Short term capital gains referred to in section 111A	15

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided under Section 48 of the IT Act are not available.

3. As per section 196D(2) of the IT Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

4. As per Section 90(2) of the IT Act, provisions of the DTAA between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent the DTAA provisions are more beneficial to the FII.

   Any person wanting to claim benefits under any such DTAA will not be able to claim any benefits unless a Tax Resident Certificate, containing such particulars as prescribed by the Central Board of Direct Taxes., is obtained by the non-resident from the Government of the country in which such person is a resident.

IX. GENERAL TAX BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

1. Under section 10(23FB) of the IT Act, any income of Venture Capital Funds, registered with the Securities and Exchange Board of India, from investment in a venture capital undertaking would be exempt from income tax, subject to fulfillment of prescribed conditions.

2. As per section 115U of the IT Act, any income accruing or arising to or received by a person from his investment in venture capital funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had directly made the investments.

X. GENERAL TAX BENEFITS AVAILABLE TO INVESTMENT FUNDS

3. Under section 10(23FBA) of the IT Act, any income except for income under the head "Profits and Gains of Business/ Profession" of Venture Capital Funds, registered as category-I or category-II Alternative Investment Fund under the Securities and Exchange Board of India (Alternate Investment Fund) regulations, 2012 would be exempt from income tax, subject to conditions specified therein

4. As per section 115UB of the IT Act, any income accruing or arising to or received by a person from his investment in investment funds would be taxable in his hands in the same manner as if it were the income accruing/ arising/ received by such person had directly made the investments.

XI. GENERAL ANTI-AVOIDANCE RULES

The Government of India has made amendments in the existing income tax laws to incorporate provisions relating to General Anti-Avoidance Rules (GAAR). GAAR is effective from Financial Year 2017-2018 (Assessment Year 2018-19).

Notes:

a. The above statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

b. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

- *the Company or its shareholders will continue to obtain these benefits in future;*
- *the conditions prescribed for availing the benefits have been/ would be met with; and*
- *the Revenue authorities/courts will concur with the view expressed herein.*

The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

c. *Legislation, its judicial interpretations and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.*

d. *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*

e. *In respect on non-residents, the tax rates and the consequent taxation mentioned above shall further be subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.*

f. *The statement of possible tax benefits enumerated above is as per the Income Tax Act, 1961 as amended by the Finance Act 2017.*

For and on behalf of Board of Directors of Apollo Tyres Limited

Authorised Signatory

Place: Gurgaon
Date: 03 October 2017

US FEDERAL INCOME TAXATION

The following is a summary of certain US federal income tax considerations relevant to US Holders and Non-US Holders (as defined below) acquiring, holding and disposing of Equity Shares. This summary is based on the US Internal Revenue Code of 1986 (the "**Code**"), final, temporary and proposed US Treasury regulations and administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect, as well as on the income tax treaty between the United States and India as currently in force (the "**Treaty**"). This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) traders or dealers in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) entities that are treated as partnerships or pass-through entities for US federal income tax purposes, or persons that hold Shares through such entities; (viii) holders that own (directly, indirectly or constructively) 10% or more of the voting stock of the Company; (ix) investors that hold Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes; (x) US Holders (as defined below) that have a functional currency other than the US dollar and (xi) US expatriates and former long-term residents of the United States), all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address tax consequences applicable to holders of equity interests in a holder of the Shares, US federal estate, gift, Medicare contribution or alternative minimum tax considerations, or non-US, state or local tax considerations. This summary only addresses investors that will acquire Shares in the Issue, and it assumes that investors will hold their Shares as capital assets (generally, property held for investment). For the purposes of this summary, a "US Holder" is a beneficial owner of Shares that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organized under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for US federal income tax purposes regardless of its source or (iv) a trust that is subject to US tax on its worldwide income regardless of its source. A "**Non-US Holder**" is a beneficial owner of Shares that is neither a partnership nor a US Holder. If a partnership holds Shares, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Any such partner or partnership should consult their tax advisers as to the US federal income tax consequences to them of the acquisition, ownership and disposition of Shares.

Dividends

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, a distribution made by the Company on the Shares (including amounts withheld in respect of foreign income tax, if any) will be treated as a dividend includible in the gross income of a US Holder as ordinary income to the extent of the Company's current and accumulated earnings and profits as determined under US federal income tax principles. To the extent the amount of such distribution exceeds the Company's current and accumulated earnings and profits as so computed, the distribution will be treated first as a non-taxable return of capital to the extent of such US Holder's adjusted tax basis in the Shares and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such shares. The Company does not expect to maintain calculations of earnings and profits for US federal income tax purposes. Therefore, a US Holder should expect that such distribution will generally be treated as a dividend. Such dividends will not be eligible for the dividends received deduction allowed to corporations. "Qualified dividend income" received by individual and certain other non-corporate US Holders is currently subject to reduced rates applicable to long-term capital gain if (i) the Company is a "qualified foreign corporation" (as defined below) and (ii) such dividend is paid on Shares that have been held by such US Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date. The Company generally will be a "qualified foreign corporation" if (1) it is eligible for the benefits of the Treaty and (2) it is not a PFIC in the taxable year of the distribution or the immediately preceding taxable year. The Company expects to be eligible for the benefits of the Treaty; however, no assurance can be given that the Company will eligible for the benefits of the Treaty. In addition, as discussed below under "Passive Foreign Investment Company Rules", the Company does not believe it was a PFIC for the taxable year ending March 31, 2017 and does not expect to be a PFIC for the current year or for any future years. Dividends on the Shares generally will constitute income from sources outside the United States for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution. The US dollar value of any distribution made by the Company in a currency other than US dollars (a "**foreign currency**") must be calculated by reference to the exchange rate in effect on the date of receipt of such distribution by the US Holder, regardless of whether the foreign currency is in fact converted into US dollars. If the foreign currency so received is converted into US dollars on the date of receipt, such US Holder generally will not recognize foreign currency gain or loss on such conversion. If the foreign currency so received is not converted into US dollars on the date of receipt, such US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

Sale or other disposition

Subject to the PFIC rules discussed below, a US Holder generally will recognize gain or loss for US federal income tax purposes upon a sale or other disposition of its Shares in an amount equal to the difference between the amount realized from such sale or disposition and the US Holder's adjusted tax basis in such Shares, as determined in US dollars. Such gain or loss generally will be capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate US Holders, such as individuals) or loss if, on the date of sale or disposition, such Shares were held by such US Holder for more than one year. The deductibility of capital loss is subject to significant limitations. Such gain or loss realized generally will be treated as derived from US sources. A US Holder that receives foreign currency from a sale or disposition of Shares generally will realize an amount equal to the US dollar value of the foreign currency on the date of sale or disposition or, if such US Holder is a cash basis or electing accrual basis taxpayer and the Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. If the Shares are so treated and the foreign currency received is converted into US dollars on the settlement date, a cash basis or electing accrual basis US Holder will not recognize foreign currency gain or loss on the conversion. If the foreign currency received is not converted into US dollars on the settlement date, the US Holder will have a basis in the foreign currency equal to the US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the foreign currency generally will be treated as ordinary income or loss to such US Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The rules governing foreign tax credits are complex, and US Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

Passive foreign investment company rules

In general, a corporation organized or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is classified as "passive income" or (ii) at least 50% of the average quarterly value attributable to its assets produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Based on the present nature of its activities, including the planned Offering, and the present composition of its assets and sources of income, the Company believes that it was not a PFIC for the year ending on March 31, 2017 and does not expect to become a PFIC for the current year or for any future taxable year. There can be no assurances, however, that the Company will not be considered to be a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company is classified as a PFIC in any year that a US Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year, materially adverse US federal income tax consequences could result for US Holders. If the Company is considered a PFIC at any time that a US Holder holds the Company's shares, any gain recognized by the US Holder on a sale or other disposition of the Shares, as well as the amount of an "excess distribution" (defined below) received by such holder, would be allocated ratably over the US Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a US Holder on its Shares in a taxable year exceeds 125% of the average of the annual distributions on the Shares received during the preceding three years or the US Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments of the Shares. In particular, if the Issuer were a PFIC and its shares constitute "marketable stock," a US Holder may elect to be taxed annually on a mark-to-market basis with respect to its Shares and mitigate the adverse tax consequences. US Holders should consult their tax advisers as to the availability and consequences of a mark-to-market election with respect to their Shares. A

US Holder subject to the PFIC rules discussed above or below is required to file US Internal Revenue Service ("**IRS**") Form 8621 with respect to its investment in the Shares.

Non-US Holders

A Non-US Holder generally should not be subject to US federal income or withholding tax on any payments on the Shares or gain from the sale, redemption or other disposition of the Shares unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; or (ii) in the case of any gain realized on the sale or exchange of a Share by an individual Non-US Holder, that Non-US Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

US information reporting and backup withholding tax

A US Holder may be subject to information reporting unless it establishes that payments to it are exempt from these rules. For example, payments to corporations generally are exempt from information reporting and backup withholding. Payments that are subject to information reporting may be subject to backup withholding if a US Holder does not provide its taxpayer identification number and otherwise comply with the backup withholding rules. Non-US Holders may be required to comply with applicable certification procedures to establish that they are not US Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules are available to be credited against a US Holder's US federal income tax liability and may be refunded to the extent they exceed such liability, provided the required information is timely provided to the IRS. Under US federal income tax law and regulations, certain categories of US persons must file information returns with respect to their investment in the equity interests of a foreign corporation. A US person that purchases for cash Shares will be required to file IRS Form 926 or similar form if the transfer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds US$100,000. In the event a US Holder fails to file any such required form, the US Holder could be required to pay a penalty equal to 10% of the gross amount paid for such Shares up to a maximum penalty of US$100,000. Certain US Holders that own "specified foreign financial assets" that meet certain US dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Shares are held in an account at certain financial institutions. US Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Shares.

LEGAL PROCEEDINGS

From time to time, our Company, our Subsidiaries, our Promoter and our Directors are involved in various legal proceedings in the ordinary course of business, including consumer disputes and proceedings under the Negotiable Instruments Act, 1881. Such proceedings may include, among other things, routine tax audits and assessments, some of which may be challenged or appealed, including on account of disallowance of claimed deductions, or claimed procedural irregularities. The section below describes the proceedings, which singly or in aggregate, may have a material adverse effect on us. For the purpose of this section, legal proceedings where the amount involved exceeds ₹ 274.75 million, being 2.50% of our consolidated profit after tax in fiscal 2017 have been considered to be material. Although the results of any litigation or related claims or investigations cannot be predicted with certainty, regardless of the outcome, litigation may have an adverse impact on us because of defense and settlement costs, diversion of management resources or other factors.

A. *Material Litigation Involving our Company*

Proceedings under FEMA

The Directorate of Enforcement issued show cause notices to our Company and certain officers of our Company, on the ground that our Company acquired and remitted foreign exchange for purposes of import but failed to submit bills of entry as evidence of import to the authorized dealer. The Directorate of Enforcement imposed penalties of an aggregate of ₹ 3.70 million on our Company, and ₹ 0.33 million on our Directors. The Special Director, Directorate of Enforcement, New Delhi, by order dated October 22, 2003, reduced penalty to ₹ 0.10 million on our Company and imposing penalty of ₹ 25,000 each, on our Promoter and Managing Director, Mr. Onkar S. Kanwar and one of our employees, Mr. N. Raju. Our Company, Mr. Onkar S. Kanwar and Mr. N. Raju filed separate appeals before the Appellate Tribunal for Foreign Exchange, which dismissed these appeals by order dated February 10, 2009. Our Company, Mr. Onkar S. Kanwar and Mr. N. Raju filed appeals in the High Court of Kerala, which stayed the Appellate Tribunal's order.

The Directorate of Enforcement, New Delhi, by order dated April 4, 2008, imposed penalty of ₹ 0.30 million on our Company and ₹ 0.10 million on our Promoter and Managing Director, Mr. Onkar S. Kanwar, for not producing evidence of import of goods. Our Company and Mr. Onkar S. Kanwar filed separate appeals before the Appellate Tribunal for Foreign Exchange, which dismissed both appeals by order dated September 18, 2008. Our Company and Mr. Onkar S. Kanwar filed appeals in the High Court of Kerala, which stayed the Appellate Tribunal's order. These matters are currently pending.

Proceedings under the SEBI Act

Pursuant to notice dated January 24, 2014, SEBI commenced an inquiry into certain alleged failures on our part to comply with specified provisions of the SEBI (Buy Back of Securities) Regulations, 1998 ("**SEBI Buy Back Regulations**") including non-submission of a copy of a board resolution authorizing the buyback with SEBI, and the public notice issued by us not being within specified time or in specified format under the SEBI Buy Back Regulations. On July 9, 2014, SEBI confirmed its jurisdiction in this matter as well as the applicability of the SEBI Buy Back Regulations and held that our Company failed to comply with SEBI Buy Back Regulations, imposing a consolidated penalty of ₹ 10.3 million on our Company. We had filed an appeal before the Securities Appellate Tribunal ("**SAT**") against this order passed by SEBI. Pursuant to an order dated December 30, 2016, SAT, without deciding on the merits of the case, set aside the order passed by SEBI on the ground that the penalty imposed by SEBI was in excess of the maximum penalty prescribed under the relevant regulation of SEBI Buy Back Regulations under which the Company was penalised. SAT further directed SEBI for restoration of the matter to SEBI for fresh decision on merits, in accordance with law. This matter is currently pending.

Proceedings under the Competition Act

The Assistant Director, Competition Commission of India (the "**CCI**") issued an order dated June 24, 2014 directing the Director General to investigate and determine whether there was any agreement or collusion among certain tyre manufacturing companies including our Company ("**Tyre Manufacturers**") and the role of Automotive Tyre Manufacturers' Association ("**ATMA**") in such alleged agreement or collusion. It was primarily alleged that an increase in the price of rubber over regular periods led to a corresponding increase in the price of tyres; however, a decrease in the price of rubber did not have a corresponding decrease in the price of tyres. The Tyre Manufacturers justified this on the basis that while the price of rubber decreased, the prices of other key raw materials significantly increased. The Additional Director General pursuant to the order of the CCI, thereafter issued certain notices to our Company requiring us to furnish certain details including among others, our brief profile, our share prices from 2009 to 2014 and our market share in India from 2009 to 2014, to which our Company has responded from time to time. This matter is currently pending.

Tax-related Litigation

Central Excise and Service Tax

There are certain excise duty matters involving our Company, on grounds including alleged disallowance of Government levies during assessment and irregular use of Modified Value Added Tax and Central Value Added Tax ("**CENVAT**") credit with respect to intermediate products, namely tubes and flaps used in the manufacture of tyres. In addition, there are certain service tax cases involving our Company, involving demand of service tax on services such as freight on transportation of goods and canteen services.

These matters are pending at various levels of adjudication. None of these proceedings involve a claim of ₹ 274.75 million or more against our Company.

Income Tax

There are certain income tax demands / additions to income during assessments (tax implication on "additions" shall be at the rate of tax as applicable for the relevant assessment year) by the tax authorities, pending at various levels of adjudication, pertaining to disallowance of claimed deductions. None of these proceedings involve a claim of ₹ 274.75 million or more against our Company.

Sales Tax

There are certain sales tax matters involving us, pending at various levels of adjudication, involving demand of sales tax, and certain claimed procedural irregularities. None of these proceedings involve a claim of ₹ 274.75 million or more against our Company.

Material Litigation Involving the Directors of our Company

Except for the proceeding against Mr. Onkar S. Kanwar, our Promoter and Managing Director as disclosed under "***Material Litigation Involving our Company - Proceedings under FEMA***" in this section, there are no material legal proceedings involving our Directors.

B. ***Material Litigation involving our Promoter***

Except for the proceeding against Mr. Onkar S. Kanwar, our Promoter and Managing Director as disclosed under "***Material Litigation Involving our Company - Proceedings under FEMA***" in this section, there are no material legal proceedings involving our Promoter.

C. ***Litigation or legal action against our Promoter***

Except for the proceeding against Mr. Onkar S. Kanwar, our Promoter as disclosed under "***Material Litigation Involving our Company - Proceedings under FEMA***" in this section, there are no litigation or legal action pending or taken against Promoter, by any Ministry, or Department of the Government or any statutory authority during the last three years immediately preceding the year of the circulation of this Preliminary Placement Document.

D. ***Material Fraud Committed against our Company***

There are no instances of any material fraud committed against our Company in three years immediately preceding the date of this Preliminary Placement Document.

E. ***Details of Default***

As on the date of the Preliminary Placement Document, our Company has no outstanding defaults in relation to dues payable to holders of any debentures and interest thereon or re-payment of loans and interest thereon from any bank or financial institution. As on the date of this Preliminary Placement Document, our Company does not accept any deposits and therefore our Company has no outstanding defaults in relation to any deposits and interest thereon.

Except as disclosed below, as on the date of this Preliminary Placement Document, our Company has no outstanding statutory dues:

(₹ in million)

Nature of the Due	Amount Unpaid
Sales Tax	455.52
Excise duty and additional excise duty	981.46
Income tax	1,028.62

F. ***Details of Inquiries, Inspection or Investigation under the Companies Act 2013 or any Previous Companies Law***

There have been no inquiries, inspections or investigations initiated or conducted against us or any of our Subsidiaries under the Companies Act 2013 or any previous companies law in the last three years immediately preceding the year of circulation of this Preliminary Placement Document. Further, there have been no prosecutions filed or fines imposed against us, or compounding of offences in this relation in the last three years immediately preceding the year of circulation of this Preliminary Placement Document.

INDEPENDENT STATUTORY AUDITORS

Our audited consolidated financial statements as of and for the financial years ended March 31, 2016, 2015 and 2017 included in this Preliminary Placement Document, have been audited by our Previous Statutory Auditors. For details of our audited financial statements and audit reports thereon issued by our Previous Statutory Auditors, see, "***Financial Statements***" on page 228.

Our current Statutory Auditors have applied necessary procedures in accordance with professional standard in India with respect to our unaudited reviewed consolidated interim financial statements and issued a limited review report as of and for the three months period ended June 30, 2017, in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the ICAI. For details of our unaudited reviewed consolidated interim financial statements and limited review report thereon issued by our current Statutory Auditors, see, "***Financial Statements***" on page 228.

FINANCIAL STATEMENTS

Independent Auditor's Review Report on the Unaudited Condensed Consolidated Interim Financial Statements

To the Board of Directors of Apollo Tyres Limited

Introduction

1. We have reviewed the accompanying unaudited condensed consolidated interim financial statements ('the Consolidated Interim Financial Statements') of Apollo Tyres Limited ('the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), its associate and joint venture (Refer Annexure 1 for the list of subsidiaries, associate and joint venture included in the Consolidated Interim Financial Statements), which comprise the unaudited condensed consolidated interim Balance Sheet as at 30 June 2017, the unaudited condensed consolidated interim Statement of Profit and Loss (including other comprehensive income), the unaudited condensed consolidated interim Cash Flow Statement, the unaudited condensed consolidated interim Statement of Changes in Equity for the quarter then ended, and selected explanatory notes. These Consolidated Interim Financial Statements have been prepared by the management for the purpose of inclusion in the Preliminary Placement Document and the Final Placement Document ('Placement Documents') prepared in connection with the proposed offering of equity shares in a Qualified Institutions Placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('SEBI ICDR Regulations') to persons outside the United States of America pursuant to Regulation S of the United States Securities Act of 1933, as amended (the 'Securities Act') and to Qualified Institutional Buyers as defined in Rule 144A of the Securities Act. Management is responsible for the preparation and fair presentation of these Consolidated Interim Financial Statements in accordance with the requirements of Ind AS 34 'Interim Financial Reporting' specified under the section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India, which have been approved by the Board of Directors of the Company. Our responsibility is to express a conclusion on these Consolidated Interim Financial Statements based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

Standards of Auditing, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review conducted as above and upon consideration of the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Statements do not present fairly, in all material respects, the state of affairs of the group, its associate and joint venture as at 30 June 2017, and their profit (including other comprehensive income), their cash flows and changes in equity for the quarter ended on that date, in accordance with the requirements of Ind AS 34 specified under the section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Other Matter

4. We did not review the financial information of 41 subsidiaries located outside India included in these Consolidated Interim Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the country of its incorporation, whose financial information reflects total assets of ₹ 79,011.29 million and net assets of ₹ 32,904.72 million as at 30 June 2017, total revenues of ₹ 17,895.74 million and net cash inflows amounting to ₹ 894.83 million for the quarter ended on that date. The Consolidated Interim Financial Statements also include the Group's share of net profit/loss (including other comprehensive income) of ₹ Nil in respect of one associate and one joint venture for the quarter ended 30 June 2017, whose financial information have not been reviewed by us. This financial information has been reviewed by other auditors under generally accepted auditing standards applicable in that country, whose report has been furnished to us by the management. Our report in respect of the Consolidated Interim Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint venture, is based solely on the reports of other auditors and the conversion adjustments prepared by the management of the Company and reviewed by us.

5. The comparative consolidated financial information as at 31 March 2017 included in the Consolidated Interim Financial Statements has been extracted from the Audited Consolidated Financial Statements of the Group, its associate and joint venture as at and for the year ended 31 March 2017, which were audited by the predecessor auditor, who expressed an unmodified opinion vide their report dated 05 May 2017 . Further, the comparative information included in the Unaudited Condensed Consolidated Interim Statement of Profit and Loss (including other comprehensive income) and Unaudited Condensed Consolidated Interim Cash Flow Statement of the Group, its associate and joint venture for the quarter ended 30 June 2016 have been reviewed by the predecessor auditor, who expressed an unmodified conclusion vide their report dated 03 October 2017. Further, the comparative Consolidated Statement of Changes in Equity and the related party transactions disclosure for the quarter ended 30 June 2016 have not been subjected to audit or review by either us or the predecessor auditor and are based solely on certification by management.

6. The Company has also submitted unaudited consolidated financial results for the quarter ended 30 June 2017 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on which we issued an unmodified review report dated 04 August 2017 to the Board of the Directors of the Company.

Our report is not modified in respect of these matters.

Independent Auditor's Review Report on unaudited condensed Consolidated Interim Financial Statements (Cont'd)

Restriction on distribution or use

7. These Consolidated Interim Financial Statements have been prepared by the management solely for the purpose of inclusion in the Placement Documents prepared in connection with the proposed offering of equity shares in a Qualified Institutions Placement in accordance with the provisions of the SEBI ICDR Regulations, to persons outside the United States of America pursuant to Regulation S of the United States Securities Act of 1933, as amended (the 'Securities Act') and to Qualified Institutional Buyers as defined in Rule 144A of the Securities Act. This report is issued solely for the aforementioned purpose and accordingly may not be suitable for any other purpose, and should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Further, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

per **David Jones**
Partner
Membership No. 98113

Place: Gurgaon
Date: 03 October 2017

Annexure 1

List of entities included in the Statement

Sno.	Name of the Company
1	Apollo Tyres Limited
	Name of the subsidiaries
1	Apollo Tyres Cooperatief U.A.
2	Apollo (South Africa) Holdings (Pty) Ltd.
3	Apollo Tyres Africa (Pty) Ltd.
4	Apollo Tyres (Thailand) Limited
5	Apollo Tyres (Middle East) FZE
6	Apollo Tyres Holdings (Singapore) Pte. Ltd.
7	Apollo Tyres (Malaysia) SDN. BHD
8	Apollo Tyres (UK) Pvt. Ltd.
9	Apollo Tyres (London) Pvt. Ltd.
10	Apollo Tyres Global R&D B.V.
11	Apollo Tyres (Germany) GmbH
12	Apollo Tyres AG
13	Apollo Tyres do (Brazil) Ltd
14	Apollo Tyres B.V
15	Apollo Tyres (Hungary) Kft
16	Apollo Vredestein B.V.
17	Apollo Vredestein GmbH
18	Vredestein Marketing B.V. & Co. KG
19	Apollo Vredestein Nordic A.B.
20	Apollo Vredestein UK Limited
21	Apollo Vredestein SAS
22	Apollo Vredestein Belux
23	Apollo Vredestein Gesellschaft m.b.H.
24	Apollo Vredestein Schweiz AG
25	Apollo Vredestein Srl
26	Apollo Vredestein Iberica SA
27	Apollo Vredestein Tires Inc.
28	Apollo Vredestein Kft
29	S.C. Vredestein R.O. Srl
30	Apollo Vredestein Opony Polska Sp. Zo.o
31	Vredestein Consulting B.V.
32	Finlo B.V.
33	Vredestein Marketing B.V.
34	Reifencom GmbH, Bielefeld
35	Reifencom GmbH, Hannover

36	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover
37	Reifencom Tyre (Qingdao) Co., Ltd.
38	Saturn F1 Pvt. Ltd
39	Retail Distribution Holding B.V.
40	Rubber Research LLC
41	ATL Singapore Pte Limited
42	Apollo Tyres (Cyprus) Pvt. Ltd.
43	Apollo Tyres (Greenfield) B.V.
	Name of the associate
1	Pressurite (Pty) Ltd.
	Name of the joint venture
1	Pan Aridus LLC

Apollo Tyres Limited

Unaudited Condensed Consolidated Interim Balance Sheet as at June 30, 2017

	Particulars	As at June 30, 2017 Rs. Million (Unaudited)	As at March 31, 2017 Rs. Million (Audited)
A.	**ASSETS**		
1.	**Non-Current Assets**		
(a)	Property, plant & equipments	61,584.71	60,381.65
(b)	Capital work-in-progress	35,735.40	28,723.43
(c)	Goodwill	1,895.08	1,773.58
(d)	Other intangible assets	5,218.15	4,759.77
(e)	Intangible assets under development	545.71	427.49
(f)	Financial assets		
	i. Other investments	18.14	17.49
	ii. Loans	27.52	24.14
	iii. Other financial assets	972.89	973.82
(g)	Deferred tax assets (net)	683.86	629.26
(h)	Other non-current assets	6,108.73	5,199.24
	Total non-current assets	**112,790.19**	**102,909.87**
2.	**Current Assets**		
(a)	Inventories	29,081.22	26,455.26
(b)	Financial assets		
	i. Investments	1,310.63	3,944.44
	ii. Trade receivables	10,825.41	11,274.96
	iii.Cash and cash equivalents	4,468.45	3,308.94
	iv. Other bank balances	210.06	60.23
	v. Loans	38.71	38.94
	vi. Other financial assets	423.09	410.76
(c)	Other current assets	4,135.16	4,601.36
	Total current assets	**50,492.73**	**50,094.89**
	TOTAL ASSETS (1+2)	**163,282.92**	**153,004.76**
B.	**EQUITY AND LIABILITIES**		
1.	**Equity**		
(a)	Equity share capital	509.02	509.02
(b)	Other equity	75,232.80	72,390.52
	Total equity	**75,741.82**	**72,899.54**
	LIABILITIES		
2.	**Non-Current Liabilities**		
(a)	Financial liabilities		
	i. Borrowings	28,999.09	21,559.04
	ii. Other financial liabilities	598.34	504.97
(b)	Provisions	357.91	343.75
(c)	Deferred tax liabilities (net)	8,066.15	7,661.14
(d)	Other non-current liabilities	5,818.65	5,217.17
	Total non-current liabilities	**43,840.14**	**35,286.07**
3.	**Current Liabilities**		
(a)	Financial liabilities		
	i. Borrowings	9,193.27	10,886.27
	ii.Trade payables	16,865.00	17,317.56
	iii. Other financial liabilities	8,967.24	8,945.65
(b)	Other current liabilities	2,997.85	2,553.23
(c)	Provisions	4,472.32	4,042.67
(d)	Current tax liabilities (net)	1,205.28	1,073.77
	Total current liabilities	**43,700.96**	**44,819.15**
	TOTAL EQUITY AND LIABILITIES (1+2+3)	**163,282.92**	**153,004.76**

The accompanying notes (1-11) form an integral part of the unaudited condensed consolidated interim financial statements.

This is the Unaudited Condensed Consolidated Interim Balance Sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N / N500013

For and on behalf of Board of Directors of
Apollo Tyres Limited

David Jones

Partner
Membership No. 98113

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

Place: Gurgaon
Date: 03 October, 2017

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Apollo Tyres Limited

Unaudited Condensed Consolidated Interim Statement of Profit and Loss for the quarter ended June 30, 2017

	Particulars	Quarter ended June 30, 2017 Rs. Million (Unaudited)	Quarter ended June 30, 2016 Rs. Million (Unaudited)
1.	**Revenue from operations**		
	Gross sales	35,129.80	35,451.26
	Other operating income	243.74	194.18
		35,373.54	**35,645.44**
2.	**Other income**	87.55	277.97
3.	**Total revenue (1 +2)**	**35,461.09**	**35,923.41**
4.	**Expenses**		
(a)	Cost of materials consumed	17,897.26	14,378.77
(b)	Purchase of stock-in-trade	3,169.74	2,771.59
(c)	Changes in inventories of finished goods, work-in progress & stock-in-trade	(1,594.14)	(964.69)
(d)	Excise duty on sales	2,548.91	2,529.01
(e)	Employee benefits expense	4,314.53	4,490.36
(f)	Finance costs	340.48	269.37
(g)	Depreciation & amortization expense	1,258.46	1,060.05
(h)	Other expenses	6,304.70	7,052.06
	Total expenses	**34,239.94**	**31,586.52**
5.	**Profit before exceptional items and tax (3 - 4)**	**1,221.15**	**4,336.89**
6.	**Exceptional items**	**-**	**-**
7.	**Share of loss in joint venture**	-	(0.36)
8.	**Profit before tax (5 + 6 + 7)**	**1,221.15**	**4,336.53**
9.	**Tax expense**		
	(a) Current tax expense	321.35	894.54
	(b) MAT credit	(212.87)	-
	(c) Net current tax expense	**108.48**	**894.54**
	(d) Deferred tax	229.67	286.55
	Total	**338.15**	**1,181.09**
10.	**Profit after tax (8 - 9)**	**883.00**	**3,155.44**
11.	**Other Comprehensive income**		
I	i. Items that will not be reclassified to profit or loss		
	(a) Remeasurement of defined benefit plans	3.38	1.86
	ii. Income tax	(1.17)	(0.64)
		2.21	**1.22**
II	i. Items that may be reclassified to profit or loss		
	(a) Exchange differences in translating the financial statements of foreign operations	1,973.63	(284.18)
	(b) Effective portion of loss on designated portion of hedging instruments in a cash flow hedge	(25.33)	4.17
		1,948.30	**(280.01)**
	ii. Income tax	8.77	(1.45)
		1,957.07	**(281.46)**
	Other comprehensive income (I + II)	**1,959.28**	**(280.24)**
	Total comprehensive income (10 + 11)	**2,842.28**	**2,875.20**
	Earnings per equity share of Re. 1 each:		
	(a) Basic	**1.73**	**6.20**
	(b) Diluted	**1.73**	**6.20**

The accompanying notes (1-11) form an integral part of the unaudited condensed consolidated interim financial statements.

This is the Unaudited Condensed Consolidated Interim Statement of Profit and Loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N / N500013

For and on behalf of Board of Directors of
Apollo Tyres Limited

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

David Jones
Partner

Membership No. 98113

Place: Gurgaon
Date: 03 October, 2017

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Apollo Tyres Limited

Unaudited Condensed Consolidated Interim Cash Flow Statement for the quarter ended June 30, 2017

	Particulars	Quarter ended June 30, 2017 Rs. Million (Unaudited)	Quarter ended June 30, 2016 Rs. Million (Unaudited)
A.	Cash flow from operating activities	2,856.12	6,556.39
B.	Cash flow used in investing activities	(5,965.10)	(13,161.29)
C.	Cash flow from financing activities	4,059.56	6,962.22
D.	Effect of foreign currency fluctuation arising out of consolidation	54.56	(170.64)
E.	Net Increase in Cash and Cash equivalents (A+B+C+D)	**1,005.14**	**186.68**
F.	Adjusted Opening Cash and Cash equivalents	191.78	2,280.17
G.	Adjusted Closing Cash and Cash equivalents (E+F)	**1,196.92**	**2,466.85**

This is the Unaudited Condensed Consolidated Interim Cash Flow Statement referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N / N500013

For and on behalf of Board of Directors of Apollo Tyres Limited

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

David Jones
Partner
Membership No. 98113

Place: Gurgaon
Date: 03 October, 2017

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Apollo Tyres Limited
Unaudited Condensed Consolidated Interim Statement Of Changes In Equity for the quarter ended June 30, 2017

Other Equity **Rs. Million**

Particulars	Reserves and Surplus									Items of other comprehensive income				Total
	Securities premium reserve	General reserve	Capital reserve on consolidation	Capital reserve on Mauritius merger	Debenture redemption reserve	Capital subsidy	Capital redemption reserve	Capital reserve on forfeiture of shares	Retained earnings	Revaluation surplus	Foreign currency translation reserve	Actuarial gain / (loss)	Cash flow hedge reserve	
Balance at March 31, 2016 (Audited)	**6,085.71**	**11,006.63**	**2,664.95**	**1,383.68**	**375.00**	**25.50**	**44.40**	**0.07**	**46,326.03**	**31.22**	**(2,003.24)**	**(404.18)**	**1.36**	**65,537.13**
Transactions for the quarter (Unaudited)														
Profit for the quarter	-	-	-	-	-	-	-	-	3,155.44	-	-	-	-	**3,155.44**
Items of other comprehensive income ('OCI')	-	-	-	-	-	-	-	-	-	-	(284.18)	1.86	4.17	**(278.15)**
Income tax on OCI items	-	-	-	-	-	-	-	-	-	-		(0.64)	(1.45)	**(2.09)**
Balance at June 30, 2016 (Unaudited)	**6,085.71**	**11,006.63**	**2,664.95**	**1,383.68**	**375.00**	**25.50**	**44.40**	**0.07**	**49,481.47**	**31.22**	**(2,287.42)**	**(402.96)**	**4.08**	**68,412.33**
Balance at March 31, 2017 (Audited)	**6,085.71**	**12,006.63**	**2,664.95**	**1,383.68**	**469.12**	**25.50**	**44.40**	**0.07**	**54,985.10**	**31.22**	**(4,818.38)**	**(411.25)**	**(76.23)**	**72,390.52**
Transactions for the quarter (Unaudited)														
Profit for the quarter	-	-	-	-	-	-	-	-	883.00	-	-	-	-	**883.00**
Items of other comprehensive income ('OCI')	-	-	-	-	-	-	-	-	-	-	1,973.63	3.38	(25.33)	**1,951.68**
Income tax on OCI items	-	-	-	-	-	-	-	-	-	-		(1.17)	8.77	**7.60**
Balance at June 30, 2017 (Unaudited)	**6,085.71**	**12,006.63**	**2,664.95**	**1,383.68**	**469.12**	**25.50**	**44.40**	**0.07**	**55,868.10**	**31.22**	**(2,844.75)**	**(409.04)**	**(92.79)**	**75,232.80**

This is the Unaudited Condensed Consolidated Interim Statement of Changes in Equity referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N / N500013

For and on behalf of Board of Directors of
Apollo Tyres Limited

David Jones
Partner
Membership No. 98113

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

Place: Gurgaon
Date: 03 October, 2017

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Apollo Tyres Limited
Notes Forming Part of the Unaudited Condensed Consolidated Interim Financial Statements
for the quarter ended June 30, 2017

1 General Information:

The Apollo Tyres Group consists of Apollo Tyres Limited (the 'Company'), the ultimate holding company with several foreign subsidiaries (together the 'Group'), an associate and a joint venture (together 'Apollo'). Established in 1972, Apollo is in the business of manufacture and sale of tyres. Apollo has its headquarters in Gurgaon, India and operations all across the globe. The Company is a public limited company and is listed on the Bombay Stock Exchange ('BSE') and the National Stock Exchange ('NSE'). The product portfolio of the Apollo consists tyres of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck–bus, agriculture, industrial, specialty, bicycle and off highway tyres, alloy wheels and two wheeler tyres.

2 Basis of Preparation:

These unaudited condensed consolidated interim financial statements of the Group, its associate and joint venture have been prepared in accordance with Indian Accounting Standard (Ind AS) 34 – "Interim Financial Reporting", specified under Section 133 of the Companies Act 2013, for the purpose of inclusion in the Preliminary Placement Document and the Final Placement Document ('Placement Documents') prepared in connection with the proposed offering of equity shares in a Qualified Institutions Placement, in accordance with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ('SEBI ICDR Regulations') to persons outside the United States of America pursuant to Regulation S of the United States Securities Act of 1933, as amended (the 'Securities Act') and to Qualified Institutional Buyers as defined in Rule 144A of the Securities Act. The accounting policies applied by Apollo for preparation of these unaudited condensed consolidated interim financial statements are consistent with those adopted for preparation of the consolidated financial statements of the Group, its associate and joint venture as at and for the year ended March 31, 2017. There have been no material changes in the group structure since March 31, 2017 and these unaudited condensed consolidated interim financial statements include the financial performance or results, as applicable, of substantially the same subsidiaries, joint venture and associate that were consolidated in the audited consolidated financial statements of the Group, its associate and joint venture as at and for the year ended March 31, 2017.

The amounts (transactions and balances) pertaining to year ended March 31 2017, that are included in the unaudited condensed consolidated interim financial statements, have been extracted from the audited consolidated financial statements of the Group, its associate and joint venture as at and for the year ended march 31 2017 which have been audited by predecessor auditor.
Further, the amounts appearing in the unaudited condensed consolidated interim statements of profit and loss and cash flows for the quarter ended June 30, 2016 have been reviewed by the predecessor auditor. The unaudited condensed consolidated interim cash flow statement for the quarter ended June 30, 2016 has been prepared by the management using the audited consolidated balance sheet for the year ended March 31, 2016 and unaudited consolidated balance sheet for the quarter ended June 30, 2016.
The remaining information (except segment information and Earning Per Share) presented as of and for the quarter ended 30 June 2016 has not been subjected to audit or review and has been prepared by the management based on the unaudited books of accounts of the Group, its associate and joint venture.

These unaudited condensed consolidated interim financial statements have been approved by the Board of Directors on 03 October, 2017 and have been subjected to limited review by the Company's independent auditors.

3 The Company has also submitted unaudited consolidated financial results for the quarter ended June 30, 2017 pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4 Contingent Liability

Rs. Million

Particulars	**As on June 30, 2017 (Unaudited)**	**As at March 31, 2017 (Audited)**
Sales Tax	39.64	39.64
Income Tax #	84.10	265.80
Claims against the company not acknowledged as debts – Employee related	73.52	58.18
– Others	68.06	67.77
Excise Duty*	161.78	137.50

Excludes amount of Rs. 441.66 million (Rs. 441.66 million as at March 31, 2017) in appeals which have been decided by Appellate authorities in the Company's favour but on which the department has gone for further appeal and a demand of Rs. 663.70 million (Rs. 663.7 million as at March 31, 2017) relating to the adjustments made in MAT computation, which in the opinion of the Company, is not sustainable and the probability of cash outflow is considered remote.

* Excludes demand of Rs. 532.12 million (Rs. 532.12 million as at March 31, 2017) issued to one of the Company's units relating to matters which have been decided by the Appellate Authority in the Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various government agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

5 Capital Commitments

Rs. Million

Particulars	**As at June 30, 2017 (Unaudited)**	**As at March 31, 2017 (Audited)**
Estimated amount of contracts remaining to be executed on capital account and not provided for	15,960.86	15,471.55

6 Borrowings:

During the quarter ended June 30, 2017, the Company issued non convertible debentures amounting to Rs.4,500 million. These debentures are listed on WDM segment at NSE and are secured by first pari pasu charge on the tangible movable fixed assets, both present and future, for not less than 1.25 times of the outstanding debentures due at any given point in time during the tenure of the debentures and until all amounts are paid to the satisfaction of debenture trustee.

Subsequent to quarter ended June 30, 2017, the Company has raised funds through external commercial borrowings amounting to Rs. 6,223.45 Million at an interest rate of 0.50%-1.50% plus LIBOR. The same is secured by all movable assets of the company, both present and future.

Apollo Tyres Limited

Notes Forming Part of the Unaudited Condensed Consolidated Interim Financial Statements- June 30, 2017

7 Financial Instruments

The below tables summarise the fair value of the financial assets/liabilities

(i) **Fair value of derivative instruments carried at fair value**

Particulars	As at 30 June 2017 Rs. Million (Unaudited)	As at 31 March 2017 Rs. Million (Audited)	Fair Value Hierarchy (Level 1, 2 or 3)*
Derivative Financial Assets (a)			
- Cross Currency Rate swaps	218.05	220.40	2
Derivative Financial Liabilities (b)			
- Foreign Currency Forward Contracts	83.49	101.02	2
- Cross Currency Rate swaps	131.25	47.58	2
- Futures and Options	15.84	40.53	2
- Commodity future contract	5.33	-	1
Total	**235.91**	**189.13**	
Net derivative financial assets/(liabilities) (a-b)	(17.86)	31.27	

(ii) **Fair value of financial assets (other than derivative instruments) carried at fair value**

Particulars	As at 30 June 2017 Rs. Million (Unaudited)	As at 31 March 2017 Rs. Million (Audited)	Fair Value Hierarchy (Level 1, 2 or 3)*
Financial assets			
- Current investments- mutual funds	1,310.63	3444.44	1
- Non-current investments - quoted	8.88	8.23	1
- Non-current investments - un quoted	9.26	9.26	3
Total	**1,328.77**	**3,461.93**	
Financial liabilities			
- Deferred consideration payable	467.01	457.31	3
Total	**467.01**	**457.31**	

(iii) **Fair value of financial assets/liabilities (other than investment in joint venture) that are not measured at fair value**

The management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the unaudited condensed consolidated interim balance sheet approximate their fair values.

* Level 1 - Quoted price in an active market.

* Level 2 - Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract rates, discounted at a rate that reflects the credit risk of various counterparties.

* Level 3 - Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to Apollo.

8 Earnings Per Share (EPS)

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	Quarter ended June 30, 2017 (Unaudited)	Quarter ended June 30, 2016 (Unaudited)
Basic & Diluted Earnings Per Share		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	883.00	3,155.44
The weighted average number of equity shares outstanding during the quarter used as denominator - (B)	509,024,770	509,024,770
Basic / Diluted earnings per share (Rs.) – (A) / (B) (Face value of Re 1 each)	1.73	6.20

Apollo Tyres Limited
Notes Forming Part of the Unaudited Condensed Consolidated Interim Financial Statements
for the quarter ended June 30, 2017

9 Disclosure of Related Party Transactions

i) Name of the Related Parties

Particulars	**Quarter ended June 30, 2017 (Unaudited)**	**Quarter ended June 30, 2016 (Unaudited)**
Companies in which directors are interested	Apollo International Ltd.	Apollo International Ltd.
	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 Pvt. Ltd.	Landmark Farms & Housing Pvt. Ltd.
	Sunlife Trade Links Pvt Ltd	Sunlife Trade Links Pvt Ltd
	Bespoke Tours & Travels Ltd.	Bespoke Tours & Travels Ltd.
	Dusk Valley Technologies Ltd.	Dusk Valley Technologies Ltd.
	Classic Auto Tubes Limited	Classic Auto Tubes Limited
	PTL Enterprises Ltd.	PTL Enterprises Ltd.
	Apollo Finance Ltd.	Apollo Finance Ltd.
	Artemis Medicare Services Limited	Artemis Medicare Services Limited
	Artemis Health Sciences Ltd.	Artemis Health Sciences Ltd.
	Regent Properties	Regent Properties
	Swaranganga Consultants P Ltd.	Swaranganga Consultants P Ltd.
	J & S Systems Corporation, U.K.	J & S Systems Corporation, U.K.
	Sacred Heart Investment Co. Pvt. Ltd.	Sacred Heart Investment Co. Pvt. Ltd.
	Milers Global (P) Ltd	Milers Global (P) Ltd
	Shardul Amarchand Mangaldas & Co.	Shardul Amarchand Mangaldas & Co.
Associate	Pressurite (Pty) Ltd. South Africa	Pressurite (Pty) Ltd. South Africa
Joint venture	Pan Aridus LLC	Pan Aridus LLC
Key management personnel	Mr Onkar S Kanwar	Mr Onkar S Kanwar
	Mr Neeraj Kanwar	Mr Neeraj Kanwar
Relatives of key management personnel	Mr Raaja Kanwar	Mr Raaja Kanwar

Notes

Related parties and their relationships are as identified by the management and relied upon by the auditors.

Apollo Tyres Limited
Notes Forming Part of the Unaudited Condensed Consolidated Interim Financial Statements
for the quarter ended June 30, 2017

ii) Transaction and Balances with Related Parties:

a) Transactions:

Rs. Million

Particulars	Companies in which Directors are interested	
	Quarter ended June 30, 2017 (Unaudited)	Quarter ended June 30, 2016 (Unaudited)
Sales: Finished Goods:		
Apollo International Trading LLC, Middle East	-	2.40
Apollo International Ltd.	107.54	263.57
	107.54	**265.97**
Sales: Raw Materials:		
Classic Auto Tubes Limited	**9.07**	**17.78**
Rent Income:		
PTL Enterprises Ltd.	0.09	0.03
Bespoke Tours & Travels Ltd.	-	0.23
Classic Auto Tubes Limited	0.03	0.03
	0.12	**0.29**
Reimbursement/cross charge of Expenses Received:		
Classic Auto Tubes Limited	2.42	2.54
Apollo International Ltd.	0.60	0.15
PTL Enterprises Ltd.	0.22	0.22
	3.24	**2.91**
Purchases:		
Classic Auto Tubes Limited	**153.56**	**196.78**
Legal and Professional Charges:		
Shardul Amarchand Mangaldas & Co	**2.14**	**1.68**
Reimbursement of Expenses:		
PTL Enterprises Ltd.	149.28	135.00
Classic Auto Tubes Limited	186.25	109.00
	335.53	**244.00**
Services Received:		
Artemis Medicare Services Limited	0.03	0.04
Classic Auto Tubes Limited	-	0.10
	0.03	**0.14**
Lease Rent Expense:		
PTL Enterprises Ltd.	126.25	125.63
Sunlife Trade Links Pvt Ltd	6.80	6.78
Landmark Farms & Housing Pvt Ltd.	6.00	6.00
Regent Properties	5.40	5.40
Classic Auto Tubes Limited	0.03	0.03
Milers Global (P) Ltd	0.76	0.76
	145.24	**144.60**
Conversion Charges:		
Classic Auto Tubes Limited	**248.72**	**260.80**

Apollo Tyres Limited
Notes Forming Part of the Unaudited Condensed Consolidated Interim Financial Statements for the quarter ended June 30, 2017

Rs. Million

Particulars	Companies in which Directors are interested	
	Quarter ended June 2017 (Unaudited)	Quarter ended June 2016 (Unaudited)
Mixing Expenses:		
Classic Auto Tubes Limited	**71.66**	**89.13**
Travelling Expenses:		
Bespoke Tours & Travels Ltd.	**-**	**72.16**
Conference Expenses:		
Bespoke Tours & Travels Ltd.	**-**	**6.57**

Rs. Million

Particulars	Key Management Personnel	
	Quarter ended June 2017 (Unaudited)	Quarter ended June 2016 (Unaudited)
Managerial Remuneration:		
Mr. Onkar S. Kanwar	57.71	114.34
Mr. Neeraj Kanwar	43.15	77.23
	100.86	**191.57**

b) Balances:

Rs. Million

Particulars	As at June 30, 2017 (Unaudited)	As at March 31, 2017 (Audited)
Trade Payable:		
Classic Auto Tubes Limited	89.04	31.25
Shardul Amarchand Mangaldas & Co	0.52	-
	89.56	**31.25**
Other Current Liabilities (financial):		
Classic Auto Tubes Limited	**55.01**	**27.37**
Other Non Current Assets (financial/non-financial):		
PTL Enterprises Ltd.	500.00	500.00
Sunlife Trade Links Pvt Ltd	5.86	5.86
Landmark Farms & Housing Pvt Ltd.	6.00	6.00
Regent Properties	5.40	5.40
Milers Global (P) Ltd	0.75	0.75
Classic Auto Tubes Limited	129.27	106.45
	647.28	**624.46**
Trade Receivables:		
Classic Auto Tubes Limited	11.35	1.54
Apollo International Ltd	47.96	116.03
	59.31	**117.57**
Other Current Assets:		
PTL Enterprises Ltd.	53.72	56.43
Apollo International Ltd	0.24	0.15
Classic Auto Tubes Limited	0.61	0.62
	54.57	**57.20**

Apollo Tyres Limited
Notes forming part of the unaudited condensed consolidated interim financial statements for the quarter ended June 30, 2017

10 Property, plant & equipments and other intangible assets

Rs. Million

	Description of assets	Gross block					Accumulated depreciation / amortization					Net block	
		As at March 31, 2017 (Audited)	Additions	Disposals	Effect of foreign currency translation	As at June 30, 2017 (Unaudited)	As at March 31, 2017 (Audited)	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Effect of foreign currency translation	As at June 30, 2017 (Unaudited)	As at June 30, 2017 (Unaudited)	As at March 31 , 2017 (Audited)
A.	PROPERTY, PLANT & EQUIPMENTS												
	Freehold land	2,189.94	-	-	120.47	2,310.41	-	-	-	-	-	2,310.41	2,189.94
	Leasehold land	189.64	-	-	-	189.64	18.39	0.53	-	-	18.92	170.72	171.25
	Buildings	14,578.06	22.08	49.50	266.68	14,817.32	4,685.79	104.54	7.43	146.80	4,929.70	9,887.62	9,892.27
	Plant and equipment	92,392.48	1,606.30	11.17	2,369.44	96,357.05	46,933.58	899.49	3.83	1,905.75	49,734.99	46,622.06	45,458.90
	Electrical installation	1,980.55	9.96	4.03	-	1,986.48	967.36	49.01	4.03	-	1,012.34	974.14	1,013.19
	Furniture & fixtures	2,480.63	13.73	0.54	60.88	2,554.70	1,468.16	59.24	0.44	35.72	1,562.68	992.02	1,012.47
	Office equipments	888.04	17.25	1.21	53.02	957.10	596.07	19.92	1.21	38.16	652.94	304.16	291.97
	Vehicles	878.44	1.48	14.39	18.34	883.87	526.78	27.43	12.01	18.09	560.29	323.58	351.66
	Total Tangible Assets	**115,577.78**	**1,670.80**	**80.84**	**2,888.83**	**120,056.57**	**55,196.13**	**1,160.16**	**28.95**	**2,144.52**	**58,471.86**	**61,584.71**	**60,381.65**
B.	OTHER INTANGIBLE ASSETS												
	Computer software	2,840.06	38.39	-	157.53	3,035.98	2,007.70	52.79	-	117.16	2,177.65	858.33	832.36
	Trademarks	1,854.47	-	-	126.20	1,980.67	41.11	-	-	1.63	42.74	1,937.93	1,813.36
	Capitalized development	3,937.93	202.53	-	277.48	4,417.94	2,122.70	45.51	-	147.13	2,315.34	2,102.60	1,815.23
	Other intangibles	298.82	-	-	20.47	319.29	-	-	-	-	-	319.29	298.82
	TOTAL OTHER INTANGIBLE ASSETS	**8,931.28**	**240.92**	**-**	**581.68**	**9,753.88**	**4,171.51**	**98.30**	**-**	**265.92**	**4,535.73**	**5,218.15**	**4,759.77**

11 Segment Information

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker evaluates Apollo's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments which have been defined based on the geographical presence of various entities:

APMEA (Asia Pacific, Middle East and Africa)
Europe
Others

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. Europe segment includes manufacturing and sales operation through the entities in Europe. Others segment includes sales operations in Americas and all other corporate entities.

The accounting principles used in the preparation of the unaudited condensed consolidated interim financial statements are consistently applied in individual entities to prepare segment reporting.

Rs. Million

Particulars	**Quarter ended June 30, 2017 (Unaudited)**	**Quarter ended June 30, 2016 (Unaudited)**	**Year ended March 31, 2017* (Audited)**
1. Segment Revenue			
APMEA	25,845.00	25,611.25	101,121.22
Europe	10,163.78	10,548.41	42,937.38
Others	7,011.80	3,030.94	15,037.24
Total Segment Revenue	**43,020.58**	**39,190.60**	**159,095.84**
Less: Inter Segment Revenue	7,647.04	3,545.16	17,396.28
Segment Revenue	**35,373.54**	**35,645.44**	**141,699.56**
2. Segment Results			
APMEA	1,146.29	3,615.02	11,781.50
Europe	242.62	933.46	3,093.12
Others	221.68	47.88	411.36
Total Segment Results	**1,610.59**	**4,596.36**	**15,285.98**
Less: Interest Expenses	340.48	269.37	1,028.81
Less : Other Unallocable Corporate Expenses / Eliminations	48.96	(9.90)	(101.33)
Profit Before Exceptional Items, share of profit/ (loss) from joint venture and Tax	**1,221.15**	**4,336.89**	**14,358.50**
Exceptional Items	**-**	**-**	**-**
Share of (loss)/ profit in joint venture	-	(0.36)	(3.05)
Profit Before Tax	**1,221.15**	**4,336.53**	**14,355.45**
3. Segment Assets			
APMEA	91,684.40	72,459.68	88,614.69
Europe	68,668.12	52,453.56	61,882.99
Others	8,140.95	5,749.61	6,964.31
	168,493.47	**130,662.85**	**157,461.99**
Unallocable / Eliminations	(5,210.55)	(3,227.57)	(4,457.23)
Total Segment Assets	**163,282.92**	**127,435.28**	**153,004.76**
4. Segment Liabilities			
APMEA	50,671.30	34,429.23	46,342.14
Europe	36,854.04	25,996.02	33,554.42
Others	5,123.74	2,872.71	4,635.80
	92,649.08	**63,297.96**	**84,532.36**
Unallocable / Eliminations	(5,107.98)	(3,147.43)	(4,427.14)
Total Segment Liabilities	**87,541.10**	**60,150.53**	**80,105.22**
5. Capital Employed			
APMEA	41,013.10	38,030.45	42,272.55
Europe	31,814.08	26,457.54	28,328.57
Others	3,017.21	2,876.90	2,328.51
	75,844.39	**67,364.89**	**72,929.63**
Unallocable / Eliminations	(102.57)	(80.14)	(30.09)
Total Capital Employed	**75,741.82**	**67,284.75**	**72,899.54**

* In Fiscal year 2018 our reporting segments was changed to "APMEA", "Europe" and "Others" from "APMEA", "EA (Europe and Americas)" and "Others". Therefore, the figures for the year ended March 31, 2017 have been reclassified accordingly.

This is the selected explanatory notes to the Unaudited Condensed Consolidated Interim Financial Statements referred in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N / N500013

For and on behalf of Board of Directors of
Apollo Tyres Limited

David Jones
Partner
Membership No. 98113

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

Place: Gurgaon
Date: 03 October, 2017

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Independent Auditor's Report

TO THE MEMBERS OF APOLLO TYRES LTD.

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of **Apollo Tyres Ltd.** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), its associate and its joint venture, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate and Joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and its joint venture and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on the subsidiaries, associate and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint venture as at

March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

OTHER MATTERS

(a) We did not audit the financial statements of 41 subsidiaries, whose financial statements reflect total assets of ₹ 71,107.39 Million as at March 31, 2017, total revenues of ₹ 62,147.61 Million and net cash outflows amounting to ₹ 1,062.07 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 3.05 Million for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate and a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint venture and associate is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 1,731.74 Million as at March 31, 2017, total revenues of Nil and net cash inflows amounting to ₹ 0.81 Million for the year ended on that date, as considered in the consolidated Ind AS financial statements. This financial statement is unaudited and has been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is not material to the Group.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent, none of the directors of the Parent company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's internal financial controls over financial reporting. The parent company does not have any subsidiary companies, associates and joint ventures incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and joint venture.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent other than ₹ 4.99 Million (₹ 4.36 Million as on March 31, 2016 and ₹ 3.60 Million as on April 1, 2015) which has not been transferred as per the orders/instructions of the Special Court (Trial of Offences relating to Transactions in Securities), Mumbai. The Parent does not have any subsidiary companies, associates and joint venture companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 08, 2016 of the Ministry of Finance, during the period from November 08, 2016 to December 30, 2016 of the Parent Company. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by the parent Company for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the management of the Parent Company. The Parent Company does not have any subsidiary companies, associates and joint venture companies incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Gurgaon,
May 5, 2017

ANNEXURE "A"
TO THE INDEPENDENT AUDITORS' REPORT

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Apollo Tyres Ltd. (hereinafter referred to as "the parent") as of that date. The parent does not have any subsidiary companies, associates and joint venture companies incorporated in India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the parent is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the parent's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the parent has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

M. K. ANANTHANARAYANAN
Partner
(Membership No. 19521)

Gurgaon,
May 5, 2017

Consolidated Balance Sheet

AS AT MARCH 31, 2017

₹ Million

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. ASSETS				
1. Non-Current Assets				
(a) Property, plant & equipments	B1	60,381.65	45,559.49	45,613.91
(b) Capital work-in-progress		28,723.43	9,694.07	2,197.02
(c) Goodwill	C4	1,773.58	1,982.37	–
(d) Other intangible assets	B1	4,759.77	4,594.20	1,979.15
(e) Intangible assets under development		427.49	242.29	–
(f) Financial assets				
i. Investment in joint venture	C20	–	29.70	58.27
ii. Other investments	B2	17.49	12.08	10.63
iii. Loans	B3	24.14	21.50	15.05
iv. Other financial assets	B4	973.82	1,421.76	1,560.61
(g) Deferred tax assets (net)	C11	629.26	602.08	319.69
(h) Other non-current assets	B5	5,199.24	6,357.35	1,072.25
Total Non-Current Assets		**102,909.87**	**70,516.89**	**52,826.58**
2. Current Assets				
(a) Inventories	B6	26,455.26	19,390.88	17,636.13
(b) Financial assets				
i. Investments	B7	3,944.44	5,017.68	1,083.05
ii. Trade receivables	B8	11,274.96	10,843.48	9,589.52
iii. Cash and cash equivalents	B9	3,308.94	5,899.93	5,868.98
iv. Other bank balances	B10	60.23	42.06	76.92
v. Loans	B11	38.94	36.95	14.78
vi. Other financial assets	B12	410.76	810.45	971.75
(c) Other current assets	B13	4,601.36	3,503.98	2,791.93
Total Current Assets		**50,094.89**	**45,545.41**	**38,033.06**
3. Assets held for sale		–	475.93	492.56
TOTAL ASSETS (1+2+3)		**153,004.76**	**116,538.23**	**91,352.20**
B. EQUITY AND LIABILITIES				
1. Equity				
(a) Equity share capital	B14	509.02	509.02	509.09
(b) Other equity		72,390.52	65,537.13	53,681.27
Total Equity		**72,899.54**	**66,046.15**	**54,190.36**
LIABILITIES				
2. Non-Current Liabilities				
(a) Financial liabilities				
i Borrowings	B15	21,559.04	6,492.72	4,104.98
ii Other financial liabilities	B16	504.97	521.27	1.59
(b) Provisions	B17	343.75	364.36	402.97
(c) Deferred tax liabilities (net)	C11	7,661.14	7,011.84	6,110.48
(d) Other non-current liabilities	B18	5,217.17	1,628.72	1,391.67
Total Non-Current Liabilities		**35,286.07**	**16,018.91**	**12,011.69**
3. Current Liabilities				
(a) Financial liabilities				
i. Borrowings	B19	10,886.27	7,398.99	4,666.36
ii. Trade payables	B20	17,317.56	15,431.67	8,909.97
iii. Other financial liabilities	B21	8,945.65	4,224.34	5,219.76
(b) Other current liabilities	B22	2,553.23	2,657.93	2,903.99
(c) Provisions	B23	4,042.67	3,291.67	2,845.06
(d) Current tax liabilities (net)	B24	1,073.77	1,468.57	605.01
Total Current Liabilities		**44,819.15**	**34,473.17**	**25,150.15**
TOTAL EQUITY AND LIABILITIES (1+2+3)		**153,004.76**	**116,538.23**	**91,352.20**
See accompanying notes forming part of the financial statements				

In terms of our report attached

For DELOITTE HASKINS & SELLS
Chartered Accountants

M. K. ANANTHANARAYANAN
Partner

Gurgaon
May 5, 2017

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Consolidated Statement of Profit & Loss

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
1. Revenue from Operations			
Gross sales		140,528.89	127,428.64
Other operating income	B25	1,170.67	1,086.68
		141,699.56	**128,515.32**
2. Other Income	B26	1,541.27	679.80
3. Total Revenue (1 +2)		**143,240.83**	**129,195.12**
4. Expenses			
(a) Cost of materials consumed	B27	60,449.61	53,542.17
(b) Purchase of stock-in-trade	B27	10,807.37	6,057.54
(c) Changes in inventories of finished goods, work-in progress & stock-in-trade		(2,356.44)	(51.82)
(d) Excise duty on sales		9,899.20	10,029.73
(e) Employee benefits expense	B27	17,420.70	15,707.87
(f) Finance costs	B28	1,028.81	926.01
(g) Depreciation & amortisation expense	B1	4,618.13	4,267.87
(h) Other expenses	B27	27,014.95	23,255.22
Total Expenses		**128,882.33**	**113,734.59**
5. Profit before Exceptional items and Tax (3 - 4)		14,358.50	15,460.53
6. Exceptional items		–	477.71
7. Share of loss in Joint Venture		(3.05)	(31.75)
8. Profit before Tax (5 + 6 + 7)		**14,355.45**	**15,906.49**
9. Tax Expense	C11		
(a) Current tax expense		2,763.88	4,318.77
(b) MAT credit		(225.74)	–
(c) Net current tax expense		**2,538.14**	**4,318.77**
(d) Deferred tax		827.32	358.12
Total		**3,365.46**	**4,676.89**
10. Profit after Tax (8 - 9)		10,989.99	11,229.60
11. Other Comprehensive Income			
I i. Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(9.22)	57.56
ii. Income tax		2.15	(2.57)
		(7.07)	**54.99**
II i. Items that may be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		(2,815.14)	1,885.77
(b) Effective portion of loss on designated portion of hedging instruments in a cash flow hedge		(118.66)	(19.80)
		(2,933.80)	**1,865.97**
ii. Income tax		41.07	6.85
		(2,892.73)	**1,872.82**
Other Comprehensive Income (I + II)		**(2,899.80)**	**1,927.81**
Total Comprehensive Income (10 + 11)		**8,090.19**	**13,157.41**
Earnings per equity share of ₹ 1 each:	C28		
(a) Basic		21.59	22.06
(b) Diluted		21.59	22.06
See accompanying notes forming part of the financial statements			

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

Consolidated Statement of Changes in Equity

OTHER EQUITY

₹ Million

Particulars	Reserves and Surplus									Items of other comprehensive income				Total
	Securities premium reserve	General reserve	Capital reserve on consolidation	Capital reserve on Mauritius merger	Debenture redemption reserve	Capital subsidy	Capital redemption reserve	Capital reserve on forfeiture of shares	Retained earnings	Revaluation surplus	Foreign currency translation reserve	Actuarial gain/ (loss)	Cash flow hedge reserve	
Balance at April 1, 2015	**6,085.71**	**10,006.63**	**2,664.95**	**1,383.68**	**958.33**	**25.50**	**44.40**	**–**	**36,814.72**	**31.22**	**(3,889.01)**	**(459.17)**	**14.31**	**53,681.27**
Profit for the year									11,229.60					11,229.60
Other comprehensive income (OCI) for the year											1,885.77	57.56	(19.80)	1,923.53
Income tax on OCI items												(2.57)	6.85	4.28
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**11,229.60**	**–**	**1,885.77**	**54.99**	**(12.95)**	**13,157.41**
Payment of dividend (₹ 2 per share)									(1,018.05)					(1,018.05)
Tax on dividend									(283.57)					(283.57)
Forefeited shares transferred (refer note B 14)								0.07						0.07
Transfer from/(to) retained earnings		1,000.00			(583.33)				(416.67)					–
Balance at March 31, 2016	**6,085.71**	**11,006.63**	**2,664.95**	**1,383.68**	**375.00**	**25.50**	**44.40**	**0.07**	**46,326.03**	**31.22**	**(2,003.24)**	**(404.18)**	**1.36**	**65,537.13**
Profit for the year									10,989.99					10,989.99
Items of other comprehensive income (OCI)											(2,815.14)	(9.22)	(118.66)	(2,943.02)
Income tax on OCI items												2.15	41.07	43.22
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10,989.99**	**–**	**(2,815.14)**	**(7.07)**	**(77.59)**	**8,090.19**
Payment of dividend (₹ 2 per share)									(1,018.05)					(1,018.05)
Tax on dividend									(218.75)					(218.75)
Transfer from/(to) retained earnings		1,000.00			94.12				(1,094.12)					–
Balance at March 31, 2017	**6,085.71**	**12,006.63**	**2,664.95**	**1,383.68**	**469.12**	**25.50**	**44.40**	**0.07**	**54,985.10**	**31.22**	**(4,818.38)**	**(411.25)**	**(76.23)**	**72,390.52**

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

Consolidated Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
A CASH FLOW FROM OPERATING ACTIVITIES				
(i) Net profit before tax		14,355.45		15,906.49
Add: Adjustments for				
Depreciation and amortisation expenses	4,618.13		4,267.87	
Loss on sale of tangible fixed assets (net)	35.17		23.91	
Exceptional items	–		(477.71)	
(Profit) on sale of investments	–		(0.25)	
Dividend from long-term & current investments	(84.59)		(79.72)	
Provision made for doubtful trade receivables/advances	–		86.84	
Provision for impairment of investment & loan in joint venture	185.99		–	
Provision for constructive liability	(10.96)		(7.79)	
Provision for compensated absences & superannuation	(18.13)		47.02	
Liabilities/provisions no longer required written back	(67.66)		(3.24)	
Provision for jubilee benefits	(9.98)		34.46	
Finance cost	1,028.81		926.01	
Interest income	(389.91)		(199.94)	
Provision for estimated loss on derivatives	7.05		(34.40)	
Unwinding of deferred income	(329.87)		(234.40)	
Share of loss in joint venture	3.05		31.75	
Unrealised (gain)/loss on foreign exchange fluctuations	(278.49)	**4,688.61**	(15.36)	**4,365.05**
(ii) Operating profit before working capital changes		**19,044.06**		**20,271.54**
Changes in working capital				
Adjustments for (increase)/decrease in operating assets				
Inventories	(7,827.86)		(163.77)	
Trade receivables	(1,114.08)		(256.47)	
Short term loans	(3.53)		(22.17)	
Other financial assets	(45.80)		146.37	
Other current assets	(1,176.85)		(302.15)	
Long-term loans	(3.35)		(6.45)	
Other non current financial assets	19.10		(149.13)	
Other non-current assets	–	**(10,152.37)**	370.90	**(382.87)**
Adjustments for increase/(decrease) in operating liabilities				
Trade payables	2,743.18		3,820.75	
Other financial liabilities	38.38		142.37	
Other current liabilities	(89.51)		(539.14)	
Other non-current liabilities	(128.69)		(70.46)	
Other non-current financial liabilities	(20.89)		19.43	
Long-term provisions	39.98		(86.34)	
Short-term provisions	814.48	**3,396.93**	302.80	**3,589.41**
(iii) Cash generated from operations		**12,288.62**		**23,478.08**
Less: Direct taxes paid (net of refund)	3,264.08		3,913.62	
Add: Exceptional item	–	**3,264.08**	(1,660.51)	**2,253.11**
Net Cash Flow from Operating Activities (A)		**9,024.54**		**21,224.97**
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(33,189.89)		(16,212.86)	
Proceeds from sale of fixed assets	77.53		55.16	
Proceeds from sale of assets held for sale	475.93		–	
Investment on acquisition of subsidiary	–		(2,893.37)	
Investments in mutual funds	(2,226.76)		(134.63)	
Long-term investment made	(5.52)		(2.04)	
Proceeds from sale of long-term investment	0.11		0.84	
Long-term fixed term deposits with banks matured	7.30		39.93	
Investment in inter corporate deposits	3,300.00		(3,800.00)	
Dividends received from long-term & current investments	84.59		79.72	
State aid subsidy received	1,653.43		–	

Consolidated Cash Flow Statement (Contd.)

FOR THE YEAR ENDED MARCH 31, 2017

₹ Million

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
Interest received	404.33		39.61	
Net Cash used in Investing Activities (B)		**(29,418.95)**		**(22,827.64)**
C CASH FLOW FROM FINANCING ACTIVITIES				
Long-term borrowings (net of repayments)	15,781.36		582.25	
Short-term borrowings (net of repayments)	5,060.02		(880.37)	
Payment of dividends (including dividend tax)	(1,236.80)		(1,301.62)	
Finance charges paid	(658.28)		(946.87)	
Net Cash Flow from/(used in) Financing Activities (C)		**18,946.30**		**(2,546.61)**
D EFFECT OF FOREIGN CURRENCY FLUCTUATION ARISING OUT OF CONSOLIDATION (D)		(640.28)		59.92
Net decrease in cash & cash equivalents (A+B+C+D)		**(2,088.39)**		**(4,089.36)**
Cash & cash equivalents as at the beginning of the year		5,899.93		5,868.98
Less: Cash credits/bank overdrafts as at the beginning of the year		3,624.12		1.16
		2,275.81		**5,867.82**
Loss/(gain) on reinstatement of foreign currency cash & cash equivalents		4.36		(6.57)
Adjusted cash & cash equivalents as at beginning of the year		**2,280.17**		**5,861.25**
Cash & cash equivalents acquired on acquisition of subsidiary during the year		–		508.28
Cash & cash equivalents as at the end of the year		3,308.94		5,899.93
Less: Cash credits/bank overdrafts as at the end of the year		3,117.81		3,624.12
		191.13		**2,275.81**
Loss/(gain) on reinstatement of foreign currency cash & cash equivalents		0.65		4.36
Adjusted cash & cash equivalents as at the end of the year		**191.78**		**2,280.17**

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

M. K. ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

A. Notes

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP CORPORATE INFORMATION

The Apollo Tyres Group consists of Apollo Tyres Limited (the 'Company'), the ultimate holding company with several foreign subsidiaries, an associate and a joint venture (together the 'Group'). Established in 1972, the Group is in the business of manufacture and sale of tyres. The Group has its headquarters in Gurgaon, India and operations all across the globe.

The product portfolio of the Group consists tyres of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck–bus, agriculture, industrial, specialty, bicycle and off highway tyres, retreading material and tyres, alloy wheels and two wheeler tyres.

2. RECENT ACCOUNTING PRONOUNCEMENTS STANDARDS ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7 *Statement of cash flows* and Ind AS 102 *Share-based payment*. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 *Statement of cash flows* and IFRS 2 *Share-based payment* respectively. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7 *Statement of cash flows*

The amendment to Ind AS 7 *Statement of cash flows* requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102 *Share-based payment*

The amendment to Ind AS 102 *Share-based payment* provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

3. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015.

Beginning April 1, 2016, the Group has for the first time adopted Ind AS with a transition date of April 1, 2015. The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

3.2 Basis of Preparation and Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/

or disclosure purposes in these consolidated financial statements is determined on above basis, except for share-based payment transactions that are within the scope of Ind AS 102 *Share Based Payment*, lease transactions that are within the scope of Ind AS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 *Inventories* or value in use in Ind AS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

3.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- has the ability to use its power to affect its return; and
- is exposed, or has rights, to variable returns from its involvement with the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Taxes* and Ind AS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair values at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations involving entities or businesses under common control has been accounted for using the pooling of interests method.

The pooling of interest method is considered to involve the following:

(i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

(iii) The financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the business combination.

(iv) The identity of the reserves has been preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.

3.5 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit and loss of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Groups investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109 *Financial Instruments.* The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.6 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 *Financial Instruments* unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.7 Inventories

Inventories are valued at the lower of cost and estimated net realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work-in-progress, incurred in bringing such inventories to their present location and condition. Trade discounts or rebates are deducted in determining the costs of purchase. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable income tax laws of the country in which the respective entities in the group are incorporated. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which the temporary differences can be utilised and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Property, Plant and Equipment (PPE)

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. For qualifying assets, borrowing costs are capitalised in accordance with the Ind AS 23 *Borrowing Costs.* Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are capitalised at costs relating to the acquisition and installation (net of Cenvat/VAT credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The estimated average useful life considered for the assets are as under.

Category of Assets	No. of Years
Building	5 - 60
Plant & Machinery	5 - 25
Moulds	4 - 8
Material Handling Equipments	4 - 15
Computer Hardware	3 - 5
Motor Vehicles	4 - 10
Furniture & Fixtures	4 - 10
Office Equipment	4 - 10

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The Company has applied Ind AS 16 *Property, Plant and Equipment* retrospectively to its PPE and has not availed deemed cost exemption as available under Ind AS 101 *First-time Adoption of Indian Accounting Standards.*

3.10 Intangible Assets

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

The intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the group for its use. The amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

Derecognition of intangible assets

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

b) Research and Development Expenses

Internally generated intangible assets -Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, Plant and Equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for Property, Plant and Equipment.

The estimated average useful life considered for the major intangible assets are as under.

Category of Assets	No. of Years
Computer Software	3 - 6
Capitalised Development	6

c) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.11 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 *Property, Plant and Equipment* requirements for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations.*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.12 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances.

Revenue from sale of goods is recognized when the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership of the goods to the buyer which generally coincides with the delivery of goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold;
- the amount of revenue can be measured reliably:
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognised when it is probable that the economic benefits associated with the transactions will flow to the group and related services have been rendered.

3.13 Other Income

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.14 Employee Benefits

Employee benefits include wages & salaries, social security cost and other pension costs incurred by the group.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined Benefit Plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Other Short-term and long-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.15 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Revenue grant is recognised as an income in the period in which related obligation is met.

Export Incentives earned in the year of exports are treated as income and netted off from cost of raw material imported.

3.16 Foreign Currency Transactions and Translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation) are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on translation, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In addition, in relation to a partial disposal of subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to the non controlling interests and are not recognised in the profit or loss. For all other partial disposals (i.e partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to the identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3.17 Employee Share Based Payments

Stock appreciation rights (Phantom stock units) are granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan).

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Lease (The Group as lessee)

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating Lease (The Group as lessee)

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed or the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.20 Earnings per Share

Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

3.21 Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.22 Provisions and Contingencies

A provision is recognized when the Group has a present obligation (legal/constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the expected cost of sales related obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the group's obligation.

3.23 Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.24 Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.24.1 Classification of financial asset

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment loss [except for investments that are designated as at fair value through profit or loss (FVTPL) on initial recognition]:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

3.24.2 Amortised cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the Other Income.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

3.24.3 Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for equity instruments which are not held for trading.

Debt instrument that do not meet the amortised cost criteria or fair value through other comprehensive income criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the fair value through other comprehensive income criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the other income line item. Dividend on financial assets at FVTPL is recognised when the group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

3.24.4 Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial assets, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instruments.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11, *Construction contracts* and Ind AS 18, *Revenue* the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

3.24.5 De recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.24.6 Foreign Exchange gains and losses

The fair value of finanacial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL,the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in hedging relationship.

3.25 Financial Liabilities and Equity Instruments

3.25.1 Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.25.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.25.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

3.25.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 *Financial Instruments* permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109 *Financial Instruments*.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

3.25.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.25.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 *Financial Instruments*; and

- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 18 *Revenue*.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the Other income.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

3.25.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.26 Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.27 Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the Other income line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Group has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Group makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option .

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.28 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash – generating units (or groups of cash-generating units). A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.29 First-time adoption - mandatory exceptions and optional exemptions

3.29.1 Overall principle

The Group has prepared the opening consolidated balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required under Ind AS, not recognising items of assets and liabilities which are not permitted under Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

3.29.2 Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

3.29.3 Determining whether an arrangement contains a lease

The group has applied Appendix C of Ind AS 17 *Determining whether an Arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Optional Exemptions:

3.29.4 Past business combinations

The Group has elected not to apply Ind AS 103 *Business Combinations* retrospectively to past business combinations that occurred before the date of April 1, 2009. Consequently,

- The Group has kept the same classification for those business combinations as in its previous financial statements.
- The Group has not recognised assets and liabilities that were not recognised in accordance

with the previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance of the acquiree;

- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;

- The effect of the above adjustments have been given to the measurement of deferred tax.

3.29.5 Accounting for Pan Aridus

Pan Aridus was accounted for using the proportionate consolidation method under previous GAAP whereas it needs to be accounted using the equity method under Ind AS. Therefore, as required by Ind AS 101 *First-time Adoption of Indian Accounting Standards*, the Group has:-

- On the transition date, recognised investment in Pan Aridus by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Group had proportionately consolidated under previous GAAP as of the transition date.

- The investment amount has been deemed to be the cost of investment at initial recognition.

- The Group has tested the investment in Pan Aridus for impairment as of the transition date.

- After initial recognition at the transition date, the Group has accounted for Pan Aridus using the equity method in accordance with Ind AS 28 *Investments in Associates and Joint Ventures; and*

- The breakdown of assets and liabilities of Pan Aridus that have been aggregated into the single line investment balance at the transition date is below.

₹ Million

	As at April 01, 2015
Assets	
Property, plant and equipment	159.04
Other non-current assets	0.24
Current assets	0.67
Total	**159.95**
Eliminations	(55.76)
Net Assets (a)	104.19

₹ Million

	As at April 01, 2015
Liabilities	
Borrowings	65.02
Lease liability	1.95
Other current liabilities	39.77
Total	**106.74**
Elimination	(67.44)
Net liabilities (b)	39.30
Foreign exchange translation difference (c)	(6.62)
Net investment (a - b + c)	58.27

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Ind AS requires management to make certain judgments and estimates that may effect the application of accounting policies, reported amounts and related disclosures.

These judgments and estimates may have an impact on the assets and liabilities, disclosure of contingent liabilities at the date of the financial statements, and income and expense items for the period under review. Actual results may differ from these judgements and estimates.

All assumptions, expectations and forecasts that are used as a basis for judgements and estimates in the consolidated financial statements represent as accurately an outlook as possible for the group. These judgements and estimates only represent our interpretation as of the dates on which they were prepared.

Important judgements and estimates relate largely to provisions, pensions, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

B. Notes

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

B1 PROPERTY, PLANT & EQUIPMENTS AND OTHER INTANGIBLE ASSETS AS AT MARCH 31, 2017

₹ Million

Description of Assets	GROSS BLOCK						ACCUMULATED DEPRECIATION/AMORTIZATION						NET BLOCK	
	As at March 31, 2016	Additions (c)	Additions through business combinations	Disposals	Effect of foreign currency translation (e)	As at March 31, 2017	As at March 31, 2016	Depreciation/ amortisation expense for the year	Additions through business combinations	Eliminated on disposal of assets	Effect of foreign currency translation (e)	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
A. Property, Plant & Equipments														
Freehold land**	2,419.24	–	–	–	(229.30)	2,189.94	–	–	–	–	–	–	2,189.94	2,419.24
Leasehold land*	189.64	–	–	–	–	189.64	16.27	2.12 (a)	–	–	–	18.39	171.25	173.37
Buildings**	12,540.46	2,406.01 (b)	–	–	(368.41)	14,578.06	4,511.91	357.42	–	–	(183.54)	4,685.79	9,892.27 (d)	8,028.55
Plant and equipment**	79,210.58	16,834.79 (b)	–	500.87	(3,152.02)	92,392.48	46,545.57	3,317.01	–	441.75	(2,487.25)	46,933.58	45,458.90	32,665.01
Electrical installation	1,545.80	435.63 (b)	–	0.88	–	1,980.55	806.37	161.81	–	0.82	–	967.36	1,013.19	739.43
Furniture & fixtures**	2,224.47	358.94 (b)	–	20.82	(81.96)	2,480.63	1,345.38	185.16	–	20.01	(42.37)	1,468.16	1,012.47	879.09
Office equipments	851.38	105.28 (b)	–	0.72	(67.90)	888.04	574.83	70.00	–	0.71	(48.05)	596.07	291.97	276.55
Vehicles**	880.02	154.98 (b)	–	130.81	(25.75)	878.44	501.77	126.36	–	78.11	(23.24)	526.78	351.66	378.25
Total Tangible Assets	**99,861.59**	**20,295.63**	**-**	**654.10**	**(3,925.34)**	**115,577.78**	**54,302.10**	**4,219.88**	**-**	**541.40**	**(2,784.45)**	**55,196.13**	**60,381.65**	**45,559.49**
B. Other Intangible Assets														
Computer software	2,803.29	239.11 (b)	–	–	(202.34)	2,840.06	1,925.55	208.14	–	–	(125.99)	2,007.70	832.36	877.74
Trademarks#	2,018.80	1.76	–	–	(166.09)	1,854.47	43.77	0.07	–	–	(2.73)	41.11	1,813.36	1,975.03
Capitalised development	3,534.58	739.68 (b)	–	–	(336.33)	3,937.93	2,118.74	190.04	–	–	(186.08)	2,122.70	1,815.23	1,415.84
Other intangibles#	325.59	–	–	–	(26.77)	298.82	–	–	–	–	–	–	298.82	325.59
Total Other Intangible Assets	**8,682.26**	**980.55**	**–**	**–**	**(731.53)**	**8,931.28**	**4,088.06**	**398.25**	**–**	**–**	**(314.80)**	**4,171.51**	**4,759.77**	**4,594.20**

B1 PROPERTY, PLANT & EQUIPMENTS AND OTHER INTANGIBLE ASSETS AS AT MARCH 31, 2016

₹ Million

Description of Assets	GROSS BLOCK						ACCUMULATED DEPRECIATION/AMORTISATION						NET BLOCK	
	As at April 1, 2015	Additions (c)	Additions through business combinations	Disposals	Effect of foreign currency translation (e)	As at March 31, 2016	As at April 1, 2015	Depreciation/ amortisation expense for the year	Additions through business combinations	Eliminated on disposal of assets	Effect of foreign currency translation (e)	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
A. Property, Plant & Equipments														
Freehold land**	2,286.19	5.50	29.50	110.71	208.76	2,419.24	–	–	–	–	–	–	2,419.24	2,286.19
Leasehold land*	172.19	17.45	–	–	–	189.64	14.30	1.97 (a)	–	–	–	16.27	173.37	157.89
Buildings**	11,996.50	414.05 (b)	84.93	350.82	395.80	12,540.46	4,025.67	424.93	16.67	158.38	203.02	4,511.91	8,028.55 (d)	7,970.83
Plant and equipment**	74,987.76	2,487.93 (b)	551.76	2,215.07	3,398.20	79,210.58	41,986.77	2,853.26	446.67	1,400.11	2,658.98	46,545.57	32,665.01	33,000.99
Electrical installation	1,468.67	80.34 (b)	–	3.21	–	1,545.80	654.92	151.69	–	0.24	–	806.37	739.43	813.75
Furniture & fixtures**	2,023.43	152.42 (b)	45.35	77.34	80.61	2,224.47	1,167.75	167.41	35.33	64.81	39.70	1,345.38	879.09	855.68
Office equipments	167.02	10.46 (b)	637.47	2.53	38.96	851.38	40.48	30.93	482.78	1.65	22.29	574.83	276.55	126.54
Vehicles**	808.90	138.07 (b)	12.51	107.63	28.17	880.02	406.86	121.56	6.15	57.84	25.04	501.77	378.25	402.04
Total Tangible Assets	**93,910.66**	**3,306.22**	**1,361.52**	**2,867.31**	**4,150.50**	**99,861.59**	**48,296.75**	**3,751.75**	**987.60**	**1,683.03**	**2,949.03**	**54,302.10**	**45,559.49**	**45,613.91**
B. Other Intangible Assets														
Computer software	1,519.93	853.19 (b)	439.08	158.76	149.85	2,803.29	1,300.53	283.73	348.43	125.71	118.57	1,925.55	877.74	219.40
Trademarks#	904.31	5.75	965.44	–	143.30	2,018.80	33.95	7.50	–	–	2.32	43.77	1,975.03	870.36
Capitalised development	2,645.35	584.58 (b)	–	–	304.65	3,534.58	1,755.96	169.36	–	–	193.42	2,118.74	1,415.84	889.39
Other intangibles#	–	–	312.99	–	12.60	325.59	–	–	–	–	–	–	325.59	–
Total Other Intangible Assets	**5,069.59**	**1,443.52**	**1,717.51**	**158.76**	**610.40**	**8,682.26**	**3,090.44**	**460.59**	**348.43**	**125.71**	**314.31**	**4,088.06**	**4,594.20**	**1,979.15**

₹ Million

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Depreciation and amortisation on property, plant & equipments	4,219.88	3,751.75
Depreciation and amortisation on other intangible assets	398.25	460.59
Depreciation/diminution in value of assets held for sale	–	55.53
Depreciation and amortisation charged to the consolidated statement of profit & loss	4,618.13	4,267.87

* Leasehold land is net of ₹ **5.39 Million** (₹ 5.39 Million as at March 31, 2016) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

** Plant & equipment, Land, Buildings, Furniture & fixtures and Vehicles includes Fixed assets held for sale with a gross book value of **Nil** (Nil as at March 31, 2016 and ₹ 2,198.19 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 115.44 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 365.80 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 68.23 Million as at April 1, 2015) & **Nil** (Nil as at March 31, 2016 and ₹ 2.03 Million as at April 1, 2015) and a net book value of **Nil** (Nil as at March 31, 2016 and ₹ 824.10 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 115.44 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 200.65 Million as at April 1, 2015), **Nil** (Nil as at March 31, 2016 and ₹ 11.39 Million as at April 1, 2015) & **Nil** (Nil as at March 31,2016 and ₹ 0.19 Million as at April 1, 2015) respectively.

Plant & equipment includes jointly owned assets with a gross book value of ₹ **311.28 Million** (₹ 311.28 Million as at March 31, 2016) and a net book value of ₹ **263.22 Million** (₹ 275.76 Million as at March 31, 2016) which represents 50% ownership in the asset.

Plant & equipment includes assets taken on finance lease with a gross book value of ₹ **400.00 Million** (₹ 400.00 Million as at March 31, 2016), and a net book value of ₹ 2**00.04 Million** (₹ 216.83 Million as at March 31, 2016).

\# Trademarks includes amount of ₹ 1,812.59 Million (₹ 1,974.97 Million as at March 31, 2016 and ₹ 870.36 Million as at April 1, 2015) and other intangibles of ₹ 298.82 Million (₹ 325.59 Million as at March 31, 2016 and Nil as at April 1, 2015) have been determined to have indefinite useful life.

(a) Represents proportionate lease premium ₹ **2.12 Million** (₹ 1.97 Million as at March 31, 2016) amortised.

(b) Buildings include ₹ **22.66 Million** (₹ 174.33 Million as at March 31, 2016), Plant & equipment includes ₹ **85.76 Million** (₹ 114.89 Million as at March 31, 2016), Electrical installations include ₹ **0.16 Million** (₹ 30.48 Million as at March 31, 2016), Furniture & fittings include ₹ **7.03 Million** (₹ 41.30 Million as at March 31, 2016), office equipment include ₹ **1.46 Million** (Nil as at March 31, 2016), Vehicles include ₹ **0.13 Million** (Nil as at March 31, 2016), Computer software include ₹ **12.05 Million** (₹ 9.04 Million as at March 31, 2016) and Capitalised development includes ₹ **739.68 Million** (₹ 584.58 Million as at March 31, 2016) for capital expenditure on Research & development (refer Note C17)

(c) Includes directly attributable expenses capitalised to the extent of ₹ **169.22 Million** (₹ 35.03 Million as at March 31, 2016) and borrowing cost capitalised to the extent of ₹ **233.11 Million** (Nil as at March 31, 2016)

(d) Buildings include Buildings constructed on Leasehold Land with a gross book value of ₹ **9,131.32 Million** (₹ 6,974.19 Million as at March 31, 2016) and net book value of ₹ **6,973.92 Million** (₹ 5,076.62 Million as at March 31. 2016)

(e) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening and closing conversion rates.

(f) Carrying amount of tangible assets are pledged as security for liabilities (refer Note B15 (a)).

(g) Capital work-in-progress includes land of ₹ **11.19 Million** (₹ 10.69 Million as at March 31, 2016) acquired by the Company & is in the process of getting the title deeds transferred to its name.

FINANCIAL ASSETS (NON-CURRENT)
B2 OTHER INVESTMENTS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At fair value through profit and loss			
I Quoted Investments			
(a) Investment in Equity Instruments			
16,394 (16,394 as at March 31, 2016 and 16,394 as at April 1, 2015) Equity shares of ₹ 10/- each in Bharat Gears Ltd. - Fully paid up	1.90	1.04	1.19
(b) Investment in Mutual Funds			
209,965 (193,024 as at March 31, 2016 and 179,562 as at April 1, 2015) units of ₹ 10 each in "UTI Balanced Fund - Dividend Plan - Reinvestment"	6.33	5.11	5.23
Total Quoted Investments (a+b)	**8.23**	**6.15**	**6.42**
II Unquoted Investments			
(c) Investment in Equity Instruments			
312,000 (312,000 as at March 31, 2016 and 312,000 as at April 1, 2015) Equity shares of ₹ 10 each in Green Infra Wind Power Projects Ltd. - Fully paid up.	3.12	3.12	3.12
Nil (Nil as at March 31, 2016 and 5,500 as at April 1, 2015) Equity shares of ₹ 10 each in Suryadev Alloys And Power Pvt Ltd. - Fully paid up.	-	-	0.59
620,000 (620,000 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 0.10 each in OPGS Power Gujarat Pvt Ltd. - Fully paid up.	0.12	0.12	-
196,000 (207,000 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in NSL Wind Power Company Ltd. - Fully paid up.	1.96	2.07	-
12,500 (12,500 as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in Trishul Electric & Powergen Company Ltd. - Fully paid up.	0.13	0.12	-
3,032,875 (Nil as at March 31, 2016 and Nil as at April 1, 2015) Equity shares of ₹ 10 each in Ind Barath Energies Ltd. - Fully paid up	3.43	-	-
(d) Others			
Investment in 5,000 (5,000 as at March 31, 2016 and 5,000 as at April 1, 2015) Equity shares of ₹ 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50	0.50
Total Unquoted Investments (c+d)	**9.26**	**5.93**	**4.21**
Investments carried at fair value through profit and loss (I+II)	**17.49**	**12.08**	**10.63**

B3 LOANS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good			
Employee advances–salary loan	22.50	19.76	12.85
Prepayments-employee Advance-salary loan	1.64	1.74	2.20
	24.14	**21.50**	**15.05**

B4 OTHER FINANCIAL ASSETS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	253.81	252.22	199.32
Prepayments-security deposits	6.66	9.39	8.33
Security deposits to related parties	353.98	323.45	221.28
Prepayments– Security deposits to related parties	143.12	177.60	182.20
Security deposits with govt. authorities	216.25	210.48	169.24
Derivative assets measured at fair value (refer note C15)	–	448.62	780.24
	973.82	**1,421.76**	**1,560.61**

NON-FINANCIAL ASSETS (NON-CURRENT)

B5 OTHER NON-CURRENT ASSETS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital advances-others	4,566.48	6,070.30	628.21
Capital advances to related parties (refer Note C22)	106.45	75.37	79.60
Doubtful capital advances	24.93	24.93	24.93
	4,697.86	**6,170.60**	**732.74**
Less: Provision for doubtful advances	24.93	24.93	24.93
	4,672.93	**6,145.67**	**707.81**
Excise duty recoverable	2.58	2.58	2.57
Investment promotion subsidy receivable from government of Tamil Nadu	–	–	360.18
MAT credit entitlement	225.74	–	–
Advance tax (net)	297.99	209.10	1.69
	5,199.24	**6,357.35**	**1,072.25**

CURRENT ASSETS

B6 INVENTORIES *

(valued at lower of cost and net realisable value)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Raw materials			
- In hand	6,576.92	2,882.30	3,447.77
- In transit	1,912.79	583.24	94.76
	8,489.71	**3,465.54**	**3,542.53**
(ii) Work-in-progress#	1,232.84	1,023.51	936.04
(iii) Finished goods			
- In hand	11,313.65	9,406.22	9,034.72
- In transit	1,542.08	1,098.97	1,151.57
	12,855.73	**10,505.19**	**10,186.29**
(iv) Stock-in-trade			
- In hand	2,233.24	2,924.10	1,611.11
- In transit	145.03	15.45	65.47
	2,378.27	**2,939.55**	**1,676.58**
(v) Stores and spares	1,498.71	1,457.09	1,294.69
	26,455.26	**19,390.88**	**17,636.13**

*The carrying amount of inventories is pledged as security for liabilities (refer note B15(a)).
#Work-in-progress consists of Automotive Tyres only.

FINANCIAL ASSETS (CURRENT)
B7 INVESTMENTS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
At fair value through profit and loss			
Investment in mutual funds*	3,444.44	1,217.68	1,083.05
At amortised cost			
Investment in inter-corporate deposits	500.00	3,800.00	-
	3,944.44	**5,017.68**	**1,083.05**

* Mutual Funds	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of Units	Value (₹ Million)	Number of Units	Value (₹ Million)	Number of Units	Value (₹ Million)
HDFC	15,599	50.06	–	–	–	–
Kotak	151,876	500.81	–	–	–	–
UTI	413,411	1,101.02	–	–	–	–
SBI	58,454	210.28	78,005	201.33	20,000,000	216.56
ICICI	4,747,917	1,101.04	–	–	25,000,000	270.84
Reliance	121,298	481.23	59,449,817	1,016.35	5,000,000	54.01
Birla (Scheme1)	–	–	–	–	25,000,000	270.90
Birla (Scheme 2)	–	–	–	–	25,000,000	270.74
Total	**5,508,555**	**3,444.44**	**59,527,822**	**1,217.68**	**100,000,000**	**1,083.05**

B8 TRADE RECEIVABLES*

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(Unsecured)			
Outstanding for a period exceeding six months from the date they were due for payment			
Considered good	1.09	0.87	1.12
Considered doubtful	299.43	413.57	337.63
Others - considered good**	11,273.87	10,842.61	9,588.40
	11,574.39	**11,257.05**	**9,927.15**
Less: Provision for doubtful trade receivables (refer Note C6)	299.43	413.57	337.63
	11,274.96	**10,843.48**	**9,589.52**

*The carrying amount of trade receivables is pledged as security for liabilities (refer Note B15(a)).
**includes balances with related parties (refer Note C22)

B9 CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Cash on hand	4.24	5.01	4.02
(ii) Cheques on hand/Remittances in transit	742.28	1,136.87	1,633.19
(iii) Balances with banks			
Current accounts	2,291.19	3,958.05	4,035.61
Other deposit accounts			
- original maturity of 3 months or less	271.23	800.00	196.16
	3,308.94	**5,899.93**	**5,868.98**

B10 OTHER BANK BALANCES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unpaid dividend accounts	52.92	42.05	36.98
Deposits with maturity exceeding 3 months	7.31	0.01	39.94
	60.23	**42.06**	**76.92**

B11 LOANS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee advances - salary loan	38.94	36.95	14.78
	38.94	**36.95**	**14.78**

B12 OTHER FINANCIAL ASSETS

₹ Million

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Employee advances - others		6.73		13.42		15.60
Derivative assets measured at fair value (refer Note C15)		220.40		441.61		567.39
Security deposits		110.17		62.34		6.09
Interest accrued on deposits		28.26		75.81		0.96
Loan (including interest accrued) given to joint venture	159.34		143.08		126.88	
Less: Provision for impairment (refer Note C20)	159.34	–	–	143.08	–	126.88
Others		45.20		74.19		254.83
		410.76		**810.45**		**971.75**

NON-FINANCIAL ASSETS (CURRENT)
B13 OTHER CURRENT ASSETS

₹ Million

Particulars			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a.	Advances given to related parties (refer Note C22)		57.20	87.97	45.68
b.	Trade advances		354.22	443.07	723.71
c.	Employee advances - others		60.92	99.59	99.23
d.	Investment promotion subsidy receivable from government of Tamil Nadu		1,000.71	536.21	375.00
e.	Export obligations - advance licence benefit		–	193.49	–
f.	Export incentives recoverable		199.11	187.35	167.87
g.	Balance with government authorities				
	i.	CENVAT recoverable	740.03	465.72	489.72
	ii.	VAT recoverable	1,517.60	864.65	565.82
	iii.	Service tax recoverable	108.01	117.51	91.05
h.	Prepaid expenses		563.56	508.42	233.85
			4,601.36	**3,503.98**	**2,791.93**

B14 EQUITY SHARE CAPITAL

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Authorised			
730,000,000 Nos. (730,000,000 Nos. as at March 31, 2016 and 730,000,000 Nos. as at April 1, 2015) Equity shares of ₹ 1 each	730.00	730.00	730.00
200,000 Nos. (200,000 Nos. as at March 31, 2016 and 200,000 Nos. as at April 1, 2015) Cumulative Redeemable Preference Shares of ₹ 100 each	20.00	20.00	20.00
	750.00	**750.00**	**750.00**
(b) Issued, subscribed, called and fully paid up			
Equity Shares of ₹ 1 each			
509,024,770 (509,024,770 as at March 31, 2016 and 509,024,770 as at April 1, 2015) Equity shares	509.02	509.02	509.02
Add: Forfeited shares: Nil (Nil as at March 31, 2016 and 13,565 as at April 1, 2015) #	–	–	0.07
	509.02	**509.02**	**509.09**

13,565 shares which were forfeited in prior years of ₹ 0.07 Million have been transferred to Capital reserve in previous year ended March 31, 2016.

(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	Amount in ₹ Million	Number of shares	Amount in ₹ Million	Number of shares	Amount in ₹ Million
Opening/Closing balance	509,024,770	509.02	509,024,770	509.02	509,024,770	509.02

(d) Details of shareholders holding more than 5% of the paid up equity share capital of the Company with voting rights

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	%age	Number of shares	%age	Number of shares	%age
Neeraj Consultants Ltd.	72,138,999	14.17%	42,508,142	8.35%	42,508,142	8.35%
Apollo Finance Ltd.	36,759,650	7.22%	36,759,650	7.22%	36,759,650	7.22%
Sunrays Properties & Investment Co. Pvt. Ltd.	35,725,648	7.02%	35,725,648	7.02%	35,725,648	7.02%
Constructive Finance Pvt. Ltd.	–	–	29,630,857	5.82%	29,630,857	5.82%

(e) The rights, preferences and restrictions attached to equity shares of the company

The Company has only one class of issued shares referred to as equity shares having a par value of ₹ 1 each. The holder of equity shares are entitled to one vote per share.

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

NON-CURRENT LIABILITIES
FINANCIAL LIABILITIES (NON-CURRENT)
B15 BORROWINGS

(measured at amortised cost)

₹ Million

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Secured*			
(i)	**Debentures**	6,250.00	1,000.00	1,000.00
(ii)	**Term loans**			
	From banks			
	External commercial borrowings (ECB)	1,713.03	552.14	1,496.28
	Other foreign currency loans	9,867.98	2,862.57	–
	From others			
	International Finance Corporation -Loan A	324.25	662.55	937.50
	International Finance Corporation - Loan B	–	294.47	555.56
	Magyar Import-Export Bank Zrt - Loan C	3,280.29	942.16	–
(iii)	**Finance lease - deferred payment liabilities (refer Note C8)**			
	Deferred payment credit I	48.38	56.10	107.49
	Deferred payment credit II	4.59	7.64	8.15
	Deferred payment credit III	70.52	115.09	–
		21,559.04	**6,492.72**	**4,104.98**

* For details regarding repayment terms, interest rate and nature of security on non-current borrowings (refer note B15 (a)).

NOTE B 15(a)
Debentures

Particulars	Amount outstanding as at March 31, 2017 (₹ Million)		Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at April 1, 2015 (₹ Million)		Rate of interest	Terms of repayment	Details of security offered
	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings			
1,000 - 9.40 % Non-Convertible Debentures of ₹ 1 Million each	–	1,000.00	1,000.00	–	1,000.00	–	9.40%	Bullet repayment on 10-11-17	Refer Note A2 & B1 below
1,000 - 10.15 % Non-Convertible Debentures of ₹ 1 Million each	–	–	–	–	–	1,000.00	10.15%	Bullet repayment on 16-04-15	Refer Note A3 & B1 below
1,250 - 11.50 % Non-Convertible Debentures of ₹ 1 Million each	–	–	–	–	–	416.67	11.50%	Repayment in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16 respectively.	Refer Note A2 & B1 below
1,050 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each	1,050.00	–	–	–	–	–	8.65%	Bullet redemption on 30-04-24	Refer Note B1 below
1,050 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each	1,050.00	–	–	–	–	–	8.65%	Bullet redemption on 30-04-25	Refer Note B1 below
1,150 - 8.65 % Non-Convertible Debentures of ₹ 1 Million each	1,150.00	–	–	–	–	–	8.65%	Bullet redemption on 30-04-26	Refer Note B1 below
1,050 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each	1,050.00	–	–	–	–	–	7.50%	Bullet redemption on 21-10-21	Refer Note B1 below
1,050 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each	1,050.00	–	–	–	–	–	7.50%	Bullet redemption on 21-10-22	Refer Note B1 below
900 - 7.50 % Non-Convertible Debentures of ₹ 1 Million each	900.00	–	–	–	–	–	7.50%	Bullet redemption on 20-10-23	Refer Note B1 below
Total	**6,250.00**	**1,000.00**	**1,000.00**	**–**	**1,000.00**	**1,416.67**			

External Commercial Borrowings from Banks

Particulars	Amount outstanding as at March 31, 2017 (₹ Million)		Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at April 1, 2015 (₹ Million)		Rate of interest	Terms of repayment	Details of security offered
	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings			
Bank 1 - ECB II	–	–	–	82.81	78.13	156.25	2-4% above USD-LIBOR	Repayment in 8 equal installments of USD 1.25 Million half yearly started from 17-12-12	Refer Note A1 & B1 below
Bank 2 - ECB III	–	–	–	–	187.50	375.00	2-4% above USD-LIBOR	Repayment in 2 half-yearly installments of USD 2.50 Million and then 5 half-yearly installments of USD 3.00 Million from 27-06-13	Refer Note A1 & B2 below
Bank 3 - ECB I	–	–	–	–	–	312.50	1-3% above USD-LIBOR	Repayment in 4 equal annual installments of USD 5 Million started from 03-08-12	Refer Note A1 & B2 below
Bank 3 - ECB II	–	–	–	207.05	195.31	195.32	2-4% above USD-LIBOR	Repayment in 4 equal annual installments of USD 3.125 Million started from 16-07-13	Refer Note A1 & B2 below
Bank 4 - ECB I	–	131.84	134.69	134.65	254.08	127.02	2-4% above USD-LIBOR	Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million started from 29-09-15	Refer Note A1 & B1 below
Bank 4 - ECB II	–	188.10	192.18	192.11	362.51	181.23	2-4% above USD-LIBOR	Repayment in 3 equal annual installments of USD 2.90 Million started from 26-10-15	Refer Note A1 & B1 below
Bank 5 - ECB I	–	220.49	225.27	218.65	418.75	206.25	2-4% above USD-LIBOR	Repayment in 3 equal annual installments of USD 3.33 Million started from 28-09-15	Refer Note A1 & B1 below
Bank 6 - ECB I	963.61	–	–	–	–	–	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from FY2019-20	Refer Note B1 below
Bank 6 - ECB II	374.71	–	–	–	–	–	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from 30-09-20	Refer Note B1 below
Bank 6 - ECB III	374.71	–	–	–	–	–	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual installments starting from 30-09-20	Refer Note B1 below
Total	**1,713.03**	**540.43**	**552.14**	**835.27**	**1,496.28**	**1,553.57**			

Other Foreign Currency Loans

Particulars	Amount outstanding as at March 31, 2017 (₹ Million)		Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at April 1, 2015 (₹ Million)		Rate of interest	Terms of repayment	Details of security offered
	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings			
Bank 1	6,560.59	–	1,881.14	–	–	–	EURIBOR + 2.25%	Repayment in 8 semi-annual instalments starting from 11-02-19	Refer Note C1 below
Bank 2	3,280.29	-	942.16	–	–	–	EURIBOR + 1.85%	Repayment in 10 equal semi-annual instalments starting from 11-02-19	Refer Note C1 below
Bank 3	18.23	2.62	22.72	2.92	-	–	2.04%	Monthly payment till 30-08-24	Secured by mortgage on land and building at Bielefeld, Germany
Bank 4	8.87	5.08	16.55	5.51	–	–	4.25%	Monthly payment till 30-11-19	Secured by mortgage on land and building at Cologne, Germany
Bank 5	–	2.00	–	–	–	–	3.90%	Monthly payment till 31-07-21	Secured by mortgage on Cars
Total	**9,867.98**	**9.70**	**2,862.57**	**8.43**	**–**	**–**			

Term Loan from Others

Particulars	Amount outstanding as at March 31, 2017 (₹ Million)		Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at April 1, 2015 (₹ Million)		Rate of interest	Terms of repayment	Details of security offered
	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings			
IFC - Loan A	324.25	324.25	662.55	331.28	937.50	312.50	2-4% above USD-LIBOR	Repayment in 12 half-yearly instalments of USD 2.50 Million each started from 17-06-13	Refer Note A1 & B2 below
IFC - Loan B	–	–	294.47	294.47	555.56	277.78	2-4% above USD-LIBOR	Repayment in 9 half-yearly instalments of USD 2.22 Million each started from 16-12-13	Refer Note A1 & B2 below
Magyar Import-Export Bank Zrt - Loan C	3,280.29	–	942.16	–	–	–	EURIBOR + 1.85%	Repayment in 10 equal semi-annual instalments of Euro 15 Million starting from 11-02-19	Refer Note C1 below
Total	**3,604.54**	**324.25**	**1,899.18**	**625.75**	**1,493.06**	**590.28**			

Finance Lease - Deferred Payment Liabilities

Particulars	Amount outstanding as at March 31, 2017 (₹ Million)		Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at April 1, 2015 (₹ Million)		Rate of interest	Terms of repayment	Details of security offered
	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings	Non-current borrowings	Current maturities of non-current borrowings			
Deferred Payment Credit I	48.38	7.71	56.10	51.39	107.49	47.84	7-8%	Repayment along with Interest in 240 consecutive monthly instalments started from 15-05-07	Wind Mills purchased under the scheme.
Deferred Payment Credit II	4.59	3.08	7.64	4.14	8.15	8.28	8-9%	Repayment along with Interest in 20 equal quarterly instalments started from April, 2010	Engineering materials purchased under the scheme
Deferred Payment Credit III	70.52	35.03	115.09	50.04	-	-	Average 5-6%	Monthly repayments	Items of Plant & Machinery purchased under the lease
Total	**123.49**	**45.82**	**178.83**	**105.57**	**115.64**	**56.12**			

Details of security offered to existing lenders

Note A1 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Kodakara in Kerala, at village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.

Note A2 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.

Note A3 A *pari passu* first charge along with other lenders created by way of mortgage on the Company's Land & premises at village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future

Note B1 A *pari passu* first charge along with other lenders by way of hypothecation over the movable assets of the Company, both present and future (except stocks & book debts).

Note B2 A *pari passu* first charge on the movable assets and *pari passu* second charge on the current assets of the Company.

Note C1 The facility is secured on the current & future fixed assets of the ATH Kft and AVBV. In addition, the facility is also secured by the pledge on : i) the share of ATH Kft; ii) rights and receivables of ATH Kft under project agreements; iii) rights and receivables including insurance receivables, intercompany receivables and shareholder loans (other than trade receivables) of AVBV, ATBV and ATH Kft; and iv) bank accounts of ATBV and ATH Kft.

B16 OTHER FINANCIAL LIABILITIES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Lease escalation	0.08	1.10	1.59
Deferred consideration payable on acquisition of subsidiary (refer Note C4)	457.31	520.17	–
Derivatve liabilties measured at fair value (refer Note C15)	47.58	–	–
	504.97	**521.27**	**1.59**

NON-FINANCIAL LIABILITIES (NON-CURRENT)
B17 PROVISIONS (REFER NOTE C10)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Provision for employee benefits			
Jubilee benefits	154.59	178.64	129.08
(b) Other provisions			
Provision for constructive liability	189.16	185.72	273.89
	343.75	**364.36**	**402.97**

B18 OTHER NON-CURRENT LIABILITIES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits received from dealers	36.70	26.17	14.53
Security deposits received from employees	46.33	50.49	54.61
Pension liability	781.57	887.42	821.46
Deferred revenue arising from government grant (refer Note C12)	4,352.57	664.64	501.07
	5,217.17	**1,628.72**	**1,391.67**

CURRENT LIABILITIES
FINANCIAL LIABILITIES (CURRENT)
B19 BORROWINGS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured (at amortised cost)			
Packing credit*	239.05	319.51	362.40
Cash credit*	71.58	2.55	1.16
Bank overdrafts#	3,046.23	3,621.57	–
Short-term loan from banks**	–	40.24	39.76
Unsecured (at amortised cost)			
Commercial paper	4,500.00	–	–
Packing credit	3,029.41	3,415.12	4,263.04
	10,886.27	**7,398.99**	**4,666.36**

* Cash credits and packing credit are secured by a first charge on raw materials, work-in-progress, stocks, stores and book debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

** Short-term Loan taken at LIBOR+4% p.a. secured by hypothecation of stocks lying in Jebel Ali Warehouse and a demand promissory note for USD 10 Million repayable within 120 days from the date of drawdown of each tranche.

\# Loans taken by Reifencom are secured by a first charge on stock & receivables of Reifencom, both present and future and further supported by corporate guarantee issued by Apollo Tyres Cooperatief U.A. Loans taken by AVBV are secured by a charge on bank balances, inventories & receivables of AVBV.

B20 TRADE PAYABLES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Payable to Micro, Small & Medium Enterprises	38.44	29.77	23.81
Acceptances	2,636.00	1,580.57	187.79
Accounts payable - raw materials & services	10,421.37	9,766.85	5,505.43
Freight & CHA charges payable	723.87	660.25	646.21
Expenses payable	1,641.26	1,457.92	835.84
Employee related payables***	1,825.37	1,895.51	1,679.22
Payable to related parties (refer Note C22)	31.25	40.80	31.67
	17,317.56	**15,431.67**	**8,909.97**

*** Employee related payables includes commission on net profits payable to whole-time directors ₹ **560 Million** (₹ 685 Million as at March 31, 2016 and ₹ 490 Million as at April 1, 2015).

B21 OTHER FINANCIAL LIABILITIES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Maturities of Non-Current Borrowings ****			
Secured			
(a) Debentures	1,000.00	–	1,416.67
(b) Term loan from banks			
External commercial borrowings (ECB)	540.43	835.27	1,553.57
Others	9.70	8.43	–
(c) Term loan from others			
International Finance Corporation - Loan A	324.25	331.28	312.50
International Finance Corporation - Loan B	–	294.47	277.78
(d) Finance lease - deferred payment liabilities (refer Note C8)			
Deferred payment credit I	7.71	51.39	47.84
Deferred payment credit II	3.08	4.14	8.28
Deferred payment credit III	35.03	50.04	–
Total Current Matutities of Non-Current Borrowings	**1,920.20**	**1,575.02**	**3,616.64**
Interest accrued but not due on borrowings	430.73	61.98	151.06
Unclaimed dividends##	52.92	42.05	35.91
Interest payable to Micro, Small & Medium Enterprises	10.58	10.58	10.58
Accounts payable - capital	5,660.76	1,614.13	595.57
Payable to Micro, Small & Medium Enterprises - capex vendors	10.12	7.21	7.21
Payable to related parties (refer Note C22)	27.37	21.64	43.15
Security deposits - vendors	289.73	298.54	287.85
Advances received from customers	401.60	458.60	302.79
Derivative liabilities measured at fair value (refer Note C15)	141.55	134.50	168.90
Lease escalation	0.09	0.09	0.10
	8,945.65	**4,224.34**	**5,219.76**

**** For details regarding repayment terms, interest rate and nature of security on current maturities of non-current borrowings (refer Note B15 (a)).

Includes ₹ **4.99 Million** (₹ 4.36 Million as at March 31, 2016 and ₹ 3.60 Million as at April 1, 2015) which has not been transferred to the Investor Education and Protection Fund under Section 124 of the Companies Act, 2013, as per the orders/ instructions of the special court (trial of offences relating to transactions in securities), Mumbai.

NON-FINANCIAL LIABILITIES (CURRENT)
B22 OTHER CURRENT LIABILITIES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Excise duty on closing stock	355.73	236.51	288.15
Statutory remittances (contribution to PF & ESIC, VAT, CST, custom duty, Service tax, Social security and others)	1,981.52	2,055.30	2,063.27
Export obligations - advance licence benefit	1.63	–	7.67
Gratuity payable (refer Note C13)	3.04	81.14	198.25
Security deposits - dealers/employees	28.77	23.90	66.27
Deferred revenue	54.21	55.84	24.76
Others	128.33	205.24	255.62
	2,553.23	**2,657.93**	**2,903.99**

B23 PROVISIONS (REFER NOTE C10)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for compensated absences	251.60	272.60	224.14
Others			
Provision for constructive liability	32.34	31.00	29.91
Provision for contingencies	790.00	425.00	425.00
Provision for wealth tax	–	–	7.00
Provision for sales related obligations	2,968.73	2,563.07	2,159.01
	4,042.67	**3,291.67**	**2,845.06**

B24 CURRENT TAX LIABILITIES (NET)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for taxation	16,690.02	15,471.97	11,475.05
Less: Advance tax	15,616.25	14,003.40	10,870.04
	1,073.77	**1,468.57**	**605.01**

B25 OTHER OPERATING INCOME

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Investment promotion subsidy from government of Tamil Nadu	464.50	536.21
Unwinding of deferred subsidy income	329.87	234.40
Sale of raw material scrap	293.36	273.95
Early payment discount received from raw material suppliers	82.94	42.12
	1,170.67	**1,086.68**

B26 OTHER INCOME

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest earned on deposits		
- Bank	66.67	94.28
- Others	323.24	105.66
(b) Dividend income from long-term investments		
Unit trust of india	1.81	–
(c) Dividend income from short-term investments		
Mutual funds	82.78	79.72
(d) Other non-operating income		
Unclaimed credit balances/provisions no longer required written back	67.66	3.24
Profit on sale of investments	–	0.25
Gain on fair value change in investments	–	0.71
Gain on foreign exchange fluctuation (net)	680.84	214.04
Miscellaneous receipts	318.27	181.90
	1,541.27	**679.80**

B27 MANUFACTURING AND OTHER EXPENSES

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cost of materials consumed		
Raw materials consumed	60,449.61	53,542.17
Purchase of stock-in-trade		
Purchase of finished goods - tyres, tubes & flaps	10,807.37	6,057.54
Employee benefits expense		
Salaries and wages	14,070.72	12,570.26
Contribution to provident and other funds	2,314.59	2,142.48
Welfare expenses	1,035.39	991.54
Employees stock appreciation rights	–	3.59
	17,420.70	**15,707.87**
Other expenses		
Consumption of stores and spare parts	1,284.11	1,118.88
Power and fuel	3,251.78	3,290.01
Conversion charges	1,292.27	1,103.04
Repairs and maintenance		
- Machinery	550.55	431.86
- Buildings	28.41	22.11
- Others	1,254.72	945.06
Rent	1,887.37	1,348.69
Lease rent - factory	504.37	458.96
Insurance	212.41	198.98
Rates and taxes	218.43	214.35
Directors' sitting fees	8.04	8.04
Commission to non-wholetime directors	60.00	50.00
Loss on sale of tangible fixed assets (net)	35.17	23.91
Provision for impairment of investment & loan in joint venture (refer Note C20)	185.99	–

B27 MANUFACTURING AND OTHER EXPENSES (CONTD.)

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Travelling, conveyance and vehicle expenses	1,418.52	1,417.68
Postage, telephone and stationery	294.31	263.53
Conference expenses	121.39	104.57
Freight and forwarding	5,202.53	4,191.74
Commission on sales	41.04	36.42
Sales promotion expenses	1,290.83	764.87
Advertisement and publicity	2,772.17	2,824.50
Corporate social responsibility expenses	185.00	129.57
Research and development (refer Note C17)	2,709.04	2,239.77
Bank charges	147.37	84.38
Statutory auditors remuneration (refer Note C16)	58.11	54.21
Doubtful receivables / advances provision and written off	–	86.84
Legal and professional expenses	741.33	731.15
Provision for contingencies (refer Note C10)	365.00	–
Miscellaneous expenses	894.69	1,112.10
	27,014.95	**23,255.22**
	115,692.63	**98,562.80**

B28 FINANCE COSTS

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest expense		
Interest on fixed-term loans	151.84	275.21
Interest on debentures	182.42	138.73
Interest on other Loans	627.84	506.98
(b) Other borrowing costs	66.71	5.09
	1,028.81	**926.01**

C. Others Notes

FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 IND AS 101 *FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS* RECONCILIATION

i) Reconciliation of consolidated balance Sheet

Rs. Million

	Particulars	As at March 31, 2016			As at April 1, 2015		
		Previous GAAP	Effect of transition to Ind AS / Regroupings	Ind AS	Previous GAAP	Effect of transition to Ind AS / Regroupings	Opening Ind AS balance sheet
A.	**ASSETS**						
1.	Non-Current Assets						
(a)	Property, plant & equipments	41,092.03	4,467.46	45,559.49	41,559.02	4,054.89	45,613.91
(b)	Capital work-in-progress	9,749.82	(55.75)	9,694.07	2,182.06	14.96	2,197.02
(c)	Goodwill	4,711.40	(2,729.03)	1,982.37	1,165.13	(1,165.13)	-
(d)	Other intangible assets	2,199.29	2,394.91	4,594.20	1,096.33	882.82	1,979.15
(e)	Intangible assets under development	-	242.29	242.29	-	-	-
(f)	Financial assets						
	i. Investment in joint venture	-	29.70	29.70	-	58.27	58.27
	ii. Other investments	9.26	2.82	12.08	7.17	3.46	10.63
	iii. Loans	7,447.62	(7,426.12)	21.50	1,907.37	(1,892.32)	15.05
	iv. Other financial assets	-	1,421.76	1,421.76	-	1,560.61	1,560.61
(g)	Deferred tax assets (net)	405.92	196.16	602.08	296.95	22.74	319.69
(h)	Other non-current assets	-	6,357.35	6,357.35	360.18	712.07	1,072.25
	Total Non-Current assets	**65,615.34**	**4,901.55**	**70,516.89**	**48,574.21**	**4,252.37**	**52,826.58**
2.	Current Assets						
(a)	Inventories	19,454.31	(63.43)	19,390.88	17,782.06	(145.93)	17,636.13
(b)	Financial assets						
	i. Investments	1,216.35	3,801.33	5,017.68	1,000.00	83.05	1,083.05
	ii. Trade receivables	10,843.48	-	10,843.48	9,589.43	0.09	9,589.52
	iii.Cash and cash equivalents	5,941.99	(42.06)	5,899.93	5,945.90	(76.92)	5,868.98
	iv. Other bank balances	-	42.06	42.06	-	76.92	76.92
	v. Loans	6,886.37	(6,849.42)	36.95	2,534.63	(2,519.85)	14.78
	vi. Other financial assets	-	810.45	810.45	-	971.75	971.75
(c)	Other current assets	1,087.95	2,416.03	3,503.98	868.51	1,923.42	2,791.93
	Total current assets	**45,430.45**	**114.96**	**45,545.41**	**37,720.53**	**312.53**	**38,033.06**
3.	Assets classified as held for sale	-	475.93	475.93	-	492.56	492.56
	TOTAL ASSETS (1+2+3)	**111,045.79**	**5,492.44**	**116,538.23**	**86,294.74**	**5,057.46**	**91,352.20**
B.	**EQUITY AND LIABILITIES**						
1.	Equity						
(a)	Equity share capital	509.02	-	509.02	509.09	-	509.09
(b)	Other equity	61,313.07	4,224.06	65,537.13	49,913.88	3,767.39	53,681.27
	Total Equity	**61,822.09**	**4,224.06**	**66,046.15**	**50,422.97**	**3,767.39**	**54,190.36**
	LIABILITIES						
2.	Non-Current Liabilities						
(a)	Financial liabilities						
	i. Borrowings	6,095.73	396.99	6,492.72	3,339.39	765.59	4,104.98
	ii. Other financial liabilities	-	521.27	521.27	-	1.59	1.59
(b)	Provisions	1,337.16	(972.80)	364.36	1,257.82	(854.85)	402.97
(c)	Deferred tax liabilities (net)	5,961.75	1,050.09	7,011.84	5,208.95	901.53	6,110.48
(d)	Other non current liabilities	681.31	947.41	1,628.72	72.68	1,318.99	1,391.67
	Total Non-Current liabilities	**14,075.95**	**1,942.96**	**16,018.91**	**9,878.84**	**2,132.85**	**12,011.69**
3.	Current Liabilities						
(a)	Financial liabilities						
	i. Borrowings	7,400.93	(1.94)	7,398.99	4,666.36	-	4,666.36
	ii.Trade payables	15,487.57	(55.90)	15,431.67	8,926.47	(16.50)	8,909.97
	iii. Other financial liabilities	-	4,224.34	4,224.34	-	5,219.76	5,219.76
(b)	Other current liabilities	5,566.15	(2,908.22)	2,657.93	6,934.35	(4,030.36)	2,903.99
(c)	Provisions	6,693.10	(3,401.43)	3,291.67	5,465.75	(2,620.69)	2,845.06
(d)	Current tax liabilities (net)	-	1,468.57	1,468.57	-	605.01	605.01
	Total Current Liabilities	**35,147.75**	**(674.58)**	**34,473.17**	**25,992.93**	**(842.78)**	**25,150.15**
	TOTAL EQUITY AND LIABILITIES (1+2+3)	**111,045.79**	**5,492.44**	**116,538.23**	**86,294.74**	**5,057.46**	**91,352.20**

ii) Reconciliation of consolidated statement of profit and loss

₹ Million

	Particulars	Year ended March 31, 2016 Previous GAAP	Effect of transition to Ind AS / Regroupings	Ind AS
1	**Revenue from operations**			
	Gross sales	127,107.69	320.95	127,428.64
	Less: Excise duty	10,029.73	(10,029.73)	–
	Other operating income	852.28	234.40	1,086.68
	Total revenue from operations	**117,930.24**	**10,585.08**	**128,515.32**
2	**Other income**	700.38	(20.58)	679.80
3	**Total revenue (1 + 2)**	**118,630.62**	**10,564.50**	**129,195.12**
4	**Expenses**			
(a)	Cost of materials consumed	53,628.60	(86.43)	53,542.17
(b)	Purchase of stock-in-trade	6,057.54	–	6,057.54
(c)	Changes in inventories of finished goods, work-in-progress & stock-in-trade	(51.82)	–	(51.82)
(d)	Excise duty on sales	–	10,029.73	10,029.73
(e)	Employee benefits expense	15,869.60	(161.73)	15,707.87
(f)	Finance costs	915.55	10.46	926.01
(g)	Depreciation & amortisation expense	4,238.89	28.98	4,267.87
(h)	Other expenses	22,743.93	511.29	23,255.22
	Total expenses	**103,402.29**	**10,332.30**	**113,734.59**
5	**Profit before exceptional items & tax (3 - 4)**	15,228.33	232.20	15,460.53
6	**Exceptional items**	477.71	–	477.71
7	**Share of loss in joint venture**	–	(31.75)	(31.75)
8	**Profit before tax (5 - 6)**	**15,706.04**	**200.45**	**15,906.49**
9	**Tax expense**			
(a)	Current tax expense	4,318.77	–	4,318.77
(b)	Deferred tax expense	457.08	(98.96)	358.12
	Total	**4,775.85**	**(98.96)**	**4,676.89**
10	**Profit for the year (7 - 8)**	**10,930.19**	**299.41**	**11,229.60**
11	**Other Comprehensive Income**			
I	i) Items that will not be reclassified to profit or loss			
	a) Remeasurement of defined benefit plans	–	57.56	57.56
	ii) Income tax	–	(2.57)	(2.57)
		–	**54.99**	**54.99**
II	i) Items that may be reclassified to profit or loss			
	a) Exchange differences in translating the financial statements of foreign operations	–	1,885.77	1,885.77
	b) Effective portion of loss on designated portion of hedging instruments in a cash flow hedge	–	(19.80)	(19.80)
		–	**1,865.97**	**1,865.97**
	ii) Income tax	–	6.85	6.85
		–	**1,872.82**	**1,872.82**
	Other Comprehensive Income (I + II)	**–**	**1,927.81**	**1,927.81**
	Total Comprehensive Income (10 + 11)	**10,930.19**	**2,227.22**	**13,157.41**

iii) Reconciliation of consolidated statement of cash flows

₹ Million

Particulars	Year ended March 31, 2016		
	Previous Gaap	Effect of transition to Ind AS / Regroupings	Ind AS
Net cash flows from operating activities	22,007.06	(782.09)	21,224.97
Net cash flows from investing activities	(23,914.22)	1,086.58	(22,827.64)
Net cash flows from financing activities	1,607.62	(4,154.23)	(2,546.61)
Effect of foreign currency fluctuation arising out of consolidation	(166.86)	226.78	59.92
Net increase (decrease) in cash and cash equivalents	**(466.40)**	**(3,622.96)**	**(4,089.36)**
Cash and cash equivalents at the beginning of the period	**5,868.98**	**(1.16)**	**5,867.82**
Cash & cash equivalents acquired on acquisition of subsidiary during the year	508.28	–	508.28
Effects of exchange rate changes on the balance of cash held in foreign currencies	(6.57)	–	(6.57)
Cash and cash equivalents at end of period	**5,904.29**	**(3,624.12)**	**2,280.17**

iv) Reconciliation of cash and cash equivalents

₹ Million

Particulars	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalents for the purpose of statement of cash flows as per previous GAAP	5,904.29	5,862.41
Bank overdrafts which form an integral part of cash management system	(3,624.12)	(1.16)
Cash and cash equivalents for the purpose of statement of cash flows under Ind AS	**2,280.17**	**5,861.25**

v) Equity reconciliation

₹ Million

Particulars	As at March 31, 2016	As at April 1, 2015
Equity as per previous GAAP	**61,822.09**	**50,422.97**
Proposed dividend and dividend tax adjustment	1,225.30	1,225.30
Impact due to retrospective application of business combination	1,100.99	1,180.50
Fair valuation of investment	4.15	86.50
Impact of restatement of long-term borrowings & MTM of related derivative instruments	2.08	21.90
Impact of discounting of security deposits to its present value	(17.51)	(14.53)
Deferred tax impact	224.14	120.91
Impact of retrospective recognition of government grant	2,679.91	2,445.51
Impact of depreciation due to transition adjustment	(1,118.06)	(1,194.92)
Others	123.06	(103.78)
Equity as per Ind AS	**66,046.15**	**54,190.36**

vi) Reconciliation of net profit

₹ Million

Particulars	Year ended March 31, 2016
Net profit as per previous GAAP	**10,930.19**
Fair valuation of investments	(82.34)
Reclassification of actuarial gain impact to other comprehensive income	(57.56)
Deferred tax impact	98.96
Impact of retrospective application of Apollo (Mauritius) Holding Pvt.Ltd. (AMHPL) merger	67.32
Impact of retrospective recognition of government grant	234.40
Impact of depreciation due to transition adjustment	34.72
Others	3.91
Net profit as per Ind AS	**11,229.60**
Other Comprehensive Income (net of tax)	1,927.81
Total Comprehensive Income (net of tax)	**13,157.41**

vii) Notes to Ind AS 101 *First time Adoption of Indian Accounting Standards* reconciliation

a Business Combinations

Effect of retrospective application of Ind AS 103 *Business Combinations* for AVBV acquisition and AMHPL merger and the effect of application of Ind AS 103 *Business Combinations* for acquisition of Reifencom Gmbh during the year ended March 2016 (refer Note C4).

b Investment in joint venture

Under previous GAAP, Group had accounted its interest in the joint venture in the consolidated financial statement on proportionate consolidation method

On transition to Ind AS the Group has assessed and determined that joint venture has to be accounted for using the equity method as against proportionate consolidation method.

For the application of equity method, the initial investment, as at the date of transition, is regarded as a deemed cost and measured as the aggregate of carrying amount of assets and liabilities that the Group had previously proportionately consolidated including any goodwill arising on acquisition.

c Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains or losses are required to be presented in other comprehensive income, which is reported alongwith the other equity.

d Under previous GAAP, other investments were carried at cost. As per Ind AS, these investments are carried at fair value through profit and loss.

e Under previous GAAP, in respect of a subsidiary, raw material inventories were valued using First in First Out basis whereas the Group accounting policy for inventory valuation is moving weighted average. Under Ind AS, the subsidiary's policy has been aligned with the Group accounting policy.

f Under previous GAAP, foreign currency borrowings were stated at historical rate and derivative contracts were accounted in accordance with AS 11 *The Effects of Changes in Foreign Exchange Rates* whereas under Ind AS, the borrowings are restated at closing rate and a corresponding derivative asset/ liability is recognised separately at fair value. The derivatives are accounted for based on mark to market value as on the balance sheet date.

g Under previous GAAP, the Company had accounted the proposed dividend and corresponding dividend tax in the financial year to which it relates as and when the same is proposed by the board of directors, however under Ind AS, the same has to be accounted and reported in the year in which it is approved by the shareholders and paid.

h Under previous GAAP, excise duty and certain sales related obligations had been netted off with income from sale of Tyres, Tubes and Flaps, however under Ind AS, these items have been shown under expenses.

i Under previous GAAP, net interest cost on valuation of defined benefit obligation was recognised as part of employee benefit expense whereas the same is considered as part of finance cost under Ind AS.

j Under previous GAAP, actuarial gains and losses arising on valuation of defined benefit obligations were recognised in consolidated statement of profit and loss as part of employee benefit expense whereas the same has been recognised as a component of other comprehensive income under Ind AS.

k Under previous GAAP, security deposits were recognised based on historical cost. However under Ind AS, the same has been accounted for as per amortised cost using effective interest rate. Accordingly interest income on such deposits has been recognised as part of other income and unwinding of security deposits has been amortised as a part of other expenses.

l Under previous GAAP, Deferred tax asset was not recognised on business losses incurred by subsidiaries in the absence of virtual certainity of having future profits. As per Ind AS, Deferred tax asset can be recognised if it is probable that the current losses will be recovered with future profits, accordingly the deferred tax asset has been recognised on such losses.

m Under the previous GAAP, the EPCG benefit received was netted off with the value of Property, Plant & Equipment (PPE). Under Ind AS, the value of PPE has been grossed up and the same is treated as deferred revenue to the extent the export obligations are not met (refer Note C12).

n Deferred tax has been recalculated in respect of above changes and the deferred tax impact as at the transition date has been recognised in opening reserves and for the year ended March 31, 2016 has been recognised in the consolidated statement of profit & loss.

2 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALISED / INCLUDED IN CAPITAL WORK-IN-PROGRESS DURING THE YEAR

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Raw material consumed	35.29	–
Salaries, wages and bonus	695.76	368.80
Welfare expenses	73.76	30.09
Rent	6.27	1.40
Travelling, conveyance and vehicle expenses	177.20	76.91
Postage, telephone and stationery	5.38	4.96
Power and fuel	79.08	5.50
Insurance	3.37	4.19
Legal & professional expenses	229.86	65.32
Miscellaneous expenses	403.93	264.17
TOTAL*	**1,709.90**	**821.34**

* Out of the above ₹ **1,540.66 Million** (₹ 786.30 Million) is included in capital work in progress.

3 Borrowing costs (including commitment charges) capitalised/transferred to capital work-in-progress during the year is ₹ **573.53 Million** (₹ 89.72 Million).

4 BUSINESS COMBINATION

a) Apollo Vredestein B.V. (AVBV)

The Group has elected to apply Ind AS 103 *Business Combinations* retrospectively to past business combinations that occurred on or after the date of April 1, 2009. Consequently the impact of AVBV acquisition has been retrospectively restated by considering the fair value of various assets (including the effect of additional depreciation thereon) and liabilities acquired has been adjusted in opening reserves as on April 1, 2015 resulting in recognition of Capital reserve on consolidation.

b) Apollo (Mauritius) Holdings Pvt. Ltd.

The Hon'ble High Court of Kerala had sanctioned the Scheme of Amalgamation of Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL/Mauritius), a wholly owned subsidiary, with the Company on August 26, 2016. The appointed date of amalgamation was April 1, 2016 and has become effective from December 7, 2016. As per Ind AS 103, *Business Combinations* arising between common control entities has to be accounted for retrospectively. Accordingly the results of AMHPL subsidiary has been merged with the company retrospectively resulting in a capital reserve in opening consolidated balance sheet as on April 1, 2015 on account of knock off of the equity share capital and the investment with the corresponding effect in foreign currency translation reserve (FCTR) and for the transactions during the year ended March 31, 2016, the FCTR recognised in equity under the previous GAAP has now been included in the consoldiated Statement of profit and loss under Ind AS.

c) Reifencom Gmbh

The Group acquired 100% shareholding of Reifencom Gmbh, one of the largest tyre distributor in Germany on January 1, 2016. Deferred consideration payable on acquisition of subsidiary, payable to erstwhile members of Reifencom Gmbh and the fair value of the assets acquired and intangibles recognised has been considered as a part of purchase consideration for computation of goodwill.

i) Goodwill

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016
Opening balance	1,982.37	–
Add: On acquisition of subsidiary during the year	–	1,904.43
Add: Effect of change in value of deferred consideration payable	(45.79)	–
Add: Foreign exchange translation difference	(163.00)	77.94
Closing balance	**1,773.58**	**1,982.37**

ii) Effect of acquisition of subsidiary on the financial position and results as included in the consolidated financial statement is as given below

Particulars	₹ Million
Assets as at (date of acquisition)	
Current Assets	2,355.98
Non-Current Assets	2,184.36
Liabilities as at (date of acquisition)	
Current Liabilities	2,827.76
Non-Current Liabilities	723.63
Revenue for the period ended (including other income)	1,706.90
Expenses for the period ended	1,859.65
Loss before tax for the period ended	(152.75)
Loss after tax for the period ended	(101.72)

5 INVENTORIES

i. The amount of write down of inventories to net realisable value recognised as an expense was ₹ **107.36 Million** (₹ 54.05 Million).

ii. The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ **70,184.65 Million** (₹ 60,666.77 Million).

6 MOVEMENT OF PROVISION FOR DOUBTFUL TRADE RECEIVABLES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening	**413.57**	**337.63**	**410.90**
Addition during the year	12.90	112.16	11.42
Utilisation/Reversal during the year	(103.52)	(46.69)	(44.61)
Foreign exchange translation differences	(23.52)	10.47	(40.08)
Closing	**299.43**	**413.57**	**337.63**

7 OTHER EQUITY

i) The cash flow hedge reserve represents the cumulative effective portion of gain or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or losses arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item. For movement in the reserves, refer "Statement of Changes in Equity."

ii) Exchange differences relating to the transaction of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve. Gains or losses on derivatives that are designated as hedging instruments for hedges of net investments in foreign operations are included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of the foreign operations and hedges of foreign operation) are reclassified to profit or loss on the disposal of the foreign operations.

8 FINANCE LEASE - DEFERRED PAYMENT LIABILITIES

i) The group has entered into finance lease arrangements for certain assets. The schedule of future minimum lease payments in respect of non-cancellable finance leases is set out below

₹ Million

Particulars	Total minimum lease payments			Present value of minimum lease payments		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year of the balance sheet date	51.06	121.80	68.31	45.82	105.57	56.12
Due in a period between one year and five years	113.42	161.07	94.31	96.84	146.92	75.21
Due after five years	31.11	38.61	52.65	26.65	31.91	40.43
Total	**195.59**	**321.48**	**215.27**	**169.31**	**284.40**	**171.76**
Less: Future finance charges	(26.28)	(37.08)	(43.51)	–	–	–
Present value of minimum lease payments	169.31	284.40	171.76	–	–	–

ii) Break up of finance lease liability recognised in balance sheet between current and non-current is as below

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current (refer Note B15)	123.49	178.83	115.64
Current (refer Note B21)	45.82	105.57	56.12
Total	**169.31**	**284.40**	**171.76**

9 OPERATING LEASES

i) The Group has acquired assets, office space and warehouses under the operating lease agreements. Rental expense under those lease were ₹ **1,991.70 Milion** (₹ 1,434.20 Million).

ii) The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Within one year of the balance sheet date	1,567.27	1,433.24	885.48
Due in a period between one year and five years	3,781.63	4,588.42	3,008.50
Due after five years	565.97	818.61	433.98

10 PROVISIONS - NON CURRENT/CURRENT

i) Movement of non current provisions during the year ended March 31, 2017 and March 31, 2016

₹ Million

Particulars	Provision for Jubilee benefits *	Others #
Opening as at April 1, 2015	**129.08**	**273.89**
Addition during the year	34.45	12.18
Utilisation/Reversal during the year	–	(86.81)
Foreign exchange translation differences	15.11	(13.54)
Closing as at March 31, 2016	**178.64**	**185.72**
Addition during the year	8.27	26.95
Utilisation/Reversal during the year	(18.25)	(12.30)
Foreign exchange translation differences	(14.07)	(11.21)
Closing as at March 31, 2017	**154.59**	**189.16**

* There is a jubilee scheme in place for the employees of Apollo Vredestein B.V. and Apollo Tyres Global R&D B.V. For 12.50, 25 and 40 years of service benefits are paid to the employees. Risks in the case of claims and legal action are monitored closely and where necessary provisions are made.

Others consists of provision for constructive liability of the Company on account of lease contracts and provision for constructive liability of Apollo Tyres Africa (Pty) Ltd. on account of post employment medical benefit obligation.

ii) Movement of current provisions during the year ended March 31, 2017 and March 31, 2016

₹ Million

Particulars	Provision for compensated absences	Provision for sales related obligation *	Provision for constructive liability	Provision for contingencies	Provision for wealth tax
Opening as at April 1, 2015	**224.14**	**2,159.01**	**29.91**	**425.00**	**7.00**
Addition during the year	54.28	2,266.43	1.09	–	–
Utilisation/Reversal during the year	(7.26)	(1,912.84)	–	–	(7.00)
Foreign exchange translation differences	1.44	50.47	–	–	–
Closing as at March 31, 2016	**272.60**	**2,563.07**	**31.00**	**425.00**	–
Addition during the year	33.88	2,927.19	1.34	365.00	–
Utilisation/Reversal during the year	(55.77)	(2,481.29)	–	–	–
Foreign exchange translation differences	0.89	(40.24)	–	–	–
Closing as at March 31, 2017	**251.60**	**2,968.73**	**32.34**	**790.00**	-

* Represents estimates for payments to be made in future for sales related obligations.

11 INCOME TAXES

i) Reconciliation between average effective tax rate and applicable tax rate

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	₹ Million	Rate (%)	₹ Million	Rate (%)
Profit before tax	**14,355.45**		**15,906.49**	
Income tax using the Company's domestic tax rate	4,968.42	34.61%	5,505.61	34.61%
Tax effect of				
Effect of different tax rates in foreign jurisdictions	(352.80)	(2.46%)	(357.15)	(2.25%)
Non deductible expenses	97.91	0.68%	46.24	0.29%
Tax exempt income	(29.28)	(0.20%)	(92.97)	(0.58%)
Tax incentives and concessions	(1,180.35)	(8.22%)	(506.68)	(3.19%)
Changes in recognised deductible temporary differences	33.60	0.23%	133.48	0.84%
Others	(172.04)	(1.20%)	(51.64)	(0.32%)
Income tax expense recognised in consolidated statement of profit and loss	**3,365.46**	**23.44%**	**4,676.89**	**29.40%**

ii) Components of deferred tax liability (net)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipments	7,764.92	7,064.30	6,216.19
Intangible assets	222.60	243.08	219.36
Employee benefits	15.32	3.69	–
Others	286.13	148.07	102.46
Gross deferred tax liability (a)	**8,288.97**	**7,459.14**	**6,538.01**
Tax effect of items constituting deferred tax assets			
Employee benefits	125.22	123.42	116.47
Provisions for doubtful debt/advances	141.89	15.56	15.56
Others	360.72	308.32	295.50
Gross deferred tax asset (b)	**627.83**	**447.30**	**427.53**
Deferred tax liability (net) (a - b)	**7,661.14**	**7,011.84**	**6,110.48**

iii) Components of deferred tax asset (net)

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax effect of items constituting deferred tax liabilities			
Property, plant and equipments	–	–	144.94
Others	–	–	27.69
Gross deferred tax liability (a)	–	–	172.63
Tax effect of items constituting deferred tax assets			
Carry forward tax losses	339.17	426.95	217.05
Others	290.09	175.13	275.27
Gross deferred tax asset (b)	**629.26**	**602.08**	**492.32**
Deferred tax asset (net) (b-a)	**629.26**	**602.08**	**319.69**

(iv) Components of deferred tax expense

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Tax effect of items constituting deferred tax liabilities		
Property, plant and equipments	886.87	601.23
Intangible assets	(0.52)	0.39
Employee benefits	6.95	1.12
Others	121.52	52.88
Sub-total (a)	**1,014.82**	**655.62**
Tax effect of items constituting deferred tax assets		
Employee benefits	20.02	12.85
Provisions for doubtful debt/advances	126.33	(0.07)
Carry forward tax losses	28.44	261.31
Others	12.71	23.41
Sub-total (b)	**187.50**	**297.50**
Total (a - b)	**827.32**	**358.12**

12 GOVERNMENT GRANTS

a) Investment Promotion Subsidy from Government of Tamilnadu

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The truck/bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MoU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, interalia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defind by the MoU, whichever is earlier. This eligiblity is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of **₹ 464.50 Million** (₹ 536.21 Million) as Other operating income, being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN.

b) Export Promotion Capital Goods

The Company had imported Property, plant and equipment under the Export Promotion Capital Goods (EPCG) scheme wherein the Company is allowed to import capital goods including spares without customs duty, subject to certain export obligations which should be fulfilled within specified time period. Since the Company has recomputed cost as per Ind AS 16, *Property,Plant & Equipment* it has made the following adjustments to meet the requirements of Ind AS 16 *Property,Plant & Equipment* and Ind AS 20 *Accounting for Government Grants and Disclosure of Government Assistance:*

1) The customs duty benefit received as deferred revenue included in Other non-current liabilities with a corresponding increase in the value of Property, plant and equipment and Capital work-in-progress is ₹ **2,466.55 Million** (₹ 397.97 Million as at March 31, 2016 and ₹ 2,946.58 Million as at April 1, 2015)

2) The grant of ₹ **2,445.51 Million** for which the extent the export obligations were met by April 01, 2015 was recognised in the opening reserve and the grant of ₹ **329.87 Million** (₹ 234.40 Million) was recognised in consolidated statement of profit and loss as other operating income. The portion of grant for which the export obligation has not been met is retained in deferred revenue under Other non-current liabilities.

3) The additional depreciation of ₹ 809.52 Million on the increase in the value of Property, plant and equipment till the transition date was recognized in opening reserve and ₹ 184.68 Million (₹ 132.73 Million) was charged to the consolidated statement of profit and loss.

c)

The group is in process of establishing a new green field radial tyre manufacturing facility in Gyöngyöshalász, Hungary through its subsidiary Apollo Tyres Hungary Kft (ATH Kft). For this purpose ATH Kft has entered into an agreement for grant with the Ministry of National Development, Government of Hungary on June 30, 2014. The Project start date for this investment is June 23, 2014 and the Investment completion date is December 31, 2019. The construction of the new green field radial tyre plant is under progress as per project schedule.This grant is subject to fulfillment of certain obligations by ATH Kft.

As ATH Kft has fulfilled its periodical obligations as per the incentive agreement, an amount of **₹ 1,553.15 Million** (Nil) has been received during the year, being the eligible amount of grant during the year. This amount has been accounted as deferred revenue included in Other non-current liabilities.

Out of the total grant, ₹ **1.89 Million** (Nil) for which the capitalisation of Property, Plant and Equipment (PPE) is completed has been recognised as income in consolidated statement of profit and loss. The portion of grant for which the capitalisation of PPE is under construction phase amounting to ₹ **1,551.25 Million** (Nil) has been retained in Deferred revenue under Other non-current liabilities.

13 EMPLOYEE BENEFITS

i. Defined Contribution Plans

A. Indian Operations

a. **Superannuation Plan**: The Company contributes a sum equivalent to 15% of the eligible employees basic salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ **69.05 Million** (₹ 62.58 Million).

b. **Provident Fund**: Contributions are made to the company's Employees Provident Fund Trust/Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognises such obligation as an expense.

The amount of contribution made by the Company to Employees Provident Fund Trust/Regional Provident Fund is ₹ **222.61 Million** (₹ 210.59 Million).

B. Foreign Operations

Apollo Vredestein B.V operates defined contribution 'Stichting Pensioenfonds Vredestein Banden' for all qualifying employees in the Netherlands. The assets of the plans are held separately from those of Apollo Vredestein B.V. in funds under the control of trustees. Where employees leave the plans prior to fulfilling of vesting conditions of the plan, the contribution payable by Apollo Vredestein B.V. is reduced by the amount of forfeited contributions.Contributions related to the defined contribution plan in the Netherlands that will not be settled within 12 months are discounted and recognised as liability.

The other foreign subsidiaries in the group have contributed to various defined contribution plans as per the local laws of the respective countries.

The amount of contribution made by various foreign subsidiaries is ₹ **145.73 Million** (₹ 80.55 Million).

ii. Defined Benefit Plans

A. Indian Operations

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company as per the Payment of Gratuity Act, 1972. The scheme is funded with Life Insurance Corporation of India.

The following table summarises the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plan:

Consolidated Statement of Profit and Loss

Net employee benefit expenses ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost^	67.49	62.50
Interest cost on benefit obligation*	71.66	68.22
Actual return on plan assets*	(69.87)	(55.33)
Expense recognised in the consolidated statement of profit and loss	69.28	75.39

^ Included in employee benefit expense
* Included in finance cost

Other Comprehensive Income (Experience adjustment) ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Actuarial gain for the year on present benefit obligation	9.02	5.28
Actuarial gain for the year on plan assets	4.51	2.15
TOTAL	**13.53**	**7.43**

Consolidated Balance Sheet

Net asset/(liability) recognised in the consolidated balance sheet ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets as at the end of the year (a)	950.96	814.58	654.55
Present value of defined benefit obligation as at the end of the year (b)	954.00	895.72	852.80
Asset/(liability) recognised in the consolidated balance sheet (a - b)	**(3.04)**	**(81.14)**	**(198.25)**

Changes in the present value of the defined benefit obligation ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Present value of obligation as at the beginning of the year	895.72	852.80
Interest cost	71.65	68.22
Current service cost	67.49	62.51
Benefits paid	(71.84)	(82.53)
Actuarial (gain)/loss on obligation	(9.02)	(5.28)
Present value of obligation as at the end of the year	**954.00**	**895.72**

Changes in the fair value of plan assets ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fair value of plan assets as at the beginning of the year	814.58	654.83
Expected return on plan assets	69.88	57.48
Contributions	138.34	184.80
Benefits paid	(71.84)	(82.53)
Fair value of plan assets as at the end of the year	**950.96**	**814.58**

The Company's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not presently ascertained.

Principal assumptions for Gratuity

	Particulars	As at March 31, 2017 Rate (%)	As at March 31, 2016 Rate (%)	As at April 1, 2015 Rate (%)
a)	Discount rate	7.54	8.00	8.00
b)	Future salary increase*	6.00	6.00	6.00
c)	Expected rate of return on plan assets	8.40	8.45	9.15
d)	Retirement age (years)	58	58	58
e)	Mortality table	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)
f)	Ages (withdrawal rate %)			
	Up to 30 years	3.00	3.00	3.00
	From 31 to 44 Years	2.00	2.00	2.00
	Above 44 years	1.00	1.00	1.00

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

Estimated amount of contribution in the immediate next year is ₹ **90.93 Million** (₹ 83.69 Million as at March 31, 2016 and ₹ 98.72 Million as at April 1, 2015).

Sensitivity analysis of the defined benefit obligation ₹ Million

Impact of change in	Discount rate	Salary increase	Attrition rate
Present value of obligation as at March 31, 2017	954.00	954.00	954.00
Impact due to increase of 0.50%	(38.53)	42.17	9.84
Impact due to decrease of 0.50%	41.74	(39.24)	(11.27)

B. Foreign Operations

The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and Reifencom Gmbh. For the defined benefit plan of Apollo Vredestein Gmbh and Reifencom Gmbh an actuarial calculation was performed by certified actuarial firms.

1. Apollo Vredestein GmbH

Principal assumptions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inflation	1.75%	1.75%	1.75%
Indexation non-active members	1.75%	1.75%	1.75%
Mortality table	Heubeck 2005G	Heubeck 2005G	Heubeck 2005G
Individual salary increase (dependent on age)	3%	3%	3%
Discount rate	1.80%	1.90%	3.10%

Changes in the present value of the defined benefit obligation ₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Defined benefit obligation		
Present value of obligation as at the beginning of the year	607.91	582.75
Service cost	14.06	16.74
Interest cost	11.11	9.16
Benefits paid	0.96	(11.12)
Remeasurements due to experience	0.44	1.37
Remeasurements due to change in financial assumptions	0.52	(51.50)
	635.00	**547.40**
Foreign exchange translation differences	(51.66)	60.51
Present value of obligation as at the end of the year	**583.34**	**607.91**

Net asset/ (liability) recognised in the consolidated balance sheet ₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets as at the end of the year (a)	–	–	–
Present value of defined benefit obligation as at the end of the year (b)	583.34	607.91	582.75
Asset/ (liability) recognised in the consolidated balance sheet (a - b)	(583.34)	(607.91)	(582.75)

Sensitivity analysis

Particulars	Change in assumption	Change in defined benefit obligation
Discount rate	Increase by 1%	(16.02%)
Salary increase	Increase by 0.5%	1.91%
Inflation	Increase by 0.25%	3.19%

2. Reifencom Gmbh

Principal assumptions

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inflation	1.75%	1.75%	–
Mortality table	Heubeck 2005G	Heubeck 2005G	–
Discount rate	1.9%	1.9%	–

Changes in the present value of the defined benefit obligation

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Present value of obligation as at the beginning of the year/acquisition date	179.41	167.08
Service cost	7.90	1.90
Interest cost	3.33	0.79
Remeasurements due to experience	(0.54)	–
Remeasurements due to change in financial assumptions	(20.46)	2.58
	169.64	**172.35**
Foreign exchange translation difference	(14.14)	7.06
Present value of obligation as at the end of the year	**155.50**	**179.41**

Changes in the fair value of plan assets

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Fair value of plan assets as at the beginning of the year	115.48	110.48
Return on plan assets	0.79	–
Interest Income	2.15	0.46
	118.42	**110.94**
Foreign exchange translation difference	(9.67)	4.54
Fair value of plan assets as at the end of the year	**108.75**	**115.48**

Net asset/ (liability) recognised in the consolidated balance sheet

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets as at the end of the year (a)	108.75	115.48	–
Present value of defined benefit obligation as at the end of the year (b)	155.50	179.41	–
Asset/ (Liability) recognised in the consolidated balance sheet (a - b)	**(46.75)**	**(63.93)**	**–**

Sensitivity analysis

Particulars	Change in assumption	Change in defined benefit obligation
Discount rate	Increase by 1.0%	(22.19%)
Inflation	Increase by 0.25%	1.52%

(iii) Other Long-term Employee Benefits

Long-term Compensated Absences

Principal assumptions for long-term compensated absences

Particulars		As at March 31, 2017 Rate (%)	As at March 31, 2016 Rate (%)	As at April 1, 2015 Rate (%)
a)	Discount rate	7.54	8.00	8.00
b)	Future salary increase*	6.00	6.00	6.00
c)	Retirement age (years)	58	58	58
d)	Mortality table	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)
e)	Ages (withdrawal rate %)			
	Up to 30 years	3.00	3.00	3.00
	From 31 to 44 years	2.00	2.00	2.00
	Above 44 years	1.00	1.00	1.00

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

14 EMPLOYEES STOCK APPRECIATION RIGHTS (EMPLOYEES PHANTOM STOCK PLAN 2010)

a) During the year 2010-11, the Company had announced cash-settled employee share-based payment plan (phantom stock plan) for the eligible employees of the Company. Under the scheme, 1,200,000 phantom stock units have been granted on April 1, 2010, 900,000 phantom stock units have been granted on April 1, 2011 and another 75,000 units have been granted on April 1, 2012 by the board appointed committee. All three options will be vested as per the following schedule:

Percentage of grant	Vesting schedule
25%	On 1st anniversary of respective grant date
25%	On 2nd anniversary of respective grant date
25%	On 3rd anniversary of respective grant date
25%	On 4th anniversary of respective grant date

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date.

b) Details of the expense recognised during the year and outstanding phantom stock units of the Company under the Phantom Stock Plan 2010 are as under

Particulars	As at March 31, 2017			As at March 31, 2016		
Date of grant	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Phantom stock units outstanding	–	–	–	–	197,500	75,000
Phantom stock units exercised		197,500	75000	1,200,000	702,500	–
Exercise price of share (₹)	–	–	–	–	50.00	50.00
Market price of share (₹)	–	–	–	–	174.90	174.90
Fair value of share (₹)	–	–	–	–	130.21	129.71
Amount charged to consolidated statement of profit & loss	–	–	–	–	₹ 2.54 Million	₹ 1.05 Million
Liability	–	–	–	–	₹ 35.22 Million	₹ 9.37 Million

Phantom stock outstanding units summary sheet is as follows

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening phantom stock units	272,500	366,250	927,500
Number of units issued during the year	–	–	–
Number of units vested during the year	272,500	93,750	561,250
Closing phantom stock units	–	272,500	366,250

The details of variables used for fair valuation under the Black-Scholes Model

The options from Vest 1, Vest 2, Vest 3 & Vest 4 of all the three grants have been completely exercised and therefore don't have to be valued.

Phantom Stock Scheme- Proforma P&L and EPS

Had compensation cost for the phantom stock units granted under the scheme been determined based on fair value approach, the Group's net profit and earnings per share would have been as per the proforma amounts indicated below

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Impact on net profit (₹ Million)		
Net profit (as reported)	10,989.99	11,229.60
Add:- Cash based employee compensation expense included in net profit	–	3.59
Less:- Cash based compensation expense determined under fair value based method (proforma)	–	1.99
Net profit (proforma)	**10,989.99**	**11,231.20**
Impact on earnings per share (₹)		
Basic/diluted		
Earnings per share of ₹ 1 each (as reported)	21.59	22.06
Earnings per share of ₹ 1 each (proforma)	21.59	22.06

15 FINANCIAL INSTRUMENT

A) Capital risk management

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders which comprises issued share capital (including premium) and accumulated reserves disclosed in the consolidated statement of changes in equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

B) Financial risk management

a) Market risk

The Group has its head office in India and has business interest all across the globe. At present, the major operations and investment of the Group are in India and in Europe (Netherland and Hungary).

The primary market risk of the Group can be identified as changes in foreign currency exchange rates and changes in interest rates. The Group enters into a variety of derivate financial instrument to manage its exposure to foreign currency and interest rates.

There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past.

i) Currency risk

The Group's exposure arises mainly on import (of raw material and capital items) and export (of finished goods). Wherever possible, the Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. However in European operations and at certain other subsidiaries, the natural hedge may not be available. Depending upon the risk and amount involved, certain derivatives are taken to minimise the impact of foreign currency fluctuations on the operations of the Group. Derivative counter parties are limited to high credit quality financial institutions. The local management continuously monitors the entity's exposure to foreign currency risk as well as its use of derivative instruments as per the risk management policy of the respective entity.

ii) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. The use of interest rate swaps are also entered into, especially to hedge the floating rate borrowings or to convert the foreign currency floating interest rates to the domestic currency floating interest rates.

b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

All entities in the Group have their approved commercial policy based on which the credit risk is managed. The Group has adopted a policy of only dealing with creditworthy customers.

Trade receivables comprise a widespread customer base and each entity undertakes on going credit evaluations of the financial condition of its customers, which may be based on the information supplied by the credit rating agencies, publicly available financial information and its own trading records and trends. In most of the cases, an appropriate advance is taken from the customer. In other cases, the entities use various methods to limit the credit risk viz. credit insurance, bank guarantee, post dated cheques etc.

At March 31, 2017, the Group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

Currency wise net exposure of the Group

₹ Million

Currency	As at March 31, 2017	Sensitivity +1%	Sensitivity –1%	As at March 31, 2016	Sensitiviy +1%	Sensitiviy –1%	As at April 1, 2015	Sensitiviy +1%	Sensitiviy –1%
USD	(6,738.00)	(67.38)	67.38	(7,856.18)	(78.56)	78.56	(9,310.77)	(93.11)	93.11
EURO	(8,742.24)	(87.42)	87.42	(2,554.95)	(25.55)	25.55	147.06	1.47	(1.47)
GBP	128.33	1.28	(1.28)	(79.03)	(0.79)	0.79	237.20	2.37	(2.37)
Others	717.00	7.17	(7.17)	(63.68)	(0.64)	0.64	1,298.15	12.98	(12.98)

c) Price risk

One of the subsidiary in the Group has entered into rubber swap and future contracts with the purpose of managing market exposure to adverse price movements in the rubber commodity.

The derivative financial instrument are measured at fair value through profit and loss and classified under Level 1 of the fair value measurement hierarchy.

d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for each entity.

The Group has established an appropriate liquidity risk management framework for each entity's short-term, medium-term and long-term funding requirement.

The below tables summarise the maturity profile of the Group's financial assets and financial liabilites

i) Non-derivative financial assets

₹ Million

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
Non-interest bearing	18,011.07	997.96	17.49	17,390.04	484.67	551.75	16,673.67	385.45	478.87
Fixed interest rates instruments	806.80	–	–	4,818.90	–	–	363.94	–	–

ii) Non-derivative financial liabilties

₹ Million

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
Non-interest bearing	21,134.73	457.31	–	16,305.05	520.17	–	10,006.94	–	–
Finance lease - deferred payment liabilities	45.82	96.84	26.65	105.57	146.92	31.91	56.12	75.21	40.43
Variable interest rate instruments	10,246.10	10,080.16	5,078.37	9,917.35	3,392.98	1,882.72	6,958.52	2,990.92	–
Fixed interest rates instruments	5,581.28	1,077.10	5,200.00	592.54	1,039.28	–	1,605.62	1,000.00	–

iii) Derivative assets / (liabilities)

₹ Million

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
Net settled									
– commodity future contract	–	–	–	3.87	–	–	–	–	–
– foreign currency forward contracts, futures & options	(141.55)	–	–	(134.50)	–	–	(168.90)	–	–
– foreign currency forward contracts, futures & options	–	–	–	3.00	–	–	–	–	–
Gross settled									
– cross currency swaps	220.40	(15.86)	(31.72)	434.74	448.62	–	567.39	780.24	–
Total	**78.85**	**(15.86)**	**(31.72)**	**307.11**	**448.62**	**–**	**398.49**	**780.24**	**–**

e) The below tables summarise the fair value of the financial asset / liabilities

i) Fair value of derivative instruments carried at fair value

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Fair value hierarchy (Level 1, 2 or 3)*
Derivative financial assets				
- Foreign currency forward contracts	–	3.00	–	2
- Cross currency rate swaps	220.40	883.36	1,347.63	2
- Commodity future contract	–	3.87	–	1
Total (a)	**220.40**	**890.23**	**1,347.63**	
Derivative financial liabilities				
- Foreign currency forward contracts	101.02	121.72	167.53	2
- Cross currency rate swaps	47.58	–	–	2
- Futures and options	40.53	12.78	1.37	2
Total (b)	**189.13**	**134.50**	**168.90**	
Net derivate financial asset / (liability) (a- b)	**31.27**	**755.73**	**1,178.73**	

ii) Fair Value of financial assets/ liabilities (other than derivative instruments) carried at fair value

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Fair value hierarchy (Level 1, 2 or 3)*
Financial assets				
- Current investments- Mutual funds	3,444.44	1,217.68	1,083.05	1
- Non current investments - Quoted	8.23	6.15	6.42	1
- Non current investments - Un quoted	9.26	5.93	4.21	3
Total	**3,461.93**	**1,229.76**	**1,093.68**	
Financial liabilities				
- Deferred consideraion payable	457.31	520.17	–	3
Total	**457.31**	**520.17**	**–**	

iii) Fair value of financial assets/liabilities (other than Investment in joint venture) that are not measured at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the consolidated balance sheet approximates their fair value.

* Level 1 - quoted price in an active market.
Level 2 - Discounted cash flow. Future cash flows are estimated based on forward exchange rates and contract rates, discounted at a rate that reflects the credit risk of various counter parties.
Level 3 - Discounted cash flow method is used to capture the present value of the expected future economic benefits that will flow to the Group.

f) Details of outstanding forward exchange contracts#

Currency pair	Currency	Currency value (Million)	Average exchange rate	Nominal value (Million)	Buy / Sell
As at March 31, 2017					
USD / INR	US Dollar	56.50	67.34	3,804.90	Buy
EUR / INR	Euro	25.00	73.61	1,840.19	Sell
USD / ZAR	US Dollar	2.38	14.03	33.40	Sell
USD / THB	US Dollar	2.00	35.10	70.20	Buy
EUR / USD	Euro	0.92	1.08	1.00	Sell
As at March 31, 2016					
USD / INR	US Dollar	68.48	65.50	4,485.19	Buy
USD / ZAR	US Dollar	0.25	13.17	3.29	Sell
EUR / USD	Euro	0.84	1.09	0.92	Sell
As at April 1, 2015					
USD / INR	US Dollar	74.00	61.18	4,526.97	Buy
EUR / INR	Euro	6.00	77.58	465.48	Sell
GBP / EUR	Great British Pound	2.60	1.39	3.60	Sell
USD / EUR	US Dollar	17.94	0.93	16.68	Buy
SEK / EUR	Swedish Krona	22.17	0.11	2.39	Sell
CHF / EUR	Swiss Francs	2.23	0.96	2.14	Sell
NOK / EUR	Norwegian Kroner	7.20	0.12	0.83	Sell
PLN / EUR	Polish Zlotych	6.98	0.24	1.71	Sell
HUF / EUR	Hungarian Forint	157.33	0.003	0.52	Sell

#For fair value of forward exchange contracts, refer Note C15 (e)(i).

16 STATUTORY AUDITOR'S REMUNERATION

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
For audit	46.65	41.75
For company law matters	0.40	0.40
For quarterly review and certification	5.17	4.77
For other services	5.89	7.29
Total	**58.11**	**54.21**

17 RESEARCH & DEVELOPMENT EXPENDITURE

₹ Million

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(A) Revenue expenditure		
Materials	32.44	61.28
Employee benefit expenses	1,422.96	1,214.13
Rent	–	–
Travelling, conveyance and vehicle expenses	216.26	154.61
Repair & maintenance	–	–
Legal & professional expenses	–	–
Others	1,037.38	809.75
Sub-total	**2,709.04**	**2,239.77**
(B) Capital expenditure	868.93	954.62
Total (A + B)	**3,577.97**	**3,194.39**

18 CONTINGENT LIABILITIES

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Sales tax	39.64	40.05	76.17
Income tax#	265.80	392.90	451.30
Claims against the Group not acknowledged as debt			
Employee related	58.18	58.71	48.64
Others	67.77	56.14	48.90
Provision for security (bank deposits pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested)	–	–	37.97
Excise duty*	137.50	137.61	57.93

Excludes amount of ₹ **441.66 Million** (₹ 441.66 Million as at March 31, 2016 and ₹ 441.66 Million as at April 1, 2015) in appeals which have been decided by Appellate authorities in Company's favour but on which the department has gone for further appeal and a demand of ₹ 663.70 Million relating to the adjustments made in MAT computation, which in the opinion of the Company, is not sustainable and the probability of cash outflow is considered remote.

* Excludes demand of ₹ **532.12 Million** (₹ 532.12 Million as at March 31, 2016 and ₹ 532.12 Million as at April 1, 2015) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

19 CAPITAL COMMITMENTS

₹ Million

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for*	15,471.55	25,642.47	1,806.85

*Includes ₹ 4.03 Million payable to NSL Wind Power Company towards additional 402,805 shares allotted and ₹ 0.06 Million payable to OPGS Power Gujarat Pvt. Ltd. towards additional 310,000 shares allotted under Group Captive Scheme. All the additional shares were allotted during FY 2016-17 but payment for additional shares is made after March 31,2017. Total investment by the group is 598,805 shares of NSL Wind Power Company and 930,000 shares of OPGS Power Gujarat Pvt. Ltd as at March 31, 2017.

20 The management has provided an impairment loss of ₹ 185.99 Million during the year to fully impair its investment and loans (including interest accrued) in the joint venture (Pan Aridus LLC) as the joint venture entity is persistently making losses.

21 Following subsidiaries, joint venture & associate have been considered in the preparation of the consolidated financial statements

Name of the Company	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary			Remarks
				As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
Apollo Tyres (Greenfield) B.V.	Subsidiary	Netherlands	Apollo Tyres Ltd.	100%	100%	–	Note (a)
Apollo Tyres (Greenfield) Cooperatief U.A	Subsidiary	Netherlands	Apollo Tyres Ltd. & Apollo Tyres (Cyprus) Pvt. Ltd.	–	–	100%	Note (a)
Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL)	Subsidiary	South Africa	Apollo Coop	100%	100%	100%	Note (b)
Apollo Tyres Africa (Pty) Ltd.	Subsidiary	South Africa	ASHPL	100%	100%	100%	
Apollo Tyres (Cyprus) Pvt. Ltd.	Subsidiary	Cyprus	Apollo Tyres Ltd.	100%	100%	100%	Note (c) & (d)
Apollo Tyres AG	Subsidiary	Switzerland	Apollo Coop	100%	100%	100%	
Apollo Tyres Holdings (Singapore) Pte. Ltd. (ATHS)	Subsidiary	Singapore	Apollo Coop	100%	100%	100%	
Apollo Tyres (Middle East) FZE	Subsidiary	Dubai	Apollo Coop	100%	100%	100%	
Apollo Tyres Cooperatief U.A. (Apollo Coop)	Subsidiary	Netherlands	Apollo Tyres Ltd. & Apollo Tyres (Greenfield) B.V.	100%	100%	100%	Note (d)
Apollo Tyres Do (Brasil) Ltda	Subsidiary	Brazil	Apollo Coop & ATBV	100%	100%	100%	
Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	Apollo Coop	100%	100%	100%	
Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	Apollo Coop	100%	100%	100%	
Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	Apollo Coop	100%	100%	100%	
Apollo Tyres (Hungary) KFT. (ATH Kft)	Subsidiary	Hungary	ATBV	100%	100%	100%	
Apollo Tyres (UK) Pvt. Ltd. (ATUK)	Subsidiary	United Kingdom	Apollo Coop	100%	100%	100%	
Apollo Tyres (London) Pvt. Ltd.	Subsidiary	United Kingdom	ATUK	100%	100%	100%	Note (e)
Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	100%	
Apollo Vredestein GmbH (AV GmbH)	Subsidiary	Germany	AVBV	100%	100%	100%	

Name of the Company	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	Remarks
Vredestein Marketing B.V. & Co. KG	Subsidiary	Germany	AV GmbH	100%	100%	100%	
Apollo Vredestein Nordic A.B.	Subsidiary	Sweden	AVBV	100%	100%	100%	
Vredestein Norge A.S.	Subsidiary	Norway	AVBV	–	100%	100%	Note (f)
Apollo Vredestein UK Limited	Subsidiary	United Kingdom	AVBV	100%	100%	100%	
Apollo Vredestein SAS	Subsidiary	France	AVBV	100%	100%	100%	
Apollo Vredestein Belux	Subsidiary	Belgium	AVBV	100%	100%	100%	
Apollo Vredestein Gesellschaft m.b.H.	Subsidiary	Austria	AVBV	100%	100%	100%	
Apollo Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	100%	
Apollo Vredestein Srl	Subsidiary	Italy	AVBV	100%	100%	100%	
Apollo Vredestein Iberica SA	Subsidiary	Spain	AVBV	100%	100%	100%	
Apollo Vredestein Tires Inc.	Subsidiary	USA	Apollo Coop	100%	100%	100%	Note (g)
Apollo Vredestein Kft (AV Kft)	Subsidiary	Hungary	AVBV	100%	100%	100%	
S.C. Vredestein R.O. Srl	Subsidiary	Romania	AV Kft	100%	100%	100%	
Apollo Vredestein Opony Polska Sp. Zo.o.	Subsidiary	Poland	AVBV	100%	100%	100%	
Vredestein Consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	100%	
Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	100%	
Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	100%	
Reifencom GmbH, Bielefeld	Subsidiary	Germany	Apollo Coop	100%	100%	–	Note (h)
Reifencom GmbH, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld	100%	100%	–	Note (h)
Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld & Reifencom GmbH, Hannover	100%	100%	–	Note (h)
Reifencom Tyre (Qingdao) Co., Ltd.	Subsidiary	China	Reifencom Einkauf sgesellschaft, mbH & Co. OHG, Hannover	100%	100%	–	Note (h)
Apollo Tyres (Malaysia) Sdn Bhd	Subsidiary	Malaysia	ATHS	100%	100%	–	Note (i)
Apollo Tyres (Germany) GmbH	Subsidiary	Germany	Apollo Coop	100%	100%	–	Note (i)
Saturn F1 Pvt. Ltd.	Subsidiary	United Kingdom	Apollo Coop	100%	–	–	Note (j)
Retail Distribution Holding BV	Subsidiary	Netherlands	Apollo Coop	100%	–	–	Note (j)
Rubber Research LLC	Subsidiary	USA	Apollo Coop	100%	–	–	Note (j)
PanAridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	50.00%	Note (k)
Pressurite (Pty) Ltd.	Associate	South Africa	ASHPL	28.00%	28.00%	28.00%	Note (l)

Notes

(a) During the previous year ended March 31, 2016, Apollo Tyres (Greenfield) Cooperatief U.A. was converted to Apollo Tyres (Greenfield) B.V.

(b) During the previous year ended March 31, 2016, investment in Apollo (South Africa) Holdings (Pty) Ltd. was transferred by Apollo (Mauritius) Holdings Pvt. Ltd. to Apollo Coop as a part of group restructuring.

(c) Under liquidation

(d) During the previous years, Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL), subsidiary of Apollo Tyres Ltd. was holding investment in Apollo Tyres (Cyprus) Pvt. Ltd. and Apollo Coop. During current year, subsequent to the merger of AMHPL, these investments were transferred in the name of Apollo Tyres Ltd.
(e) During the previous year ended March 31, 2016, name of the subsidiary, Apollo Tyres Propvest (UK) Pvt. Ltd. was changed to Apollo Tyres (London) Pvt. Ltd.
(f) Wound up during the year.
(g) During the year, investment in Apollo Vredestein Tires Inc. was transferred by AVBV to Apollo Coop as a part of group restructuring.
(h) Acquired on January 1, 2016.
(i) Incorporated during the previous year ended March 31, 2016.
(j) Incorporated during the year.
(k) During the year, provision has been made for impairment of the investment in Pan Aridus LLC.
(l) The investment in Pressurite (Pty) Ltd., an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognising further losses in accordance with Ind AS 28 – *Accounting for Investments in Associates*. Further, the group does not have any further obligations to satisfy with regard to this associate.

22 Disclosure of Related Party Transactions in accordance with Ind AS 24 *Related Party Disclosures*

I) Name of the Related Parties

Particulars	2016-17	2015-16
Companies in which directors are interested	Apollo International Ltd. (AIL)	Apollo International Ltd. (AIL)
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Encorp E Services Ltd.	Encorp E Services Ltd.
	UFO Moviez India Ltd.	UFO Moviez India Ltd.
	Landmark Farms & Housing (P) Ltd.	Landmark Farms & Housing (P) Ltd.
	Sunlife Tradelinks (P) Ltd.	Sunlife Tradelinks (P) Ltd.
	Bespoke Tours & Travels Ltd.	Bespoke Tours & Travels Ltd.
	Dusk Valley Technologies Ltd.	Dusk Valley Technologies Ltd.
	Classic Auto Tubes Ltd.	Classic Auto Tubes Ltd.
	PTL Enterprises Ltd. (PTL)	PTL Enterprises Ltd. (PTL)
	Apollo Finance Ltd.	Apollo Finance Ltd.
	Artemis Medicare Services Ltd.	Artemis Medicare Services Ltd.
	Artemis Health Sciences Ltd.	Artemis Health Sciences Ltd.
	Regent Properties	Regent Properties
	Swaranganga Consultants Pvt. Ltd.	Swaranganga Consultants Pvt. Ltd.
	J & S Systems Corporation, U.K.	J & S Systems Corporation, U.K.
	Sacred Heart Investment Co. Pvt. Ltd.	Sacred Heart Investment Co. Pvt. Ltd.
	Milers Global Pvt. Ltd.	Milers Global Pvt. Ltd.
	Shardul Amarchand Mangaldas & Co.	Shardul Amarchand Mangaldas & Co.
	N.A.	J Sagar & Associates (note a)
	N.A.	Travel Tracks Ltd. (note a)
	N.A.	Apollo Fiege Integrated logistics pvt. Ltd. (note a)
Associate	Pressurite (Pty) Ltd.	Pressurite (Pty) Ltd.
Joint venture	Pan Aridus LLC	Pan Aridus LLC
Key management personnel	Mr. Onkar S. Kanwar	Mr. Onkar S. Kanwar
	Mr. Neeraj Kanwar	Mr. Neeraj Kanwar
	N.A.	Mr. Sunam Sarkar (note b)
Relatives of key management personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

Notes
(a) Ceased during the year.
(b) Ceased to be a Whole time director w.e.f. August 11, 2015.

Related parties and their relationships are as identified by the management and relied upon by the auditors.

II) Transactions & Balances with Related Parties

FY 2016-17

₹ Million

Particulars	Companies in which directors are interested	Key management personnel	Total
Description of transactions			
Sales: finished goods			
Apollo Intl. Trading LLC, Dubai	2.40		2.40
Apollo International Ltd.	1,236.31		1,236.31
	1,238.71		**1,238.71**
Sales: raw materials			
Classic Auto Tubes Ltd.	**21.42**		**21.42**
Cross charge of management & other expenses received			
PTL Enterprises Ltd.	0.87		0.87
Classic Auto Tubes Ltd.	1.74		1.74
Artemis Medicare Services Ltd.	0.63		0.63
	3.24		**3.24**
Rent received			
PTL Enterprises Ltd.	0.33		0.33
Bespoke Tours & Travels Ltd.	0.23		0.23
Classic Auto Tubes Ltd.	0.10		0.10
	0.66		**0.66**
Reimbursement of expenses received			
Classic Auto Tubes Ltd.	6.95		6.95
PTL Enterprises Ltd.	0.02		0.02
Apollo International Ltd.	0.15		0.15
	7.12		**7.12**
Purchases			
Classic Auto Tubes Ltd.	823.77		823.77
Bespoke Tours & Travels Ltd.	2.01		2.01
	825.78		**825.78**
Legal and professional charges paid			
Shardul Amarchand Mangaldas & Co.	**11.76**		**11.76**
Reimbursement of expenses paid			
PTL Enterprises Ltd.	552.58		552.58
Classic Auto Tubes Ltd.	371.39		371.39
	923.97		**923.97**
Payment for services received			
Artemis Medicare Services Ltd.	17.28		17.28
Classic Auto Tubes Ltd.	0.62		0.62
	17.90		**17.90**
Lease rent paid			
PTL Enterprises Ltd.	504.38		504.38
Rent paid			
Sunlife Tradelinks	27.19		27.19
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd.	0.12		0.12
Milers Global Pvt. Ltd.	3.03		3.03
	75.94		**75.94**
Conversion charges paid			
Classic Auto Tubes Ltd.	**1,008.29**		**1,008.29**

₹ Million

Particulars	Companies in which directors are interested	Key management personnel	Total
Mixing charges paid			
Classic Auto Tubes Ltd.	**315.65**		**315.65**
Travelling expenses paid			
Bespoke Tours & Travels Ltd.	**71.41**		**71.41**
Conference expenses			
Bespoke Tours & Travels Ltd.	**7.06**		**7.06**
Sale of assets			
Classic Auto Tubes Ltd.	**3.00**		**3.00**
Managerial remuneration			
Mr. Onkar S. Kanwar		457.37	457.37
Mr. Neeraj Kanwar		308.90	308.90
		766.27	**766.27**
Amount outstanding			
Trade payable			
Classic Auto Tubes Ltd.	**31.25**		**31.25**
Other current liabilities (financial)			
Classic Auto Tubes Ltd.	**27.37**		**27.37**
Other non-current assets (financial/non financial)			
PTL Enterprises Ltd.	500.00		500.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt. Ltd.	0.75		0.75
Classic Auto Tubes Ltd.	106.45		106.45
	624.46		**624.46**
Trade receivables			
Classic Auto Tubes Ltd.	1.54		1.54
Apollo International Ltd.	116.03		116.03
	117.57		**117.57**
Other current assets			
PTL Enterprises Ltd.	56.43		56.43
Apollo International Ltd.	0.15		0.15
Classic Auto Tubes Ltd.	0.62		0.62
	57.20		**57.20**

FY 2015-16

₹ Million

Particulars	Companies in which directors are interested	Key management personnel	Total
Description of transactions			
Sales: finished goods			
Apollo Intl. Trading LLC, Dubai	23.26		23.26
Apollo International Ltd.	1,015.97		1,015.97
	1,039.23		**1,039.23**
Sales: raw materials			
Classic Auto Tubes Ltd.	**26.99**		**26.99**
Cross charge of management & other expenses received			
PTL Enterprises Ltd.	0.88		0.88
Classic Auto Tubes Ltd.	1.75		1.75

₹ Million

Particulars	Companies in which directors are interested	Key management personnel	Total
Artemis Medicare Services Ltd.	0.60		0.60
	3.23		**3.23**
Rent received			
PTL Enterprises Ltd.	0.12		0.12
Bespoke Tours & Travels Ltd.	1.26		1.26
Classic Auto Tubes Ltd.	0.11		0.11
	1.49		**1.49**
Reimbursement of expenses received			
Classic Auto Tubes Ltd.	5.55		5.55
PTL Enterprises Ltd.	1.85		1.85
Apollo International Ltd.	2.37		2.37
	9.77		**9.77**
Purchases			
Classic Auto Tubes Ltd.	509.40		509.40
Clearing charges paid			
Apollo Fiege Integrated Logistics Pvt Ltd	26.34		26.34
Warehouse management charges paid			
Apollo Fiege Integrated Logistics Pvt Ltd	69.28		69.28
Legal and professional charges paid			
Amarchand & Mangaldas & Suresh A Shroff & Co.	0.65		0.65
J Sagar & Associates	4.82		4.82
Shardul Amarchand Mangaldas & Co.	5.76		5.76
	11.23		**11.23**
Reimbursement of expenses paid			
PTL Enterprises Ltd.	634.62		634.62
Classic Auto Tubes Ltd.	364.09		364.09
Apollo International Ltd.	0.32		0.32
	999.03		**999.03**
Payment for services received			
Artemis Medicare Services Ltd.	10.08		10.08
Classic Auto Tubes Ltd.	0.63		0.63
	10.71		**10.71**
Lease rent paid			
PTL Enterprises Ltd.	**458.96**		**458.96**
Rent paid			
Sunlife Tradelinks	24.06		24.06
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd.	0.12		0.12
Milers Global Pvt. Ltd.	3.01		3.01
	72.79		**72.79**
Conversion charges paid			
Classic Auto Tubes Ltd.	**964.34**		**964.34**
Mixing charges paid			
Classic Auto Tubes Ltd.	**275.76**		**275.76**
Travelling expenses paid			
Bespoke Tours & Travels Ltd.	**273.62**		**273.62**
Conference expenses			
Bespoke Tours & Travels Ltd.	**67.28**		**67.28**
Security deposits given			

₹ Million

Particulars	Companies in which directors are interested	Key management personnel	Total
PTL Enterprises Ltd.	**100.00**		**100.00**
Commision received			
Apollo Finance Ltd.	**0.52**		**0.52**
Managerial Remuneration			
Mr. Onkar S. Kanwar		532.77	532.77
Mr. Neeraj Kanwar		352.32	352.32
Mr. Sunam Sarkar		5.39	5.39
		890.48	**890.48**
Amount outstanding			
Trade payable			
Apollo Fiege Integrated Logistics Pvt. Ltd.	8.14		8.14
Classic Auto Tubes Ltd.	32.32		32.32
Artemis Medicare Services Ltd.	0.01		0.01
J Sagar Associates	0.33		0.33
	40.80		**40.80**
Other current liabilities (financial)			
Classic Auto Tubes Ltd.	**21.64**		**21.64**
Other non-current assets (financial/non-financial)			
PTL Enterprises Ltd.	500.00		500.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt. Ltd.	0.75		0.75
Classic Auto Tubes Ltd.	75.37		75.37
	593.38		**593.38**
Trade receivables			
Classic Auto Tubes Ltd.	36.48		36.48
Apollo International Ltd.	62.04		62.04
Apollo Intl. Trading LLC, Dubai	1.27		1.27
	99.79		**99.79**
Other current assets			
PTL Enterprises Ltd.	77.45		77.45
Apollo International Ltd.	0.39		0.39
Classic Auto Tubes Ltd.	4.12		4.12
Bespoke Tours & Travels Ltd	6.01		6.01
	87.97		**87.97**

23 SEGMENTAL REPORTING

The Group's operations comprise of only one business segment - Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/ geographical segment as required under Ind AS 108 *Operating Segments*.

Based on the "management approach" as defined in Ind AS 108 *Operating Segments*, the Chief Operating Decision Maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segment. Accordingly, information has been presented along these business segments which have been defined based on the geographical presence of various entities:

APMEA (Asia Pacific, Middle East and Africa)

EA (Europe and Americas)

Others

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. EA segment includes manufacturing and sales operation through the entities in Europe and Americas. Others segment includes all other corporate entities.

The accounting principles used in the preparation of the financial statements are consistently applied in individual segment to prepare segment reporting.

₹ Million

Particulars	APMEA		EA		Others		Eliminations		Total	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
1. REVENUE										
Total revenue	101,121.22	99,204.07	43,052.65	31,737.28	14,641.47	6,516.49	(17,115.78)	(8,942.52)	141,699.56	128,515.32
Inter segment revenue	(1,975.75)	(2,029.48)	(498.56)	(396.55)	(14,641.47)	(6,516.49)	17,115.78	8,942.52	–	–
External revenue	**99,145.47**	**97,174.59**	**42,554.09**	**31,340.73**	**–**	**–**	**–**	**–**	**141,699.56**	**128,515.32**
2. RESULT										
Segment result	11,781.50	13,623.16	3,041.13	2,421.84	463.35	205.25	101.33	136.29	15,387.31	16,386.54
Interest expense	(889.16)	(906.28)	(106.70)	(18.66)	(109.86)	(19.26)	76.91	18.19	(1,028.81)	(926.01)
Share of loss in joint venture	–	–	–	–	(3.05)	(31.75)	–	–	(3.05)	(31.75)
Exceptional item	–	477.71	–	–	–	–	–	–	–	477.71
Income taxes	(2,819.83)	(4,134.00)	(513.27)	(519.24)	(32.36)	(23.65)	–	–	(3,365.46)	(4,676.89)
Net profit after tax	**8,072.51**	**9,060.59**	**2,421.16**	**1,883.94**	**318.08**	**130.59**	**178.24**	**154.48**	**10,989.99**	**11,229.60**
3. OTHER INFORMATION										
Depreciation and amortisation	2,895.46	2,673.78	1,623.55	1,448.86	99.12	145.23	–	–	4,618.13	4,267.87

₹ Million

Particulars	APMEA			EA			Others			Eliminations			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Segment assets	88,614.69	66,486.62	60,778.46	61,867.72	47,475.44	28,905.00	6,830.41	4,796.77	3,495.14	(4,308.06)	(2,220.60)	(1,826.40)	153,004.76	116,538.23	91,352.20
Segment liabilities	46,342.14	29,195.89	29,470.43	33,550.01	21,691.89	8,535.86	4,476.65	1,676.42	547.10	(4,263.58)	(2,072.12)	(1,391.55)	80,105.22	50,492.08	37,161.84
Capital employed	42,272.55	37,290.73	31,308.03	28,317.71	25,783.55	20,369.14	2,353.76	3,120.35	2,948.04	(44.48)	(148.48)	(434.85)	72,899.54	66,046.15	54,190.36
Non-current assets*	55,894.82	39,651.76	36,080.38	41,715.68	25,159.36	13,192.02	1,354.77	1,424.60	1,225.50	–	–	–	98,965.27	66,235.72	50,497.90

*Non-current assets consists of property, plant & equipment, other intangible assets, capital work-in-progress, intangible assets under development and capital advances.

Information about major customers None of the individual customer accounted for more than 10% of the consolidated revenue for the years ended March 31, 2017 and March 31, 2016.

24 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTITIES CONSOLIDATED

S. No	Name of the Entity	Net assets As at March 31, 2017		Share in profit or loss (Profit after tax) for the year ended March 31, 2017	
		As a % of consolidated Net assets	₹ Million	As a % of consolidated profit or (loss)	₹ Million
	Company				
1	Apollo Tyres Limited	73.13	53,311.89	73.05	8,027.58
	Subsidiaries				
2	Apollo Tyres (Cyprus) Pvt. Ltd.	0.21	150.99	0.03	2.80
3	Apollo Tyres (Greenfield) B.V.	(0.01)	(7.09)	(0.09)	(10.22)
4	Apollo Tyres Co operatief U.A. (refer Note 1 below)	137.77	100,436.71	17.20	1,890.41
	Joint Venture				
	Pan Aridus LLC	–	–	(0.03)	(3.05)
	Add/ (Less): Effect of intercompany adjustments/ eliminations	(111.10)	(80,992.96)	9.84	1,082.47
	Total	**100.00**	**72,899.54**	**100.00**	**10,989.99**

Note:

1. Apollo Tyres Cooperatief U.A.

₹ Million

S. No.	Name of the entity	Net assets	Share in profit or loss (profit after tax)
1	Apollo Tyres Cooperatief U.A.	38,137.55	(176.25)
2	Apollo (South Africa) Holdings (Pty) Ltd.	314.37	0.41
3	Apollo Tyres Africa (Pty) Ltd.	232.56	(8.69)
4	Apollo Tyres (Thailand) Limited	246.25	(35.10)
5	Apollo Tyres (Middle East) FZE	182.85	22.22
6	Apollo Tyres Holdings (Singapore) Pte. Ltd.	488.96	95.89
7	Apollo Tyres (Malaysia) SDN. BHD	76.91	(19.55)
8	Apollo Tyres (UK) Pvt. Ltd.	1,247.59	46.62
9	Apollo Tyres (London) Pvt. Ltd.	845.47	–
10	Apollo Tyres Global R&D B.V.	512.38	157.11
11	Apollo Tyres (Germany) GmbH	76.15	33.58
12	Apollo Tyres AG	141.71	(21.57)
13	Apollo Tyres do (Brazil) Ltda	6.74	(1.52)
14	Apollo Tyres B.V.	23,557.34	(34.53)
15	Apollo Tyres (Hungary) Kft	11,672.82	(1,297.83)
16	Apollo Vredestein B.V.	17,792.97	1,936.42
17	Apollo Vredestein GmbH	5,106.18	1,177.72
18	Vredestein Marketing B.V. & Co. KG	(2,377.18)	(42.47)
19	Vredestein Nordic A.B.	53.33	27.36
20	Apollo Vredestein UK Limited	118.57	31.04
21	Apollo Vredestein SAS	419.55	38.45
22	Apollo Vredestein Belux	127.72	26.95
23	Apollo Vredestein Gesellschaft m.b.H.	40.33	29.62
24	Apollo Vredestein Schweiz AG	284.55	19.00
25	Apollo Vredestein Srl	(75.64)	(124.66)
26	Apollo Vredestein Iberica SA	329.69	26.33
27	Apollo Vredestein Tires Inc.	(25.26)	(52.94)
28	Apollo Vredestein Kft	9.62	6.88
29	S.C. Vredestein R.O. Srl	–	–

₹ Million

S. No.	Name of the entity	Net assets	Share in profit or loss (profit after tax)
30	Apollo Vredestein Opony Polska Sp. Zo.o.	122.20	6.29
31	Vredestein Norge A.S.	0.07	(0.54)
32	Vredestein Consulting B.V.	245.49	32.24
33	Finlo B.V.	(15.54)	–
34	Vredestein Marketing B.V.	1.73	–
35	Reifencom GmbH, Bielefeld	160.56	11.56
36	Reifencom GmbH, Hannover	177.34	(14.87)
37	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	112.01	1.77
38	Reifencom Tyre (Qingdao) Co., Ltd.	(0.61)	0.50
39	Saturn F1 Pvt. Ltd.	89.38	(7.03)
40	Retail Distribution Holding B.V.	–	–
41	Rubber Research LLC	–	–
	Total	**100,436.71**	**1,890.41**

25 DISCLOSURE IN RESPECT OF SPECIFIED BANK NOTES (SBN) AS SPECIFIED BY MINISTRY OF CORPORATE AFFAIRS (MCA) VIDE NOTIFICATION NO. G.S.R. 308(E) DATED MARCH 30, 2017

₹ Million

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1.59	0.61	2.20
Add: Permitted receipts	0.15	8.50	8.65
Less: Permitted payments	0.32	6.57	6.89
Less: Amount deposited in Banks	1.42	0.03	1.45
Closing cash in hand as on December 30, 2016	**-**	**2.51**	**2.51**

The above disclosure is in respect of the Parent Company since there are no Subsidiaries, Associates or Joint Ventures incorporated in India.

26 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have recommended a final dividend of ₹ 3.00 Per Share amounting to ₹ 1,527.07 Million on Equity Shares of ₹ 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on the same amounts to ₹ 310.88 Million.

27 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the board of directors on May 5, 2017.

28 Earnings Per Share (EPS) The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars	2016-17	2015-16
Basic & Diluted Earnings Per Share		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	10,989.99	11,229.60
The weighted average number of equity shares outstanding during the year used as denominator - (B)	509,024,770	509,024,770
Basic/Diluted earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each)	21.59	22.06

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

FORM AOC 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of companies (Accounts) rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate/ joint venture

Part A: Subsidiaries

₹ Million

S. No.	Name of the subsidiary	Reporting currency	Exchange rate as on 31.03.2017	As at March 31, 2017 Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than subsidiary)	Year ended March 31, 2017 Turnover (including other income)	Profit before tax	Tax expense	Profit after tax
1	Apollo Tyres Cooperatief U.A.	EURO	69.06	8,714.81	29,422.74	40,385.34	2,247.79	–	–	(226.63)	(50.38)	(176.25)
2	Apollo (South Africa) Holdings (Pty) Ltd.	ZAR	4.81	–	314.37	314.54	0.17	–	0.63	0.57	0.16	0.41
3	Apollo Tyres Africa (Pty) Ltd.	ZAR	4.81	1,925.36	(1,692.80)	711.53	478.97	–	1,268.08	(11.97)	(3.28)	(8.69)
4	Apollo Tyres (Thailand) Limited	THB	1.88	187.84	58.41	828.26	582.01	–	3,151.55	(44.70)	(9.60)	(35.10)
5	Apollo Tyres (Middle East) FZE	AED	17.60	35.19	147.66	394.57	211.72	–	1,976.26	22.22	–	22.22
6	Apollo Tyres Holdings (Singapore) Pte. Ltd.	USD	64.65	524.29	(35.33)	4,542.52	4,053.56	–	14,826.21	129.02	33.13	95.89
7	Apollo Tyres (Malaysia) SDN. BHD	MYR	14.61	94.73	(17.82)	131.65	54.74	–	321.18	(19.55)	–	(19.55)
8	Apollo Tyres (UK) Pvt. Ltd.	GBP	80.72	1,187.93	59.66	1,379.42	131.83	–	1,261.05	63.22	16.60	46.62
9	Apollo Tyres (London) Pvt. Ltd.	GBP	80.72	847.59	(2.12)	846.03	0.56	–	–	–	–	–
10	Apollo Tyres Global R&D B.V.	EURO	69.06	0.01	512.37	789.81	277.43	–	2,232.70	188.21	31.10	157.11
11	Apollo Tyres (Germany) GmbH	EURO	69.06	1.73	74.42	90.44	14.29	–	261.81	34.85	1.27	33.58
12	Apollo Tyres AG	CHF	64.58	303.35	(161.64)	149.79	8.08	–	142.99	(21.57)	–	(21.57)
13	Apollo Tyres do (Brazil) Ltda	BRL	20.52	16.21	(9.47)	29.43	22.69	–	–	(1.52)	–	(1.52)
14	Apollo Tyres B.V.	EURO	69.06	1,071.65	22,485.69	33,646.31	10,088.97	–	–	(13.02)	21.51	(34.53)
15	Apollo Tyres (Hungary) Kft	HUF	0.22	14,026.20	(2,353.38)	24,558.38	12,885.56	–	–	(1,297.83)	–	(1,297.83)
16	Apollo Vredestein B.V.	EURO	69.06	2.93	17,790.04	26,962.26	9,169.29	–	28,950.27	2,252.38	315.96	1,936.42
17	Apollo Vredestein GmbH	EURO	69.06	35.36	5,070.82	8,186.09	3,079.91	–	10,404.99	1,438.44	260.72	1,177.72
18	Vredestein Marketing B.V. & Co. KG	EURO	69.06	–	(2,377.18)	2,557.13	4,934.31	–	703.42	(46.50)	(4.03)	(42.47)
19	Vredestein Nordic A.B.	SEK	7.23	8.24	45.09	665.95	612.62	–	1,116.73	30.70	3.34	27.36
20	Apollo Vredestein UK Limited	GBP	80.72	80.80	37.77	461.24	342.67	–	1,432.10	39.85	8.81	31.04
21	Apollo Vredestein SAS	EURO	69.06	2.90	416.65	588.14	168.59	–	1,495.71	30.10	(8.35)	38.45
22	Apollo Vredestein Belux	EURO	69.06	4.28	123.44	286.05	158.33	–	1,493.19	72.53	45.58	26.95
23	Apollo Vredestein Gesellschaft m.b.H.	EURO	69.06	2.51	37.82	718.07	677.74	–	2,098.79	40.58	10.96	29.62
24	Apollo Vredestein Schweiz AG	CHF	64.58	193.75	90.80	316.53	31.98	–	839.85	22.47	3.47	19.00
25	Apollo Vredestein Srl	EURO	69.06	13.81	(89.45)	61.06	136.70	–	326.82	(124.66)	–	(124.66)
26	Apollo Vredestein Iberica SA	EURO	69.06	214.17	115.52	440.88	111.19	–	954.57	35.14	8.81	26.33
27	Apollo Vredestein Tires Inc.	USD	64.65	113.13	(138.39)	133.90	159.16	–	395.76	(52.94)	–	(52.94)
28	Apollo Vredestein Kft	HUF	0.22	0.67	8.95	226.86	217.24	–	519.32	7.92	1.04	6.88
29	S.C. Vredestein R.O. Srl *	EURO	69.06	–	–	–	–	–	–	–	–	–

₹ Million

S. No.	Name of the subsidiary	Reporting currency	Exchange rate as on 31.03.2017	As at March 31, 2017					Year ended March 31, 2017			
				Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than subsidiary)	Turnover (including other income)	Profit before tax	Tax expense	Profit after tax
30	Apollo Vredestein Opony Polska Sp. Zo.o.	PLN	16.35	0.82	121.38	481.34	359.14	–	741.10	14.14	7.85	6.29
31	Vredestein Norge A.S.	NOK	7.53	0.75	(0.68)	0.08	0.01	–	–	(0.54)	–	(0.54)
32	Vredestein Consulting B.V.	EURO	69.06	1.57	243.92	253.45	7.96	–	52.85	38.57	6.33	32.24
33	Finlo B.V.	EURO	69.06	0.62	(16.16)	14.99	30.53	–	–	–	–	–
34	Vredestein Marketing B.V.	EURO	69.06	1.73	–	1.73	–	–	–	–	–	–
35	Reifencom GmbH, Bielefeld	EURO	69.06	51.79	108.77	609.72	449.16	–	2,756.16	19.80	8.24	11.56
36	Reifencom GmbH, Hannover	EURO	69.06	106.07	71.27	1,473.92	1,296.58	–	7,468.94	(17.52)	(2.65)	(14.87)
37	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	EURO	69.06	112.01	–	2,754.62	2,642.61	–	6,875.89	7.44	5.67	1.77
38	Reifencom Tyre (Qingdao) Co., Ltd.	CNY	9.31	4.59	(5.20)	1.04	1.65	–	3.98	0.50	–	0.50
39	Saturn F1 Pvt. Ltd.	GBP	80.72	95.86	(6.48)	99.75	10.37	–	–	(8.53)	(1.50)	(7.03)
40	Retail Distribution Holding B.V.	EURO	69.06	–	–	–	–	–	–	–	–	–
41	Rubber Research LLC	USD	64.65	–	–	–	–	–	–	–	–	–
42	Apollo Tyres (Cyprus) Pvt. Ltd.	EURO	69.06	138.92	12.07	152.23	1.24	–	5.47	3.44	0.64	2.80
43	Apollo Tyres (Greenfield) B.V.	EURO	69.06	2.49	(9.58)	1,731.74	1,738.83	–	5.02	(10.22)	–	(10.22)

* It is a non-operating entity.

Note 1 Name of subsidiaries which are yet to commence operations
- Retail Distribution Holding BV
- Rubber Research LLC

Note 2 Name of subsidiaries which have been liquidated or sold during the year - None. During the year, one of the subsidiary, Apollo (Mauritus) Holdings Pvt. Ltd. was merged with the Company.

Note 3 Financial period for all the subsidiaries is April to March.

Note 4 There is no proposed dividend in any subsidiary as on March 31, 2017.

Note 5 The shareholding in all subsidiaries is 100%.

Part B: Joint Venture & Associates

₹ Million

S. No.	Name of Joint Venture		PanAridus LLC
1	**Latest balance sheet date**		31.12.16
2	**Shares of joint ventures held by the company at the year end**		
	No.		9,550
	Extent of Holding %		50%
	Amount of Investment in Joint Venture	26.65	
	Less : Provision for Impairment	(26.65)	–
3	**Description of how there is significant influence**		Extent of Holding equals to 50%
4	**Reason why the joint venture is not consolidated**		Refer note 1 below
5	**Net worth attributable to Shareholding as per latest Balance Sheet**		(128.04)
6	**Profit/(Loss) upto December 31, 2016**		
	i. Considered in consolidation (upto 50% of our shareholding)		(3.05)
	ii. Not considered in consolidation		(3.05)

Note 1 Our share of loss is consolidated till December 31, 2016. In Quarter 4, provision for impairment for investment in Joint Venture has been made in the books.

Note 2 The investment in Pressurite, an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognising further losses in accordance with Ind AS 28 *Accounting for Investments in Associates*. Further, the group does not have any further obligations to satisfy with regard to this associate.

Note 3 Name of associates or joint ventures which are yet to commence operations

None

Note 4 Name of associates or joint ventures which have been liquidated or sold during the year

None

For and on behalf of the Board of Directors

ONKAR S. KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S. NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 5, 2017

Independent Auditors' Report

TO THE MEMBERS OF APOLLO TYRES LTD.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **APOLLO TYRES LTD.** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), an associate and a jointly controlled entity comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 (hereinafter referred to as "the Consolidated Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated 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 financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

(a) We did not audit the financial statements of 41 subsidiaries whose financial statements reflect total assets of ₹ 49,723.72 Million as at March 31, 2016, total revenues of ₹ 37,155.43 Million and net cash flows amounting to ₹ (4,155.26 Million) for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2016, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of one jointly controlled entity, whose financial statements reflect total assets of ₹ 15.65 Million as at March 31, 2016, total revenues of ₹ 38.57 Million and net cash flows amounting to ₹ (1.85 Million) for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

    e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

    f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding Company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity.

   ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company other than ₹ **4.36 Million** (Previous Year ₹ 3.60 Million) which has not been transferred as per the orders/instructions of the Special Court (Trial of Offences relating to Transactions in Securities), Mumbai. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S)

M K ANANTHANARAYANAN
Partner
(Membership No.: 19521)

Chennai,
May 11, 2016

Annexure "A" to the Independent Auditors' Report

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

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **APOLLO TYRES LTD.** (hereinafter referred to as "the Holding Company") as of that date. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Holding company is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S)

M K ANANTHANARAYANAN
Partner
(Membership No.: 19521)

Chennai,
May 11, 2016

Consolidated Balance Sheet

As at March 31, 2016

	Notes	As at March 31, 2016	As at March 31, 2015
			₹ Million
A. EQUITY & LIABILITIES:			
1 Shareholders' Funds :			
(a) Share Capital	B 1	509.02	509.09
(b) Reserves and Surplus	B 2	61,313.07	49,913.88
		61,822.09	**50,422.97**
2 Non-Current Liabilities:			
(a) Long-term Borrowings	B 3	6,095.73	3,339.39
(b) Deferred Tax Liabilities (Net)	C 13	5,961.75	5,208.95
(c) Other Long Term Liabilities	B 3	681.31	72.68
(d) Long-term Provisions	B 3	1,337.16	1,257.82
		14,075.95	**9,878.84**
3 Current Liabilities:	B 4		
(a) Short-term Borrowings		7,400.93	4,666.36
(b) Dues to Micro Enterprises & Small Enterprises		36.98	31.02
(c) Other Trade Payables		15,457.80	8,902.66
(d) Other Current Liabilities		5,558.94	6,927.14
(e) Short-term Provisions		6,693.10	5,465.75
		35,147.75	**25,992.93**
TOTAL		**111,045.79**	**86,294.74**
B. ASSETS			
1 Non-Current Assets :			
(a) Fixed Assets	B 5		
(i) Tangible Assets		41,092.03	41,559.02
(ii) Intangible Assets		2,199.29	1,096.33
(iii) Capital Work-in-Progress		9,749.82	2,182.06
		53,041.14	**44,837.41**
(b) Goodwill on Consolidation (Note C-8)		4,711.40	1,165.13
(c) Non-Current Investments	B 6	9.26	7.17
(d) Deferred Tax Assets (Net)	C 13	405.92	296.95
(e) Long-term Loans & Advances	B 7	7,447.62	1,907.37
(f) Other Non-Current Assets	B 8	-	360.18
		65,615.34	**48,574.21**
2 Current Assets:			
(a) Current Investments	B 9	1,216.35	1,000.00
(b) Inventories	B 10	19,454.31	17,782.06
(c) Trade Receivables	B 10	10,843.48	9,589.43
(d) Cash & Cash Equivalents	B 10	5,941.99	5,945.90
(e) Short Term Loans & Advances	B 11	6,886.37	2,534.63
(f) Other Current Assets	B 12	1,087.95	868.51
		45,430.45	**37,720.53**
TOTAL		**111,045.79**	**86,294.74**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

NEERAJ KANWAR
Vice Chairman & Managing Director

SUNAM SARKAR
Director

AKSHAY CHUDASAMA
Director

M K ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 11, 2016

Consolidated Statement of Profit & Loss

For the year ended March 31, 2016

₹ Million

		Notes	Year Ended March 31, 2016	Year Ended March 31, 2015
1	**Revenue from Operations**			
	Gross Sales		127,107.69	137,247.03
	Less : Excise Duty		10,029.73	9,990.04
	Net Sales		**117,077.96**	**127,256.99**
	Other Operating Income	B 13	852.28	897.26
2	**Other Income**	B 14	700.38	537.99
3	**Total Revenue (1 + 2)**		**118,630.62**	**128,692.24**
4	**Expenses**			
	(a) Cost of Materials Consumed	B 15	53,628.60	64,188.49
	(b) Purchase of Stock-in-Trade	B 15	6,057.54	5,932.13
	(c) Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade		(51.82)	633.61
	(d) Employee Benefits Expense	B 15	15,869.60	16,106.15
	(e) Finance Costs	B 16	915.55	1,827.90
	(f) Depreciation & Amortization expense	B 5	4,238.89	3,882.88
	(g) Other Expenses	B 15	22,743.93	21,987.91
	Total Expenses		**103,402.29**	**114,559.07**
5	**Profit before Exceptional items & Tax (3 - 4)**		**15,228.33**	**14,133.17**
6	**Exceptional items - Gain / (Loss)**	C 6	**477.71**	**(824.90)**
7	**Profit before Tax (5 + 6)**		**15,706.04**	**13,308.27**
8	**Tax Expense**			
	(a) Current Tax Expense		4,318.77	3,534.99
	(b) Deferred Tax Expense		457.08	(2.81)
	Total Tax Expense		**4,775.85**	**3,532.18**
9	**Profit for the year (7 - 8)**		**10,930.19**	**9,776.09**
10	**Earnings per Share of ₹ 1 each:**			
	(a) Basic		21.47	19.25
	(b) Diluted		21.47	19.23
See accompanying notes forming part of the consolidated financial statements				

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

NEERAJ KANWAR
Vice Chairman &
Managing Director

SUNAM SARKAR
Director

AKSHAY CHUDASAMA
Director

M K ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 11, 2016

Consolidated Cash-Flow Statement

For the year ended March 31, 2016

₹ Million

			Year Ended March 31, 2016		Year Ended March 31, 2015	
A	CASH FLOW FROM OPERATING ACTIVITIES					
	(i)	Profit before tax		15,706.04		13,308.27
		Add: Adjustments for:				
		Depreciation and Amortization Expenses	4,238.89		3,882.88	
		Loss on Sale of Tangible Fixed Assets (Net)	23.91		23.86	
		Exceptional Item	(477.71)		824.90	
		Dividend from Long Term and Current Investments	(162.77)		(26.30)	
		Provision for Doubtful Trade Receivables / Advances written back	86.84		40.20	
		(Profit) on Sale of Investments	(0.25)		-	
		Provision for Constructive Liability	(7.79)		7.50	
		Provision for Compensated Absences	20.44		37.83	
		Provision for estimated loss on derivatives	(15.99)		82.64	
		Unclaimed Credit Balances / Provisions written back	(3.24)		(20.00)	
		Finance Cost (Net of Interest Capitalized)	915.55		1,827.90	
		Interest Income	(166.84)		(115.60)	
		Unrealized Loss / (Gain) on Foreign Exchange Fluctuation	(56.31)		11.49	
		Post Retirement Medical Obligation	4.66	**4,399.39**	0.06	**6,577.36**
	(ii)	Operating Profit Before Working Capital Changes		**20,105.43**		**19,885.63**
		Changes in Working Capital				
		Adjustments for (increase) / decrease in operating assets:				
		Inventories	33.16		1,697.68	
		Trade Receivables	1,749.96		892.32	
		Short-Term Loans and Advances	(188.51)		579.56	
		Other Non-Current Assets	360.18		(146.04)	
		Other Current Assets	(161.21)		104.16	
		Long -Term Loans and Advances	(57.68)	**1,735.90**	(260.61)	**2,867.07**
		Adjustments for increase / (decrease) in operating liabilities:				
		Dues to MSME	5.96		2.23	
		Trade Payables	2,643.51		(4,116.58)	
		Other Current Liabilities	(819.65)		(1,146.72)	
		Other Long-Term Liabilities & Provisions	197.66		184.11	
		Short - Term Provisions	391.36	**2,418.84**	28.06	**(5,048.90)**
	(iii)	Cash Generated from Operations		24,260.17		17,703.80
		Less: Direct Taxes Paid (Net of Refund)		(3,913.62)		(2,954.16)
		Add/Less: Exceptional Item		1,660.51		(629.96)
		Net Cash Flow From Operating Activities (A)		**22,007.06**		**14,119.68**
B	CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of Fixed Assets (Including Purchase of Investment Property and Interest Capitalized)		(17,154.35)		(6,372.65)	
	Proceeds from Sale of Fixed Assets		57.08		67.87	
	Purchase of Long Term Investments		(203.85)		-	
	(Purchase) / Sale of Investments		(216.35)		(796.21)	
	Sale of Long Term Investments		0.84		-	
	Long Term Fixed Term Deposits With Banks Taken / Matured		41.00		15.86	
	Investment on acquisition of subsidiary		(2,893.37)		-	
	Fixed Deposits with Financial Institution placed / matured		(3,800.00)		-	
	Payment for Trademarks		-		(557.06)	
	Dividends received from Long Term & Current Investments		162.77		26.30	
	Interest Received		92.01		115.69	
	Net Cash Used in Investing Activities (B)			**(23,914.22)**		**(7,500.20)**

₹ Million

	Year Ended March 31, 2016		Year Ended March 31, 2015	
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital including Share Premium	-		323.25	
Long-Term Borrowings Received	7,977.19		45.86	
Repayment of Long -Term Borrowings	(3,187.70)		(7,652.61)	
Capital Subsidy received	-		22.50	
ETP Subsidy received	-		3.00	
Short-Term Borrowings (net of repayments)	(874.87)		2,781.22	
Payment of Dividends (Including Dividend Tax)	(1,301.62)		(446.65)	
Finance Charges Paid (Net of Interest Capitalized)	(1,005.38)		(1,912.43)	
Net Cash Used In Financing Activities (C)		**1,607.62**		**(6,835.86)**
Forex Fluctuation Difference arising out of Consolidation (D)		(166.86)		(359.28)
Net Increase in Cash and Cash Equivalents (A+B+C+D)		**(466.40)**		**(575.66)**
Cash & Cash Equivalents as at the beginning of the year		5,945.90		6,540.50
Add: Cash & Cash Equivalents on acquisition of subsidiary during the year		508.28		-
Less: Bank Deposits with Original Maturity over Three Months		41.01		59.88
Less: Unpaid Dividends Bank Accounts		35.91		32.45
		6,377.26		**6,448.17**
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)		6.57		10.10
Adjusted Cash & Cash Equivalents as at the beginning of the year		**6,370.69**		**6,438.07**
Cash & Cash Equivalents as at the end of the year		5,941.99		5,945.90
Less: Bank Deposits with Original Maturity over Three Months		0.01		41.01
Less: Unpaid Dividends Bank Accounts		42.05		35.91
		5,899.93		**5,868.98**
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)		(4.36)		6.57
Adjusted Cash & Cash Equivalents as at the end of the year		**5,904.29**		**5,862.41**

In terms of our report attached

For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS
Chartered Accountants

NEERAJ KANWAR
Vice Chairman & Managing Director

SUNAM SARKAR
Director

AKSHAY CHUDASAMA
Director

M K ANANTHANARAYANAN
Partner

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 11, 2016

A. Notes Forming Part of the Consolidated Financial Statements

1 GROUP CORPORATE INFORMATION

The Apollo Tyres Group consists of Apollo Tyres Limited, 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 product portfolio of the Group consists tyres of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck–bus, agriculture, industrial, specialty, bicycle and off highway tyres, retreading material and tyres, alloy wheels and two wheeler tyres.

2 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

2.2 Principles of Consolidation

The consolidated financial statements relate to Apollo Tyres Ltd (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary companies, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2016.

(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) 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.

(iv) 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.

(v) 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.

(vi) Goodwill arising on consolidation is not amortised but tested for impairment.

(vii) In respect of the foreign operations, the audited financial statements for the year ended March 31, 2016 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".

(viii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as referred in Para 2.4.

(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
				March 31, 2016	March 31, 2015	
Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	Subsidiary	Mauritius	Apollo Tyres Ltd	100%	100%	
Apollo Tyres (Greenfield) B.V.	Subsidiary	Netherlands	Apollo Tyres Ltd	100%	-	Note(a)
Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	Subsidiary	South Africa	APOLLO COOP	100%	100%	Note(b)
Apollo Tyres Africa (PTY) Ltd	Subsidiary	South Africa	ASHPL	100%	100%	
Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	Subsidiary	Cyprus	AMHPL	100%	100%	
Apollo Tyres AG (AT AG)	Subsidiary	Switzerland	APOLLO COOP	100%	100%	
Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	Subsidiary	Singapore	APOLLO COOP	100%	100%	
Apollo Tyres (Middle East) FZE (ATFZE)	Subsidiary	Dubai	APOLLO COOP	100%	100%	
Apollo Tyres Co-operatief U.A. (Apollo Coop)	Subsidiary	Netherlands	AMHPL	100%	100%	
Apollo Tyres (Brasil) Ltda	Subsidiary	Brazil	APOLLO COOP	100%	100%	
Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	APOLLO COOP	100%	100%	
Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	APOLLO COOP	100%	100%	
Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	APOLLO COOP	100%	100%	
Apollo Tyres (Hungary) KFT. (ATH Kft)	Subsidiary	Hungary	ATBV	100%	100%	
Apollo Tyres (U.K.) Pvt Ltd (ATUK)	Subsidiary	United Kingdom	APOLLO COOP	100%	100%	
Apollo Tyres (London) Pvt Ltd	Subsidiary	United Kingdom	ATUK	100%	100%	Note(c)
Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	
Apollo Vredestein GmbH (AV GmbH)	Subsidiary	Germany	AVBV	100%	100%	
Vredestein Marketing B.V. & Co. KG	Subsidiary	Germany	AV GmbH	100%	100%	
Vredestein Nordic A.B.	Subsidiary	Sweden	AVBV	100%	100%	
Vredestein Norge A.S.	Subsidiary	Norway	AVBV	100%	100%	
Apollo Vredestein U.K. Limited	Subsidiary	United Kingdom	AVBV	100%	100%	
Apollo Vredestein SAS	Subsidiary	France	AVBV	100%	100%	
Apollo Vredestein Belux	Subsidiary	Belgium	AVBV	100%	100%	
Apollo Vredestein Gesellschaft m.b.H.	Subsidiary	Austria	AVBV	100%	100%	

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
				March 31, 2016	March 31, 2015	
Apollo Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	
Apollo Vredestein Srl	Subsidiary	Italy	AVBV	100%	100%	
Apollo Vredestein Iberica SA	Subsidiary	Spain	AVBV	100%	100%	
Apollo Vredestein Tires Inc.	Subsidiary	USA	AVBV	100%	100%	
Apollo Vredestein Kft (AV Kft)	Subsidiary	Hungary	AVBV	100%	100%	
S.C. Vredestein R.O. Srl	Subsidiary	Romania	AV Kft	100%	100%	
Apollo Vredestein Opony Polska Sp. Zo.o.	Subsidiary	Poland	AVBV	100%	100%	
Vredestein consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
PanAridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	
Reifencom GmbH, Bielefeld	Subsidiary	Germany	APOLLO COOP	100%	-	Note(d)
Reifencom GmbH, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld	100%	-	Note(d)
Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld & 'Reifencom GmbH, Hannover	100%	-	Note(d)
Reifencom Tyre (Qingdao) Co., Ltd.	Subsidiary	China	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	100%	-	Note(d)
Apollo Tyres (Malaysia) Sdn Bhd	Subsidiary	Malaysia	ATHS	100%	-	Note(e)
Apollo Tyres (Germany) GmbH	Subsidiary	Germany	APOLLO COOP	100%	-	Note(e)

Notes :

(a) During the year, Apollo Tyres (Greenfield) Co. Operatief U.A. has been converted to Apollo Tyres (Greenfield) B.V

(b) As a part of group restructuring exercise, entire share capital of Apollo (South Africa) Holdings (Pty) Ltd has been transferred by AMHPL to Apollo Coop.

(c) Name changed from Apollo Tyres Propvest (U.K.) Pvt Ltd to Apollo Tyres (London) Pvt Ltd

(d) Acquired on January 01, 2016.

(e) Incorporated during the year.

(x) Following associate based in South Africa has not been consolidated / accounted under the equity method but has been accounted for as investments under AS 13 Accounting for Investments in 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
				March 31, 2016	March 31, 2015	
Pressurite (Pty) Ltd	Associate	South Africa	Apollo (South Africa) Holdings (Pty.) Ltd.	28.00%	28.00%	Note(a)

(a) The investment in Pressurite, an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognizing further losses in accordance with Para 18 of Accounting Standard 23 – “Accounting for Investments in Associates in Consolidated Financial Statements”. Further, the group does not have any further obligations to satisfy with regard to this associate.

Additional information as required under Schedule III to the Companies Act, 2013 of entities Consolidated

S.No	Name of the Entity	Net Assets As on March 31, 2016		Share in Profit or Loss For the year ended March 31, 2016	
		As a % of Consolidated Net Assets	₹ Million	As a % of Consolidated Profit or (Loss)	₹ Million
Parent Company					
1	Apollo Tyres Limited	64.65	39,964.06	78.00	8,524.63
Foreign Subsidiaries					
2	Apollo Tyres (Greenfield) B.V.	0.00	2.73	0.00	0.02
3	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	17.72	10,957.03	12.13	1,325.64
4	Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	0.26	161.66	0.04	4.67
Intermediate Subsidiary (Refer Note 1 below)					
5	Apollo Tyres Co-operatief U.A. (Apollo Coop)	161.31	99,722.10	34.59	3,781.20
Joint Venture					
6	PanAridus LLC	(0.20)	(124.99)	(0.29)	(31.68)
	Add/ (Less): Effect of intercompany adjustments/eliminations	(143.74)	(88,860.50)	(24.47)	(2,674.29)
	TOTAL	**100.00**	**61,822.09**	**100.00**	**10,930.19**

Note:

1. Apollo Tyres Co-operatief U.A. (Apollo Coop)

₹ Million

S.No	Name of the Entity	Net Assets	Share in Profit or Loss
1	Apollo Tyres Co-operatief U.A. (Apollo Coop)	41,119.14	(22.18)
2	Apollo Tyres (Hungary) Kft	5,411.71	(824.77)
3	Apollo Tyres AG (ATAG)	172.88	(79.28)
4	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	336.54	31.85
5	Apollo Tyres (Middle East) FZE (ATFZE)	165.66	27.12
6	Apollo Tyres (Thailand) Limited	326.03	43.91
7	Apollo Tyres (Brazil) Ltda	7.39	(0.59)
8	Apollo Tyres Global R&D B.V.	550.29	175.43
9	Apollo Tyres B.V. (ATBV)	23,114.13	75.38
10	Apollo Tyres (U.K.) Pvt Ltd	1,801.65	40.39
11	Apollo Tyres (London) Pvt Ltd	997.20	-
12	Apollo Vredestein B.V. (AVBV)	19,924.04	2,062.32
13	Apollo Vredestein GmbH	4,359.72	181.35
14	Vredestein Marketing B.V. & Co. KG	(2,582.05)	270.02
15	Vredestein Nordic A.B.	31.76	(9.19)
16	Apollo Vredestein U.K. Limited	106.06	0.26
17	Apollo Vredestein SAS	192.10	37.77
18	Apollo Vredestein Belux	111.59	75.21
19	Apollo Vredestein Gesellschaft m.b.H.	13.64	0.24
20	Apollo Vredestein Schweiz AG	284.07	21.67
21	Apollo Vredestein Srl	44.77	(19.75)
22	Apollo Vredestein Iberica SA	332.30	33.64

₹ Million

S.No	Name of the Entity	Net Assets	Share in Profit or Loss
23	Apollo Vredestein Tires Inc.	(86.14)	(37.74)
24	Apollo Vredestein Kft	3.33	(1.16)
25	S.C. Vredestein R.O. Srl	-	-
26	Apollo Vredestein Opony Polska Sp. Zo.o.	124.96	(40.42)
27	Vredestein Norge A.S.	0.62	(0.05)
28	Vredestein Consulting B.V.	234.59	14.99
29	Finlo B.V.	(16.93)	-
30	Vredestein Marketing B.V.	1.88	-
31	Apollo Tyres (Germany) GmbH	48.63	3.35
32	Apollo Tyres (Malaysia) SDN. BHD	-	-
33	Reifencom GmbH, Bielefeld	165.67	(38.30)
34	Reifencom GmbH, Hannover	211.04	(67.42)
35	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	120.18	12.36
36	Reifencom Tyre (Qingdao) Co., Ltd.	13.88	-
37	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	1,855.69	1,461.37
38	Apollo Tyres Africa (Pty) Ltd	224.08	353.42
	TOTAL	**99,722.10**	**3,781.20**

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. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

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 progress, incurred in bringing such inventories to their present location and condition.

Raw materials, stores & spares and traded goods cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of work in progress and finished goods, cost is determined on a First in First Out basis. In case of subsidiaries in Europe, the cost is determined on the basis of "First-in First-Out" and consumable stores are stated at actual cost by reference to latest purchases. The proportion of Raw materials and stores & spares of subsidiaries in Europe is 26% of the total value of Raw materials and stores & spares held by the group.

2.5 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 Cash Flow Statement

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

2.7 Depreciation and Amortisation

Tangible Fixed Assets

Depreciation on fixed assets is provided using straight line method over the estimated useful life of the assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. :

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 estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The estimated useful life considered for the major assets are as under.

Assets Class	Estimated useful life (No. of Years)
Building	30-60
Plant & Machinery	10-25
Moulds	4-8
Material Handling Equipments	4-12
Computer Hardware	3-5
Computer Software	3-6
Motor Vehicles	4-10
Furniture & Fixtures	4-10
Office Equipment	4-10
Research & Development	6

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.

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. Royalty income is accounted on accrual basis based on the terms and conditions of the royalty agreement.

2.10 Fixed Assets (Tangible/ Intangible)

(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 Consolidated 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.

Intangible Fixed 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.

2.11 Foreign Currency Transactions And Translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/ realizations and year-end restatements are dealt with in the Consolidated Statement of Profit and Loss.

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

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

The financial statements of consolidated foreign subsidiaries are translated into Indian Rupees, which is the functional currency of the Company, as follows:

- Assets and liabilities at rates of exchange ruling at year end.
- Income and expense items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiaries are classified as equity and transferred to the foreign currency translation reserve.

2.12 Government Grants, Subsidies and Export Incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

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

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

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

2.13 Investments

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are carried individually at lower of cost and fair value.

2.14 Employee Benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, pension fund, gratuity fund and compensated absences.

Liability for gratuity to employees determined on the basis of actuarial valuation, using projected unit method, 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, using projected unit method as on the balance sheet date.

Contributions to defined contribution schemes such as provident fund, superannuation fund & employee state insurance scheme and cost of other benefits are recognized as an expense in the year incurred. The shortfall, if any, between the return from the investments of Company's Employees Provident Fund Trust and the notified interest rate is recognized as an expense in Consolidated Statement of Profit and Loss in the year in which the shortfall is expected to arise.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the Consolidated Statement of Profit and Loss as income or expense.

The employer's liability for post employment medical benefits, in respect of past service, is provided for and adjusted in response to actuarial assessments when necessary.

At reporting date, employees of one of the European subsidiaries participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. In March 2013, the company and the pension fund reached an agreement, which has resulted in clarification of the fact that the company has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. As a result of the above the defined benefit liability was derecognized and included in the consolidated statement of profit and loss as part of the employees expenses. Obligations for contributions to defined contribution plan are recognized in the Consolidated Statement of Profit and Loss for the period in which they arise.

At reporting date employees of another European subsidiary participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Valuation of the obligation under the pension plan is carried out by independent actuary.

One of the South African subsidiaries provides retirement benefits for its employees through a number of defined contribution plans. Contributions by the company to defined contribution retirement plans are recognised as an expense in the period in which the related services are rendered by employees. In respect of eligible employees, the employer's liability for post employment medical benefits (a contribution obligation), in respect of past service, is provided for and adjusted in response to independent actuarial assessments when necessary. The company makes a top-up payment which is recognised as an expense in the related period.

2.15 Employee Share Based Payments

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

2.16 Borrowing Costs

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

2.17 Segment Reporting

The Group identifies operating & 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 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 recognised as operating leases.

Operating Lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

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 substantively enacted as on the balance sheet date. Deferred tax liabilities are recognised for all timing differences. 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 and items relating to capital losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence of realization of such assets.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

2.21 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 Fixed Assets.

2.22 Impairment Of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.23 Provision and Contingencies

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.

2.24 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 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.

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.

2.26 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 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

₹ Million

		As at March 31, 2016	As at March 31, 2015
(a)	**Authorised**		
	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
		750.00	**750.00**
(b)	**Issued, Subscribed, Called and Fully Paid Up**		
	Equity Shares of ₹ 1 each:		
	509,024,770 (509,024,770) Equity Shares Outstanding	509.02	509.02
	Add: Forfeited Shares: **Nil** (13,565 Nos.)#	-	0.07
		509.02	**509.09**

13,565 Shares which were forefeited in prior years of ₹ 0.07 Million have now been transferred to Capital Reserve.

(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Amount in ₹ Million	Number of Shares	Amount in ₹ Million
Opening Balance	509,024,770	509.02	504,024,770	504.02
Add: Shares allotted on conversion of Share Warrants	-	-	5,000,000	5.00
Closing Balance	**509,024,770**	**509.02**	**509,024,770**	**509.02**

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

S.No.	Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
		Number of Shares	%	Number of Shares	%
1	Neeraj Consultants Ltd.	42,508,142	8.35%	42,508,142	8.35%
2	Apollo Finance Ltd.	36,759,650	7.22%	36,759,650	7.22%
3	Sunrays Properties & Investment Co. Pvt. Ltd.	35,725,648	7.02%	35,725,648	7.02%
4	Constructive Finance Pvt. Ltd.	29,630,857	5.82%	29,630,857	5.82%

(e) The rights, preferences and restrictions attached to equity shares of the company:

The Company has only one class of 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 AND SURPLUS

₹ Million

		As at March 31, 2016	As at March 31, 2015
(a)	**Capital Subsidy**	25.50	25.50
(b)	**Capital Redemption Reserve**	44.40	44.40
(c)	**Capital Reserve**		
	Forefeited Shares	0.07	-
	Transfer from Share Forefeiture ₹ 1375/-(Nil)	-	-
		0.07	**-**
(c)	**Securities Premium Account**		
	As per last Balance Sheet	6,085.71	5,659.71
	Add: Received during the year	-	426.00
		6,085.71	**6,085.71**
(d)	**Debenture Redemption Reserve**		
	As per last Balance Sheet	958.33	1,658.33
	Add: Transfer from Surplus in Consolidated Statement of Profit and Loss	125.00	300.00
	Less: Utilised during the year	708.33	1,000.00
		375.00	**958.33**
(e)	**Revaluation Reserve**	31.22	31.22
(f)	**Share Forfeiture Nil (₹ 1375/-)**	-	-
(g)	**General Reserve**		
	As per last Balance Sheet	10,001.43	9,001.43
	Add: Transfer from Surplus in Consolidated Statement of Profit and Loss	1,000.00	1,000.00
		11,001.43	**10,001.43**
(h)	**Foreign Currency Translation Reserve**		
	As per last Balance Sheet	(2,138.14)	1,819.09
	Less: Transfer to Surplus in Consolidated Statement of Profit and Loss	35.35	-
	Add: Share of joint ventures - jointly controlled entities	(4.09)	(1.85)
	Add: Effect Of Foreign Exchange rate variations during the year	1,816.76	(3,955.38)
	Closing Balance	**(360.82)**	**(2,138.14)**
(i)	**Surplus in Consolidated Statement of Profit and Loss**		
	As per last Balance Sheet	34,905.43	26,917.21
	Add: Transfer from Foreign Currency Translation Reserve	35.35	-
	Add: Transfer from Debenture Redemption Reserve	708.33	1,000.00
	Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (net of deferred tax of ₹ 132.94 Million)	-	258.18
	Less: Depreciation on componentisation of Fixed Assets as per the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (net of deferred tax of ₹ 22.28 Million)	42.12	-
	Add: Net Profit for the year	10,930.19	9,776.09
	Balance available for Appropriation	**46,537.18**	**37,435.12**
	Less: Appropriations made during the year		
	General Reserve	1,000.00	1,000.00
	Debenture Redemption Reserve	125.00	300.00
	Proposed Dividend	1,018.05	1,018.05
	Dividend Tax	283.57	207.25
	Dividend for previous year	-	3.75
	Dividend Tax on dividend for previous year	-	0.64
		2,426.62	**2,529.69**
	Closing Balance	**44,110.56**	**34,905.43**
	Total Reserves and Surplus	**61,313.07**	**49,913.88**

B 3 NON - CURRENT LIABILITIES

₹ Million

	As at March 31, 2016		As at March 31, 2015	
Long Term Borrowings				
Secured*				
(i) Debentures				
1,000 - 9.40 % Non Convertible Debentures of ₹ 1 Million each		1,000.00		1,000.00
(ii) Term Loans				
From Banks:				
External Commercial borrowings (ECB)		411.19		1,147.55
Other Foreign Currency Loans		2,862.57		-
From Others:				
International Finance Corporation - Loan A	451.37		677.06	
International Finance Corporation - Loan B	199.57		399.14	
Magyar Import-Export Bank Zrt	942.16	**1,593.10**	-	**1,076.20**
(iii) Finance Lease - Deferred Payment Liabilities:				
Deferred Payment Credit I (Note C-19)		56.10		107.49
Deferred Payment Credit II (Note C-19)		7.64		8.15
Liability on asset acquired by Finance lease		165.13		-
		228.87		115.64
		6,095.73		**3,339.39**
Other Long Term Liabilities				
Security Deposits Received from Dealers		26.17		14.53
Security Deposits Received from Employees		50.49		54.61
Deferred Consideration Payable on acquisition of subsidiary (Note C- 8)		601.96		-
Lease Escalation		1.10		1.59
Share of joint ventures - jointly controlled entities		1.59		1.95
		681.31		**72.68**
Long Term Provisions				
Provision for Employee Benefits				
Pension Liability		972.80		854.85
Post Retirement Medical Benefits		116.17		129.20
Jubilee Benefits		178.64		129.08
Provision for Constructive Liability (Note C-14 (c))		69.55		78.43
Others		-		66.26
		1,337.16		**1,257.82**

* For details regarding Repayment Terms, Interest Rate and Nature of Security on Long Term Borrowings, Refer Note B 3(a).

Note B 3 (A)

Debentures:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at March 31, 2015 (₹ 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 10-11-17	Refer Note A2 & B1 below
	1,000 - 10.15 % Non Convertible Debentures of ₹ 1 Million each	-	-	-	1,000.00	10.15%	Bullet Repayment on 16-04-15	
	1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	-	-	-	416.67	11.50%	Repayment in 3 equal instalments of ₹ 416.67 Million on 02-02-14, 02-02-15 & 02-02-16 respectively.	Refer Note A2 & B1 below
Total Debentures		**1,000.00**	**-**	**1,000.00**	**1,416.67**			

External Commercial Borrowings From Banks:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at March 31, 2015 (₹ 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			
Bank 1	ECB II	-	56.12	56.13	112.25	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 III	-	-	134.85	269.70	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	
	ECB I	-	-	-	231.10	7-8%	Repayment in 4 equal annual installments of USD 5 Million started from 03-08-12	
Bank 3	ECB II	-	139.19	139.19	139.19	9-10%	Repayment in 4 equal annual installments of USD 3.125 Million started from 16-07-13	Refer Note A1 & B2 below
	ECB I	100.02	99.99	200.01	99.99	7-8%	Repayment in 3 equal annual installments in USD equivalent to ₹ 100 Million starting from 29-09-15	Refer Note A1 & B1 below
Bank 4	ECB II	144.16	144.11	288.27	144.11	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	167.01	162.10	329.10	162.10	10-11%	Repayment in 3 equal annual installments of USD 3.33 Million starting from 28-09-15	Refer Note A1 & B1 below
Total External Commercial Borrowings		**411.19**	**601.51**	**1,147.55**	**1,158.44**			

Other Foreign Currency Loans From Banks:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at March 31, 2015 (₹ 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			
Other Foreign Currency Loans	Bank 1	1,881.14	-	-	-	EURIBOR +2-3%	Repayment in 8 semi-annual installments starting from 11-Feb-2019	Refer Note C1 below
	Bank 2	942.16	-	-	-	1.85%	Repayment in 10 equal semi-annual installments of Euro 15 Million starting from 11-Feb-2019	Refer Note C1 below
	Bank 3	22.72	-	-	-	2.04%	Monthly payment till 30.08.2024	Secured by mortgage on land and building at Bielefeld, Germany
	Bank 4	16.55	-	-	-	4.25%	Monthly payment till 30.11.2019	Secured by mortgage on land and building at Cologne, Germany
Total Other Foreign Currency Borrowings		**2,862.57**	-	-	-			

Term Loans From Others:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at March 31, 2015 (₹ 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			
IFC	Loan A	451.37	225.69	677.06	225.69	9-10%	Repayment in 12 half-yearly installments of USD 2.50 Million each started from 17-06-13	Refer Note A1 & B2 below
	Loan B	199.57	199.57	399.14	199.57	9-10%	Repayment in 9 half-yearly installments of USD 2.22 Million each started from 16-12-13	Refer Note A1 & B2 below
Magyar Import-Export Bank Zrt	Loan I	942.16	-	-	-	1.85%	Repayment in 10 equal semi-annual installments of Euro 15 Million starting from 11-Feb-2019	Refer Note C1 below
Total Term Loans from Others		**1,593.10**	**425.26**	**1,076.20**	**425.26**			

Deferred Payment Credit:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2016 (₹ Million)		Amount outstanding as at March 31, 2015 (₹ 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			
Others	Deferred Payment Credit I	56.10	51.39	107.49	47.84	7-8%	Repayment along with Interest in 240 consecutive monthly installments started from 15-05-07	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	7.64	4.14	8.15	8.28	8-9%	Repayment along with Interest in 20 equal quarterly installments started from April, 2010	Engineering materials purchased under the scheme
	Liability on asset acquired by Finance lease	165.13	-	-	-	Average 5%-6%	Monthly repayments	Items of Plant & Machinery purchased under the lease
		228.87	**55.53**	**115.64**	**56.12**			

Details Of Security Offered To Existing Lenders:

Note A1	A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at Village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.
Note A2	A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
Note A3	A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future
Note B1	A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company, both present and future (except stocks & book debts).
Note B2	A pari passu first charge on the movable assets and pari passu second charge on the current assets of the company.
Note C1	The facility is secured on the current & future fixed assets of the ATH Kft and AVBV. In addition, the facility is also secured by the pledge on : i) the share of ATH Kft; ii) rights and receivables of ATH Kft under project agreements; iii) Rights and receivables including insurance receivables, intercompany receivables and shareholder loans (other than trade receivables) of AVBV, ATBV and AHT Kft; and iv) bank accounts of ATBV and ATH Kft.

B 4 CURRENT LIABILITIES

₹ Million

		As at March 31, 2016	As at March 31, 2015
(a)	**Short Term Borrowings**		
	Loans repayable on demand from bank		
	Secured		
	Packing Credit*	319.51	362.40
	Cash Credit*	2.55	1.16
	Banks Overdraft#	3,621.57	-
	Short Term Loan from Banks**	40.24	39.76
	Unsecured		
	Packing Credit	3,415.12	4,263.04
	Share of joint ventures - jointly controlled entities	1.94	-
		7,400.93	**4,666.36**
(b)	**Dues to Micro Enterprises & Small Enterprises**		
	Accounts Payable - Raw Materials & Services	29.77	23.81
	Accounts Payable on purchase of fixed assets	7.21	7.21
		36.98	**31.02**
(c)	**Other Trade Payables**		
	Acceptances	1,580.57	187.79
	Accounts Payable - Raw Materials & Services	9,714.86	5,505.21
	Freight, Port Charges, CHA Charges Payable	675.48	664.56
	Expenses Payable	1,458.27	835.83
	Employee Related Payables***	1,949.07	1,670.58
	Payable to Related Parties (Note C-17)	40.80	31.67
	Share of joint ventures - jointly controlled entities	38.75	7.02
		15,457.80	**8,902.66**
(d)	**Other Current Liabilities**		
	Current Maturities of Long-Term Debt****		
	Secured		
	Debentures		
	1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	-	416.67
	1000- 10.15% Non Convertible Debentures of ₹ 1 Million each	-	1,000.00
		-	**1,416.67**
	Term Loan from Banks		
	External Commercial borrowings (ECB)	601.51	1,158.44
	Term Loan from Others		
	International Finance Corporation - Loan A	225.69	225.69
	International Finance Corporation - Loan B	199.57	199.57
		425.26	**425.26**
	Finance Lease - Deferred Payment Liabilities (Note C-19)		
	Deferred Payment Credit I	51.39	47.84
	Deferred Payment Credit II	4.14	8.28
		55.53	**56.12**
		1,082.30	**3,056.49**

* Cash Credits and Packing Credit are secured by a first charge on Raw materials, Work-in-Progress, Stocks, Stores and Book Debts and by a second charge

on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

Loans taken by Reifencom are secured by pledge of stock & receivables of Reifencom and loans taken by AVBV are secured by a charge on bank balance, inventories and receivables of AVBV. Further the loans obtained by Reifencom are also supported by corporate guarantee issued by Apollo Coop.

** Short Term Loan taken at LIBOR+4% p.a. secured by hypothecation of stocks lying in Jebel Ali Warehouse and a demand promissory note for USD 10 Million repayable within 120 days from the date of drawdown of each tranche.

*** Employee Related Payables includes commission on net profits payable to whole-time directors ₹ **685 Million** (₹ 490 Million)

**** For nature of security on Current Maturities of Long Term Debts, Refer Note B 3(a).

₹ Million

		As at March 31, 2016		As at March 31, 2015	
	Other Current Liabilities (Continued)				
	Interest accrued but not due on borrowings		61.98		151.06
	Unclaimed Dividends*		41.68		37.50
	Interest payable to Micro Enterprises & Small Enterprises		10.58		10.58
	Other Payables				
	Accounts Payable on purchase of Fixed Assets	1,614.21		595.80	
	Excise Duty on closing stock	236.51		288.15	
	Payable to Related Parties (Note C-17)	21.64		43.15	
	Statutory remittances (Contribution to PF & ESIC, VAT, CST, Custom Duty, Service tax and others)	1,491.22		1,609.01	
	Export Obligations - Advance Licence Benefit	-		7.67	
	Security Deposits - Vendors	247.66		287.85	
	Security Deposits - Dealers / Employees	74.78		66.27	
	Derivative Financial Liabilities	-		18.41	
	Advance Received From Customers	481.53		302.79	
	Lease Escalation	0.09		0.10	
	Others	113.62	4,281.26	254.06	3,473.26
	Gratuity Payable (Note C-12)		81.14		198.25
			4,476.64		**3,870.65**
			5,558.94		**6,927.14**
(e)	**Short Term Provisions**				
	Provision for Employee Benefits				
	Provision for Compensated Absences		272.60		282.97
	Social Premium Payable		690.95		529.64
			963.55		**812.61**
	Others				
	Provision for Contingencies (Note C-14(b))		425.00		425.00
	Proposed Dividend on Equity Shares		1,018.05		1,018.05
	Dividend Tax		207.25		207.25
	Provision for Taxation	14,319.65		11,366.86	
	Less: MAT Credit Adjusted	-		450.13	
	Less: Advance Tax	13,067.18	1,252.47	10,315.38	601.35
	Provision for Wealth Tax		7.00		7.00
	Provision for Sales related obligations (Note C- 14(a))		2,563.08		2,159.01
	Provision for Estimated Loss on Forward Foreign Exchange Contracts (Note C-16)		134.50		150.49
	Deferred Revenue		91.20		55.08
	Provision for Constructive Liability (Note C- 14(c))		31.00		29.91
			5,729.55		**4,653.14**
			6,693.10		**5,465.75**

* Includes ₹ **4.36 Million** (₹ 3.60 Million) which has not been transferred to the Investor Education and Protection Fund under Section 124 of the Companies Act, 2013, as per the orders/ instructions of the special court (trial of offences relating to transactions in securities), Mumbai.

B 5 FIXED ASSETS

As at March 31, 2016

₹ Million

Description of Assets	GROSS BLOCK						DEPRECIATION / AMORTIZATION							NET BLOCK	
	As at March 31, 2015	Additions	Additions on Business Combination	Deductions/ Adjustments	Exchange rate Adjustment (f)	As at March 31, 2016	As at March 31, 2015	Additions	Additions on Business Combination	Deductions/ Adjustments	Transition adjustment recorded against surplus in Statement of Profit & Loss	Exchange rate Adjustment (f)	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
A Tangible Assets- Owned unless otherwise stated															
Land															
Freehold Land	1,603.77	5.50	29.50	(613.69)	165.39	2,417.85	-	-	-	-	-	-	-	2,417.85	1,603.77
Leasehold Land*	172.19	17.45	-	-	-	189.64	14.29	1.97	-	-	-	-	16.26	173.38	157.90
								(a)							
Buildings- own use	12,358.18	414.05	84.93	1,130.45	234.84	11,961.55	3,983.58	420.45	16.67	158.38	-	198.37	4,460.69	7,500.86	8,374.60
		(b)												(d)	
Plant & Machinery**	69,285.68	2,370.05	551.76	2,700.65	3,241.88	72,748.72	39,823.89	2,824.25	446.67	1,736.04	64.41	2,540.06	43,963.24	28,785.48	29,461.79
		(b)													
Electrical Installation	1,468.87	80.34	-	3.21	0.02	1,546.02	655.11	151.69	-	0.24	-	0.02	806.58	739.44	813.76
		(b)													
Furniture & Fixtures	1,731.54	152.42	45.35	(122.08)	57.72	2,109.11	1,065.57	167.41	35.33	64.82	-	28.94	1,232.43	876.68	665.97
		(b)													
Office Equipments	167.03	10.45	637.47	2.53	38.96	851.38	40.48	30.93	482.78	1.66	-	22.29	574.82	276.56	126.55
Vehicles	756.69	138.07	12.51	107.63	22.61	822.25	416.27	121.57	6.15	57.85	-	26.03	512.17	310.08	340.42
	87,543.95	**3,188.33**	**1,361.52**	**3,208.70**	**3,761.42**	**92,646.52**	**45,999.19**	**3,718.27**	**987.60**	**2,018.99**	**64.41**	**2,815.71**	**51,566.19**	**41,080.33**	**41,544.76**
Share of joint ventures - jointly controlled entities	23.92	0.93	-	-	2.15	27.00	9.66	4.51	-	-	-	1.13	15.30	11.70	14.26
Total Tangible Assets	**87,567.87**	**3,189.26**	**1,361.52**	**3,208.70**	**3,763.57**	**92,673.52**	**46,008.85**	**3,722.78**	**987.60**	**2,018.99**	**64.41**	**2,816.84**	**51,581.49**	**41,092.03**	**41,559.02**
		(c)													

₹ Million

Description of Assets	GROSS BLOCK						DEPRECIATION / AMORTIZATION						NET BLOCK	
	As at March 31, 2015	Additions	Additions on Business Combination	Deductions/ Adjustments	Exchange rate Adjustment (f)	As at March 31, 2016	As at March 31, 2015	Additions	Additions on Business Combination	Deductions/ Adjustments	Exchange rate Adjustment (f)	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
B Intangible Assets														
Computer Software	1,002.84	528.42	671.84	(195.83)	105.47	2,504.40	801.00	253.09	348.43	(210.21)	77.78	1,690.51	813.89	201.84
		(b)												
Trademarks	51.35	5.75	-	4.10	5.86	58.86	46.21	0.20	-	-	3.37	49.78	9.08	5.14
Research & Development	1,999.17	584.58	-	-	235.98	2,819.73	1,109.82	207.30	-	-	126.29	1,443.41	1,376.32	889.35
		(b)												
Total Intangible Assets	**3,053.36**	**1,118.75**	**671.84**	**(191.73)**	**347.31**	**5,382.99**	**1,957.03**	**460.59**	**348.43**	**(210.21)**	**207.44**	**3,183.70**	**2,199.29**	**1,096.33**
		(c)												

₹ Million

Particulars	As at March 31, 2016	As at March 31, 2015
Depreciation and amortisation for the period on tangible assets	3,722.78	3,590.44
Depreciation and amortisation for the period on intangible assets	460.59	284.34
Depreciation / diminution in value of Assets Held for Sale	55.52	8.10
Depreciation charged to P&L	**4,238.89**	**3,882.88**

B 5 FIXED ASSETS

As at March 31, 2015

₹ Million

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTIZATION						NET BLOCK	
	As at March 31, 2014	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2015	As at March 31, 2014	Additions	Deductions/ Adjustments	Transition adjustment recorded against surplus in Statement of Profit & Loss	Exchange rate Adjustment (f)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
TANGIBLE ASSETS- owned unless otherwise stated													
Land													
Freehold Land**	1,541.12	329.50	-	(266.85)	1,603.77	-	-	-	-	-	-	1,603.77	1,541.12
Leasehold Land*	396.68	-	229.41	4.92	172.19	236.84	1.94	229.41	-	4.92	14.29	157.90	159.84
							(a)						
Buildings- own use**	11,976.36	1,232.13	33.35	(816.96)	12,358.18	3,682.48	588.54	8.77	129.69	(408.36)	3,983.58	8,374.60	8,293.88
		(b)										(d)	
Plant & Machinery**	73,607.31	2,167.79	88.31	(6,401.11)	69,285.68	42,362.10	2,558.34	73.29	107.16	(5,130.42)	39,823.89	29,461.79	31,245.21
		(b)	(e)										
Electrical Installation	1,419.29	49.62	-	(0.04)	1,468.87	444.20	156.74	-	54.21	(0.04)	655.11	813.76	975.09
		(b)											
Furniture & Fixtures**	1,740.97	115.58	27.50	(97.51)	1,731.54	928.28	140.61	33.93	97.28	(66.67)	1,065.57	665.97	812.69
		(b)											
Office Equipments	190.42	3.28	0.38	(26.29)	167.03	37.59	7.10	0.35	-	(3.86)	40.48	126.55	152.83
Vehicles**	705.00	177.89	83.51	(42.69)	756.69	367.21	133.16	37.84	2.78	(49.04)	416.27	340.42	337.79
Plantation Development	59.68	-	61.00	1.32	-	59.68	-	61.00	-	1.32	-	-	-
	91,636.83	**4,075.79**	**523.46**	**(7,645.21)**	**87,543.95**	**48,118.38**	**3,586.43**	**444.59**	**391.12**	**(5,652.15)**	**45,999.19**	**41,544.76**	**43,518.45**
Share of joint ventures - jointly controlled entities	24.05	4.62	-	(4.75)	23.92	7.44	4.01	-	-	(1.79)	9.66	14.26	16.61
Total Tangible Assets	**91,660.88**	**4,080.41**	**523.46**	**(7,649.96)**	**87,567.87**	**48,125.82**	**3,590.44**	**444.59**	**391.12**	**(5,653.94)**	**46,008.85**	**41,559.02**	**43,535.06**
		(c)											

B 5 FIXED ASSETS

As at March 31, 2015

₹ Million

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at March 31, 2014	Additions	Deductions	Exchange rate Adjustment (f)	As at March 31, 2015	As at March 31, 2014	Additions	Deductions/ Adjustments	Exchange rate Adjustment (f)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Intangible Assets												
Computer Software	1,099.27	23.99 (b)	2.80	(117.62)	1,002.84	807.66	95.83	2.06	(100.43)	801.00	201.84	291.61
Trademarks	55.13	5.54	-	(9.32)	51.35	45.55	3.88	-	(3.22)	46.21	5.14	9.58
Research & Development	1,833.11	552.99 (b)	-	(386.93)	1,999.17	1,147.50	184.63	-	(222.31)	1,109.82	889.35	685.61
Total Intangible Assets	**2,987.51**	**582.52** (c)	**2.80**	**(513.87)**	**3,053.36**	**2,000.71**	**284.34**	**2.06**	**(325.96)**	**1,957.03**	**1,096.33**	**986.80**

* Leasehold Land is Net of ₹ **5.39 Million** (₹ 9.59 Million) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

** Plant & Machinery, Land, Buildings, Furniture & Fixtures and Vehicles includes Fixed Assets Held for Sale with a Gross Book Value of **Nil** (₹ 2,198.19 Million), **Nil** (₹ 115.44 Million), **Nil** (₹ 365.80 Millionl), **Nil** (₹ 68.23 Million) & **Nil** (₹ 2.03 Million) and a Net Book Value of **Nil** (₹ 824.10 Million), **Nil** (₹ 115.44 Million), **Nil** (₹ 200.65 Million), **Nil** (₹ 11.39 Million) & **Nil** (₹ 0.19 Million) respectively.

Plant & Machinery includes Jointly Owned Assets with a Gross Book Value of ₹ **311.28 Million** (₹ 254.87 Million) and a Net Book Value of ₹ **275.76 Million** (₹ 231.21 Million) which represents 50% ownership in the asset.

Plant & Machinery includes assets taken on Finance Lease with a Gross Book Value of ₹ **400.00 Million** (₹ 400.00 Million), and a Net Book Value of ₹ **216.83 Million** (₹ 233.61 Million)

(a) Represents proportionate lease premium ₹ **1.97 Million** (₹ 1.94 Million) amortized.

(b) Buildings include ₹ **174.33 Million** (₹ 90.26 Million), Plant & Machinery includes ₹ **114.89 Million** (₹ 66.43 Million), Electrical Installations include ₹ **30.48 Million** (₹ 2.79 Million), Furniture & Fittings include ₹ **41.30 Million** (₹ 8.03 Million), Computer Software include ₹ **9.04 Million** (Nil) and Research & Development includes ₹ **584.58 Million** (₹ 552.99 Million) for capital expenditure on Research & Development (Note C-9).

(c) Includes directly attributable expenses capitalized to the extent of ₹ **35.03 Million** (₹ 27.65 Million) (Note C-11).

(d) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of ₹ **6,974.19 Million** (₹ 6,782.11 Million) and Net Book Value of ₹ **5,076.62 Million** (₹ 5,213.50 Million)

(e) Plant & Machinery is reduced by **Nil** (₹ 3.00 Million) being ETP Subsidy received from the Government of Tamilnadu.

(f) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening and closing conversion rates.

(g) Capital Work-in-Progress includes land of ₹ **10.69 Million** (₹ 10.69 Million) acquired by the company & is in the process of getting the title deeds transferred to its name.

B 6 NON CURRENT INVESTMENTS (AT COST)

₹ Million

		As at March 31, 2016	As at March 31, 2015
Trade Investments			
(a)	**Investment in Equity Instruments (Quoted)***		
	16,394 (16,394) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - Fully paid up	0.36	0.36
(b)	**Investment in Equity Instruments (Unquoted)***		
	312,000 (312,000) Equity Shares of ₹ 10 each in Green Infra Wind Power Projects - Fully paid up	3.12	3.12
	Nil (5,500) Equity Shares of ₹ 10 each in Suryadev Alloys And Power Pvt Ltd. - Fully Paid up	-	0.59
	620,000 (Nil) Equity Shares of ₹ 0.10 each in OPGS Power Gujarat Pvt. Ltd.- Fully paid up	0.12	-
	207,000 (Nil) Equity Shares of ₹ 10 each in NSL Wind Power Company- Fully paid up.	2.07	-
	12,500 (Nil) Equity Shares of ₹ 10 each in Trishul Electric & Powergen Co.- Fully paid up.	0.12	-
Other Non Current Investments (Non Trade)			
(a)	**Investment in Mutual Funds****		
	Units of "UTI Balanced Fund - Dividend Plan - Reinvestment" *** (Face Value of ₹ 10/- each)	2.97	2.60
(b)	**Others**		
	Investment in **5,000** (5,000) Equity Shares of ₹ 100/- each in Apollo Tyres Employees Multipurpose Co-operative Society Limited	0.50	0.50
		9.26	**7.17**
*	Aggregate amount of quoted investments	0.36	0.36
	Aggregate market value of listed and quoted investments	1.05	1.19
	Aggregate amount of unquoted Investments	8.90	6.81
**	No. of units at the beginning of the year - **179,562** (161,826)	2.60	2.10
	Add: Reinvestment of dividend during the year - **13,462** (17,736)	0.37	0.50
	No. of units at the end of the year - **193,024** (179,562)	2.97	2.60
***	Repurchase price of units	5.11	5.23

B 7 LONG TERM LOANS & ADVANCES

₹ Million

	As at March 31, 2016	As at March 31, 2015
Long-Term Loans & Advances		
Unsecured, Considered Good		
Capital Advances - Others	6,070.30	628.21
Capital Advances to Related Parties (Note C-17)	75.37	79.60
Doubtful Capital Advances	134.18	134.18
Less: Provision for Doubtful Advances	134.18	134.18
	6,145.67	**707.81**
Security Deposits	759.68	763.69
Security Deposits to Related Parties (Note C-17)	518.01	418.01
Employee Advances - Salary Loan	21.50	15.05
Other Loans and Advances - Excise Duty Recoverable	2.58	2.57
Share of joint ventures - jointly controlled entities	0.18	0.24

B 7 LONG TERM LOANS & ADVANCES (CONTD.)

₹ Million

	As at March 31, 2016	As at March 31, 2015
	7,447.62	**1,907.37**
Includes Advances given to Related Parties		
Firms/ Private Companies in which any director is a director or member :		
Sunlife Trade Links Pvt. Ltd.	5.86	5.86
Landmark Farms & Housing Pvt. Ltd.	6.00	6.00
Regent Properties	5.40	5.40
Milers Global Pvt. Ltd.	0.75	0.75
	18.01	**18.01**

B 8 Other Non-Current Assets

Investment promotion Subsidy Receivable from Government of Tamil Nadu	-	360.18
	-	**360.18**

B 9 Current Investments

Non Trade Investments (At lower of cost and fair value)		
Investment in Mutual Funds*	1,216.35	1,000.00
	1,216.35	**1,000.00**

* FY 2015-16	No. of Units	Value (₹ Million)	NAV
SBI	78,005	200.00	2,563.94
Reliance	59,449,817	1,016.35	17.10
	59,527,822	**1,216.35**	

FY 2014-15	No. of Units	Value (₹ Million)	NAV
SBI	20,000,000	200.00	10.83
ICICI	25,000,000	250.00	10.83
Reliance	5,000,000	50.00	10.80
Birla (Scheme1)	25,000,000	250.00	10.84
Birla (Scheme 2)	25,000,000	250.00	10.83
	100,000,000	**1000.00**	

B 10 CURRENT ASSETS

₹ Million

			As at March 31, 2016	As at March 31, 2015
(a)	**Inventories**			
	(At lower of cost and net realizable value)			
	(i)	**Raw Materials**		
		In Hand	2,866.46	3,514.72
		In Transit	583.24	94.76
			3,449.70	**3,609.48**
	(ii)	**Work-in-Progress #**	1,023.51	936.04
	(iii)	**Finished Goods**		
		In Hand	9,454.03	9,077.42
		In Transit	1,098.97	1,151.57
			10,553.00	**10,228.99**

Work in Progress consists of Automotive Tyres only.

B 10 CURRENT ASSETS (CONTD.)

₹ Million

			As at March 31, 2016	As at March 31, 2015
	(iv)	**Bought Out Material / Stock in Trade**		
		In Hand	2,924.10	1,615.40
		In Transit	15.45	65.47
			2,939.55	**1,680.87**
	(v)	**Stores and Spares**	1,488.55	1,326.68
			19,454.31	**17,782.06**
(b)	**Trade Receivables - Unsecured**			
	Outstanding for a period exceeding six months from the date they were due for payment:			
	Considered Good		0.87	1.12
	Considered Doubtful		413.57	337.63
	Others - Considered Good (Note C17) *		10,842.61	9,588.31
			11,257.05	9,927.06
	Less: Provision for Doubtful Trade Receivables		413.57	337.63
			10,843.48	**9,589.43**
	*** Trade Receivables include due from Related Parties :**			
	Private Companies in which any director is a director or member			
	Apollo International LLC, Dubai		1.27	105.60
(c)	**Cash and Cash Equivalents ****			
	(i)	Cash on hand	5.01	4.02
	(ii)	Cheques on hand / Remittances in Transit	1,136.87	1,633.19
	(iii)	**Balances with Banks:**		
		Current Accounts	3,958.05	4,035.61
		Other Deposit Accounts		
		- Original Maturity 3 months or less	800.00	196.16
	(iv)	**Other Bank Balances:**		
		Unpaid Dividend Accounts	42.05	35.91
		Unclaimed Deposits Accounts	-	1.07
		Deposits with Maturity exceeding 3 Months***	0.01	39.94
			5,941.99	**5,945.90**

** 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 ₹ **5,899.93 Million** (₹ 5,868.98 Million).

*** Includes Deposit of ₹ **Nil** (₹ 37.97 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 ₹ **0.01 Million** (₹1.97 Million) which have an original maturity of more than 12 months.

B 11 SHORT TERM LOANS & ADVANCES

₹ Million

	As at March 31, 2016	As at March 31, 2015
Short-Term Loans & Advances		
Unsecured, Considered Good		
Advances given to Related Parties (Note C-17)	87.97	45.68
Fixed deposits with financial institutions	3,806.86	-
Others		
Trade Advances	441.43	723.71
Employee Advances	149.96	129.61

B 11 SHORT TERM LOANS & ADVANCES (CONTD.)

₹ Million

	As at March 31, 2016		As at March 31, 2015	
CENVAT Recoverable		185.37		102.93
VAT Recoverable		1,054.54		709.75
Service Tax Recoverable		116.59		91.05
Export Incentives Recoverable		187.35		167.87
Prepaid Expenses		508.47		233.97
Security Deposits Current		12.02		6.09
Advance Licence Benefit		193.49		-
Others		142.32		323.97
		6,886.37		**2,534.63**
Considered Doubtful		20.56		20.56
		6,906.93		**2,555.19**
Less: Provision for Doubtful Advances		20.56		20.56
		6,886.37		**2,534.63**
MAT Credit Entitlement availed	-		450.13	
Less: MAT Credit utilised	-	-	(450.13)	-
		6,886.37		**2,534.63**
Advances given to Related Parties				
Private Companies in which any director is a director or member				
Bespoke Tours & Travels Ltd.	6.01		-	
Apollo Fiege Integrated Logistics Ltd.	-	**6.01**	0.49	**0.49**

B 12 OTHER CURRENT ASSETS

₹ Million

	As at March 31, 2016	As at March 31, 2015
Investment promotion Subsidy Receivable from Government of Tamil Nadu	536.21	375.00
Assets held for sale	475.93	492.55
Interest accrued on Deposits	75.81	0.96
	1,087.95	**868.51**

B 13 OTHER OPERATING INCOME

₹ Million

	Year Ended March 31, 2016	Year Ended March 31, 2015
Investment promotion Subsidy from Government of Tamil Nadu (Note C-4)	536.21	521.04
Sale of scrap	273.95	301.77
Early Payment Discount Received from Raw Material Suppliers	42.12	74.45
	852.28	**897.26**

B 14 OTHER INCOME

₹ Million

		Year Ended March 31, 2016	Year Ended March 31, 2015
(a)	**Interest earned on Deposits**		
	- Bank	116.66	101.75
	- Others	50.18	13.85
		166.84	**115.60**
(b)	**Dividend Income from Long Term Investments**		
	Bharat Gears Ltd.	-	0.02

B 14 OTHER INCOME (CONTD.)

₹ Million

		Year Ended March 31, 2016	Year Ended March 31, 2015
	Unit Trust of India	0.37	0.50
		0.37	**0.52**
(c)	**Dividend Income from Current Investments**		
	Mutual Funds	162.40	25.78
(d)	**Other Non-Operating Income**		
	Unclaimed Credit Balances / Provisions no longer required written back	3.24	20.00
	Profit on Sale of Investments	0.25	-
	Technical Aid Fees	-	9.25
	Gain on Foreign Exchange Fluctuation (Net)	146.71	111.01
	Miscellaneous Receipts	220.57	255.83
		370.77	396.09
		700.38	**537.99**

B 15 MANUFACTURING AND OTHER EXPENSES

₹ Million

	Year Ended March 31, 2016	Year Ended March 31, 2015
Cost of Materials Consumed		
Raw Materials Consumed	53,628.60	64,188.49
Purchase of Stock-in-Trade		
Purchase of Finished Goods - Tyres, Tubes & Flaps	6,057.54	5,932.13
Employee Benefit Expenses		
Salaries and Wages	12,685.15	12,742.44
Contribution to Provident and Other Funds[4]	2,148.33	2,250.98
Staff welfare expenses	1,010.05	1,084.18
Employees Stock Appreciation Rights	3.59	3.58
Add: Share in Joint Venture	22.48	24.97
	15,869.60	**16,106.15**
Other Expenses		
Consumption of stores and spare parts[1]	1,118.88	1,155.77
Power and Fuel[2]	3,290.01	3,513.54
Conversion Charges	1,103.04	1,053.25
Repairs and Maintenance		
- Machinery	431.86	656.55
- Buildings	22.11	34.57
- Others	945.06	759.23
Rent[3]	354.36	303.12
Lease Rent - Factory / Service Charges	1,300.85	1,179.51
Insurance	198.98	184.27
Rates and Taxes	214.35	197.12
Directors' Sitting Fees	8.04	7.58
Commission to Non-Wholetime Directors	50.00	50.00
Loss on Sale of Tangible Fixed Assets (Net)	23.91	23.86

B 15 MANUFACTURING AND OTHER EXPENSES (CONTD.)

₹ Million

	Year Ended March 31, 2016	Year Ended March 31, 2015
Travelling, Conveyance and Vehicle Expenses	1,417.68	1,376.69
Postage, Telex, Telephone and Stationery	263.53	231.33
Conference Expenses	104.57	302.05
Freight and Forwarding	4,191.74	4,355.79
Commission on Sales	36.42	60.83
Sales Promotion Expenses	805.02	1,069.03
Advertisement and Publicity	2,824.50	2,034.61
Corporate Social Responsibility Expenses[5]	129.57	57.37
Research and Development (Note C-9)	2,239.77	1,746.38
Bank Charges	84.38	61.00
Statutory Auditors Remuneration (Note C-10)	54.21	57.05
Doubtful Receivables / Advances Written off	86.84	40.20
Legal and Professional Expenses	1,081.23	889.44
Miscellaneous Expenses	324.99	554.82
Share of joint ventures - jointly controlled entities	38.03	32.95
	22,743.93	**21,987.91**
	98,299.67	**108,214.67**

Notes:

1 Stores & Spares Consumed includes stores issued for repairs ₹ **2.12 Million** (₹ 2.63 Million).

2 Power and Fuel includes Stores Consumed ₹ **490.18 Million** (₹ 523.11 Million).

3 Net of Rent Received ₹ **9.45 Million** (₹ 1.45 Million).

4 Net of Cross-Charge ₹ **1.98 Million** (₹ 1.08 Million).

5 Corporate Social Responsibility Expenses includes ₹ **Nil** (₹ 0.55 Million) available with the implementation partner to be deployed in due course.

B 16 FINANCE COSTS

₹ Million

		Year Ended March 31, 2016	Year Ended March 31, 2015
(a)	**Interest Expense**		
	Interest on Fixed-Term Loans	301.38	524.67
	Interest on Debentures	138.73	536.79
	Interest on Other Loans	467.91	711.33
(b)	**Other Borrowing Costs**	5.09	55.06
	Share of joint ventures - jointly controlled entities	2.44	0.05
		915.55	**1,827.90**

C. Other Notes on Accounts

1 CONTINGENT LIABILITIES

₹ Million

Particulars	2015-16	2014-15
Sales Tax	40.05	76.17
Income Tax #	392.90	451.30
Claims against the company not acknowledged as debts		
- Employee Related	58.18	48.64
- Others	56.13	92.32
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd., a Company in which directors are interested)	-	37.97
Excise Duty*	137.61	57.93

* 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.

\# Excludes amount of ₹ **441.66 Million** (₹ 441.66 Million) in appeals which have been decided by Appellate authorities in Company's favour but on which the department has gone for further appeal.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

2 COMMITMENTS

₹ Million

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account & not provided for	32,560.33	32,864.67
TOTAL	**32,560.33**	**32,864.67**

3 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.

4 INVESTMENT PROMOTION SUBSIDY FROM GOVERNMENT OF TAMILNADU

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The Truck/ Bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MOU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, interalia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defined by the MoU, whichever is earlier. This eligiblity is subject to fulfillment of certain obligations by the Company.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of ₹ **536.21 Million** (₹ 521.04 Million) as other operating income (Note B13), being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN.

5 CAPITAL SUBSIDY

As per New Industrial Policy 2007, new and expansion units investing ₹ 2,000 Million and above and employing more than 400 direct workers will be eligible for a back ended capital subsidy of ₹ 15 Million. Further manufacturing units located within a SIPCOT Industrial park will be eligible for an additional 50% capital subsidy over and above the eligible limit. During the year, the Company received the capital subsidy of **Nil** (₹ 22.50 Million) on fulfilling the eligibility conditions which has been credited to capital subsidy disclosed under Reserves & Surplus.

6 EXCEPTIONAL ITEMS

Exceptional item during the year represents profit on sale of property by the Company's wholly owned subsidiary, Apollo Tyres Africa (Pty) Limited.

During the previous year, Apollo Tyres Africa (Pty) Limited, a subsidiary operating in South Africa had undertaken the following activities in connection with its restructuring process which resulted in exceptional item of ₹ 824.90 million:

a) Entire liability of all dues to bankers, external suppliers and a separate retrenchment agreement for employees' due of ₹ 751.73 Million under the Rescue Plan had been fully discharged.

b) Disposed off its investment in UK ATL Holdings Limited and recorded a profit of ₹ 143.86 Million. In addition, the Company had agreed not to have any claim against receivables from one of its subsidiary Apollo Tyres Zimbabwe and had, accordingly, written off debts amounting to ₹ 140.43 Million.

c) Evaluated marketability of inventory and wrote off inventory worth ₹76.60 Million in the books.

7 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2015, the company has adopted componentisation of fixed assets to align with the conditions specified in schedule II.

Pursuant to the conditions specified in Schedule II to the Companies Act, 2013, the company has done the componentisation of fixed assets and has fully depreciated the carrying value of the component, net of residual value, where the remaining useful life of that component is determined to be nil as on April 1, 2015 and has adjusted an amount of ₹ 42.12 Million (net of deferred tax of ₹ 22.28 Million) against the surplus balance in the Consolidated Statement of Profit and Loss under Reserves and Surplus. The depreciation expense in the Consolidated Statement of Profit and Loss for the year has increased by ₹ 220.66 Million consequent to the change in the useful life of the assets due to componentisation.

7A The Board of Directors of the Company at its meeting held on October 30, 2015 had approved the Amalgamation/Merger of Apollo (Mauritius) Holdings Pvt Ltd, wholly owned subsidiary, with the Company, subject to necessary approvals. The Appointed date of the amalgamation is April 1, 2016. The first motion for the approval of Scheme of Amalgamation has been filed with the Hon'ble High Court of Kerala on April 8, 2016.

8 The company acquired 100% shareholding of Reifencom GmbH, one of the largest tyre distributor in Germany on 1st January, 2016. Deferred consideration payable on acquisition of subsidiary, payable to erstwhile members of Reifencom GmbH, has been considered as a part of purchase consideration for computation of goodwill.

Goodwill on Consolidation

₹ Million

Particulars	As at March 31, 2016	As at March 31, 2015
Opening Balance	1,165.13	1,375.62
Add: On acquisition of subsidiaries during the year	3,302.68	-
Add/ less: Exchange difference during the year on translation of Goodwill of foreign subsidiaries	243.59	(210.49)
TOTAL	**4,711.40**	**1,165.13**

Effect of acquisition of subsidiaries on the financial position and results as included in the Consolidated Financial Statement is given below:

₹ Million

Particulars	As at March 31, 2016 Acquisition	As at March 31, 2015 Acquisition
Liabilities as at (date of acquisition)		
Non-current liabilities	267.90	-
Current liabilities	2,827.76	-
Assets as at (date of acquisition)		
Non-current assets	906.75	-
Current assets	2,355.98	-
Revenue for the period ended (including other income)	1,706.90	-
Expenses for the period ended	1,859.65	-
Loss before tax for the period ended	(152.75)	-
Loss after tax for the period ended	(101.72)	-

9 RESEARCH AND DEVELOPMENT COMPRISES THE FOLLOWING

₹ Million

Particulars	2015-16	2014-15
(A) Revenue Expenditure		
Materials	34.41	84.86
Employee Benefit Expenses	1,144.26	903.51
Travelling Expenses	133.56	85.21
Others	927.54	672.80
SUB - TOTAL	**2,239.77**	**1,746.38**
(B) Capital Expenditure	954.62	720.50
TOTAL (A+B)	**3,194.39**	**2,466.88**

10 STATUTORY AUDITORS' REMUNERATION

₹ Million

Particulars	2015-16	2014-15
For Audit	45.51	50.20
For Company Law matters	0.40	0.40
For Other Services	4.25	2.60
For Quarterly Review and Certification	4.05	3.85
TOTAL	**54.21**	**57.05**

11 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALISED / INCLUDED IN CAPITAL WORK IN PROGRESS DURING THE YEAR

₹ Million

Particulars	2015-16	2014-15
Raw Material Consumed	-	10.76
Salaries, Wages and Bonus	16.98	3.35
Welfare Expenses	9.29	4.94
Rent	1.40	1.45
Travelling, Conveyance and Vehicle expenses	2.40	4.04
Postage, Telephone and Stationery	0.21	0.20
Power and Fuel	2.31	1.64
Insurance Expenses	4.19	-
Legal & Professional Expenses	0.84	0.55
Miscellaneous Expenses	1.60	0.72
TOTAL*	**39.22**	**27.65**

*Out of the above ₹ **4.19 Million** (Nil) is included in Capital Work in Progress as on March 31, 2016

12 EMPLOYEE BENEFITS

A. Indian Operations

Defined Contribution Plans:

a. Superannuation Plan: The Company contributes a sum equivalent to 15% of the eligible employees salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ **62.58 Million** (₹ 59.83 Million).

b. Provident Fund: Contributions are made to the company's Employees Provident Fund Trust / Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

   In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation as an expense.

   The amount of contribution made by the Company to Employees Provident Fund Trust / Regional Provident Fund is ₹ **210.59 Million** (₹ 215.96 Million)

Defined Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the consolidated balance sheet for the respective plan:

Consolidated Statement of Profit and Loss:

Net employee benefit expenses

₹ Million

Particulars	2015-16	2014-15
Current service cost	62.51	56.39
Interest cost on benefit obligation	68.22	61.01
Expected return on plan assets	(55.33)	(57.95)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain) / loss recognized in the year	(7.43)	138.80
Expense recognized in the Consolidated Statement of Profit and Loss	67.97	198.25

Actual Contribution and Benefit payments for the year

₹ Million

Particulars	2015-16	2014-15
Actual Contributions	187.32	48.72
Actual Benefit Payments	(82.53)	(82.66)

Consolidated Balance Sheet:

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

₹ Million

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
Present value of defined benefit obligation at the end of the year	895.72	852.80	681.75	646.17	603.76
Fair value of plan assets at the end of the year	814.58	654.55	633.32	600.99	527.65
Asset/(Liability) recognized in the consolidated balance sheet	(81.14)	(198.25)	(48.43)	(45.18)	(76.11)
Experience Adjustment of obligation - (Gain) / Loss	(5.28)	75.99	30.02	9.36	42.04
Experience Adjustment of plan assets - Gain / (Loss)	(2.43)	(1.85)	(3.84)	0.31	1.75

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

₹ Million

Particulars	2015-16	2014-15
Present value of obligations as at the beginning of the year	852.80	681.75
Interest cost	68.22	61.02
Current service cost	62.51	56.39
Benefits paid	(82.53)	(82.67)
Actuarial (gain) / loss on obligation	(5.28)	136.31
Present value of obligations as at the end of the year	**895.72**	**852.80**

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

₹ Million

Particulars	2015-16	2014-15
Fair value of plan assets at beginning of the year	654.83	633.32
Expected return on plan assets	55.33	57.95
Contributions	184.80	48.72
Benefits paid	(82.53)	(82.67)
Actuarial (gain) / loss on plan assets	2.15	(2.49)
Fair value of plan assets as at the end of the year	**814.58**	**654.83**

The Group's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not available with the Company.

Principal actuarial assumptions for Gratuity:

Particulars		2015-16 Rate (%)	2014-15 Rate (%)
a)	Discount rate	8.00	8.00
b)	Future salary increase*	6.00	6.00
c)	Expected rate of return on plan assets	8.45	9.15

* 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 ₹ **83.69 Million** (₹ 98.72 Million).

Demographic Assumptions for Gratuity:

Particulars		2015-16	2014-15
a)	Retirement Age (Years)	58	58
b)	Mortality Table	IALM (2006-2008)	IALM (2006-2008)
c)	Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	3.00	3.00
	From 31 to 44 Years	2.00	2.00
	Above 44 Years	1.00	1.00

Other Long Term Employee Benefits:

Long Term Compensated Absences

Actuarial Assumption for Long term compensated absences:

Particulars		2015-16 Rate (%)	2014-15 Rate (%)
a)	Discount rate	8.00	8.00
b)	Future salary increase*	6.00	6.00

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

Demographic Assumptions for Long term compensated absences:

Particulars		2015-16	2014-15
a)	Retirement Age (Years)	58	58
b)	Mortality Table	IALM (2006-2008)	IALM (2006-2008)
c)	Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	3.00	3.00
	From 31 to 44 Years	2.00	2.00
	Above 44 Years	1.00	1.00

Employees Stock Appreciation Rights (Employees Phantom Stock Plan 2010)

a) During the year 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the company. Under the scheme, 1,200,000 phantom stock units have been granted on 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:

	As at March 31, 2016			As at March 31, 2015		
Date of Grant	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Phantom Stock Units Outstanding	-	197,500	75,000	-	291,250	75,000
Phantom Stock Units exercised	1,200,000	702,500	-	1,200,000	608,750	-
Exercise Price of Share (₹)	-	50.00	50.00	-	50.00	50.00
Market Price of Share (₹)	-	174.90	174.90	-	168.25	168.25
Fair Value of Share (₹)	-	130.21	129.71	-	126.77	125.76
Amount charged to Consolidated Statement of Profit & Loss (Included in Note - B 15 - Employee Benefits Expense)	-	₹ 2.54 Million	₹ 1.05 Million	-	₹ 3.09 Million	₹ 0.49 Million
Liability as on 31.03.2016 (Included in Note - B 4 (Trade Payables))	-	₹ 35.22 Million	₹ 9.37 Million	-	₹ 37.74 Million	₹ 8.31 Million

Phantom Stock outstanding units summary sheet is as follows -

Particulars	2015-16	2014-15	2013-14
Opening Phantom Stock Units	366,250	927,500	1,486,250
Number of Units issued during the year	-	-	-
Number of Units Vested during the year	93,750	561,250	558,750
Closing Phantom Stock units	272,500	366,250	927,500

The details of Variables used for Fair Valuation are given in the table below:

Grant date	April 1, 2010			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
March 31, 2016	April 1, 2011	April 1, 2012	April 1, 2013	April 1, 2014
Variables				
Stock Price (₹)	The options from Vest 1, Vest 2, Vest 3 & Vest 4 have been completely exercised			
Volatility				
Riskfree Rate				
Exercise Price (₹)				
Time To Maturity (In Years)				
Dividend yield				
Fair Value per vest (₹)				
Vesting Percentage				
Option Fair Value				

Grant date	April 1, 2011			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
March 31, 2016	April 1, 2012	April 1, 2013	April 1, 2014	April 1, 2015
Variables				
Stock Price (₹)	The Options from Vest 1, Vest 2 & Vest 3 have been completely exercised			174.90
Volatility				45.38%
Riskfree Rate				7.26%
Exercise Price (₹)				50.00
Time To Maturity (In Years)				3.00
Dividend yield				1.02%
Fair Value per vest (₹)				**130.21**
Vesting Percentage				100%
Option Fair Value				**130.21**

Grant date	April 1, 2012			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
March 31, 2016	April 1, 2013	April 1, 2014	April 1, 2015	April 1, 2016
Variables				
Stock Price (₹)	174.90	174.90	174.90	174.90
Volatility	43.31%	42.74%	45.38%	46.82%
Riskfree Rate	7.10%	7.18%	7.26%	7.32%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	2.00	2.50	3.00	3.50
Dividend yield	1.02%	1.02%	1.02%	1.02%
Fair Value per vest (₹)	**128.20**	**129.08**	**130.21**	**131.33**
Vesting Percentage	25%	25%	25%	25%
Option Fair Value	**129.71**			

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:

₹ Million

Particulars	2015-16	2014-15
Impact on Net Profit (₹ Million)		
Net Profit (As reported)	10,930.19	9,776.09
Add:- Cash based employee compensation expense included in net profit	3.59	3.58
Less:- Cash based compensation expense determined under fair value based method (Proforma)	1.99	49.02
Net Profit (Proforma)	10,931.79	9,730.65
Impact on Earnings per Share (₹)		
Basic		
Basic Earnings per Share of ₹ 1 Each (As reported)	21.47	19.25
Basic Earnings per Share of ₹ 1 Each (Proforma)	21.48	19.16
Diluted		
Diluted Earnings per Share of ₹ 1 Each (As reported)	21.47	19.23
Diluted Earnings per Share of ₹ 1 Each (Proforma)	21.48	19.14

B. South Africa Operations

Apollo Tyres Africa (Pty) Ltd

Post-employment medical obligation

The Group's liability in respect of the post-employment medical obligation has been actuarially valued at ₹ **116.17 Million** (₹ 129.20 Million) at December 31, 2015. The actuarial valuation performed has been based on the following assumptions:

a) a health care cost inflation rate of **9.00 % p.a.** (7.60% p.a)

b) a discount rate of **10.1 % p.a.** (8.6% p.a)

₹ Million

Particulars	2015-16	2014-15
Opening Balance	129.20	141.01
Interest cost recognized in income statement in current period	10.14	8.47
Health care cost inflation	-	-
Benefit payments	(13.42)	(10.57)
Actuarial loss / (gain) recognized in consolidated statement of profit and loss in current period	8.88	2.16
Miscellaneous (including basis and data changes)	(18.63)	(11.87)
Closing balance	**116.17**	**129.20**

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 ₹ **3.84**/₹ **4.18 Million** (₹ 4.67/₹ 5.08 Million) from the reported level of ₹ **116.17 Million** (₹ 129.20 Million). Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by ₹ **7.25**/₹ **6.83 Million** (₹ 8.82/₹ 8.30 Million).

C. European Operations

Apollo Tyres Cooperatief U.A. has as at March 31, 2016 two defined benefit plan. The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and Reifencom Gmbh and the contributions related to the defined contribution plan of Apollo Vredestein B.V. in the Netherlands. For the defined benefit plan of Apollo Vredestein Gmbh and Reifencom Gmbh an actuarial calculation was performed by an actuary of certified actuarial firm.

Apollo Vredestein GmbH

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

₹ Million

Particulars	2015-16	2014-15
Pension liabilities		
Defined benefit plan	607.91	582.79
Defined contribution plan	300.96	272.07
At end of the year	**908.87**	**854.86**

Particulars	2015-16	2014-15
Assumptions Apollo Vredestein GmbH		
Active employee members		
Number	28.0	35.0
Average age	46.6	46.6
Average future service	14.6	15.1
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Mortality table	Heubeck 2005G	Heubeck 2005G
Individual salary increase (dependent on age)	3%	3%
Discount rate	1.50%	3.10%

Consolidated Statement of Profit and Loss:

₹ Million

Particulars	2015-16	2014-15
Net employee benefit expenses (recognized in employee cost)		
Current service cost	16.73	12.34
Interest cost on benefit obligation	9.16	15.44
Expected return on plan assets	-	-
Net actuarial loss / (gain) recognized in the year	(42.27)	148.33
Administration Cost	-	-
Net benefit expense	**(16.38)**	**176.11**

Consolidated Balance Sheet:

₹ Million

Particulars	2015-16	2014-15
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of funded obligation at the end of the year	(607.91)	(582.75)
Fair value of plan assets at the end of the year	-	-
Asset/(Liability) recognized in the consolidated balance sheet	(607.91)	(582.75)
Experience Adjustment of obligation - (Gain) / Loss	-	-
Experience Adjustment of plan assets - Gain /(Loss)	-	-

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

₹ Million

Particulars	2015-16	2014-15
Present value of obligations as at the beginning of the year	582.75	538.36
Interest cost	9.16	15.44
Current service cost	16.74	12.34
Contribution by employees	-	(18.70)
Benefits paid	(18.98)	148.33
Actuarial (gain)/loss on obligation	62.21	(113.02)
Settlement of the obligation	(43.97)	-
Present value of obligations as at the end of the year	607.91	582.75

Reifencom Gmbh

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

₹ Million

Particulars	2015-16	2014-15
Pension liabilities		
Defined benefit plan	63.93	-
Defined contribution plan	-	-
At end of the year	**63.93**	**-**

₹ Million

Particulars	2015-16	2014-15
Assumptions Reifencom Gmbh		
Active employee members		
Number	3.0	-
Average age	52.5	-
Average future service	12.5	-
Inflation	1.75%	-
Indexation non-active members	-	-
Mortality table	Heubeck 2005G	-
Individual salary increase (dependent on age)	-	-
Discount rate	1.90%	-

Consolidated Statement of Profit and Loss:

₹ Million

Particulars	2015-16	2014-15
Net employee benefit expenses (recognized in employee cost)		
Current service cost	1.90	-
Interest cost on benefit obligation	0.26	-
Expected return on plan assets	-	-
Net actuarial loss (gain) recognized in the year	(0.02)	-
Administration Cost	-	-
Net benefit expense	2.14	-

Consolidated Balance Sheet:

₹ Million

Particulars	2015-16	2014-15
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of funded obligation at the end of the year	(63.93)	-
Fair value of plan assets at the end of the year	-	-
Asset/(Liability) recognized in the consolidated balance sheet	(63.93)	-
Experience Adjustment of obligation - (Gain) / Loss	-	-
Experience Adjustment of plan assets - Gain /(Loss)	-	-

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

₹ Million

Particulars	2015-16	2014-15
Present value of obligations as at the beginning of the year	53.27	-
Interest cost	0.26	-
Current service cost	1.90	-
Contribution by employees	-	-
Experience Adjustment	2.67	-
Actuarial (gain)/loss on obligation	(0.02)	-
Settlement of the obligation	5.85	-
Present value of obligations as at the end of the year	63.93	-

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

₹ Million

Particulars	2015-16	2014-15
Deferred Tax Liabilities on timing differences arising on:		
Depreciation	5,729.68	5,215.10
Others	561.00	325.11
Sub Total (A)	**6,290.68**	**5,540.21**
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	1.48	2.60
Provision for Gratuity and Leave Encashment	118.25	113.87
Provision for Doubtful Debts / Advances	15.56	15.56
Others	193.64	199.23
Sub Total (B)	**328.93**	**331.26**
Net Deferred Tax Liabilities (A-B)	**5,961.75**	**5,208.95**

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

₹ Million

Particulars	2015-16	2014-15
Deferred Tax Assets on timing differences arising on:		
Tax losses carried forward	239.42	217.05
Others	166.50	252.53
Sub Total (A)	**405.92**	**469.58**
Deferred Tax Liabilities on timing differences arising on:		
Tangible Fixed Assets	-	144.94
Others	-	27.69
Sub Total (B)	**-**	**172.63**
Net Deferred Tax Assets (A-B)	**405.92**	**296.95**

14 (a) Provision for Sales Related Obligation represents estimates for payments to be made in future. Major portion of these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

₹ Million

Opening Balance as at April 01, 2015	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at March 31, 2016
2,159.01	3,824.29	3,420.22	2,563.08

14 (b) The Company carries a general provision for contingencies towards various claims against the Company not recognised as debts.

₹ Million

Opening Balance as at April 01, 2015	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at March 31, 2016
425.00	-	-	425.00

14 (c) Provision for constructive liability arising on account of lease contracts up to 6 years (7 years) are as follows

₹ Million

Opening Balance as at April 01, 2015	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at March 31, 2016
108.34	6.48	14.27	100.55

15 FOREIGN EXCHANGE TRANSACTIONS

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, 2016:

2015-16

Million

Currency	Currency	Amount	Buy/Sell	Cross Currency
United States Dollar	USD	68.48	Buy	INR
United States Dollar	USD	0.25	Sell	South African Rand

2014-15

Million

Currency	Currency	Amount	Buy/Sell	Cross Currency
United States Dollar	USD	74.00	Buy	INR
EURO	EURO	6.00	Sell	INR
SUBSIDIARIES				
United States Dollar	USD	17.94	Buy	Euro
Great British Sterling	GBP	2.60	Buy	Euro
Swedish Krona	SEK	22.17	Buy	Euro
Swiss Francs	CHF	2.23	Buy	Euro
Norwegian Kroner	NOK	7.20	Buy	Euro
Polish Zlotych	PLZ	6.98	Buy	Euro
Hungarian Forint	HUF	157.33	Buy	Euro

b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are **15** (17).

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, 2016		As at March 31, 2015	
Currency	Receivable/ (Payable) INR	Receivable/ (Payable) FC	Receivable/ (Payable) INR	Receivable/ (Payable) FC
UAE Dirham	1.30	0.07	(57.01)	(3.31)
Swiss Franc	(3.07)	(0.04)	142.95	2.20
EURO	1,317.41	17.47	261.02	3.67
British Pound	(120.29)	(1.26)	116.05	1.27
Indonesian Rupiah	(0.04)	(7.25)	(0.04)	(7.25)
Japanese Yen	0.03	0.05	0.05	0.09
Malaysian Ringgit	0.13	0.01	0.17	0.01
Philippine Peso	0.30	0.21	0.23	0.21
Singapore Dollar	1.54	0.03	0.23	0.01
Thai Bhat	(0.92)	(0.49)	(0.20)	(0.11)
US Dollar	(4,237.32)	(63.96)	1,925.05	30.60
South African Rand	135.94	30.21	8.25	1.55
Norway Crown	-	-	56.28	7.20
Swedish Crown	-	-	161.16	22.17
Polish Sloty	-	-	115.59	6.98
Hungarian Forint	-	-	35.59	157.33

16 SEGMENTAL REPORTING

a. Geographical Segments

The Company has considered geographic segments as the primary segments for disclosure. The geographic segments are India and Europe on the basis of Operating Locations. Indian segment includes manufacturing and sales operations through India and European segment includes manufacturing and sales operations through the plant at Netherlands along with its subsidiaries. “Others” segment includes the subsidiary in UAE, South Africa, Thailand and other operating subsidiaries of the group.

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		Europe		Others		Other Corp		Eliminations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
1. Revenue												
Total Revenue	87,016.41	89,673.31	31,737.28	35,825.89	12,122.93	9,025.82	-	-	(12,946.38)	(6,370.77)	117,930.24	128,154.25
Inter segment Revenue	(6,029.82)	(5,987.14)	(396.55)	(383.63)	(6,520.01)	-	-	-	12,946.38	6,370.77	-	-
External Revenue	80,986.59	83,686.17	31,340.73	35,442.26	5,602.92	9,025.82	-	-	-	-	117,930.24	128,154.25
2. Result												
Segment result	13,457.81	11,062.30	2,690.90	4,843.77	(65.15)	(79.96)	1,460.52	801.36	(1,400.20)	(666.40)	16,143.88	15,961.07
Interest expense	(883.31)	(1,720.88)	(33.81)	(88.95)	(13.45)	(20.30)	(5.22)	(0.45)	20.24	2.68	(915.55)	(1,827.90)
Income Taxes	(4,049.87)	(2,890.61)	(659.97)	(956.85)	(17.30)	332.41	(48.71)	(17.13)	-	-	(4,775.85)	(3,532.18)
Exceptional Item	-	-	-	-	477.71	(824.90)	-	-	-	-	477.71	(824.90)
Net profit	8,524.63	6,450.81	1,997.12	3,797.97	381.81	(592.75)	1,406.59	783.78	(1,379.96)	(663.72)	10,930.19	9,776.09
3. Other Information												
Segment assets	68,739.80	61,214.06	48,768.75	29,370.67	3,373.26	3,470.01	11,572.64	9,518.93	(21,408.66)	(17,278.93)	111,045.79	86,294.74
Segment liabilities	23,044.46	24,080.03	19,266.72	6,298.18	2,474.34	1,639.51	7,214.89	6,057.56	(2,776.71)	(2,203.51)	49,223.70	35,871.77
Capital Expenditure	6,935.03	2,826.52	10,208.00	4,038.52	11.32	64.67	-	-	-	-	17,154.35	6,929.71
Depreciation	2,686.09	2,467.80	1,520.68	1,274.88	32.12	140.20	-	-	-	-	4,238.89	3,882.88
Other Significant Non Cash Expenses	(28.60)	146.02	87.26	11.43	2.94	36.35	(29.74)	(14.09)	-	-	31.86	179.71

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

Name of the Related Parties

Particulars	2015-16	2014-15
Companies in which Directors are interested	Apollo International Ltd (AIL)	Apollo International Ltd (AIL)
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Encorp E Services Ltd	Encorp E Services Ltd
	UFO Moviez India Ltd	UFO Moviez India Ltd
	Landmark Farms & Housing (P) Ltd	Landmark Farms & Housing (P) Ltd
	Sunlife Tradelinks (P) Ltd	Sunlife Tradelinks (P) Ltd
	Travel Tracks Ltd	Travel Tracks Ltd
	Bespoke Tours & Travels Ltd	Bespoke Tours & Travels Ltd
	Dusk Valley Technologies Ltd	Dusk Valley Technologies Ltd
	Classic Auto Tubes Ltd	Classic Auto Tubes Ltd
	PTL Enterprises Ltd (PTL)	PTL Enterprises Ltd (PTL)
	Apollo Finance Ltd	Apollo Finance Ltd
	Artemis Medicare Services Ltd	Artemis Medicare Services Ltd
	Artemis Health Sciences Ltd	Artemis Health Sciences Ltd
	Regent Properties	Regent Properties
	Swaranganga Consultants Pvt Ltd	Swaranganga Consultants Pvt Ltd
	J & S Systems Corporation, U.K.	J & S Systems Corporation, U.K.
	Sacred Heart Investment Co Pvt Ltd	Sacred Heart Investment Co Pvt Ltd
	Milers Global Pvt Ltd	Milers Global Pvt Ltd
	Shardul Amarchand Mangaldas & Co	Amarchand & Mangaldas & Suresh A Shroff & Co.
	J Sagar & Associates	J Sagar & Associates
	Apollo Fiege Integrated Logistics Pvt Ltd	Apollo Fiege Integrated Logistics Pvt Ltd
Associates	Pressurite (Pty) Ltd	Pressurite (Pty) Ltd
	N.A.	National Tyre Service
Key Management Personnel	Mr Onkar S Kanwar	Mr Onkar S Kanwar
	Mr Neeraj Kanwar	Mr Neeraj Kanwar
	N.A.	Mr U S Oberoi
	Mr Sunam Sarkar - Note (a)	Mr Sunam Sarkar
Relatives of Key Managerial Personnel	Mr Raaja Kanwar	Mr Raaja Kanwar

Note: (a) Ceased to be a Whole time Director w.e.f. August 11, 2015.
Related Parties and their relationships are as identified by the management and relied upon by the Auditors.

Transactions with Related Parties:

FY 2015-16

₹/Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Description of Transactions:			
Sales: Finished Goods:			
Apollo Intl. Trading LLC, Dubai	23.26		23.26
Apollo International Ltd	1,015.97		1,015.97
	1,039.23		**1,039.23**
Sales: Raw Materials:			
Classic Auto Tubes Ltd	26.99		**26.99**
Cross Charge of Management & Other Expenses Received:			
PTL Enterprises Ltd	0.88		0.88

Transactions with Related Parties: (Contd.)

FY 2015-16

₹/Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Classic Auto Tubes Ltd	1.75		1.75
Artemis Medicare Services Ltd	0.60		0.60
	3.23		**3.23**
Rent Received:			
PTL Enterprises Ltd	0.12		0.12
Bespoke Tours & Travels Ltd	1.26		1.26
Classic Auto Tubes Ltd	0.11		0.11
	1.49		**1.49**
Reimbursement of Expenses Received:			
Classic Auto Tubes Ltd	5.55		5.55
PTL Enterprises Ltd	1.85		1.85
Apollo International Ltd	2.37		2.37
	9.77		**9.77**
Purchases:			
Classic Auto Tubes Ltd	509.40		**509.40**
Clearing Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	26.34		**26.34**
Warehouse Management Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	69.28		**69.28**
Legal and Professional Charges Paid:			
Amarchand & Mangaldas & Suresh A Shroff & Co	0.65		0.65
J Sagar & Associates	4.82		4.82
Shardul Amarchand Mangaldas & Co	5.76		5.76
	11.23		**11.23**
Reimbursement of Expenses paid:			
PTL Enterprises Ltd	634.62		634.62
Classic Auto Tubes Ltd	364.09		364.09
Apollo International Ltd	0.32		0.32
	999.03		**999.03**
Payment for Services Received:			
Artemis Medicare Services Ltd	10.08		10.08
Classic Auto Tubes Ltd	0.63		0.63
	10.71		**10.71**
Lease Rent paid:			
PTL Enterprises Ltd	458.96		**458.96**
Rent Paid:			
Sunlife Tradelinks	24.06		24.06
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt Ltd	3.01		3.01
	72.79		**72.79**
Conversion Charges Paid:			
Classic Auto Tubes Ltd	964.34		**964.34**

Transactions with Related Parties: (Contd.)

FY 2015-16

₹/Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Mixing Charges Paid:			
Classic Auto Tubes Ltd	275.76		**275.76**
Travelling Expenses Paid:			
Bespoke Tours & Travels Ltd	273.62		**273.62**
Conference Expenses:			
Bespoke Tours & Travels Ltd	67.28		**67.28**
Security Deposits Given:			
PTL Enterprises Ltd	100.00		**100.00**
Commission received:			
Apollo Finance Ltd	0.52		**0.52**
Managerial Remuneration:			
Mr Onkar S. Kanwar		532.77	532.77
Mr Neeraj Kanwar		352.32	352.32
Mr Sunam Sarkar		5.39	5.39
		890.48	**890.48**
Amount Outstanding			
Other Trade Payable:			
Apollo Fiege Integrated Logistics Pvt Ltd	8.14		8.14
Classic Auto Tubes Ltd	32.32		32.32
Artemis Medicare Services Ltd	0.01		0.01
J Sagar Associates	0.33		0.33
	40.80		**40.80**
Other Current Liabilities:			
Classic Auto Tubes Ltd	21.64		**21.64**
Long Term Loans & Advances:			
PTL Enterprises Ltd	500.00		500.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt Ltd	0.75		0.75
Classic Auto Tubes Ltd	75.37		75.37
	593.38		**593.38**
Trade Receivable:			
Classic Auto Tubes Ltd	36.48		36.48
Apollo International Ltd	62.04		62.04
Apollo Intl. Trading LLC, Dubai	1.27		1.27
	99.79		**99.79**
Short Term Loans & Advances:			
PTL Enterprises Ltd	77.45		77.45
Apollo International Ltd	0.39		0.39
Classic Auto Tubes Ltd	4.12		4.12
Bespoke Tours & Travels Ltd	6.01		6.01
	87.97		**87.97**

Transactions with Related Parties:

FY 2014-15

₹/Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Description of Transactions:			
Sales: Finished Goods :			
Apollo Intl. Trading LLC, Dubai	1,034.36		1,034.36
Apollo International Ltd	446.98		446.98
	1,481.34		**1,481.34**
Sales: Raw Materials:			
Classic Auto Tubes Ltd	5.18		**5.18**
Cross Charge of Management & Other Expenses Received:			
PTL Enterprises Ltd	4.45		4.45
Classic Auto Tubes Ltd	1.78		1.78
Artemis Medicare Services Ltd	0.60		0.60
	6.83		**6.83**
Rent Received:			
PTL Enterprises Ltd	0.12		0.12
Bespoke Tours & Travels Ltd	1.23		1.23
Classic Auto Tubes Ltd	0.11		0.11
	1.46		**1.46**
Reimbursement of Expenses Received:			
Classic Auto Tubes Ltd	8.23		8.23
PTL Enterprises Ltd	2.98		2.98
Apollo International Ltd	3.23		3.23
	14.44		**14.44**
Freight & Insurance recovered:			
Apollo International Ltd	0.02		**0.02**
Purchases:			
Classic Auto Tubes Ltd	548.94		**548.94**
Clearing Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	39.94		**39.94**
Warehouse Management Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	53.16		**53.16**
Legal and Professional Charges Paid:			
Amarchand & Mangaldas & Suresh A Shroff & Co	9.50		9.50
J Sagar & Associates	6.70		6.70
	16.20		**16.20**
Reimbursement of Expenses paid:			
PTL Enterprises Ltd	445.07		445.07
Classic Auto Tubes Ltd	226.04		226.04
	671.11		**671.11**
Payment for Services Received:			
Artemis Medicare Services Ltd	11.46		11.46
Classic Auto Tubes Ltd	0.42		0.42
	11.88		**11.88**
Lease Rent paid:			
PTL Enterprises Ltd	400.00		**400.00**
Rent Paid:			
Sunlife Tradelinks	23.43		23.43
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60

Transactions with Related Parties:

FY 2014-15

₹/Million

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt. Ltd	3.00		3.00
	72.15		**72.15**
Conversion Charges Paid:			
Classic Auto Tubes Ltd	968.20		**968.20**
Mixing Charges Paid:			
Classic Auto Tubes Ltd	247.56		**247.56**
Traveling Expenses Paid:			
Bespoke Tours & Travels Ltd	317.58		**317.58**
Conference Expenses:			
Bespoke Tours & Travels Ltd	220.55		**220.55**
Commission received:			
Apollo Finance Ltd	0.76		**0.76**
Managerial Remuneration:			
Mr Onkar S. Kanwar		417.10	417.10
Mr Neeraj Kanwar		273.00	273.00
Mr U.S. Oberoi		7.01	7.01
Mr Sunam Sarkar		41.82	41.82
		738.93	**738.93**
Amount Outstanding			
Other Trade Payable:			
Bespoke Tours & Travels Ltd	6.08		6.08
Classic Auto Tubes Ltd	25.38		25.38
Artemis Medicare Services Ltd	0.15		0.15
Amarchand and Mangaldas & Suresh A Shroff & Co	0.06		0.06
	31.67		**31.67**
Other Current Liabilities:			
Classic Auto Tubes Ltd	43.15		**43.15**
Long Term Loans & Advances:			
PTL Enterprises Ltd	400.00		400.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt. Ltd.	0.75		0.75
Classic Auto Tubes Ltd	79.60		79.60
	497.61		**497.61**
Trade Receivable:			
Classic Auto Tubes Ltd	7.89		7.89
Apollo International Ltd	105.60		105.60
	113.49		**113.49**
Short Term Loans & Advances:			
PTL Enterprises Ltd	31.84		31.84
Travel Tracks Ltd	0.01		0.01
Classic Auto Tubes Ltd	10.10		10.10
Apollo Fiege Integrated Logistics Pvt Ltd	0.49		0.49
Apollo Finance Ltd	3.24		3.24
	45.68		**45.68**

18 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 ₹ **458.96 Million** (₹ 400 Million).

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

₹ Million

Particulars	2015-16	2014-15
Within One year of the Balance Sheet date	500.00	400.00
Due in a period between One year and Five years	2,500.00	2,000.00
Due after Five years	-	400.00

B. Foreign Operations

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

₹ Million

Particulars	2015-16	2014-15
Within one year of the Balance Sheet Date	318.43	375.05
Due in a period between one year and five years	515.06	795.57
Due after five years	-	19.53

The company has operational lease contracts for office space. Rental obligations relate to various warehouses and office buildings with contracts up to 10 years.

19 FINANCE LEASE - DEFERRED PAYMENT CREDIT

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable Finance leases is set out below:

₹ Million

Particulars	Total Minimum Lease Payments		Present Value of Lease Payments	
	2015-16	2014-15	2015-16	2014-15
Within One year of the Balance Sheet date	63.41	68.31	55.53	56.12
Due in a period between One year and Five years	36.84	101.75	32.58	79.67
Due after Five Years	37.78	45.21	31.16	35.97
Total	**138.03**	**215.27**	**119.27**	**171.76**
Less: Future Finance Charges	(18.76)	(43.51)	-	-
Present Value of Minimum Lease Payments	**119.27**	**171.76**	**-**	**-**

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

Particulars	2015-16	2014-15
Basic & Diluted Earnings Per Share		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	10,930.19	9,776.09
The weighted average number of equity shares outstanding during the year used as denominator for Basic EPS - (B)	509,024,770	507,942,578
Add : Effect of Warrants which are dilutive	-	441,058
The weighted average number of equity shares outstanding during the year used as denominator for Diluted EPS - (C)	509,024,770	508,383,636
Basic earnings per share (₹) – (A) / (B) (Face value of Re 1 each)	21.47	19.25
Diluted Earnings Per Share (₹) - (A)/(B) (Face Value of Re. 1 each)	21.47	19.23

21 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

NEERAJ KANWAR
Vice Chairman &
Managing Director

SUNAM SARKAR
Director

AKSHAY CHUDASAMA
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 11, 2016

FORM AOC 1

(pursuant to first proviso to sub section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part A: Subsidiaries

₹ Million

S.No	Name of the Subsidiary	Reporting Currency	Exchange Rate as on 31.03.2016	As on March 31, 2016					For the Year Ended March 31, 2016			
				Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (Other than Subsidiary)	Turnover (including other income)	Profit before taxation	Provision for taxation	Profit after taxation
1	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	USD	66.26	8,540.78	2,416.25	11,006.47	11,006.47	-	1,609.72	1,450.46	124.82	1,325.64
2	Apollo Tyres (Greenfield) BV	EURO	75.25	2.71	0.02	2.72	2.72	-	-	0.02	-	0.02
3	Apollo Tyres (Hungary) Kft	HUF	0.24	401.65	5,010.06	9,338.02	9,338.02	-	12.64	(824.77)	-	(824.77)
4	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	ZAR	4.47	-	1,855.69	1,855.77	1,855.77	-	1,464.96	1,464.95	3.58	1,461.37
5	Apollo Tyres Africa (Pty) Ltd	ZAR	4.47	1,788.18	(1,564.10)	571.16	571.16	-	933.11	354.50	1.08	353.42
6	Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	EURO	75.25	151.37	10.29	162.98	162.98	-	5.70	4.88	0.21	4.67
7	Apollo Tyres Co-operatief U.A. (Apollo Coop)	EURO	75.25	9,495.54	31,623.60	43,565.43	43,565.43	-	-	(22.18)	-	(22.18)
8	Apollo Tyres AG (ATAG)	CHF	68.83	323.31	(150.43)	181.30	181.30	-	120.99	(79.17)	0.11	(79.28)
9	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	USD	66.26	469.33	(132.79)	1,663.33	1,663.33	232.66	6,647.59	34.66	2.81	31.85
10	Apollo Tyres (Middle East) FZE (ATFZE)	AED	18.04	36.09	129.57	348.83	348.83	-	1,892.87	27.12	-	27.12
11	Apollo Tyres (Thailand) Limited	THB	1.89	188.72	137.31	806.48	806.48	-	2,872.19	57.50	13.59	43.91
12	Apollo Tyres (Brazil) Ltda	BRL	18.38	14.52	(7.13)	30.02	30.02	-	-	(0.13)	0.46	(0.59)
13	Apollo Tyres Global R&D B.V.	EURO	75.25	0.01	550.28	836.19	836.19	-	1,936.51	175.43	-	175.43
14	Apollo Tyres B.V. (ATBV)	EURO	75.25	22,832.02	282.11	26,943.26	26,943.26	-	-	75.38	-	75.38
15	Apollo Tyres (U.K.) Pvt Ltd	GBP	95.21	1,781.96	19.69	2,001.40	2,001.40	-	1,524.34	60.45	20.06	40.39
16	Apollo Tyres (London) Pvt Ltd	GBP	95.21	999.70	(2.50)	1,004.81	1,004.81	-	-	-	-	-
17	Apollo Vredestein B.V. (AVBV)	EURO	75.25	3.20	19,920.84	28,537.34	28,537.34	-	25,879.30	2,407.71	345.40	2,062.32
18	Apollo Vredestein GmbH	EURO	75.25	38.53	4,321.19	7,726.04	7,726.04	-	9,090.64	276.83	95.48	181.35
19	Vredestein Marketing B.V. & Co. KG	EURO	75.25	-	(2,582.05)	41.99	41.99	-	416.54	272.05	2.03	270.02
20	Vredestein Nordic A.B.	SEK	8.13	9.27	22.49	717.08	717.08	-	1,180.00	(9.15)	0.04	(9.19)
21	Apollo Vredestein U.K. Limited	GBP	95.21	95.30	10.76	378.43	378.43	-	1,213.77	1.53	1.27	0.26
22	Apollo Vredestein SAS	EURO	75.25	3.16	188.94	663.44	663.44	-	1,715.13	63.28	25.51	37.77
23	Apollo Vredestein Belux	EURO	75.25	4.67	106.92	388.96	388.96	-	1,379.08	116.22	41.01	75.21
24	Apollo Vredestein Gesellschaft m.b.H.	EURO	75.25	2.73	10.91	756.63	756.63	-	1,795.35	2.48	2.24	0.24
25	Apollo Vredestein Schweiz AG	CHF	68.83	206.50	77.57	182.94	182.94	-	749.06	25.78	4.11	21.67
26	Apollo Vredestein Srl	EURO	75.25	15.05	29.72	458.54	458.54	-	1,089.22	(19.75)	-	(19.75)
27	Apollo Vredestein Iberica SA	EURO	75.25	233.35	98.95	265.07	265.07	-	1,019.57	47.09	13.45	33.64
28	Apollo Vredestein Tires Inc.	USD	66.26	3.31	(89.45)	87.31	87.31	-	283.12	(37.61)	0.13	(37.74)
29	Apollo Vredestein Kft	HUF	0.24	0.72	2.61	225.58	225.58	-	422.04	2.08	3.23	(1.16)
30	S.C. Vredesetin R.O. Srl*	EURO	75.25	-	-	-	-	-	-	-	-	-
31	Apollo Vredestein Opony Polska Sp. Zo.o.	PLN	17.60	0.88	124.08	446.85	446.85	-	593.48	(45.27)	(4.85)	(40.42)
32	Vredestein Norge A.S.	NOK	7.97	0.80	(0.18)	0.62	0.62	-	-	(0.05)	-	(0.05)
33	Vredestein Consulting B.V.	EURO	75.25	1.71	232.88	49.52	49.52	-	30.05	14.99	-	14.99
34	Finlo B.V.	EURO	75.25	0.68	(17.61)	(16.33)	(16.33)	-	-	-	-	-
35	Vredestein Marketing B.V.	EURO	75.25	1.88	-	1.88	1.88	-	-	-	-	-
36	Apollo Tyres (Germany) GmbH	EURO	75.25	1.88	46.75	74.32	74.32	-	33.28	3.35	-	3.35
37	Apollo Tyres (Malaysia) SDN. BHD	RINGET	16.88	-	-	-	-	-	-	-	-	-
38	Reifencom GmbH, Bielefeld	EURO	75.25	56.43	109.24	709.46	709.46	-	388.08	(62.85)	(24.54)	(38.30)
39	Reifencom GmbH, Hannover	EURO	75.25	115.58	95.46	1,568.01	1,568.01	-	1,113.18	(98.65)	(31.24)	(67.42)
40	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	EURO	75.25	107.33	12.85	3,097.60	3,097.60	-	1,081.61	15.38	3.03	12.36
41	Reifencom Tyre (Qingdao) Co., Ltd.	CNY	10.25	7.93	5.95	1.10	1.10	-	1.47	-	-	-

* It is a non operating entity.

Note 1 Name of subsidiaries which are yet to commence operations - Apollo Tyres (Malaysia) SDN. BHD

Note 2 Name of subsidiaries which have been liquidated or sold during the year - None

Note 3 Financial year for all the subsidiaries is April to March.

Note 4 There is no proposed dividend in any subsidiary as on March 31, 2016.

Note 5 The shareholding in all subsidiaries is 100%.

Part B: Associates and Joint Venture

₹ Million

S.No.	Name of Associates/ Joint Venture	PanAridus LLC (Joint Venture)
1	**Latest Balance Sheet date**	31.03.2016
2	**Shares of Associate/ Joint Ventures held by the company on the year end**	
	No.	9,550
	Amount of Investment in Associates/ Joint Venture	232.66
	Extent of Holding %	50%
3	**Description of how there is significant influence**	Extent of Holding equals to 50%
4	**Reason why the associate/ joint venture is not consolidated**	-
5	**Net worth attributable to Shareholding as per latest Balance Sheet**	(124.99)
6	**Profit / (Loss) for the year**	
	i. Considered in Consolidation	(31.68)
	i. Not Considered in Consolidation	(31.68)

Note 1 Name of associates or joint ventures which are yet to commence operations

None

Note 2 Name of associates or joint ventures which have been liquidated or sold during the year

None

For and on behalf of the Board of Directors

NEERAJ KANWAR
Vice Chairman &
Managing Director

SUNAM SARKAR
Director

AKSHAY CHUDASAMA
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 11, 2016

CONSOLIDATED ACCOUNTS
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APOLLO TYRES LTD.

Report on Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of APOLLO TYRES LTD. (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") an associate and a jointly controlled entity, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements")

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards, specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated 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 judgement, including the assessment of the risk of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of 35 subsidiaries, whose financial statements reflect total assets of ₹ 32,487.80 Million as at March 31, 2015, total revenues of ₹ 44,692.74 Million and net cash flows amounting to ₹ 4,470.71 Million for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of ₹ Nil for the year ended March 31, 2015, as considered in the Consolidated Financial Statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

The results of subsidiaries based in Zimbabwe have not been consolidated in accordance with paragraph 11 of the Accounting Standard 21 (Consolidated Financial Statements) as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Our opinion on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

2. As required by Section 143(3) of the Act, we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

   b) In our opinion, proper books of account, as required by the law relating to preparation of the aforesaid Consolidated Financial Statements, have been kept so far as it appears from our examination of those books and reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account, maintained for the purpose of preparation of the Consolidated Financial Statements.

   d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

   f) With respect to other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity.

      ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company other than ₹ 3.60 Million (Previous Year ₹ 2.92 Million) which has not been transferred as per the orders/instructions of the Special Court (Trial of Offences relating to Transactions in Securities), Mumbai. The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firms' Registration No.008072S)

sd/-

M.K. Ananthanarayanan

Partner

(Membership No.19521)

Place of Signature: Gurgaon

Date: May 12, 2015

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)

The Holding Company does not have any subsidiary companies, associates and jointly controlled entities incorporated in India. Therefore, our reporting on the Order relates only to the Holding Company to the extent considered applicable for reporting under the Order in the case of the Consolidated Financial Statements.

(i) In respect of its fixed assets:

(a) The Holding Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Holding Company's Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(ii) In respect of its inventories:

(a) As explained to us, the inventories were physically verified during the year by the Holding Company's 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 Holding Company's Management were reasonable and adequate in relation to the size of the Holding Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Holding Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Holding Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained by the Holding Company under Section 189 of the Companies Act, 2013.

(iv) 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 Holding 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.

(v) According to the information and explanations given to us, the Holding Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Holding Company has complied with the provisions of Sections 73, Section 76 or any other relevant provisions of the Companies Act, 2013.

(vi) We have broadly reviewed the cost records maintained by the Holding Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Holding Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable by the Holding Company in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax and Excise Duty which have not been deposited by the Holding Company as on March 31, 2015 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (₹ in Millions)
Sales Tax Act applicable to various States	Sales tax	Various Appellate Authorities / Revenue Board / High Court.	Financial Years 1990-91 to 2002-03, 2004-05 to 2006-07 and 2010-11.	115.77*
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	Various Appellate Authorities / High Court.	1994-95 to 2009-10	925.75**
Income Tax Act, 1961	Income tax	Various Appellate Authorities / High Court.	1987-88 to 2012-13	751.53***

* Net of Deposits of ₹ 48.05 Million

** Net of Deposits of ₹ 1.65 Million

*** Net of Deposits of ₹ 141.43 Million

(d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time other than ₹ 3.60 Million (Previous Year ₹ 2.92 Million) which has not been transferred as per the orders/instructions of the Special Court (Trial of Offences relating to Transactions in Securities), Mumbai.

(viii) The Holding Company does not have accumulated losses at the end of the financial year and the Holding Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and according to the information and explanations given to us, the Holding Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Holding Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Holding Company including the bank deposits pledged by the Holding Company for loans taken by others as referred to in Note B10(c) to the Consolidated Financial Statements.

(xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and no material fraud on the Holding Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firms' Registration No.008072S)

sd/-

M.K. Ananthanarayanan

Partner

(Membership No.19521)

Place of Signature: Gurgaon

Date: May 12, 2015

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2015

	Notes	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
A. EQUITY & LIABILITIES:			
1 Shareholders' Funds:			
(a) Share Capital	B 1	**509.09**	504.09
(b) Reserves and Surplus	B 2	**49,913.88**	45,134.39
(c) Money Received Against Share Warrants	C 7	**-**	107.75
		50,422.97	45,746.23
2 Non-Current Liabilities:			
(a) Long-term Borrowings	B 3	**3,339.39**	7,137.33
(b) Deferred Tax Liabilities (Net)	C 13(a)	**5,208.95**	5,358.42
(c) Other Long Term Liabilities	B 3	**72.68**	64.67
(d) Long-term Provisions	B 3	**1,259.77**	1,370.70
		9,880.79	13,931.12
3 Current Liabilities:	B 4		
(a) Short-term Borrowings		**4,666.36**	2,751.19
(b) Trade Payables		**8,640.17**	12,537.63
(c) Other Current Liabilities		**6,624.66**	10,397.79
(d) Short-term Provisions		**5,915.89**	5,091.88
		25,847.08	30,778.49
TOTAL		**86,150.84**	90,455.84
B. ASSETS			
1 Non-Current Assets:			
(a) Fixed Assets	B 5		
(i) Tangible Assets		**41,588.47**	43,570.70
(ii) Intangible Assets		**1,096.33**	986.80
(iii) Capital Work-in-Progress		**2,182.06**	464.78
		44,866.86	45,022.28
(b) Goodwill on Consolidation		**1,165.13**	1,375.62
(c) Non-Current Investments	B 6	**470.27**	637.21
(d) Deferred Tax Assets (Net)	C 13(a)	**296.95**	117.00
(e) Long-term Loans & Advances	B 7	**1,907.37**	1,371.56
(f) Other Non-Current Assets	B 8	**360.18**	214.14
		49,066.76	48,737.81
2 Current Assets:			
(a) Current Investments	B 9	**1,000.00**	-
(b) Inventories	B 10	**17,782.06**	20,664.24
(c) Trade Receivables	B 10	**9,589.43**	10,426.67
(d) Cash & Cash Equivalents	B 10	**5,945.90**	6,540.50
(e) Short Term Loans & Advances	B 11	**2,390.73**	3,706.56
(f) Other Current Assets	B 12	**375.96**	380.06
		37,084.08	41,718.03
TOTAL		**86,150.84**	90,455.84

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS**	ONKAR S KANWAR	NEERAJ KANWAR	S NARAYAN
Chartered Accountants	Chairman & Managing Director	Vice Chairman & Managing Director	Director
M K ANANTHANARAYANAN			
Partner			
	GAURAV KUMAR		SEEMA THAPAR
Gurgaon	Chief Financial Officer		Company Secretary
May 12, 2015			

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Notes	Year Ended March 31, 2015 ₹ Million	Year Ended March 31, 2014 ₹ Million
1 Revenue from Operations			
Gross Sales		**137,247.03**	142,895.31
Less: Excise Duty		**9,990.04**	9,792.03
Net Sales		**127,256.99**	133,103.28
Other Operating Income	B 13	**595.49**	1,016.52
2 Other Income	B 14	**537.99**	978.46
3 Total Revenue (1 + 2)		**128,390.47**	135,098.26
4 Expenses			
(a) Cost of Materials Consumed	B 15	**63,884.39**	71,067.48
(b) Purchase of Stock-in-Trade	B 15	**5,869.17**	6,964.58
(c) Changes in Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade		**874.65**	(311.39)
(d) Employee Benefits Expense	B 15	**16,070.38**	15,811.94
(e) Finance Costs	B 16	**1,827.90**	2,837.94
(f) Depreciation & Amortization Expense	B 5	**3,882.88**	4,108.51
(g) Other Expenses	B 15	**21,847.93**	21,832.06
Total Expenses		**114,257.30**	122,311.12
5 Profit before Exceptional Items & Tax (3 - 4)		**14,133.17**	12,787.14
6 Exceptional Items	C 6	**824.90**	467.86
7 Profit before Tax (5 - 6)		**13,308.27**	12,319.28
8 Tax Expense			
(a) Current Tax Expense		**3,534.99**	1,942.67
(b) Deferred Tax Expense		**(2.81)**	326.03
Total Tax Expense		**3,532.18**	2,268.70
9 Profit for the year (7 - 8)		**9,776.09**	10,050.58
10 Earnings per Share of ₹ 1 each:	C 21		
(a) Basic		**19.25**	19.94
(b) Diluted		**19.23**	19.91

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	NEERAJ KANWAR Vice Chairman & Managing Director	S NARAYAN Director
M K ANANTHANARAYANAN Partner			
Gurgaon May 12, 2015	GAURAV KUMAR Chief Financial Officer		SEEMA THAPAR Company Secretary

CONSOLIDATED CASH - FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended March 31, 2015 ₹ Million		Year Ended March 31, 2014 ₹ Million	
A CASH FLOW FROM OPERATING ACTIVITIES				
(i) Profit before tax		**13,308.27**		12,319.28
Add: Adjustments for:				
Depreciation and Amortization Expenses	3,882.88		4,108.51	
Loss on Sale of Tangible Fixed Assets (Net)	23.86		29.61	
(Profit) on Sale of Investments	-		(1,858.45)	
Exceptional Item	824.90		-	
Dividend from Trade & Non Trade Investments	(26.30)		(92.57)	
Provision for Doubtful Trade Receivables / Advances written back	40.20		-	
Provision for Constructive Liability	7.50		-	
Provision for Compensated Absences	37.83		7.80	
Provision for Inventory	-		5.79	
Provision for estimated loss on derivatives	82.64		67.14	
Provision for Contingencies	-		425.00	
Other Provision	-		24.59	
Unclaimed Credit Balances / Provisions written back	(20.00)		(26.37)	
Finance Cost (Net of Interest Capitalized)	1,827.90		2,837.94	
Interest Income	(115.60)		(221.90)	
Unrealized Loss / (Gain) on Foreign Exchange Fluctuation	11.49		(69.73)	
Post Retirement Medical Obligation	0.06	**6,577.36**	(17.89)	5,219.47
(ii) Operating Profit Before Working Capital Changes		**19,885.63**		17,538.75
Changes in Working Capital				
Adjustments for (increase) / decrease in operating assets:				
Inventories	1,697.66		(905.58)	
Trade Receivables	892.32		516.01	
Short-Term Loans and Advances	579.57		(871.01)	
Other Non-Current Assets	(146.04)		-	
Other Current Assets	104.17		(589.14)	
Long -Term Loans and Advances	(260.61)	**2,867.07**	(9.81)	(1,859.53)
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	(4,114.34)		2,152.38	
Other Current Liabilities	(1,250.47)		604.62	
Other Long-Term Liabilities & Provisions	184.10		106.70	
Short - Term Provisions	28.06	**(5,152.65)**	297.58	3,161.28
(iii) Cash Generated from Operations		**17,600.05**		18,840.50
Less: Direct Taxes Paid (Net of Refund)		**(2,954.16)**		(2,385.86)
Less: Exceptional Item		**(629.96)**		-
Net Cash Flow From Operating Activities (A)		**14,015.93**		16,454.64
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Including Purchase of Investment Property and Interest Capitalized)	(6,268.90)		(4,989.18)	
Proceeds from Sale of Fixed Assets	67.87		79.75	
Deposits on Equipments	-		4.45	
(Purchase) / Sale of Investments	(796.21)		3,627.20	
Long Term Fixed Term Deposits With Banks Taken / Matured	15.86		13.14	
Dividend Received from Trade and Non Trade Investments	26.30		92.57	
Payment for Trademarks	(557.06)		(242.03)	
Interest Received	115.69		221.52	
Net Cash Used in Investing Activities (B)		**(7,396.45)**		(1,192.58)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of Share Capital including Share Premium	323.25		-	
Long-Term Borrowings received	45.86		657.44	
Repayment of Long -Term Borrowings	(7,652.61)		(6,227.35)	
Capital Subsidy received	22.50		-	
ETP Subsidy received	3.00		-	
Bank Overdraft / Short-Term Borrowings (net of repayments)	2,781.22		(3,326.74)	
Payment of Dividends (Including Dividend Tax)	(446.65)		(297.05)	
Finance Charges Paid (Net of Interest Capitalized)	(1,912.43)		(2,881.42)	
Net Cash Used In Financing Activities (C)		**(6,835.86)**		(12,075.12)
Forex Fluctuation difference arising out of Consolidation (D)		**(359.28)**		15.07
Net Increase in Cash and Cash Equivalents (A+B+C+D)		**(575.66)**		3,202.01
Cash & Cash Equivalents as at the beginning of the year		**6,540.50**		3,347.77
Less: Bank Deposits with Original Maturity over Three Months		**59.88**		72.86
Less: Unpaid Dividends Bank Accounts		**32.45**		30.24
		6,448.17		3,244.67
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)		**10.10**		8.61
Adjusted Cash & Cash Equivalents as at the beginning of the year		**6,438.07**		3,236.06
Cash & Cash Equivalents as at the end of the year		**5,945.90**		6,540.50
Less: Bank Deposits with Original Maturity over Three Months		**41.01**		59.88
Less: Unpaid Dividends Bank Accounts		**35.91**		32.45
		5,868.98		6,448.17
Loss on Reinstatement of Foreign Currency Cash & Cash Equivalents (Net)		**6.57**		10.10
Adjusted Cash & Cash Equivalents as at the end of the year		**5,862.41**		6,438.07

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

M K ANANTHANARAYANAN
Partner

Gurgaon
May 12, 2015

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

A. NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. GROUP CORPORATE INFORMATION

The Apollo Tyres Group consists of Apollo Tyres Limited, 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 15,000 employees based across India, South Africa and Europe. India constitutes the largest market accounting for 65% of the Group's revenues, followed by Europe with 31% and South Africa with 4%.

The product portfolio of the Group consists of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck–bus, agriculture, industrial, specialty, bicycle and off highway tyres, retreading material and tyres, and alloy wheels.

2. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

2.2 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Apollo Tyres Ltd (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary companies, jointly controlled entities and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2015.

(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) 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.

(iv) 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.

(v) 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.

(vi) Goodwill arising on consolidation is not amortised but tested for impairment.

(vii) In respect of the foreign operations, the audited financial statements for the year ended March 31, 2015 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".

(viii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances with certain exceptions as referred in Para 2.4.

(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
				31.03.2015	31.03.2014	
Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	Subsidiary	Mauritius	Apollo Tyres Ltd	100%	100%	
Apollo Tyres (Greenfield) Co. Operatief U.A.	Subsidiary	Netherlands	Apollo Tyres Ltd	100%	NIL	Note(a)
Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	Subsidiary	South Africa	AMHPL	100%	100%	
Apollo Tyres Africa (Pty) Ltd	Subsidiary	South Africa	ASHPL	100%	100%	Note(c)
UK ATL Holdings Limited	Subsidiary	United Kingdom	ASHPL	NIL	100%	Note(d)
Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	Subsidiary	Cyprus	AMHPL	100%	100%	
Apollo Tyres AG (ATAG)	Subsidiary	Switzerland	Apollo Coop	100%	100%	Note (b)
Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	Subsidiary	Singapore	Apollo Coop	100%	100%	Note (b)
Apollo Tyres (LAO) Co. Ltd	Subsidiary	Lao, PDR	ATHS	NIL	95%	Note(e)
Apollo Tyres (Middle East) Fze (ATFZE)	Subsidiary	Dubai	Apollo Coop	100%	100%	Note (b)
Apollo Tyres Co-operatief U.A. (Apollo Coop)	Subsidiary	Netherlands	AMHPL	100%	100%	
Apollo Tyres (Brasil) Ltda	Subsidiary	Brazil	Apollo Coop	100%	100%	
Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	Apollo Coop	100%	100%	
Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	Apollo Coop	100%	100%	
Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	Apollo Coop	100%	100%	
Apollo Tyres (Hungary) Kft. (ATH Kft)	Subsidiary	Hungary	ATBV	100%	NIL	Note (b)
Apollo Acquisition Corp.	Subsidiary	USA	ATBV	NIL	100%	Note(e)
Apollo Tyres (UK) Pvt Ltd (ATUK)	Subsidiary	United Kingdom	Apollo Coop	100%	100%	
Apollo Tyres Propvest (UK) Pvt Ltd	Subsidiary	United Kingdom	ATUK	100%	NIL	Note(a)
Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	
Apollo Vredestein GmbH	Subsidiary	Germany	AVBV	100%	100%	
Vredestein Marketing B.V. & Co. KG	Subsidiary	Germany	Apollo Vredestein GmbH	100%	100%	
Vredestein Nordic A.B. (Earlier known as Vredestein Deck A.B.)	Subsidiary	Sweden	AVBV	100%	100%	
Vredestein Norge A.S.	Subsidiary	Norway	AVBV	100%	100%	
Apollo Vredestein U.K. Limited	Subsidiary	United Kingdom	AVBV	100%	100%	
Apollo Vredestein SAS	Subsidiary	France	AVBV	100%	100%	
Apollo Vredestein Belux	Subsidiary	Belgium	AVBV	100%	100%	
Apollo Vredestein Gesellschaft m.b.H.	Subsidiary	Austria	AVBV	100%	100%	
Apollo Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	
Apollo Vredestein Srl	Subsidiary	Italy	AVBV	100%	100%	
Apollo Vredestein Iberica SA	Subsidiary	Spain	AVBV	100%	100%	

Apollo Vredestein Tires Inc.	Subsidiary	USA	AVBV	100%	100%	
Apollo Vredestein Kft	Subsidiary	Hungary	AVBV	100%	100%	
S.C. Vredesetin R.O. Srl	Subsidiary	Romania	Apollo Vredestein Kft	100%	100%	
Apollo Vredestein Opony Polska Sp. Zo.o.	Subsidiary	Poland	AVBV	100%	100%	
Vredestein Consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
PanAridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	

Notes:

(a) Incorporated during the year.

(b) As a part of group restructuring exercise, entire share capital of ATAG has been transferred by ATCPL to Apollo Coop, entire share capital of ATFZE and ATHS have been transferred by AMHPL to Apollo Coop and entire share capital of ATH Kft has been transferred by Apollo Coop to ATBV.

(c) Name changed from Apollo Durban (Pty) Ltd to Apollo Tyres Africa (Pty) Ltd.

(d) Sold off during the year

(e) Winding up completed during the year.

(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 Incorpora-tion	Ownership Held By	% of Holding and voting power either directly or indirectly through subsidiary as at		Remarks
				31.03.2015	31.03.2014	
Radun Investments (Private) Ltd (RADUN)	Subsidiary	Zimbabwe	UK ATL Holdings Limited	NIL	100%	Note(a)
Apollo Tyres (Zimbabwe) (Private) Limited	Subsidiary	Zimbabwe	UK ATL Holdings Limited	NIL	100%	Note(a) & Note (b)
ASF Mining (Pvt) Ltd Zimbabwe	Subsidiary	Zimbabwe	Apollo Tyres (Zimbabwe) (Private) Limited	NIL	100%	Note(a) & Note (b)
National Tyre Services Ltd	Associate	Zimbabwe	UK ATL Holdings Limited	NIL	46.72%	Note(a) & Note (b)
Pressurite (Pty) Ltd	Associate	South Africa	Apollo (South Africa) Holdings (Pty) Ltd	28.00%	28.00%	Note(c)

(a) Sold off during the year.

(b) The cost of investment was fully impaired in the prior years.

(c) The investment in Pressurite, an associate of ASHPL, has been fully impaired in the prior years and the group discontinued recognizing further losses in accordance with Para 18 of Accounting Standard 23 – "Accounting for Investments in Associates in Consolidated Financial Statements". Further, the group does not have any further obligations to satisfy with regard to this associate.

Additional information, as required under Schedule III to the Companies Act, 2013 of entities consolidated

S.No	Name of the Entity	Net Assets		Share in Profit or Loss	
		As a % of Consolidated Net Assets	₹ Million	As a % of Consolidated Profit or (Loss)	₹ Million
	Parent Company				
1	Apollo Tyres Limited	31.77	16,021.34	65.99	6,450.81
	Foreign Subsidiaries				
2	Apollo Tyres (Greenfield) Co. Operatief U.A.	-	-	-	-
3	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	0.64	321.22	(0.07)	(6.73)
4	Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	(0.07)	(33.43)	(0.01)	(0.73)
	Intermediate Subsidiary (Refer Note 1 and 2 below)				
5	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	13.99	7,054.08	(6.40)	(625.41)
6	Apollo Tyres Co-operatief U.A. (Apollo Coop)	53.87	27,160.40	40.77	3,985.44
	Joint Venture				
7	PanAridus LLC	(0.20)	(100.64)	(0.28)	(27.30)
	Total	**100.00**	**50,422.97**	**100.00**	**9,776.09**

Notes:

1. Apollo (South Africa) Holdings (Pty) Ltd (ASHPL) **₹ Million**

S.No	Name of the Entity	Net Assets	Share in Profit or Loss
1	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	2,160.96	107.53
2	Apollo Tyres Africa (Pty) Ltd	1,460.28	(764.66)
	Add/ (Less): Effect of intercompany adjustments/eliminations	3,432.84	31.72
	Total	**7,054.08**	**(625.41)**

2. Apollo Tyres Co-operatief U.A. (Apollo Coop) **₹ Million**

S.No	Name of the Entity	Net Assets	Share in Profit or Loss
1	Apollo Tyres Co-operatief U.A. (Apollo Coop)	43,696.11	(4.97)
2	Apollo Tyres (Hungary) Kft	(313.39)	(374.08)
3	Apollo Tyres AG (ATAG)	178.11	(37.48)
4	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	242.08	(14.46)
5	Apollo Tyres (Middle East) Fze (ATFZE)	130.74	13.53
6	Apollo Tyres (Thailand) Limited	287.77	74.53
7	Apollo Tyres (Brasil) Ltda	8.35	(3.95)
8	Apollo Tyres Global R&D B.V.	198.51	91.47
9	Apollo Tyres B.V. (ATBV)	(66.09)	(7.36)
10	Apollo Tyres (UK) Pvt Ltd	(17.23)	49.18

11	Apollo Tyres Propvest (UK) Pvt Ltd	973.77	(2.81)
12	Apollo Vredestein B.V. (AVBV)	10,984.96	2,183.78
13	Apollo Vredestein GmbH	3,770.36	289.23
14	Vredestein Marketing B.V. & Co. KG	(2,587.92)	285.38
15	Vredestein Nordic A.B.	44.10	28.70
16	Apollo Vredestein U.K. Limited	103.39	11.87
17	Apollo Vredestein SAS	342.17	103.37
18	Apollo Vredestein Belux	30.17	130.62
19	Apollo Vredestein Gesellschaft m.b.H.	73.34	65.47
20	Apollo Vredestein Schweiz AG	271.42	27.39
21	Apollo Vredestein Srl	59.26	(10.69)
22	Apollo Vredestein Iberica SA	268.76	61.61
23	Apollo Vredestein Tires Inc.	(45.36)	(4.55)
24	Apollo Vredestein Kft	4.28	(4.97)
25	S.C. Vredesetin R.O. Srl	-	-
26	Apollo Vredestein Opony Polska Sp. Zo.o.	155.80	15.78
27	Vredestein Norge A.S.	(6.16)	3.26
28	Vredestein Consulting B.V.	192.30	31.02
29	Finlo B.V.	(15.31)	-
30	Vredestein Marketing B.V.	1.70	-
	Add/ (Less): Effect of intercompany adjustments/eliminations	(31,805.59)	984.57
	Total	**27,160.40**	**3,985.44**

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. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

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 progress, incurred in bringing such inventories to their present location and condition.

Raw materials, stores & spares and traded goods cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of work in progress and finished goods, cost is determined on a First in First Out basis. In case of subsidiaries in Europe, the cost is determined on the basis of "First-in First-Out" and consumable stores are stated at actual cost by reference to latest purchases. The proportion of Raw materials and stores & spares of subsidiaries in Europe is 18% of the total value of Raw materials and stores & spares held by the group.

2.5 CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.6 CASH FLOW STATEMENT

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

2.7 DEPRECIATION AND AMORTISATION

Tangible Fixed Assets

Depreciation on fixed assets is provided using straight line method over the estimated useful life of the assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc:

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 estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

The rates of depreciation considered for the major assets are as under.

Assets Class	Estimated useful life
Building	20-30 Years
Plant & Equipments	8-25 Years
Moulds	4-10 Years
Material Handling Equipments	3-7 Years
Computer Hardware	3-5 Years
Computer Software	3-5 Years
Motor Vehicles	3-5 Years
Furniture & Fixtures and Office Equipment	4-10 Years
Continous Process Plant	10-20 Years

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 Consolidated Statement of Profit and Loss.

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

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

2.11 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the Consolidated Statement of Profit and Loss.

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

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

The financial statements of consolidated foreign subsidiaries are translated into Indian Rupees, which is the functional currency of the Company, as follows:

- Assets and liabilities at rates of exchange ruling at year end.
- Income and expense items at the average rate for the year.

Exchange rate differences arising on the translation of consolidated foreign subsidiaries are classified as equity and transferred to the foreign currency translation reserve.

Hedge Accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognized in the Consolidated Statement of Profit and Loss.

If a cash flow hedge meets the conditions for hedge accounting the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve account under Shareholders' Funds and the ineffective and over-effective portions are recognized in the Consolidated Statement of Profit and Loss. A hedge of the foreign currency risk of a firm commitment is designated and accounted for as a cash flow hedge.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognized in Hedge Reserve are transferred to income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses recognized in Hedge Reserve are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

If a hedge of a net investment in a foreign entity meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in Hedge Reserve and the ineffective portion is recognized in the Consolidated Statement of Profit and Loss. On disposal of a foreign entity, the gain or loss recognized in equity is transferred to the Consolidated Statement of Profit and Loss.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised, when for cash flow hedges the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in Hedge Reserve until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

2.12 GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

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

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

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

2.13 INVESTMENTS

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

2.14 EMPLOYEE BENEFITS

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

Liability for gratuity to employees determined on the basis of actuarial valuation, using projected unit method, 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, using projected unit method 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. In the case of provident fund contribution to the Company's Employees Provident Fund Trust, the shortfall, if any, between the return from the investments of Company's Employees Provident Fund Trust and the notified interest rate is recognized as an expense in Consolidated Statement of Profit and Loss in the year in which the shortfall is expected to arise.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the Consolidated Statement of Profit and Loss as income or expense.

The employer's liability for post employment medical benefits, in respect of past service, is provided for and adjusted in response to actuarial assessments when necessary.

At reporting date, employees of one of the European subsidiaries participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the pension fund. In March 2013, the company and the pension fund reached an agreement, which has resulted in clarification of the fact that the company has no legal or constructive obligation to pay further contribution if the pension fund does not hold sufficient assets to pay all employee benefits relating to employee service. As a result of the above the defined benefit liability was derecognized and included in the Consolidated Statement of Profit and Loss as part of the employees expenses. Obligations for contributions to defined contribution plan are recognized in the Consolidated Statement of Profit and Loss for the period in which they arise.

At reporting date employees of another European subsidiary participated in defined benefit pension plan. This plan augments the pension provided by the state and provides additional support for the employees in the case of early disability or for surviving relatives in case of the death of an employee. Employees are entitled to this pension plan after 5 years of employment. The benefits of the defined benefit pension plan in Germany are based primarily on years of service and employees' compensation. The mortality level was assessed in accordance with the German Mortality table 2005 G Heubeck. Valuation of the obligation under the pension plan is carried out by independent actuary.

One of the South African subsidiaries provides retirement benefits for its employees through a number of defined contribution plans. Contributions by the company to defined contribution retirement plans are recognised as an expense in the period in which the related services are rendered by employees.

In respect of eligible employees, the employer's liability for post employment medical benefits (a contribution obligation), in respect of past service, is provided for and adjusted in response to independent actuarial assessments when necessary. The company makes a top-up payment which is recognised as an expense in the related period.

2.15 EMPLOYEE SHARE BASED PAYMENTS

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

2.16 BORROWING COSTS

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

2.17 SEGMENT REPORTING

The Group identifies operating & 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 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 recognised as operating leases. Operating Lease payments are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

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 substantively enacted as on the balance sheet date. Deferred tax liabilities are recognised for all timing differences. 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 and items relating to capital losses, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence of realization of such assets.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

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.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

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 values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

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, 2015 ₹ Million	As at March 31, 2014 ₹ Million
(a)	**AUTHORISED**		
	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
		750.00	750.00
(b)	**ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP**		
	Equity Shares of ₹ 1 each:		
	509,024,770 (504,024,770) Equity Shares Outstanding	**509.02**	504.02
	Add: Forfeited Shares: **13,565 Nos.** (13,565 Nos.)	**0.07**	0.07
		509.09	504.09

(c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year:

	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	₹ Million	No. of Shares	₹ Million
Opening Balance	504,024,770	504.02	504,024,770	504.02
Add: Shares allotted on conversion of Share Warrants (Note C-7)	5,000,000	5.00	-	-
Closing Balance	**509,024,770**	**509.02**	**504,024,770**	**504.02**

(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, 2015		As at March 31, 2014	
		No. of Shares	%	No. of Shares	%
1	Neeraj Consultants Ltd	42,508,142	8.35%	42,508,142	8.43%
2	Apollo Finance Ltd	36,759,650	7.22%	36,759,650	7.29%
3	Sunrays Properties & Investment Co. Pvt Ltd	35,725,648	7.02%	35,725,648	7.09%
4	Constructive Finance Pvt Ltd	29,630,857	5.82%	29,630,857	5.88%
5	Skagen Kon-Tiki Verdipapirfond	-	-	27,020,843	5.36%

(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.

(g) Shares issued towards outstanding share warrants - (Note C-7).

B 2 RESERVES AND SURPLUS

	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
(a) Capital Subsidy (Note C-5)	**25.50**	3.00
(b) Capital Redemption Reserve	**44.40**	44.40
(c) Securities Premium Account		
As per last Balance Sheet	**5,659.71**	5,659.71
Add: Received during the year (Note C-7)	**426.00**	-
	6,085.71	5,659.71
(d) Debenture Redemption Reserve		
As per last Balance Sheet	**1,658.33**	1,170.83
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	**300.00**	591.67
Less: Utilised during the year	**1,000.00**	104.17
	958.33	1,658.33
(e) Revaluation Reserve	**31.22**	31.22
(f) Share Forfeiture ₹ 1,375/- (₹ 1375/-)	**-**	-
(g) General Reserve		
As per last Balance Sheet	**9,001.43**	8,001.43
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	**1,000.00**	1,000.00
	10,001.43	9,001.43
(h) Foreign Currency Translation Reserve		
As per last Balance Sheet	**1,819.09**	(310.18)
Add: Share of joint ventures - jointly controlled entities	**(1.85)**	(1.55)
Add: Effect Of Foreign Exchange rate variations during the year	**(3,955.38)**	2,130.82
Closing Balance	**(2,138.14)**	1,819.09
(i) Surplus in Consolidated Statement of Profit and Loss		
As per last Balance Sheet	**26,917.21**	18,796.39
Add: Transfer from Debenture Redemption Reserve	**1,000.00**	104.17
Less: Depreciation on transition to Schedule I I of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (net of deferred tax of ₹ 132.94 Million) (Note C-8)	**258.18**	-
Add: Net Profit for the year	**9,776.09**	10,050.58
Balance available for Appropriation	**37,435.12**	28,951.14
Less: Appropriations made during the year		
General Reserve	**1,000.00**	1,000.00
Debenture Redemption Reserve	**300.00**	591.67
Proposed Dividend: ₹ **2.00 per share** (₹ 0.75 per share)	**1,018.05**	378.02
Dividend Tax	**207.25**	64.24
Dividend for previous year*	**3.75**	-
Dividend Tax on dividend for previous year*	**0.64**	-
	2,529.69	2,033.93
Closing Balance	**34,905.43**	26,917.21
Total Reserves and Surplus	**49,913.88**	45,134.39

* Dividend & Dividend tax for previous year relate to dividend paid on 5,000,000 equity shares which were allotted on conversion of 5,000,000 warrants after March 31, 2014 but before July 20, 2014 (book closure date) (Note C-7).

B 3 NON - CURRENT LIABILITIES

		As at March 31, 2015 ₹ Million		As at March 31, 2014 ₹ Million
LONG TERM BORROWINGS				
SECURED*				
(i) Debentures				
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
1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each		**-**		416.67
		1,000.00		2,416.67
(ii) Term Loans				
From Banks:				
External Commercial Borrowings (ECB)		**1,147.55**		2,306.00
Rupee Term Loans		**-**		333.33
		1,147.55		2,639.33
From Others:				
International Finance Corporation - Loan A	677.06		902.74	
International Finance Corporation - Loan B	399.14	**1,076.20**	598.71	1,501.45
Bharat Earthmovers Ltd. (BEML)		**-**		412.45
		1,076.20		1,913.90
(iii) Finance Lease - Deferred Payment Liabilities				
Deferred Payment Credit I (Note C-20)		**107.49**		155.32
Deferred Payment Credit II (Note C-20)		**8.15**		12.11
		115.64		167.43
		3,339.39		7,137.33
OTHER LONG TERM LIABILITIES				
Security Deposits Received from Dealers		**14.53**		12.92
Security Deposits Received from Employees		**54.61**		49.20
Lease Escalation		**1.59**		-
Share of joint ventures - jointly controlled entities		**1.95**		2.55
		72.68		64.67
LONG TERM PROVISIONS				
Provision for Employee Benefits				
Pension Liability		**854.85**		999.46
Post Retirement Medical Benefits		**129.20**		141.01
Jubilee Benefits		**129.08**		133.55
Provision for Constructive Liability (Note C-14(c))		**78.43**		67.61
Others		**68.21**		29.07
		1,259.77		1,370.70

*For details regarding Repayment Terms, Interest Rate and Nature of Security on Long Term Borrowings, Refer Note B 3(a).

NOTE B 3 (A)
DEBENTURES:

Nature of Borrow-ing	Particulars	Amount outstanding as at March 31, 2015 ₹ Million		Amount outstanding as at March 31, 2014 ₹ 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	10.15%	Bullet Repayment on 29-03-2015.	Note A3 & B1
	1,250 - 11.50 % Non Convertible Debentures of ₹ 1 Million each	-	416.67	416.67	416.67	11.50%	Redemption in 3 equal instalments of ` 416.67 Million on 02-02-14, 02-02-15 & 02-02-16 respectively.	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
Total Debentures		**1,000.00**	**1,416.67**	**2,416.67**	**4,416.67**			

EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:

Bank 1	ECB II	56.13	112.25	168.38	112.25	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 II	-	-	-	349.99	9-10%	Repayment in 1 half-yearly install-ment of USD 1.25 Million and then 5 half-yearly install-ments of USD 3.75 Million from 16.07.12.	Note A1 & B2
	ECB III	134.85	269.70	404.55	269.70	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	-	231.10	231.10	231.10	7-8%	Repayment in 4 equal annual in-stallments of USD 5 Million started from 03.08.12.	Note A1 & B2
	ECB II	139.19	139.19	278.38	139.18	9-10%	Repayment in 4 equal annual installments of USD 3.125 Million started from 16.07.13.	Note A1 & B2

Bank 4	ECB I	200.01	99.99	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	288.27	144.11	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	329.10	162.10	491.20	-	10-11%	Repayment in 3 equal annual installments of USD 3.33 Million starting from 28.09.15.	Note A1 & B1
Total External Commercial Borrowings		**1,147.55**	**1,158.44**	**2,306.00**	**1,102.22**			

RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	-	-	333.33	166.67	12%	Prepaid during the year	
Total Rupee Term Loans		**-**	**-**	**333.33**	**166.67**			

TERM LOANS FROM OTHERS:

IFC	Loan A	677.06	225.69	902.74	225.69	9-10%	Repayment in 12 half yearly installments of USD 2.50 Million each started from June 17, 2013.	Note A1 & B2
	Loan B	399.14	199.57	598.71	199.57	9-10%	Repayment in 9 half yearly installments of USD 2.22 Million each started from December 16, 2013.	Note A1 & B2
BEML	Loan 1	-	-	412.45	82.49	2.25% lower than prevailing SBI PLR	Prepaid during the year	
Total Term Loans from Others		**1,076.20**	**425.26**	**1,913.90**	**507.75**			

DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	107.49	47.84	155.32	44.54	7-8%	Repayment along with Interest in 240 consecutive monthly installments started from May 15, 2007.	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	8.15	8.28	12.11	7.97	8-9%	Repayment along with Interest in 20 equal quarterly installments started from April, 2010.	Engneering materials purchased under the scheme
		115.64	**56.12**	**167.43**	**52.51**			

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.

B 4 CURRENT LIABILITIES

	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
SHORT TERM BORROWINGS		
Secured*		
Packing Credit	**362.40**	299.57
Banks - Cash Credit (Repayable on Demand)	**1.16**	2.02
Banks Overdraft	**-**	39.65
Short Term Loan from Banks	**-**	240.78
Unsecured		
Buyer's Credit - Raw Materials	**-**	173.80
Banks Overdraft	**39.76**	664.03
Packing Credit	**4,263.04**	1,331.34
	4,666.36	2,751.19
TRADE PAYABLES		
Payable to Micro, Small & Medium Enterprises	**23.81**	21.35
Acceptances	**187.79**	1,243.50
Accounts Payable - Raw Materials & Services	**6,303.68**	9,552.12
Freight, Port Charges, CHA Charges Payable	**664.56**	471.93
Expenses Payable	**303.40**	426.12
Employee Related Payables**	**1,118.24**	786.91
Payable to Related Parties	**31.67**	31.65
Share of joint ventures - jointly controlled entities	**7.02**	4.05
	8,640.17	12,537.63
OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt* **		
Secured		
Debentures		
1,250 - 11.50% Non Convertible Debentures of ₹ 1 Million each	**416.67**	416.67
1000 - 10.15% Non Convertible Debentures of ₹ 1 Million each	**1,000.00**	-
1000 - 10.15% Non Convertible Debentures of ₹ 1 Million each	**-**	1,000.00
	1,416.67	1,416.67
Term Loan from Banks		
External Commercial borrowings (ECB)	**1,158.44**	1,102.22
Rupee Term Loans	**-**	166.67
	1,158.44	1,268.89
Term Loan from Others		
International Finance Corporation - Loan A	**225.69**	225.69
International Finance Corporation - Loan B	**199.57**	199.57
Bharat Earthmovers Ltd. (BEML)	**-**	82.49
	425.26	507.75
Finance Lease - Deferred Payment Liabilities		
Deferred Payment Credit I (Note C-20)	**47.84**	44.54
Deferred Payment Credit II (Note C-20)	**8.28**	7.97
	56.12	52.51
Unsecured		
Debentures		
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
	-	3,000.00
	3,056.49	6,245.82
Trade Payables Include due to Related Parties (Note C-18)		
Companies in which Directors are interested	**31.67**	31.65

* Cash Credits, Buyers Credit for Raw Materials and Packing Credit are secured by a first charge on Raw materials, Work-in-Progress, Stocks, Stores and Book Debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

** Employee Related Payables includes commission on net profits payable to whole-time directors ₹ **490 Million** (₹ 228 Million)

*** For nature of security on Current Maturities of Long Term Debts, Refer Note B 3(a).

B 4 CURRENT LIABILITIES (Continued)

		As at March 31, 2015 ₹ Million		As at March 31, 2014 ₹ Million
OTHER CURRENT LIABILITIES (Continued)				
Interest accrued but not due on borrowings		**151.06**		231.79
Unclaimed Dividends*		**37.50**		34.19
Payable to Micro, Small & Medium Enterprises - Capex Vendors		**7.21**		7.44
Interest payable to Micro, Small & Medium Enterprises		**10.58**		10.58
Other Payables**				
Accounts Payable - Capital	313.31		416.83	
Excise Duty on closing stock	288.15		324.26	
Payable to Related Parties	43.15		4.48	
Statutory remittances (Contribution to PF & ESIC, VAT, CST, Excise Duty, Custom Duty, Service Tax and others)	1,494.68		1,390.02	
Export Obligations - Advance Licence Benefit	7.67		64.05	
Security Deposits - Vendors	287.85		330.81	
Security Deposits - Dealers / Employees	65.02		51.84	
Derivative Financial Liabilities	18.41		8.48	
Advance Received From Customers	302.79		408.85	
Lease Escalation	0.10		-	
Others	342.44	**3,163.57**	819.92	3,819.54
Gratuity Payable		**198.25**		48.43
		3,568.17		4,151.97
		6,624.66		10,397.79
SHORT TERM PROVISIONS				
Provision for Employee Benefits				
Provision for Compensated Absences		**755.25**		833.55
Social Premium Payable		**454.95**		612.12
		1,210.20		1,445.67
Others				
Provision for Contingencies (Note C-14(b))		**425.00**		425.00
Proposed Dividend on Equity Shares		**1,018.05**		378.02
Dividend Tax		**207.25**		64.24
Provision for Taxation	11,451.20		10,158.34	
Less: MAT Credit Adjusted	450.13		58.52	
Less: Advance Tax	10,315.38	**685.69**	9,464.25	635.57
Provision for Wealth Tax		**7.00**		7.00
Provision for Sales related obligations (Note C-14(a))		**2,159.01**		2,017.35
Provision for estimated loss on Forward Foreign Exchange Contracts		**150.49**		67.85
Deferred Revenue		**30.32**		35.80
Provision for Constructive Liability (Note C-14(c))		**22.88**		15.38
		4,705.69		3,646.21
		5,915.89		5,091.88
**** Other Payables Include due to Related Parties (Note C-18)**				
Companies in which Directors are interested		**43.15**		4.48

*Includes ₹ **3.60 Million** (₹ 2.92 Million) which has not been transferred to the Investor Education and Protection Fund under Section 124 of the Companies Act, 2013, as per the orders/ instructions of the special court (trial of offences relating to transactions in securities), Mumbai.

B 5 - FIXED ASSETS AS AT MARCH 31, 2015

₹ Million

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTIZATION						NET BLOCK	
	As at March 31, 2014	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2015	As at March 31, 2014	Additions	Deductions/ Adjust-ments	Transferred to surplus in statement of P&L	Exchange rate Adjustment (g)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
TANGIBLE ASSETS:													
Land													
Freehold Land**	1,846.44	329.50	-	(319.94)	**1,856.00**	129.34	12.09	-	-	(23.98)	**117.45**	**1,738.55**	1,717.10
Leasehold Land*	396.68	-	229.41	4.92	**172.19**	236.84	1.94 (a)	230.24	-	5.02	**13.56**	**158.63**	159.84
Buildings**	12,008.72	1,232.13 (b)	33.35	(822.58)	**12,384.92**	3,679.19	588.54	8.77	129.69	(407.78)	**3,980.87**	**8,404.05 (e)**	8,329.53
Plant & Machinery**	72,932.58	2,167.79 (b)	85.31 (f)	(6,283.77)	**68,731.29**	41,762.27	2,546.25	69.46	107.16	(5,024.71)	**39,321.51**	**29,409.78**	31,170.31
Electrical Installation	1,419.29	49.62 (b)	-	(0.04)	**1,468.87**	444.20	156.74	-	54.21	(0.04)	**655.11**	**813.76**	975.09
Furniture & Fixtures**	2,548.35	135.13 (b)	27.50	(240.31)	**2,415.67**	1,671.11	164.43	33.93	97.28	(198.78)	**1,700.11**	**715.56**	877.24
Office Equipments	39.17	3.28	0.38	0.01	**42.08**	15.36	7.10	0.35	-	0.01	**22.12**	**19.86**	23.81
Vehicles**	418.28	158.34	83.51	9.57	**502.68**	117.11	109.34	37.84	2.78	(2.63)	**188.76**	**313.92**	301.17
Plantation Development	59.68	-	61.00	1.32	**-**	59.68	-	61.00	-	1.32	**-**	**-**	-
	91,669.19	**4,075.79 (c)**	**520.46**	**(7,650.82)**	**87,573.70**	**48,115.10**	**3,586.43 (d)**	441.59	**391.12**	**(5,651.57)**	**45,999.49**	**41,574.21**	**43,554.09**
Share of joint ventures - jointly controlled entities	24.05	4.62	-	**(4.75)**	**23.92**	7.44	4.01	-	-	**(1.79)**	**9.66**	**14.26**	16.61
Total Tangible Assets	**91,693.24**	**4,080.41**	**520.46**	**(7,655.57)**	**87,597.62**	**48,122.54**	**3,590.44**	**441.59**	**391.12**	**(5,653.36)**	**46,009.15**	**41,588.47**	**43,570.70**
Previous Year	82,691.06	8,081.34	4,595.09	5,515.93	91,693.24	42,040.21	3,756.71	2,124.25	-	4,449.87	48,122.54	43,570.70	40,650.85

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at March 31, 2014	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2015	As at March 31, 2014	Additions	Deductions/ Adjustments	Exchange rate Adjustment (g)	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
INTANGIBLE ASSETS:												
Computer Software	1,099.27	23.99	2.80	(117.62)	**1,002.84**	807.66	95.83	2.06	(100.43)	**801.00**	**201.84**	291.61
Trademarks	55.13	5.54	-	(9.32)	**51.35**	45.55	3.88	-	(3.22)	**46.21**	**5.14**	9.58
Research & Development	1,833.11	552.99(b)	-	(386.93)	**1,999.17**	1,147.50	184.63	-	(222.31)	**1,109.82**	**889.35**	685.61
Total Intangible Assets	**2,987.51**	**582.52**	**2.80**	**(513.87)**	**3,053.36**	**2,000.71**	**284.34**	**2.06**	**(325.96)**	**1,957.03**	**1,096.33**	**986.80**
Previous Year	2,527.81	488.66	327.07	298.11	2,987.51	1,485.79	343.39	3.14	174.67	2,000.71	986.80	1,042.02

₹ Million

Particulars	For the Year Ended	
	March 31, 2015	March 31, 2014
Depreciation and amortisation for the year on tangible assets	**3,590.44**	3,756.71
Depreciation and amortisation for the year on intangible assets	**284.34**	343.39
Depreciation on investment property	**8.10**	8.41
Total	**3,882.88**	4,108.51

B 5 - FIXED ASSETS AS AT MARCH 31, 2014

₹ Million

Description of Assets	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at March 31, 2013	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2014	As at March 31, 2013	Additions	Deductions	Exchange rate Adjustment (g)	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
TANGIBLE ASSETS:												
Land												
Freehold Land	1,559.46	77.70	9.29	218.57	**1,846.44**	103.91	11.51	4.38	18.30	**129.34**	**1,717.10**	1,455.55
Leasehold Land*	377.15	-	-	19.53	**396.68**	215.37	1.94	-	19.53	**236.84**	**159.84**	161.78
							(a)					
Buildings	10,752.28	1,281.33	463.83	438.94	**12,008.72**	2,991.40	362.35	(29.15)	296.29	**3,679.19**	**8,329.53**	7,760.88
		(b)									**(e)**	(e)
Plant & Machinery**	66,504.03	5,514.35	3,855.17	4,769.37	**72,932.58**	37,383.18	3,125.21	2,822.83	4,076.71	**41,762.27**	**31,170.31**	29,120.85
		(b)										
Electrical Installation	1,379.08	40.19	-	0.02	**1,419.29**	374.09	70.10	-	0.01	**444.20**	**975.09**	1,004.99
		(b)										
Furniture & Fixtures	1,674.63	910.82	110.22	73.12	**2,548.35**	754.55	131.02	(752.89)	32.65	**1,671.11**	**877.24**	920.08
		(b)										
Office Equipments	36.04	3.35	0.25	0.03	**39.17**	13.60	1.88	0.15	0.03	**15.36**	**23.81**	22.44
Vehicles	341.37	242.08	156.33	(8.84)	**418.28**	144.22	49.71	78.93	2.11	**117.11**	**301.17**	197.15
Plantation Development	54.49	-	-	5.19	**59.68**	54.49	-	-	5.19	**59.68**	**-**	-
	82,678.53	**8,069.82**	**4,595.09**	**5,515.93**	**91,669.19**	**42,034.81**	**3,753.72**	**2,124.25**	**4,450.82**	**48,115.10**	**43,554.09**	**40,643.72**
		(c)					(d)					
Share of joint ventures - jointly controlled entities	12.53	11.52	-	**-**	**24.05**	5.40	2.99	-	**(0.95)**	**7.44**	**16.61**	7.13
Total Tangible Assets	**82,691.06**	**8,081.34**	**4,595.09**	**5,515.93**	**91,693.24**	**42,040.21**	**3,756.71**	**2,124.25**	**4,449.87**	**48,122.54**	**43,570.70**	**40,650.85**
INTANGIBLE ASSETS:												
Computer Software	982.84	79.00	39.20	76.63	**1,099.27**	620.00	103.37	(29.31)	54.98	**807.66**	**291.61**	362.84
Trademarks	177.87	186.43	287.87	(21.30)	**55.13**	73.63	26.68	32.45	(22.31)	**45.55**	**9.58**	104.24
Research & Development	1,367.10	223.23	-	242.78	**1,833.11**	792.16	213.34	-	142.00	**1,147.50**	**685.61**	574.94
		(b)										
Total Intangible Assets	**2,527.81**	**488.66**	**327.07**	**298.11**	**2,987.51**	**1,485.79**	**343.39**	**3.14**	**174.67**	**2,000.71**	**986.80**	**1,042.02**

*   Leasehold Land is Net of ₹ **9.59 Million** (₹ 9.59 Million) subleased to Classic Auto Tubes Ltd., a company in which directors are interested during the year 2009-10.

**   Plant & Machinery, Land, Buildings, Furniture & Fixtures and Vehicles includes Fixed Assets Held for Sale with a Gross Book Value of ₹ **2,198.19 Million** (₹ 38.52 Milion), ₹ **115.44 Million** (Nil), ₹ **365.80 Million** (Nil), ₹ **68.23 Million** (Nil) & ₹ **2.03 Million** (Nil) and a Net Book Value of ₹ **824.10 Million** (Nil), ₹ **115.44 Million** (Nil), ₹ **200.65 Million** (Nil), ₹ **11.39 Million** (Nil) & ₹ **0.19 Million** (Nil) respectively.

Plant & Machinery includes Jointly Owned Assets with a Gross Book Value of ₹ **254.87 Million** (₹ 187.68 Million) and a Net Book Value of ₹ **231.21 Million** (₹ 177.77 Million).

Plant & Machinery includes assets taken on Finance Lease with a Gross Book Value of ₹ **400.00 Million** (₹ 400.00 Million) and a Net Book Value of ₹ **233.61 Million** (₹ 250.40 Million).

(a) Represents proportionate lease premium ₹ **1.94 Million** (₹ 1.94 Million) amortized.

(b) Buildings include ₹ **90.26 Million** (₹ 151.72 Million), Plant & Machinery includes ₹ **66.43 Million** (₹ 14.20 Million), Electrical Installations include ₹ **2.79 Million** (₹ 11.52 Million), Furniture & fittings include ₹ **8.03 Million** (₹ 8.70 Million) and Research and Development includes ₹ **552.99 Million** (₹ 223.23 Million) for capital expenditure on Research & Development (Note C-9).

(c) Includes directly attributable expenses capitalized to the extent of ₹ **27.65 Million** (₹ 115.81 Million) including **Nil** (₹ 13.36 Million) capitalized from CWIP of previous year (Note C-11)

(d) Includes provision for impairment amounting to **Nil** (₹ 35.31 Million) on certain items of Buildings & Plant & Machinery recognised in the Consolidated Statement of Profit and Loss during the year.

(e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of ₹ **6,782.11 Million** (₹ 6,673.53 Million) and Net Book Value of ₹ **5,213.50 Million** (₹ 5,632.48 Million).

(f) Plant & Machinery is reduced by ₹ **3.00 Million** being ETP Subsidy received from the Government of Tamilnadu.

(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)

	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
TRADE INVESTMENTS		
(a) Investment in Equity Instruments (Quoted): *		
16,394 (16,934) Equity Shares of ₹ 10/- each in Bharat Gears Ltd. - Fully paid up	**0.36**	0.36
Nil (86,867,731) Ordinary Shares in National Tyre Service, Zimbabwe	**-**	49.00
	0.36	49.36
(b) Investment in Equity Instruments (Unquoted):*		
312,000 (312,000) Equity Shares of ₹ 10 each in Green Infra Wind Power Projects - Fully paid up	**3.12**	3.12
5,500 (5,500) Equity Shares of ₹ 10 each in Suryadev Alloys and Power Pvt Ltd - Fully paid up	**0.59**	0.59
OTHER NON CURRENT INVESTMENTS (NON TRADE):		
(a) Investment in Mutual Funds**		
Units of "UTI Balanced Fund - Dividend Plan - Reinvestment" *** (Face Value of ₹ 10/- each)	**2.60**	2.10
(b) Others		
(i) Investment in **5,000** (5,000) Equity Shares of ₹ 100/- each in Apollo Tyres Employees Multipurpose Co-operative Society Limited	**0.50**	0.50
(ii) **Nil** (500,000) Ordinary Shares in RADUN Investment (Private) Ltd, Zimbabwe	**-**	12.35
(iii) Investment Property	**463.10**	569.19
(Net of accumulated depreciation of ₹ **24.64 Million** (₹ 16.54 Million))		
	470.27	637.21

* Aggregate amount of quoted investments	**0.36**	49.36
Aggregate market value of listed and quoted investments	**1.19**	88.48
Aggregate amount of unquoted Investments	**6.81**	18.66

** No. of units at the beginning of the year - **161,826** (161,826)	**2.10**	2.10
Add: Reinvestment of dividend during the year - **17,736** (Nil)	**0.50**	-
No. of units at the end of the year - **179,562** (161,826)	**2.60**	2.10
*** Repurchase price of units	**5.23**	4.09

B 7 LONG TERM LOANS & ADVANCES

	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
Long-Term Loans & Advances:		
Unsecured, Considered Good		
Capital Advances - Others	**628.21**	294.63
Capital Advances to Related Parties	**79.60**	123.89
Doubtful Capital Advances	**134.18**	134.18
Less: Provision for Doubtful Advances	**134.18**	134.18
	707.81	418.52
Security Deposits	**636.84**	381.19
Security Deposits to Related Parties	**418.01**	418.01
Other Deposit	**126.85**	140.88
Employee Advances - Salary Loan	**15.05**	10.09
Other Loans and Advances - Excise Duty Recoverable	**2.57**	2.57
Share of joint ventures - jointly controlled entities	**0.24**	0.30
	1,907.37	1,371.56
Includes Advances given to Related Parties (Note C-18)		
Companies in which Directors are interested	**497.61**	541.90

B 8 OTHER NON-CURRENT ASSETS

Investment promotion Subsidy Receivable from Government of Tamil Nadu (Note C-4)	**360.18**	214.14
	360.18	214.14

B 9 CURRENT INVESTMENTS

Non Trade Investment		
Investment in Mutual Funds*	**1,000.00**	-
	1,000.00	-

* Particular	No. of Units	Value (₹ Million)	NAV
SBI	20,000,000	200.00	10.8282
ICICI	25,000,000	250.00	10.8336
Reliance	5,000,000	50.00	10.8027
Birla (Scheme1)	25,000,000	250.00	10.8358
Birla (Scheme 2)	25,000,000	250.00	10.8294
	100,000,000	**1,000.00**	

B 10 CURRENT ASSETS

	As at March 31, 2015 ₹ Million	As at March 31, 2014 ₹ Million
(a) INVENTORIES:		
(valued at lower of cost and net realizable value)		
(i) Raw Materials:		
In Hand	**3,514.72**	4,616.72
In Transit	**94.76**	163.73
	3,609.48	4,780.45
(ii) Work-in-Progress #	**936.04**	1,130.24
(iii) Finished Goods:		
In Hand	**9,099.19**	10,787.94
In Transit	**1,129.80**	954.73
	10,228.99	11,742.67
(iv) Bought Out Material / Stock in Trade:		
In Hand	**1,399.96**	1,467.65
In Transit	**280.91**	203.84
	1,680.87	1,671.49
(v) Stores and Spares	**1,326.68**	1,339.39
	17,782.06	20,664.24
(b) TRADE RECEIVABLES - UNSECURED		
Outstanding for a period exceeding six months from the date they were due for payment:		
Considered Good	**1.12**	1.25
Considered Doubtful	**314.59**	410.88
Others - Considered Good*	**9,588.31**	10,425.42
	9,904.02	10,837.55
Less: Provision for Doubtful Trade Receivables	**314.59**	410.88
	9,589.43	10,426.67
*** Trade Receivables Include due from Related Parties (Note C-18)**		
Companies in which Directors are interested	**113.49**	158.04
(c) CASH AND CASH EQUIVALENTS**		
(i) Cash on hand	**1.77**	3.01
(ii) Cheques on hand	**1,180.64**	874.32
(iii) Remittances in Transit	**452.55**	494.80
(iv) Balances with Banks:		
Current Accounts	**4,037.86**	2,699.72
Other Deposit Accounts		
- Original Maturity 3 months or less	**196.16**	2,375.63
(v) Other Bank Balances:		
Unpaid Dividend Accounts	**35.91**	32.45
Unclaimed Deposits Accounts	**1.07**	1.07
Deposits with Maturity exceeding 3 Months***	**39.94**	58.81
Share of joint ventures - jointly controlled entities	**-**	0.69
	5,945.90	6,540.50

** 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 ₹ **5,868.98 Million** (₹ 6,448.17 Million).

*** Includes Deposit of ₹ **37.97 Million** (₹ 53.83 Million) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested.
Includes deposits of ₹ **1.97 Million** (₹ 1.97 Million) which have an original maturity of more than 12 months.

Work in Progress consists of Automotive Tyres only.

B 11 SHORT TERM LOANS & ADVANCES

		As at March 31, 2015 ₹ Million		As at March 31, 2014 ₹ Million
Short-Term Loans & Advances:				
Unsecured, Considered Good				
Advances given to Related Parties		**45.68**		80.63
Others:				
Trade Advances		**716.76**		1,003.09
Employee Advances		**129.42**		105.47
CENVAT Recoverable		**102.93**		163.98
VAT Recoverable		**565.83**		652.18
Service Tax Recoverable		**91.05**		75.51
Export Incentives Recoverable		**167.87**		252.20
Prepaid Expenses		**233.97**		264.71
Others		**337.22**		658.66
		2,390.73		3,256.43
Considered Doubtful		**20.56**		20.56
		2,411.29		3,276.99
Less: Provision for Doubtful Advances		**20.56**		20.56
		2,390.73		3,256.43
MAT Credit Entitlement availed	450.13		508.65	
Less: MAT Credit utilised	(450.13)	**-**	(58.52)	450.13
		2,390.73		3,706.56
Advances given to Related Parties (Note C-18)				
Companies in which Directors are interested		**45.68**		80.63

B 12 OTHER CURRENT ASSETS

Derivative Financial Assets	**-**	3.99
Investment promotion Subsidy Receivable from Government of Tamilnadu (Note C-4)	**375.00**	375.00
Interest Accrued on Deposits	**0.96**	1.07
	375.96	380.06

B 13 OTHER OPERATING INCOME

	Year Ended March 31, 2015 ₹ Million	Year Ended March 31, 2014 ₹ Million
Investment promotion Subsidy from Government of Tamil Nadu (Note C-4)	**521.04**	939.14
Tyres Development Fees received from customers	**-**	42.16
Early Payment Discount Received from Raw Material Suppliers	**74.45**	35.22
	595.49	1,016.52

B 14 OTHER INCOME

(a Interest earned on Deposits:		
- Bank	**101.75**	189.14
- Others	**13.85**	32.76
(b) Dividend Income from Long Term Investments:		
Bharat Gears Ltd.	**0.02**	0.03
Unit Trust of India	**0.50**	-
	0.52	0.03
(c) Dividend Income from Short Term Investments:		
Mutual Funds	**25.78**	92.54
(d) Other Non-Operating Income:		
Unclaimed Credit Balances / Provisions no longer required written back	**20.00**	26.37
Technical Aid Fees	**9.25**	16.20
Gain on Foreign Exchange Fluctuation (Net)	**111.01**	110.09
Miscellaneous Receipts	**255.83**	511.33
	396.09	663.99
	537.99	978.46

B 15 MANUFACTURING AND OTHER EXPENSES

	Year Ended March 31, 2015 ₹ Million	Year Ended March 31, 2014 ₹ Million
Cost of Materials Consumed		
Raw Materials Consumed	**64,186.16**	71,290.66
Less: Scrap Recoveries	**301.77**	223.18
	63,884.39	71,067.48
Purchase of Stock-in-Trade		
Purchase of Finished Goods - Tyres, Tubes & Flaps	**5,869.17**	6,964.58
Employee Benefit Expenses		
Salaries and Wages	**13,048.75**	12,783.40
Contribution to Provident and Other Funds (Note C-12)	**2,144.31**	2,064.33
Welfare expenses	**848.77**	872.98
Employees Stock Appreciation Rights (Note C-12)	**3.58**	78.55
Add: Share in Joint Venture	**24.97**	12.68
	16,070.38	15,811.94
Other Expenses		
Consumption of stores and spare parts [1]	**1,155.77**	1,233.48
Power and Fuel [2]	**3,513.54**	3,785.23
Conversion Charges	**1,053.25**	1,095.18
Repairs and Maintenance		
- Machinery	**646.00**	693.13
- Buildings	**34.57**	42.15
- Others	**964.12**	844.47
Rent [3]	**303.12**	285.80
Lease Rent - Factory / Service Charges (Note C-19)	**1,249.95**	1,213.74
Insurance	**184.27**	215.61
Rates and Taxes	**197.12**	230.75
Directors' Sitting Fees	**7.42**	4.36
Commission to Non-Wholetime Directors	**50.00**	30.00
Loss on Sale of Tangible Fixed Assets (Net)	**23.86**	29.61
Travelling, Conveyance and Vehicle Expenses	**1,329.36**	1,357.28
Postage, Telex, Telephone and Stationery	**222.64**	246.82
Conference Expenses	**302.05**	120.39
Freight and Forwarding	**4,236.60**	3,990.64
Commission on Sales	**60.52**	72.44
Sales Promotion Expenses	**921.47**	525.66
Advertisement and Publicity	**1,992.48**	2,227.02
Corporate Social Responsibility Expenses (Note C-15) [4]	**57.37**	37.38
Research and Development (Note C-9)	**1,713.91**	1,380.85
Bank Charges	**63.17**	92.20
Statutory Auditors Remuneration (Note C-10)	**57.05**	60.01
Doubtful Receivables / Advances Written off	**40.20**	175.62
Less: Transferred from Provision	**-**	(17.13)
Legal and Professional Expenses	**740.49**	656.05
Provision for Contingencies (Note C-14(b))	**-**	425.00
Miscellaneous Expenses	**694.68**	740.99
Share of joint ventures - jointly controlled entities	**32.95**	37.33
	21,847.93	21,832.06
	107,671.87	115,676.06

Notes:

1 Stores & Spares Consumed includes stores issued for repairs ₹ **2.63 Million** (₹ 1.55 Million).

2 Power and Fuel includes Stores Consumed ₹ **523.11 Million** (₹ 668.08 Million).

3 Net of Rent Received ₹ **1.45 Million** (₹ 1.47 Million).

4 Corporate Social Responsibility Expenses includes ₹ **0.55 Million** available as on March 31, 2015 with the implementation partner to be deployed in due course.

B 16 FINANCE COSTS

	Year Ended March 31, 2015 ₹ Million	Year Ended March 31, 2014 ₹ Million
(a) Interest Expense:		
Interest on Fixed-Term Loans	**524.67**	998.33
Interest on Debentures	**536.79**	736.72
Interest on Other Loans	**711.33**	1,036.78
(b) Other Borrowing Costs	**55.06**	65.47
Share of joint ventures - jointly controlled entities	**0.05**	0.64
	1,827.90	2,837.94

C OTHER NOTES ON ACCOUNTS:

1 Contingent Liabilities

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Sales Tax	**76.17**	111.92
Income Tax	**451.30**	180.46
Claims against the Company not acknowledged as debts		
- Employee Related	**48.64**	51.02
- Others	**92.32**	32.52
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd. , a Company in which directors are interested)	**37.97**	53.83
Excise Duty*	**57.93**	363.55

* 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.

Amount invloved in appeals which have been decided by Appellate authorities in company's favour but on which the department has gone on further appeal of ₹ **441.66 Million** (₹ 441.66 Million).

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

2 Commitments

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Estimated amount of contracts remaining to be executed on capital account & not provided for	**32,864.67**	2,684.31
TOTAL	**32,864.67**	2,684.31

3 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.

4 Investment Promotion Subsidy from Government of Tamilnadu

The Company has established radial tyre manufacturing facility in SIPCOT Industrial Park, Oragadam near Chennai and availed incentives from the State Government of Tamil Nadu for establishing such project. The construction of first phase of the new green field radial tyre plant was completed as per project schedule, which commenced operations from March 11, 2010. The Truck/ Bus radial segment has commenced operations from May 11, 2010.

Pursuant to the Memorandum of Understanding (MoU) dated August 7, 2006 read along with a Supplementary MOU dated January 11, 2011, executed between the Government of Tamil Nadu (GoTN) and the Company, GoTN sanctioned a Structured Package of Assistance to the Company in terms of the New Industrial Policy, 2007. As per this Structured Package of Assistance, the Company is entitled, interalia, for refund of an amount equal to Net Output VAT + CST paid by the Company to GoTN in the form of Investment Promotion Subsidy for a period of 14 years (which can be extended by another 4 years), from the date of commencement of commercial production or till the cumulative availment of the said subsidy reaches 50% of the investment made in eligible fixed assets during the approved investment period as defined by the MoU, whichever is earlier. This eligiblity is subject to fulfillment of certain obligations by the Company.

The Company fulfilled the relevant obligations during the previous year and the Company has recognized subsidy income of ₹ **521.04 Million** (₹ 939.14 Million) as other operating income (refer note B11), being the eligible amount of refund of Net Output VAT + CST paid by the Company to GoTN. Subsidy recorded during the previous year represents subsidy from the date of commencement of commercial production till March 31, 2014. Based on the legal opinion obtained by the Company, the said subsidy is considered non-taxable capital receipt.

5 Capital Subsidy

As per New Industrial Policy 2007, new and expansion units investing ₹ 2,000 Million and above and employing more than 400 direct workers will be eligible for a back ended capital subsidy of ₹ 15 Million. Further manufacturing units located within a SIPCOT Industrial park will be eligible for an additional 50% capital subsidy over and above the eligible limit. During the year, the Company received the capital subsidy of ₹ 22.50 Million on fulfilling the eligibility conditions which has been credited to capital subsidy disclosed under Reserves & Surplus.

6 Exceptional Items

During the year, Apollo Tyres Africa (Pty) Limited, a subsidiary operating in South Africa has undertaken the following activities in connection with its restructuring process:

a) Initiated Business Rescue Proceedings and the Rescue Plan was approved on November 05, 2014 and the plant was closed on November 30, 2014. All dues to bankers and external suppliers have been paid in full as per the Rescue plan. A separate retrenchment agreement for employees' due was also signed with their representatives on January 30, 2015 and the entire liability of ₹ 751.73 Million under this agreement has been fully discharged.

b) Disposed off its investment in UK ATL Holdings Limited and recorded a profit of ₹ 143.86 Million. As part of the sale agreement, the Company has agreed not to have any claim against receivables from one of its subsidiary Apollo Tyres Zimbabwe and has, accordingly, written off debts amounting to ₹ 140.43 Million.

c) It has evaluated marketability of inventory and written off of Inventory worth ₹ 76.60 Million in the books.

Exceptional item of ₹ 467.86 Million during the previous year represents expenses aggregating to ₹ **2,326.30 Million** in connection with the proposed acquisition of Cooper Tire & Rubber Company (Cooper) which was terminated by Cooper on December 30, 2013 net of Profit on sale of Ladysmith plant in South Africa amounting to ₹ 1,858.44 Million.

7 Issue of Shares on Conversion of Share Warrants:

The company had alloted 5,000,000 warrants, convertible into 5,000,000 equity shares of ₹ 1 each to a promoter Group Company on 21st December 2012, on a preferential allotment basis, pursuant to Section 81 (1A) of the Companies Act, 1956, at a conversion price of ₹ 86.20 per share determined in accordance with the SEBI (Issue of Capital and Disclusure Requirements) Regulations, 2009. An amount equivalent to 25% of the price aggregating to ₹ 107.75 Million was received on allotment of the warrants in the previous year. On receipt of the balance amount of ₹ 323.25 Million on June 19, 2014, the company has allotted 5,000,000 equity shares of ₹ 1 each as a premium of ₹ 85.20 per share.

8 During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the company revised the estimated useful life of its assets to align the useful life with those specified in schedule II.

Pursuant to the transition provision prescribed in Schedule II to the Companies Act, 2013, the company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the assets is determined to be nil as on April 1, 2014 and has adjusted an amount of ₹ **258.18 Million** (net of deferred tax of ₹ 132.94 Million) against the opening surplus balance in the Condolidated Statement of Profit & Loss under Reserves & Surplus.

The depreciation expense in the Condolidated Statement of Profit & Loss for the year is lower by ₹ 64.95 Million consequent to the change in the useful life of the assets.

9 Research and Development comprises of the following:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
(A) Revenue Expenditure		
Materials	**84.86**	98.57
Employee Benefit Expenses	**903.51**	745.80
Travelling Expenses	**85.21**	13.10
Others	**640.33**	523.38
SUB - TOTAL	**1,713.91**	1,380.85
(B) Capital Expenditure	**720.50**	409.37
TOTAL (A+B)	**2,434.41**	1,790.22

10 Statutory Auditors' Remuneration:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
For Audit	**50.20**	52.72
For Company Law matters	**0.40**	0.30
For Other Services	**2.60**	4.79
For Quarterly Review and Certification	**3.85**	2.20
TOTAL	**57.05**	60.01

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Raw Materials Consumed	**10.76**	15.39
Salaries, Wages and Bonus	**3.35**	63.86
Contribution to Provident and Other Funds	**-**	4.22
Welfare Expenses	**4.94**	4.51
Rent	**1.45**	0.78
Travelling, Conveyance and Vehicle expenses	**4.04**	4.56
Postage, Telex Telephone and Stationery	**0.20**	0.26
Power Expenses	**1.64**	3.40
Legal & Professional Expenses	**0.55**	0.33
Miscellaneous Expenses	**0.72**	5.14
Total	**27.65**	102.45

12 Employee Benefits

A. Indian Operations

Defined Contribution Plans:

a. Superannuation Plan The Company contributes a sum equivalent to 15% of the eligible employees salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the company to Superannuation Fund is ₹ **59.83 Million** (₹ 57.15 Million).

b. Provident Fund Contributions are made to the company's Employees Provident Fund Trust/ Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contribution to the Trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate and recognizes such obligation as an expense.

The amount of contribution made by the Company to Employees Provident Fund Trust/Regional Provident Fund is ₹ **215.96 million** (₹ 192.37 million)

Defined Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expense recognized in the consolidated statement of profit and loss and the funded status and amounts recognized in the consolidated balance sheet for the respective plan:

Consolidated Statement of Profit and Loss:

Net employee benefit expenses

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Current service cost	**56.39**	44.92
Interest cost on benefit obligation	**61.01**	48.46
Expected return on plan assets	**(57.95)**	(54.39)
Curtailment Cost / (Credit)	**-**	-
Settlement Cost / (Credit)	**-**	-
Net actuarial loss recognized in the year	**138.80**	9.44
Expense recognized in the Consolidated Statement of Profit and Loss	**198.25**	48.43

Actual Contribution and Benefit payments for the year

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Actual Contributions	**48.72**	45.18
Actual Benefit Payments	**(82.66)**	(65.81)

Consolidated Balance Sheet:

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million	2012-13 ₹ Million	2011-12 ₹ Million	2010-11 ₹ Million
Present value of defined benefit obligation at the end of the year	**852.80**	681.75	646.17	603.76	519.73
Fair value of plan assets at the end of the year	**654.55**	633.32	600.99	527.65	437.82
Asset/(Liability) recognized in the consolidated balance sheet	**(198.25)**	(48.43)	(45.18)	(76.11)	(81.91)
Experience Adjustment of obligation - (Gain) / Loss	**75.99**	30.02	9.36	42.04	51.03
Experience Adjustment of plan assets - Gain / (Loss)	**(1.85)**	(3.84)	0.31	1.75	2.36

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Present value of obligations as at the beginning of the year	**681.75**	646.17
Interest cost	**61.02**	48.46
Current service cost	**56.39**	44.92
Benefits paid	**(82.67)**	(65.81)
Actuarial loss on obligation	**136.31**	8.01
Present value of obligations as at the end of the year	**852.80**	681.75

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Fair value of plan assets at beginning of the year	**633.32**	600.99
Expected return on plan assets	**57.95**	54.39
Contributions	**48.44**	45.18
Benefits paid	**(82.67)**	(65.81)
Actuarial gain on plan assets	**(2.49)**	(1.43)
Fair value of plan assets as at the end of the year	**654.55**	633.32

The Group's gratuity funds are managed by the Life Insurance Corporation of India and therefore the composition of the fund assets is not presently ascertained.

Principal actuarial assumptions for Gratuity:

PARTICULARS	2014-15 Rate (%)	2013-14 Rate (%)
a) Discount rate	**8.00**	8.95
b) Future salary increase*	**6.00**	6.00
c) Expected rate of return on plan assets	**9.15**	9.05

* 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 ₹ **98.72 Million (**₹ 68.07 Million**)**.

Demographic Assumptions for Gratuity:

PARTICULARS	2014-15	2013-14
a) Retirement Age (Years)	**58**	58
b) Mortality Table	**IALM (2006-08)**	IALM (2006-08)
c) Ages	**Withdrawal Rate (%)**	Withdrawal Rate (%)
Up to 30 Years	**3.00**	3.00
From 31 to 44 Years	**2.00**	2.00
Above 44 Years	**1.00**	1.00

Other Long Term Employee Benefits:

Long Term Compensated Absences

Actuarial Assumptions for Long term compensated absences:

PARTICULARS	2014-15 Rate (%)	2013-14 Rate (%)
a) Discount rate	**8.00**	8.95
b) Future salary increase*	**6.00**	6.00

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

Demographic Assumptions for Long term compensated absences:

PARTICULARS	2014-15 Rate (%)	2013-14 Rate (%)
a) Retirement Age (Years)	**58**	58
b) Mortality Table	**IALM (2006-08)**	IALM (2006-08)
c) Ages	**Withdrawal Rate (%)**	Withdrawal Rate (%)
Up to 30 Years	**3.00**	3.00
From 31 to 44 Years	**2.00**	2.00
Above 44 Years	**1.00**	1.00

Employees Phantom Stock Plan 2010

a) During the year 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the company. Under the scheme, 1,200,000 phantom stock units have been granted on 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:

PARTICULARS	**As at March 31,2015**			**As at March 31, 2014**		
Date of Grant	01.04.2010	01.04.2011	01.04.2012	01.04.2010	01.04.2011	01.04.2012
Phantom Stock Units Outstanding	-	291,250	75,000	300,000	552,500	75,000
Phantom Stock Units exercised	1,200,000	608,750	-	900,000	347,500	-
Exercise Price of Share (₹)	-	50.00	50.00	50.00	50.00	50.00
Market Price of Share (₹)	-	168.25	168.25	159.30	159.30	159.30
Fair Value of Share (₹)	-	126.77	125.76	116.95	117.25	118.19
Amount charged to Consolidated Statement of Profit & Loss (Included in Note - B 13 - Employee Benefits Expense)	-	₹ 3.09 Million	₹ 0.49 Million	₹ 27.24 Million	₹ 46.12 Million	₹ 5.19 Million
Liability as on 31.03.2015 (Included in Note - B 4 (Trade Payables))	-	₹ 37.74 Million	₹ 8.31 Million	₹ 32.79 Million	₹ 54.24 Million	₹ 6.50 Million

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	**2014-15**	**2013-14**	**2012-13**
Opening Phantom Stock Units	**927,500**	1,486,250	2,030,000
Number of Units issued during the year	**-**	-	75,000
Number of Units Vested during the year	**561,250**	558,750	618,750
Closing Phantom Stock units	**366,250**	927,500	1,486,250

The details of Variables used for Fair Valuation are given in the table below:

Grant date	**April 1, 2010**			
Remeasurement date	**Vest 1**	**Vest 2**	**Vest 3**	**Vest 4**
March 31, 2015	**April 1, 2011**	**April 1, 2012**	**April 1, 2013**	**April 1, 2014**
Variables Stock Price (₹) Volatility Risk-Free Rate Exercise Price (₹) Time To Maturity (In Years) Dividend yield	The options from Vest 1 ,Vest 2, Vest 3 & Vest 4 have been completely exercised and therefore don't have to be valued			
Fair Value per vest (₹)				
Vesting %				
Option Fair Value (₹)				

Grant date	**April 1, 2011**			
Remeasurement date	**Vest 1**	**Vest 2**	**Vest 3**	**Vest 4**
March 31, 2015	**April 1, 2012**	**April 1, 2013**	**April 1, 2014**	**April 1, 2015**
Variables	The Options from Vest 1 & Vest 2 have been completely exercised and therefore don't have to be valued			
Stock Price (₹)			168.25	168.25
Volatility			42.67%	42.67%
Risk-Free Rate			7.82%	7.80%
Exercise Price (₹)			50.00	50.00
Time To Maturity (In Years)			3.00	3.51
Dividend yield			0.86%	0.86%
Fair Value per vest (₹)			**127.40**	**126.14**
Vesting %			50.00%	50.00%
Option Fair Value (₹)			**126.77**	

Grant date	April 1, 2012			
Remeasurement date	**Vest 1**	**Vest 2**	**Vest 3**	**Vest 4**
March 31, 2015	**April 1, 2013**	**April 1, 2014**	**April 1, 2015**	**April 1, 2016**
Variables				
Stock Price (₹)	168.25	168.25	168.25	168.25
Volatility	43.58%	42.52%	42.67%	43.19%
Risk-Free Rate	7.83%	7.82%	7.81%	7.80%
Exercise Price (₹)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	2.50	3.00	3.51	4.51
Dividend yield	0.86%	0.86%	0.86%	0.86%
Fair Value per vest (₹)	**124.02**	**125.02**	**126.04**	**127.96**
Vesting %	25.00%	25.00%	25.00%	25.00%
Option Fair Value	**125.76**			

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	2014-15	2013-14
Impact on Net Profit (₹ Million)		
Net Profit (As reported)	**9,776.09**	10,050.58
Add:- Cash based employee compensation expense included in net profit	**3.58**	78.55
Less:- Cash based compensation expense determined under fair value based method (Proforma)	**49.02**	70.81
Net Profit (Proforma)	**9,730.65**	10,058.32
Impact on Earnings per Share (₹)		
Basic Earnings per Share of ₹ 1 Each (As reported)	**19.25**	19.94
Basic Earnings per Share of ₹ 1 Each (Proforma)	**19.16**	19.96
Diluted		
Diluted Earnings per Share of ₹ 1 Each (As reported)	**19.23**	19.91
Diluted Earnings per Share of ₹ 1 Each (Proforma)	**19.14**	19.93

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

B. South Africa Operations

Apollo Durban (Pty) Ltd

Post-employment medical obligation

The Group's liability in respect of the post-employment medical obligation has been actuarially valued at ₹ **129.20 Million** (₹ 141.01 Million) at March 31, 2015. The actuarial valuation performed has been based on the following assumptions:

a) a health care cost inflation rate of **7.60 %** p.a. (7.60 % p.a)

b) a discount rate of **8.60 %** p.a. (8.60 % p.a)

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Opening Balance	**141.01**	165.22
Interest cost recognized in income statement in current period	**8.47**	11.72
Health care cost inflation	**-**	-
Benefit Payments	**(10.57)**	(15.25)
Actuarial loss (gain) recognized in consolidated statement of profit and loss in current period	**2.16**	2.19
Miscellaneous (including basis and data changes)	**(11.87)**	(22.87)
Closing balance	**129.20**	141.01

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 ₹ **4.67/5.08 Million** (₹ 5.10/5.66 Million) from the reported level of ₹ **129.20 Million** (₹ 141.01 Million). Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by ₹ **8.82/8.30 Million** (₹ 10.76/9.06 Million).

C. European Operations

Apollo Tyres Cooperatief U.A. has as at March 31, 2015 one defined benefit plan. The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apolllo Vredestein GmbH and the contributions related to the defined contribution plan of Apollo Vredestein in the B.V. Netherlands. For the defined benefit plan of Apollo Vredestein Gmbh an actuarial calculation was performed by an actuary of a certified actuarial firm.

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

PARTICULARS Pension liabilities	2014-15 ₹ Million	2013-14 ₹ Million
Defined benefit plan	**582.79**	538.39
Defined contribution plan	**272.07**	461.07
At end of the year	**854.85**	999.46

PARTICULARS Assumptions Apollo Vredestein GMBH	2014-15	2013-14
Active employee members		
Number	**35**	38
Average age	**46.6**	46.6
Average future service	**15.1**	15.1
Inflation	**1.75%**	1.75%
Indexation non-active members	**1.75%**	1.75%
Mortality table	**Heubeck 2005G**	Heubeck 2005G
Individual Salary Increase (dependent on age)	**3%**	3%
Discount rate	**3.10%**	3.10%

Consolidated Statement of Profit and Loss:

PARTICULARS Net employee benefit expenses (recognized in employee cost)	2014-15 ₹ Million	2013-14 ₹ Million
Current service cost	**12.34**	15.00
Interest cost on benefit obligation	**15.44**	16.94
Expected return on plan assets	**-**	-
Net actuarial loss recognized in the year	**148.33**	1,531.05
Administration Cost	**-**	-
Net benefit expense	**176.11**	1,562.99

Consolidated Balance Sheet:

PARTICULARS Reconciliation of present value of the obligation and the fair value of plan assets	2014-15 ₹ Million	2013-14 ₹ Million
Present value of funded obligation at the end of the year	**(582.75)**	(538.36)
Fair value of plan assets at the end of the year	**-**	-
Asset/(Liability) recognized in the consolidated balance sheet	**(582.75)**	538.36
Experience Adjustment of obligation - (Gain) / Loss	**-**	-
Experience Adjustment of plan assets - Gain /(Loss)	**-**	-

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Present value of obligations as at the beginning of the year	**538.36**	383.13
Interest cost	**15.44**	16.94
Current service cost	**12.34**	15.00
Contribution by employees	**(18.70)**	(18.61)
Benefits paid	**148.33**	49.48
Actuarial (gain)/loss on obligation	**(113.02)**	92.42
Settlement of the obligation	**-**	-
Present value of obligations as at the end of the year	**582.75**	538.36

13(a) The components of Deferred Tax Liabilities (Net) are as follows:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Deferred Tax Liabilities on timing differences arising on:		
Depreciation	**5,215.10**	5,091.22
Others	**325.11**	483.81
Sub Total (A)	**5,540.21**	5,575.03
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	**2.60**	3.75
Provision for Gratuity and Leave Encashment	**113.87**	92.74
Provision for Doubtful Debts / Advances	**15.56**	15.29
Other Provisions	**-**	95.45
Assessed loss	**-**	0.91
Others	**199.23**	8.47
Sub Total (B)	**331.26**	216.61
Net Deferred Tax Liabilities (A-B)	**5,208.95**	5,358.42

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

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Deferred Tax Assets on timing differences arising on:		
Assessed loss	**217.05**	17.46
Others	**252.53**	99.54
Sub Total (A)	**469.58**	117.00
Deferred Tax Liabilities on timing differences arising on:		
Tangible Fixed Assets	**144.94**	-
Others	**27.69**	-
Sub Total (B)	**172.63**	-
Net Deferred Tax Assets (A-B)	**296.95**	117.00

13(b) The provision for tax for the year has been determined based on the provisions of other than 115JB of the Income Tax Act, 1961. For determining the said provision, the Company has considered deduction under section 35 (2AB) in respect of the expenditure incurred for its R&D activities in the R&D Centre at Chennai, although the Company's application for the approval of this center is pending before DSIR, as the Company is confident of obtaining the approval before filing the return of income for the financial year 2014-15.

14 a) Provision for Sales Related Obligation represents estimates for payments to be made in future. Major portion of these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

₹ Million

Opening Balance as at 01.04.2014	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2015
2,017.35	**4,065.47**	**3,923.80**	**2,159.01**

14 b) The Company carries a general provision for contingencies towards various claims against the Company not recognised as debt.

₹ Million

Opening Balance as at 01.04.2014	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2015
425.00	**-**	**-**	**425.00**

14 c) Provision for constructive liability arising on account of lease contracts which are payble over the period of 7 years are as follows.

₹ **Million**

Opening Balance as at 01.04.2014	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2015
82.99	**36.36**	**18.04**	**101.31**

15 Expenditure towards Corporate Social Responsibility (CSR) Activities:

₹ **Million**

Nature of Activities	Implementing Agency/ Partner	Amount
Promoting Preventive Health	Apollo Tyres Foundation	30.96
Ensuring environmental sustainability	Apollo Tyres Foundation	7.74
Livelihood enhancement projects	Apollo Tyres Foundation	3.31
Rural Development projects	Apollo Tyres Foundation	3.85
Promoting Education	Apollo Tyres Foundation	1.88
Promoting Preventive Health	Zeus Charitable Foundation	3.00
Promoting Education	Zeus Charitable Foundation	3.21
Eradication hunger, poverty & malnutrition	Zeus Charitable Foundation	0.07
Contribution to Corpus of a trust created exclusively for undertaking CSR activities		0.10
		54.12
Add: Administrative Cost @5%		2.70
	Total	**56.82**
Amount required to be spent u/s 135 of the Companies Act, 2013		**84.74**
	Shortfall in spend	**27.92**

16 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, 2015:

2014-15 ₹ **Million**

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	74.00	Buy	INR
EURO	EURO	6.00	Sell	INR
SUBSIDIARIES				
United States Dollar	USD	17.94	Buy	Euro
Great British Sterling	GBP	2.60	Buy	Euro
Swedish Krona	SEK	22.17	Buy	Euro
Swiss Francs	CHF	2.23	Buy	Euro
Norwegian Kroner	NOK	7.20	Buy	Euro
Polish Zlotych	PLZ	6.98	Buy	Euro
Hungarian Forint	HUF	157.33	Buy	Euro

2013-14 ₹ **Million**

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	31.74	Buy	INR
EURO	EURO	0.12	Buy	INR
SUBSIDIARIES				
United States Dollar	USD	0.95	Sell	ZAR
United States Dollar	USD	11.94	Sell	Euro
Great British Sterling	GBP	5.91	Buy	Euro
Swedish Krona	SEK	44.34	Buy	Euro
Swiss Francs	CHF	4.46	Buy	Euro
Norwegian Kroner	NOK	14.39	Buy	Euro
Polish Zlotych	PLZ	13.96	Buy	Euro
Hungarian Forint	HUF	314.66	Buy	Euro

b) No. of Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate are **18** (18).

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, 2015		As at March 31, 2014	
	Receivable/ (Payable) INR	Receivable/ (Payable) FC	Receivable/ (Payable) INR	Receivable/ (Payable) FC
UAE Dirham	**(57.01)**	**(3.31)**	0.32	0.02
Swiss Franc	**142.95**	**2.20**	300.78	4.46
EURO	**261.02**	**3.67**	75.58	0.95
British Pound	**116.05**	**1.27**	536.18	5.43
Indonesian Rupiah	**(0.04)**	**(7.25)**	0.01	1.75
Japanese Yen	**0.05**	**0.09**	(0.01)	(0.03)
Malaysian Ringgit	**0.17**	**0.01**	0.17	0.01
Philippine Peso	**0.23**	**0.21**	0.23	0.21
Singapore Dollar	**0.23**	**0.01**	0.23	0.01
Thai Baht	**(0.20)**	**(0.11)**	(0.17)	(0.09)
US Dollar	**1,925.05**	**30.60**	(416.88)	(7.00)
South African Rand	**8.25**	**1.55**	12.80	2.18
Norway Crown	**56.28**	**7.20**	143.50	14.39
Swedish Crown	**161.16**	**22.17**	408.47	44.34
Polish Sloty	**115.59**	**6.98**	279.72	13.96
Hungarian Forint	**35.59**	**157.33**	83.98	314.66

17 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	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
1. REVENUE														
Total Revenue	**89,753.63**	87,909.58	**4,727.42**	12,714.80	**36,376.54**	37,325.44	**5,156.43**	3,542.65	**808.94**	66.61	**(8,432.49)**	(6,460.82)	**128,390.47**	135,098.26
Inter segment Revenue	**(6,067.19)**	(5,407.96)	**-**	(8.03)	**(1,018.41)**	(889.00)	**(554.82)**	(90.32)	**(792.07)**	(65.51)	**8,432.49**	6,460.82	**-**	-
External Revenue	**83,686.44**	82,501.62	**4,727.42**	12,706.77	**35,358.13**	36,436.44	**4,601.61**	3,452.33	**16.87**	1.10	**-**	-	**128,390.47**	135,098.26
2. RESULT														
Segment result	**11,062.30**	9,301.02	**(148.16)**	688.27	**4,973.37**	5,514.40	**(46.13)**	77.66	**786.09**	51.16	**(666.40)**	(7.43)	**15,961.07**	15,625.08
Interest expense	**(1,720.88)**	(2,446.10)	**(10.03)**	(232.32)	**(88.95)**	(151.09)	**(10.25)**	(12.85)	**(0.47)**	-	**2.68**	4.42	**(1,827.90)**	(2,837.94)
Income Taxes	**(2,890.61)**	(1,718.26)	**357.68**	(150.71)	**943.93**	(388.15)	**(38.19)**	(10.68)	**(17.13)**	(11.58)	**-**	-	**(3,532.18)**	(2,268.70)
Exceptional item	**-**	(710.47)	**(824.90)**	1,858.44	**-**	(1,615.83)	**-**	-	**-**	-	**-**	-	**(824.90)**	(467.86)
Net profit	**6,450.81**	4,426.19	**(625.41)**	2,163.68	**3,940.49**	3,359.33	**(94.57)**	53.93	**768.49**	39.58	**(663.72)**	(3.01)	**9,776.09**	10,050.58
3. OTHER INFORMATION														
Segment assets	**61,214.06**	60,669.88	**2,413.44**	3,949.33	**27,573.57**	27,969.23	**2,998.69**	2,815.17	**9,298.15**	8,912.93	**(17,347.07)**	(13,860.70)	**86,150.84**	90,455.84
Segment liabilities	**24,080.03**	29,604.25	**895.34**	1,231.74	**6,220.45**	7,792.49	**738.68**	1,581.41	**6,065.02**	6,001.44	**(2,271.65)**	(1,501.72)	**35,727.87**	44,709.61
Capital Expenditure	**2,435.22**	2,279.59	**45.79**	108.45	**3,779.02**	3,394.02	**106.09**	42.66	**14.09**	11.41	**-**	-	**6,380.21**	5,836.13
Depreciation	**2,467.80**	2,480.46	**126.29**	389.85	**1,253.03**	1,211.16	**32.68**	24.10	**3.08**	2.95	**-**	-	**3,882.88**	4,108.51
Other Significant Non Cash Expenses	**146.02**	428.32	**28.83**	(21.99)	**11.43**	24.48	**7.52**	5.73	**(14.09)**	6.16	**-**	-	**179.71**	442.70

18 Disclosure of Related Party Transactions in accordance with the mandatory Accounting Standards AS-18 “Related Party Disclosures” :

Name of the Related Parties

Particulars	2014-15	2013-14
Companies in which Directors are interested	Apollo International Ltd (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd UFO Moviez India Ltd Landmark Farms & Housing (P) Ltd Sunlife Tradelinks (P) Ltd Travel Tracks Ltd Bespoke Tours & Travels Ltd Dusk Valley Technologies Ltd Classic Auto Tubes Ltd PTL Enterprises Ltd (PTL) Apollo Finance Ltd Artemis Medicare Services Ltd Artemis Health Sciences Ltd Regent Properties Swaranganga Consultants Pvt Ltd J & S Systems Corporation, U.K. Sacred Heart Investment Co. Pvt Ltd Milers Global Pvt Ltd Amarchand & Mangaldas & Suresh A Shroff & Co. J Sagar & Associates Apollo Fiege Integrated Logistics Pvt Ltd	Apollo International Ltd (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd UFO Moviez India Ltd Landmark Farms & Housing (P) Ltd Sunlife Tradelinks (P) Ltd Travel Tracks Ltd Bespoke Tours & Travels Ltd Dusk Valley Technologies Ltd Classic Auto Tubes Ltd PTL Enterprises Ltd (PTL) Apollo Finance Ltd Artemis Medicare Services Ltd Artemis Health Sciences Ltd Regent Properties Swaranganga Consultants Pvt Ltd J&S Systems Corporation, U.K. Sacred Heart Investment Co. Pvt Ltd Milers Global Pvt Ltd Amarchand & Mangaldas & Suresh A Shroff & Co. J Sagar & Associates Apollo Fiege Integrated Logistics Pvt Ltd
Associates	Pressurite (Pty) Ltd National Tyre Services Ltd	Pressurite (Pty) Ltd National Tyre Services Ltd
Key Management Personnel	Mr Onkar S Kanwar Mr Neeraj Kanwar Mr U S Oberoi Mr Sunam Sarkar	Mr Onkar S Kanwar Mr Neeraj Kanwar Mr U S Oberoi Mr Sunam Sarkar
Relatives of Key Managerial Personnel	Mr Raaja Kanwar	Mr Raaja Kanwar

Note: Related Parties and their relationships are as identified by the management and relied upon by the Auditors.

Transactions with Related Parties:

FY 2014-15 **₹ Million**

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Description of Transactions:			
Sales:			
Apollo Intl. Trading LLC, Dubai	1,034.36		1,034.36
Apollo International Ltd	446.98		446.98
	1,481.34		**1,481.34**
Sales: Raw Materials			
Classic Auto Tubes Ltd	5.18		5.18
Cross Charge of Management & Other Expenses Received:			
PTL Enterprises Ltd	4.45		4.45
Classic Auto Tubes Ltd	1.78		1.78
Artemis Medicare Services Ltd	0.60		0.60
	6.83		**6.83**
Rent Received:			
PTL Enterprises Ltd	0.12		0.12
Bespoke Tours & Travels Ltd	1.23		1.23
Classic Auto Tubes Ltd	0.11		0.11
	1.46		**1.46**
Reimbursement of Expenses Received:			
Classic Auto Tubes Ltd	8.23		8.23
PTL Enterprises Ltd	2.98		2.98
Apollo International Ltd	3.23		3.23
	14.44		**14.44**
Freight & Insurance recovered:			
Apollo International Ltd	0.02		0.02
Purchases:			
Classic Auto Tubes Ltd	548.94		548.94
Clearing Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	39.94		39.94
Warehouse Management Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	53.16		53.16
Legal and Professional Charges Paid:			
Amarchand & Mangaldas & Suresh A Shroff & Co.	9.50		9.50
J Sagar & Associates	6.70		6.70
	16.20		**16.20**
Reimbursement of Expenses paid:			
PTL Enterprises Ltd	445.07		445.07
Classic Auto Tubes Ltd	226.04		226.04
	671.11		**671.11**
Payment for Services Received:			
Artemis Medicare Services Ltd	11.46		11.46
Classic Auto Tubes Ltd	0.42		0.42
	11.88		**11.88**
Lease Rent Paid:			
PTL Enterprises Ltd	400.00		400.00

Rent Paid:			
Sunlife Tradelinks	23.43		23.43
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt Ltd	3.00		3.00
	72.15		**72.15**
Conversion Charges Paid:			
Classic Auto Tubes Ltd	968.20		968.20
Mixing Charges Paid:			
Classic Auto Tubes Ltd	247.56		247.56
Travelling Expenses Paid:			
Bespoke Tours & Travels Ltd	317.58		317.58
Conference Expenses:			
Bespoke Tours & Travels Ltd	220.55		220.55
Commision received:			
Apollo Finance Ltd	0.76		0.76
Managerial Remuneration:			
Mr Onkar S Kanwar		417.10	417.10
Mr Neeraj Kanwar		273.00	273.00
Mr U S Oberoi		7.01	7.01
Mr Sunam Sarkar		41.82	41.82
		738.93	**738.93**
Amount Outstanding			
Trade Payable:			
Bespoke Tours & Travels Ltd	6.08		6.08
Classic Auto Tubes Ltd	25.38		25.38
Artemis Medicare Services Ltd	0.15		0.15
Amarchand & Mangaldas & Suresh A Shroff & Co.	0.06		0.06
	31.67		**31.67**
Other Current Liabilities:			
Classic Auto Tubes Ltd	43.15		43.15
	43.15		**43.15**
Long Term Loans & Advances:			
PTL Enterprises Ltd	400.00		400.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt Ltd	0.75		0.75
Classic Auto Tubes Ltd	79.60		79.60
	497.61		**497.61**
Trade Receivable:			
Classic Auto Tubes Ltd	7.89		7.89
Apollo International Ltd	105.60		105.60
	113.49		**113.49**
Short Term Loans & Advances:			
PTL Enterprises Ltd	31.84		31.84
Travel Tracks Ltd	0.01		0.01
Classic Auto Tubes Ltd	10.10		10.10
Apollo Fiege Integrated Logistics Pvt Ltd	0.49		0.49
Apollo Finance Ltd	3.24		3.24
	45.68		**45.68**

Transactions with Related Parties:

FY 2013-14 **₹ Million**

Particulars	Companies in which Directors are interested	Key Management Personnel	Total
Description of Transactions:			
Sales:			
Apollo Intl. Trading LLC, Dubai	1,311.47		1,311.47
Sales: Raw Materials			
Classic Auto Tubes Ltd	31.48		31.48
Cross Charge of Management & Other Expenses Received:			
PTL Enterprises Ltd	3.38		3.38
Classic Auto Tubes Ltd	1.78		1.78
Artemis Medicare Services Ltd	0.60		0.60
	5.76		**5.76**
Rent Received:			
PTL Enterprises Ltd	0.12		0.12
Bespoke Tours & Travels Ltd	1.23		1.23
Classic Auto Tubes Ltd	0.11		0.11
	1.46		**1.46**
Reimbursement of Expenses Received:			
Classic Auto Tubes Ltd	26.73		26.73
Purchases:			
PTL Enterprises Ltd	0.06		0.06
Classic Auto Tubes Ltd	307.53		307.53
	307.59		**307.59**
Clearing Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	81.38		81.38
Warehouse Management Charges Paid:			
Apollo Fiege Integrated Logistics Pvt Ltd	27.10		27.10
Legal and Professional Charges Paid:			
Amarchand & Mangaldas & Suresh A Shroff & Co.	4.58		4.58
J Sagar & Associates	20.25		20.25
	24.83		**24.83**
Reimbursement of Expenses paid:			
PTL Enterprises Ltd	420.73		420.73
Classic Auto Tubes Ltd	146.72		146.72
	567.45		**567.45**
Payment for Services Received:			
Artemis Medicare Services Ltd	10.52		10.52
Lease Rent Paid:			
PTL Enterprises Ltd	400.00		400.00
Rent Paid:			
Sunlife Tradelinks	23.43		23.43
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Classic Auto Tubes Ltd	0.12		0.12
Milers Global Pvt Ltd	3.00		3.00
	72.15		**72.15**
Conversion Charges Paid:			
Classic Auto Tubes Ltd	1,017.61		1,017.61
Mixing Charges Paid:			
Classic Auto Tubes Ltd	318.41		318.41

Travelling Expenses Paid:			
Travel Tracks Ltd	1.34		1.34
Bespoke Tours & Travels Ltd	217.72		217.72
	219.06		**219.06**
Conference Expenses:			
Bespoke Tours & Travels Ltd	202.60		202.60
Security Deposits Given:			
Milers Global Pvt Ltd	0.75		0.75
Refund of Security Deposits:			
Sunlife Tradelinks	64.43		64.43
Land Mark Farms & Housing	66.00		66.00
Regent Properties	59.40		59.40
	189.83		**189.83**
Managerial Remuneration:			
Mr Onkar S Kanwar		304.08	304.08
Mr Neeraj Kanwar		142.12	142.12
Mr U S Oberoi		10.33	10.33
Mr Sunam Sarkar		38.45	38.45
		494.98	**494.98**
Amount Outstanding			
Trade Payable:			
Travel Tracks Ltd	(0.01)		(0.01)
Classic Auto Tubes Ltd	22.27		22.27
Apollo Fiege Integrated Logistics Pvt Ltd	9.39		9.39
	31.65		**31.65**
Other Current Liabilities:			
Apollo International Ltd	0.11		0.11
Classic Auto Tubes Ltd	4.37		4.37
	4.48		**4.48**
Long Term Loans & Advances:			
PTL Enterprises Ltd	400.00		400.00
Sunlife Tradelinks	5.86		5.86
Land Mark Farms & Housing	6.00		6.00
Regent Properties	5.40		5.40
Milers Global Pvt Ltd	0.75		0.75
Classic Auto Tubes Ltd	123.89		123.89
	541.90		**541.90**
Trade Receivable:			
Classic Auto Tubes Ltd	2.41		2.41
Apollo International Ltd	0.01		0.01
Apollo Intl. Trading LLC, Dubai	155.62		155.62
	158.04		**158.04**
Short Term Loans & Advances:			
PTL Enterprises Ltd	43.24		43.24
Bespoke Tours & Travels Ltd	33.83		33.83
Classic Auto Tubes Ltd	2.97		2.97
Artemis Medicare Services Ltd	0.59		0.59
	80.63		**80.63**

19 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	2014-15 ₹ Million	2013-14 ₹ Million
Within One year of the Balance Sheet date	**400.00**	400.00
Due in a period between One year and Five years	**2,000.00**	2,000.00
Due after Five years	**400.00**	800.00

B. South African Operations

Apollo Durban (Pty) Ltd

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Within one year of the Balance Sheet date	**23.91**	2.31
Due in a period between One year and Five years	**32.75**	-
Due after Five years	**-**	-

The lease escalation liability relates to rental and lease contracts with fixed escalation clause. Rental payables under the contracts are charged to Consolidated Statement of Profit & Loss on a straight-line basis over the term of the relevant lease.

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Long term	**1.59**	-
Short term (due within a year)	**0.10**	-
Total lease escalation	**1.69**	-

C. European Operations

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Within one year of the Balance Sheet Date	**375.05**	456.71
Due in a period between one year and five years	**795.57**	1,234.85
Due after five years	**19.53**	28.58

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.

D. Others

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2014-15 ₹ Million	2013-14 ₹ Million
Within one year of the Balance Sheet Date	**26.54**	-
Due in a period between one year and five years	**47.08**	-
Due after five years	**-**	-

The company has operational lease contracts for office space. Rental obligations relate to various warehouses and office buildings with contracts up to 3 years.

20 Finance Lease - Deferred Payment Credit

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable Finance leases is set out below:

₹ Million

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2014-15	**2013-14**	**2014-15**	**2013-14**
Within One year of the Balance Sheet date	**68.31**	68.88	**56.12**	52.51
Due in a period between One year and Five years	**101.75**	156.52	**79.67**	127.01
Due after Five Years	**45.21**	52.65	**35.97**	40.42
Total	**215.27**	278.05	**171.76**	219.94
Less: Future Finance Charges	**(43.51)**	(58.11)	**-**	-
Present Value of Minimum Lease Payment	**171.76**	219.94	**-**	-

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

PARTICULARS	2014-15	2013-14
a) Basic & Diluted (Before Exceptional Items		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	**9,776.09**	10,050.58
The weighted average number of equity shares outstanding during the year used as denominator For Basic EPS - (B)	**507,942,578**	504,024,770
Add : Effect of Warrants which are dilutive	**441,058.00**	649,102.00
The weighted average number of equity shares outstanding during the year used as denominator for Diluted EPS - (C)	**508,383,636**	504,673,872
Basic Earnings Per Share (₹) – (A) / (B) (Face Value of ₹ 1 each)	**19.25**	19.94
Diluted Earnings Per Share (₹) – (A) / (C) (Face Value of ₹ 1 each)	**19.23**	19.91

22 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 12, 2015

FORM AOC-1

(PURSUANT TO FIRST PROVISO TO SUB SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

Part A: Subsidiaries

₹ Million

S.No	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate as on 31.03.2015	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (Other than Subsidiary)	Turnover (including other income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
1	Apollo (Mauritius) Holdings Pvt Ltd (AMHPL)	April 14 to March 15	USD	62.68	7,891.65	1,034.10	9,079.23	9,079.23	-	589.41	583.13	16.88	566.26	-	100%
2	Apollo Tyres (Greenfield) Co. Operatief U.A.	April 14 to March 15	EURO	68.02	3.40	-	3.40	3.40	-	-	-	-	-	-	100%
3	Apollo Tyres (Hungary) Kft	April 14 to March 15	HUF	0.23	24.52	(337.91)	2,405.31	2,405.31	-	(11.67)	(374.08)	-	(374.08)	-	100%
4	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	April 14 to March 15	ZAR	5.19	-	2,160.96	2,161.07	2,161.07	-	-	107.65	0.12	107.53	-	100%
5	Apollo Tyres Africa (Pty) Ltd	April 14 to March 15	ZAR	5.19	2,074.88	(614.60)	2,431.66	2,431.66	-	4,756.37	(1,122.45)	(357.80)	(764.66)	-	100%
6	Apollo Tyres (Cyprus) Pvt Ltd (ATCPL)	April 14 to March 15	EURO	68.02	0.05	4.91	142.72	142.72	-	235.59	234.35	-	234.35	-	100%
7	Apollo Tyres Co-operatief U.A. (Apollo Coop)	April 14 to March 15	EURO	68.02	5,961.94	37,734.17	43,739.89	43,739.89	-	8.23	(5.36)	(0.39)	(4.97)	-	100%
8	Apollo Tyres AG (ATAG)	April 14 to March 15	CHF	65.01	243.71	(65.60)	186.26	186.26	-	116.77	(37.12)	0.36	(37.48)	-	100%
9	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	April 14 to March 15	SGD	45.63	386.60	(144.52)	248.05	248.05	196.36	0.43	(14.46)	-	(14.46)	-	100%
10	Apollo Tyres (Middle East) Fze (ATFZE)	April 14 to March 15	AED	17.07	34.14	96.60	403.85	403.85	-	1,298.89	13.53	-	13.53	-	100%
11	Apollo Tyres (Thailand) Limited	April 14 to March 15	THB	1.93	192.67	95.10	642.25	642.25	-	3,128.12	94.75	20.23	74.53	-	100%
12	Apollo Tyres (Brasil) Ltda	April 14 to March 15	BRL	19.22	15.18	(6.83)	36.31	36.31	-	40.45	(0.27)	3.68	(3.95)	-	100%
13	Apollo Tyres Global R&D B.V.	April 14 to March 15	EURO	68.02	0.01	198.50	616.34	616.34	-	1,484.74	98.76	7.29	91.47	-	100%
14	Apollo Tyres B.V. (ATBV)	April 14 to March 15	EURO	68.02	1.22	(67.31)	15,975.27	15,975.27	-	6.45	(8.83)	(1.47)	(7.36)	-	100%
15	Apollo Tyres (UK) Pvt Ltd	April 14 to March 15	GBP	92.99	1.58	(18.81)	1,874.02	1,874.02	-	1,004.09	62.00	12.82	49.18	-	100%
16	Apollo Tyres Propvest (UK) Pvt Ltd	April 14 to March 15	GBP	92.99	976.42	(2.65)	975.80	975.80	-	-	(2.81)	-	(2.81)	-	100%

S.No	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate as on 31.03.2015	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (Other than Subsidiary)	Turnover (including other income)	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Share-holding
17	Apollo Vredestein B.V. (AVBV)	April 14 to March 15	EURO	68.02	2.89	10,982.07	14,967.03	14,967.03	-	12,200.42	2,543.05	359.27	2,183.78	-	100%
18	Apollo Vredestein GmbH	April 14 to March 15	EURO	68.02	34.82	3,735.54	7,081.47	7,081.47	-	11,117.53	490.28	201.05	289.23	-	100%
19	Vredestein Marketing B.V. & Co. KG	April 14 to March 15	EURO	68.02	-	(2,587.92)	(4,050.93)	(4,050.93)	-	(413.07)	411.37	126.00	285.38	-	100%
20	Vredestein Nordic A.B.	April 14 to March 15	SEK	7.27	6.91	37.19	668.39	668.39	-	1,164.10	19.81	(8.89)	28.70	-	100%
21	Apollo Vredestein U.K. Limited	April 14 to March 15	GBP	92.99	93.09	10.30	308.60	308.60	-	1,418.82	20.64	8.77	11.87	-	100%
22	Apollo Vredestein SAS	April 14 to March 15	EURO	68.02	2.85	339.32	522.62	522.62	-	1,866.73	103.37	-	103.37	-	100%
23	Apollo Vredestein Belux	April 14 to March 15	EURO	68.02	4.22	25.95	293.23	293.23	-	1,588.60	201.99	71.37	130.62	-	100%
24	Apollo Vredestein Gesellschaft m.b.H.	April 14 to March 15	EURO	68.02	2.47	70.87	664.97	664.97	-	1,971.75	87.94	22.47	65.47	-	100%
25	Apollo Vredestein Schweiz AG	April 14 to March 15	CHF	65.01	195.03	76.39	157.78	157.78	-	836.38	33.38	5.99	27.39	-	100%
26	Apollo Vredestein Srl	April 14 to March 15	EURO	68.02	13.60	45.66	544.48	544.48	-	1,212.28	0.67	11.36	(10.69)	-	100%
27	Apollo Vredestein Iberica SA	April 14 to March 15	EURO	68.02	210.94	57.82	203.02	203.02	-	1,097.03	86.50	24.90	61.61	-	100%
28	Apollo Vredestein Tires Inc.	April 14 to March 15	USD	62.68	3.13	(48.49)	76.31	76.31	-	283.07	(4.26)	0.29	(4.55)	-	100%
29	Apollo Vredestein Kft	April 14 to March 15	HUF	0.23	0.68	3.60	168.12	168.12	-	431.69	(1.91)	3.06	(4.97)	-	100%
30	S.C. Vredesetin R.O. Srl*	April 14 to March 15	EURO	68.02	-	-	-	-	-	-	-	-	-	-	100%
31	Apollo Vredestein Opony Polska Sp. Zo.o.	April 14 to March 15	PLN	16.56	0.83	154.97	551.06	551.06	-	758.49	23.54	7.76	15.78	-	100%
32	Vredestein Norge A.S.	April 14 to March 15	NOK	7.82	0.78	(6.94)	(6.16)	(6.16)	-	-	3.26	-	3.26	-	100%
33	Vredestein Consulting B.V.	April 14 to March 15	EURO	68.02	1.54	190.76	14.52	14.52	-	60.69	37.46	6.44	31.02	-	100%
34	Finlo B.V.	April 14 to March 15	EURO	68.02	0.61	(15.92)	(14.76)	(14.76)	-	-	-	-	-	-	100%
35	Vredestein Marketing B.V.	April 14 to March 15	EURO	68.02	-	1.70	-	-	-	-	-	-	-	-	100%

* It is a non-operating entity.

Note 1 **Name of subsidiaries which are yet to commence operations**

Nil

Note 2 **Name of subsidiaries which have been liquidated or sold during the year**

a	Apollo Acquisition Corp.	Winding up completed during the year
b	Radun Investment (Private) Ltd (RADUN)	Sold during the year
c	Apollo Tyres (Zimbabwe) (Private) Ltd	Sold during the year
d	ASF Mining (Pvt) Ltd Zimbabwe	Sold during the year
e	UK ATL Holdings Limited	Sold during the year
f	Apollo Tyres (LAO) Co. Ltd.	Winding up completed during the year

Part B: **Associates and Joint Venture**

₹ Million

S.No.	Name of Associates/ Joint Venture	PanAridus LLC (Joint Venture)
1	**Latest audited Balance Sheet date**	31.03.2015
2	**Shares of Associate/ Joint Ventures held by the company on the year end**	
	No.	9,550.00
	Amount of Investment in Associates/ Joint Venture	269.76
	Extent of Holding %	50%
3	**Description of how there is significant influence**	Extent of Holding equals to 50%
4	**Reason why the associate/ joint venture is not consolidated**	-
5	**Net worth attributable to Shareholding as per latest Balance Sheet**	(87.81)
6	**Profit / (Loss) for the year**	
	i. Considered in Consolidati	(21.41)
	i. Not Considered in Consolidati	(21.41)

Note 1 **Name of associates or joint ventures which are yet to commence operations**

Nil

Note 2 **Name of associates or joint ventures which have been liquidated or sold during the year**

National Tyre Services Ltd Sold during the year

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GAURAV KUMAR
Chief Financial Officer

SEEMA THAPAR
Company Secretary

Gurgaon
May 12, 2015

GENERAL INFORMATION

1. Apollo Tyres Limited was incorporated on September 28, 1972 as a public limited company. Our Registered Office is located at 3rd floor, Areekal Mansion, Near Manorama Junction, Panampilly Nagar, Kochi 682036, India. Our Company is registered with the RoC having Registration Number 002449 and Corporate Identity Number L25111KL1972PLC002449. Our Corporate Office is located at Apollo House, Plot No. 7, Institutional Area, Sector 32, Gurgaon 122 001, Haryana, India. Ms. Seema Thapar is the Company Secretary and the Compliance Officer of our Company.

2. The authorized share capital of our Company as of the date of this Preliminary Placement Document is ₹ 750 million, divided into 730 million Equity Shares of ₹ 1 each and 0.20 million cumulative redeemable preference shares of ₹ 100 each. Our issued, subscribed and paid up equity share capital as of the date of this Preliminary Placement Document is ₹ 509,024,770 divided in to 509,024,770 Equity Shares of ₹ 1 each.

3. This Issue was authorized and approved by our Board of Directors on February 1, 2017 and approved by our shareholders through a postal ballot on March 12, 2017.

4. Our Company has received in-principle approvals under Regulation 28(1)(a) of the SEBI Listing Regulations to list the Equity Shares on the NSE and the BSE on October 3, 2017.

5. Copies of the Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday between 10.00 A.M. to 1.00 P.M. (except public holidays) at our Registered Office.

6. Except as disclosed in this Preliminary Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with the Issue.

7. Except as disclosed in this Preliminary Placement Document, there has been no material change in our consolidated financial condition since June 30, 2017, the date of the latest audited financial statements, prepared in accordance with IND AS, included herein.

8. Except as disclosed in this Preliminary Placement Document, there are no litigation or arbitration proceedings involving or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which may have an adverse effect on us.

9. Our audited consolidated financial statements as of and for the financial years ended March 31, 2015, 2016 and 2017 included in this Preliminary Placement Document, have been audited by our Previous Statutory Auditors. Our current Statutory Auditors have applied limited procedures in accordance with professional standard in India with respect to our unaudited reviewed consolidated interim financial statements as of and for the three months period ended June 30, 2017 and have issued a limited review report dated October 3, 2017 thereon. Our Previous Statutory Auditors and current Statutory Auditors have consented to inclusion of their respective reports along with financial statements in this Preliminary Placement Document.

10. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations, SCRA and SCRR.

11. The Floor Price for the Issue is ₹ 250.44, calculated in accordance with Chapter VIII of the SEBI ICDR Regulations, as certified by our Statutory Auditors. Our Company may offer a discount of not more than 5.00% on the Floor Price in accordance with the approval of the shareholders accorded on March 12, 2017 and in terms of Regulation 85(1) of the SEBI ICDR Regulations.

12. Our Company and the Global Coordinators and Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including our website www.apollotyres.com, would be doing so at his or her own risk.

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII read with Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations. Further, all the relevant provisions of the Securities and Exchange Board of India Act, 1992, as amended (including all rules, regulations and guidelines issued thereunder), have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

Sd/-	**Sd/-**

SIGNED BY THE CHIEF FINANCIAL OFFICER
Sd/- **Mr. Gaurav Kumar**

Date: October 3, 2017

Place: Gurugram

DECLARATION

We, the Board of Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under this Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

____
Director

____
Director

I am authorized by the Committee of Directors (Funds Raising), a committee of the Board of Directors of the Company, to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter(s) subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

____

Seema Thapar, Company Secretary and Compliance Officer

Date: October 3, 2017

Place: Gurugram

APOLLO TYRES LIMITED

Registered Office
3rd floor, Areekal Mansion, Near Manorama Junction,
Panampilly Nagar, Kochi 682 036, Kerala, India

Corporate Office
Apollo House, Plot No. 7, Sector 32, Gurgaon 122 001
Haryana, India

Website: www.apollotyres.com

Contact Person: Ms. Seema Thapar, Company Secretary and Compliance Officer
Address: Apollo House, Plot No. 7, Institutional Area, Sector 32, Gurgaon 122 001, Haryana, India
E-mail: investors@apollotyres.com
Phone No: +91 124 238 3002
Facsimile No.: +91 124 238 3021

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

JM Financial Institutional Securities Limited*
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India

Kotak Mahindra Capital Company Limited
27 BKC, C-27, "G" Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

UBS Securities India Private Limited
2/F, 2 North Avenue, Maker Maxity
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051
Maharashtra, India

***** *JM Financial Institutional Securities Limited shall be involved only in the marketing of the Issue.*

DOMESTIC LEGAL COUNSEL TO THE COMPANY

Shardul Amarchand Mangaldas & Co
Amarchand Towers
216, Okhla Industrial Phase III
New Delhi 110 020, India

INTERNATIONAL LEGAL COUNSEL TO THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

Allen & Overy
9/F Three Exchange Square
Central
Hong Kong

DOMESTIC LEGAL COUNSEL TO THE GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

Luthra & Luthra Law Offices
9th Floor, Ashoka Estate
24, Barakhamba Road
New Delhi 110 001, India

STATUTORY AUDITORS TO THE COMPANY

Walker Chandiok & Co LLP
Chartered Accountants
21st Floor, DLF Square, Jacaranda Marg
DLF Phase II, Gurgaon, Haryana – 122 002, India