



# INDEPENDENT AUDITOR'S REPORT

To the Members of Apollo Tyres Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### OPINION

1. We have audited the accompanying consolidated financial statements of Apollo Tyres Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, its associates and joint venture, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the

Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER

4. We draw attention to Note A3.30 of the consolidated financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the management's evaluation of the impact on the consolidated financial statements of the Group, its joint venture and associates as at the balance sheet date. The impact of these uncertainties on the Group's operations is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint venture, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit procedures addressed the key audit matter
<b>A. Recoverability of goodwill, trademarks and other intangibles having indefinite useful life ('intangibles') pertaining to acquisition of Reifencor GmbH, Hannover ('Reifencor')</b> As detailed in Note C3 to the consolidated financial statement, the Group carries goodwill amounting to ₹ 2,134.49 million and intangibles amounting to ₹ 1,455.59 million (pertaining to Reifencor) in its consolidated balance sheet as at March 31, 2020. These goodwill and intangibles were recorded on the acquisition of Reifencor GmbH, Germany, a multi-channel distributor for tyres and allied services, which has been determined as a cash generating unit ('CGU') by the management. In terms with Indian Accounting Standard 36, Goodwill and indefinite lived assets are tested for impairment annually at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU. The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the CGU using	Our audit procedures included: a) Obtained an understanding from the management with respect to process and controls followed by the Group to perform annual impairment test related to goodwill and intangibles; b) Obtained the impairment analysis model from the management and reviewed their conclusions; c) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections; d) We compared the cash flow projections to the business plans prepared by the management; e) We assessed the reasonableness of the assumptions used and appropriateness of the valuation methodology applied. Tested the discount rate and long-term growth rates used in the forecast including comparison to economic and industry forecasts where appropriate;

Key audit matter	How our audit procedures addressed the key audit matter
<p>discounted cash flow model ('Model'), which involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity.</p> <p>The management has concluded that the recoverable amount of the CGU is higher than its carrying amount and accordingly, no impairment provision has been recorded as at 31 March, 2020.</p> <p>Considering the materiality of the amount involved and significant degree of judgement and subjectivity involved in the estimates and assumptions used in determining the cash flows used in the impairment evaluation, we have determined impairment of such goodwill and intangibles arising from the business combination as a key audit matter for the current year audit.</p>	<p>f) Engaged our valuation specialists to assess the appropriateness of the significant assumptions used in the Model, which included comparing the underlying parameters of the discount and long term growth rates used with the publicly available information;</p> <p>g) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>h) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p><b>B. Recoverability of trademarks (other than those considered in A above)</b></p> <p>As at 31 March 2020, the Group carries these trademarks amounting to ₹ 1,072.13 million in its consolidated balance sheet.</p> <p>These trademarks were recorded on the acquisition of Apollo Vredestein B.V. ('AVBV') in the Netherlands.</p> <p>The trademarks are tested for impairment annually at the CGU level, whereby the carrying amount of the CGU (including goodwill) is compared with the recoverable amount of the CGU.</p> <p>The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the CGU using discounted cash flow model ('Model'), which involves estimates pertaining to expected business and earnings forecasts and key assumptions including those related to discount and long-term growth rates. These estimates require high degree of management judgement resulting in inherent subjectivity.</p> <p>As explained in note C3, the management has concluded that the recoverable amount of the CGU is higher than its carrying amount.</p>	<p>The following key audit matter to the audit opinion on the financial statements of Apollo Tyres B.V, a subsidiary of the Holding Company has been reported by an independent firm of Chartered Accountants in response to the group audit instructions and reproduced by us as under:</p> <p>a) Obtained the Model from the management and reviewed their conclusions;</p> <p>b) Tested the inputs used in the Model by examining the underlying data and validating the future projections by comparing past projections with actual results, including discussions with management relating to these projections;</p> <p>c) Assessed the appropriateness of the significant assumptions used in the Model, which included comparing the underlying parameters of the discount and long term growth rates used with the publicly available information;</p> <p>d) Performed sensitivity analysis on these key assumptions to assess potential impact of downside in the underlying cash flow forecasts and assessed the possible mitigating actions identified by management; and</p> <p>e) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>
<p><b>C. Provision for sales related obligations</b></p> <p>As at 31 March 2020, the Holding Company carries sales related obligations amounting to ₹ 1,388.91 million which is included in note C10.</p> <p>Such provision is recognised based on past trends, frequency, expected cost of obligations, management estimates regarding possible future incidences and appropriate discount rates for non-current portion of the obligations.</p> <p>These estimates require high degree of management judgement with respect to the underlying assumptions, thus giving rise to inherent subjectivity in determining the amounts to be recorded in the consolidated financial statements.</p> <p>Considering the materiality of the above matter to the consolidated financial statements, complexities and judgement involved, and the significant auditor attention required to test such management's judgement, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <p>a) Obtained an understanding from the management with respect to process and controls followed by the Holding Company to ensure appropriateness of recognition, measurement and completeness of the sales related obligations;</p> <p>b) Tested the management's computation of sales related obligations by evaluating the reasonability of the key assumptions, reviewing the contractual terms, comparing the assumptions to historical data and analysing the expected costs of incidences;</p> <p>c) Traced the inputs used in the computations, to the relevant accounting records, including discussions with the relevant management personnel and tested the arithmetical accuracy of the computation;</p> <p>d) Compared the amounts recognized as provision in the past years with the corresponding settlements and assessed whether the aggregate provisions recognized as at the current year-end were sufficient to cover expected costs in light of known and expected incidences;</p> <p>e) Performed sensitivity analysis on the management's computation by evaluating the impact of change on the obligation by changing certain key assumptions such as discount rates used; and</p> <p>f) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</p>



Key audit matter	How our audit procedures addressed the key audit matter
<p><b>D. Litigations and claims: provisions and contingent liabilities</b></p> <p>As included under Note C17 [contingent liability note] and Note C10 [Provision for contingencies note] to the consolidated financial statements, the Group is involved in direct and indirect tax litigations ('litigations') amounting to ₹ 3,411.57 million that are pending with various tax authorities.</p> <p>Whether a liability is recognised or disclosed as a contingent liability in the financial statements is inherently judgmental and dependent on a number of significant assumptions and assessments. These include assumptions relating to the likelihood and/or timing of the cash outflows from the business and the interpretation of local laws and pending assessments at various levels of the statute. We placed specific focus on the judgements in respect to these demands against the Group.</p> <p>Determining the amount, if any, to be recognised or disclosed in the consolidated financial statements, is inherently subjective. The amounts involved are potentially significant and due to the range of possible outcomes and considerable uncertainty around the various claims the determination of the need for creating a provision in the financial statements is inherently subjective and therefore is considered to be a key audit matter in the current year</p>	<p>Our procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>a) Obtained an understanding from the management with respect to process and controls followed by the Group for identification and monitoring of significant developments in relation to the litigations, including completeness thereof;</li> <li>b) Obtained the list of litigations from the management and reviewed their assessment of the likelihood of outflow of economic resources being probable, possible or remote in respect of the litigations. This involved assessing the probability of an unfavorable outcome of a given proceeding and the reliability of estimates of related amounts;</li> <li>c) Performed substantive procedures including tracing from underlying documents / communications from the tax authorities and re-computation of the amounts involved;</li> <li>d) Assessed management's conclusions through discussions held with their in house tax experts and understanding precedents in similar cases;</li> <li>e) Obtained and evaluated the independent confirmations from the consultants representing the Group before the various authorities;</li> <li>f) Engaged auditor's experts, who obtained an understanding of the current status of the litigations, conducted discussions with the management, reviewed independent legal advice received by the Group, if any and considered relevant legal provisions and available precedents to validate the conclusions made by the management; and</li> <li>g) Assessed and validated the adequacy and appropriateness of the disclosures made by the management in the consolidated financial statements.</li> </ul>

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance and Director's Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors.

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associates and joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management of the companies included in the Group, and its associate companies and joint venture company covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether

due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the respective companies included in the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the parent Company either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. The Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the respective Companies included in the Group and of its associates and joint venture.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company and its associate covered

under the Act have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associates and joint venture, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most



significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

16. We did not audit the financial statements of 28 subsidiaries, whose financial statements reflects total assets of ₹ 92,107.71 million and net assets of ₹ 45,885.68 million as at 31 March 2020, total revenues of ₹ 87,267.45 million and net cash inflows amounting to ₹ 1,156.90 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 loss (including other comprehensive income) of ₹ 0.01 million for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate are based solely on the reports of the other auditors.

Further, all subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion on the consolidated financial statements, in so far as it relates to the balances and affairs of such subsidiaries located outside India, are based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

17. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company covered under the Act paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to one associate company covered under the Act, since such company is not a public company as defined under section 2(71) of the Act.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associate, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
  - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its associate company covered under the Act, none of the directors of the Holding Company and its associate company covered under the Act, are disqualified as on 31 March 2020 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 with reference to financial statements of the Holding Company and its associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II'; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our

information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint venture:

- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint venture as detailed in Note C17 to the consolidated financial statements;
- ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company other than ₹ 4.30 million (31 March 2019: ₹ 3.74 million) pertaining to amount of dividend which has not been transferred as per the orders/ instructions under the Special Court (Trial of Offences Relating

to Transactions in Securities) Act, 1992. There was no amount which was required to be transferred to the Investor Education and Protection Fund by an associate company covered under the Act; and

- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**David Jones**

Partner

Membership No.: 98113

UDIN: 20098113AAAAAG6081

Place: Gurgaon

Date: 19 May 2020





# ANNEXURE I

## LIST OF ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

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**Sno. Name of the holding Company**


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1 Apollo Tyres Limited

**Name of 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 (Brasil) LTDA  
 14 Apollo Tyres B.V  
 15 Apollo Tyres (Hungary) Kft  
 16 Apollo Vredestein B.V.  
 17 Apollo Vredestein GmbH  
 18 Apollo Vredestein Nordic A.B.  
 19 Apollo Vredestein UK Limited  
 20 Apollo Vredestein SAS  
 21 Apollo Vredestein Belux  
 22 Apollo Vredestein Gesellschaft m.b.H.  
 23 Apollo Vredestein Schweiz AG  
 24 Apollo Vredestein Iberica SA  
 25 Apollo Vredestein Tires Inc.  
 26 Apollo Vredestein Kft  
 27 S.C. Vredestein R.O. Srl (liquidated w.e.f 14 November 2019)  
 28 Apollo Vredestein Opony Polska Sp. Zo.o  
 29 Vredestein Consulting B.V.  
 30 Finlo B.V.  
 31 Vredestein Marketing B.V.  
 32 Reifencor GmbH, Hannover  
 33 Reifencor Tyre (Qingdao) Co., Ltd.  
 34 Saturn F1 Pvt. Ltd  
 35 Rubber Research LLC (liquidated w.e.f 25 July 2019)  
 36 ATL Singapore Pte Limited  
 37 Apollo Tyres (Greenfield) B.V.

**Name of the associates**

1 KT Telematic Solutions Private Limited  
 2 Pressurrite (Pty) Ltd. (stake sold on 31 May 2019)

**Name of the joint venture**

1 Pan Aridus LLC

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# ANNEXURE II

## **INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')**

1. In conjunction with our audit of the consolidated financial statements of Apollo Tyres Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associates and joint venture as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company and its associate company, which are companies covered under the Act, as at that date.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR INTERNAL FINANCIAL CONTROLS**

2. The respective Board of Directors of the Holding Company and its associate company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its associate company as aforesaid.

## **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial





statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

8. In our opinion and based on the consideration of the report of the other auditor on internal financial controls with reference to financial statements of the associate company, the Holding Company and its associate company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## OTHER MATTER

9. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of ₹ 0.01 million for the year ended 31 March 2020, in respect of one associate company, which is a company covered under the Act, whose internal financial controls with

reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such associate company has been audited by other auditor whose report has been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its associate company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such associate company is based solely on the report of the auditor of such company. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

**David Jones**

Partner

Membership No.: 98113

UDIN: 20098113AAAAAG6081

Place: Gurgaon

Date: 19 May 2020

# CONSOLIDATED BALANCE SHEET

as on March 31, 2020

₹ Million

Particulars	Notes	As on March 31, 2020	As on March 31, 2019
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	B1	144,956.73	108,838.86
(b) Capital work-in-progress		16,218.98	15,257.93
(c) Goodwill	C3	2,134.49	1,993.25
(d) Other intangible assets	B1	7,392.78	6,708.07
(e) Intangible assets under development		200.84	135.08
(f) Financial assets			
i. Investment in associates / joint venture	B2	46.17	46.18
ii. Other investments	B3	148.00	13.99
iii. Other financial assets	B4	2,431.40	1,311.62
(g) Deferred tax assets (net)	C11	445.02	525.08
(h) Other non-current assets	B5	3,710.68	8,318.04
<b>Total non-current assets</b>		<b>177,685.09</b>	<b>143,148.10</b>
<b>2. Current assets</b>			
(a) Inventories	B6	32,069.16	34,840.86
(b) Financial assets			
i. Trade receivables	B7	9,398.76	13,143.56
ii. Cash and cash equivalents	B8	7,386.41	5,554.66
iii. Bank balances other than (ii) above	B9	109.58	71.85
iv. Other financial assets	B10	435.23	427.59
(c) Other current assets	B11	5,415.64	4,847.35
<b>Total current assets</b>		<b>54,814.78</b>	<b>58,885.87</b>
<b>TOTAL ASSETS (1+2)</b>		<b>232,499.87</b>	<b>202,033.97</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	B12	572.05	572.05
(b) Other equity		98,728.09	99,826.14
<b>Total equity</b>		<b>99,300.14</b>	<b>100,398.19</b>
<b>Liabilities</b>			
<b>2. Non-current liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B13	51,478.84	41,663.26
ii. Other financial liabilities	B14	8,249.02	15.34
(b) Provisions	B15	1,677.13	1,470.57
(c) Deferred tax liabilities (net)	C11	7,476.89	8,231.85
(d) Other non-current liabilities	B16	7,183.54	6,510.56
<b>Total non-current liabilities</b>		<b>76,065.42</b>	<b>57,891.58</b>
<b>3. Current liabilities</b>			
(a) Financial liabilities			
i. Borrowings	B17	14,320.01	5,546.72
ii. Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	C19	170.80	128.55
- Total outstanding dues of creditors other than micro enterprises and small enterprises	B18	22,919.68	20,536.27
iii. Other financial liabilities	B19	13,603.20	9,840.60
(b) Other current liabilities	B20	2,663.29	4,226.21
(c) Provisions	B21	2,744.10	2,517.21
(d) Current tax liabilities (net)	B22	713.23	948.64
<b>Total current liabilities</b>		<b>57,134.31</b>	<b>43,744.20</b>
<b>TOTAL EQUITY AND LIABILITIES (1+2+3)</b>		<b>232,499.87</b>	<b>202,033.97</b>

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**  
Director  
DIN 00041867

For **Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

**David Jones**  
Partner  
Membership No. 98113

New Delhi  
May 19, 2020



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ Million

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>1. REVENUE FROM OPERATIONS</b>			
Sales		160,964.91	172,733.92
Other operating income	B23	2,305.04	2,754.51
		<b>163,269.95</b>	<b>175,488.43</b>
<b>2. OTHER INCOME</b>	B24	468.76	1,231.23
<b>3. TOTAL INCOME (1 + 2)</b>		<b>163,738.71</b>	<b>176,719.66</b>
<b>4. EXPENSES</b>			
(a) Cost of materials consumed	B25	70,498.26	86,260.87
(b) Purchase of stock-in-trade	B25	18,341.14	19,825.58
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress		1,916.51	(4,703.86)
(d) Employee benefits expense	B25	24,821.99	24,295.82
(e) Finance costs	B26	2,808.33	1,810.70
(f) Depreciation and amortisation expense	B1	11,381.18	8,126.71
(g) Other expenses	B25	28,536.92	30,223.71
<b>Total expenses</b>		<b>158,304.33</b>	<b>165,839.53</b>
<b>5. PROFIT BEFORE SHARE OF PROFIT / (LOSS) IN ASSOCIATES / JOINT VENTURE, EXCEPTIONAL ITEMS AND TAX (3 - 4)</b>		5,434.38	10,880.13
<b>6. Share of profit / (loss) in associates / joint venture</b>		(0.01)	1.16
<b>7. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (5 + 6)</b>		5,434.37	10,881.29
<b>8. Exceptional items</b>	C8	-	2,000.00
<b>9. PROFIT BEFORE TAX (7 - 8)</b>		<b>5,434.37</b>	<b>8,881.29</b>
<b>10. TAX EXPENSE</b>			
(a) Current tax		1,274.05	1,871.09
(b) Deferred tax		(603.63)	211.80
<b>Total tax expense</b>	C11	<b>670.42</b>	<b>2,082.89</b>
<b>11. NET PROFIT FOR THE YEAR (9 - 10)</b>		<b>4,763.95</b>	<b>6,798.40</b>
<b>12. OTHER COMPREHENSIVE INCOME</b>			
I i. Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(423.27)	104.53
ii. Income tax		137.41	(33.00)
		<b>(285.86)</b>	<b>71.53</b>
II i. Items that will be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		(1,159.41)	(2,104.69)
(b) Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		(163.71)	(99.69)
ii. Income tax		57.21	34.83
		<b>(1,265.91)</b>	<b>(2,169.55)</b>
<b>Other comprehensive income / (loss) (I + II)</b>		<b>(1,551.77)</b>	<b>(2,098.02)</b>
<b>Total comprehensive income for the year (11 + 12)</b>		<b>3,212.18</b>	<b>4,700.38</b>
<b>Earnings per equity share of ₹ 1 each</b>	C30		
(a) Basic (₹)		8.33	11.88
(b) Diluted (₹)		8.33	11.88

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached

**ONKAR S. KANWAR**

Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**

Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**

Director  
DIN 00041867

**For Walker Chandiok & Co LLP**

Chartered Accountants  
Firm's Registration No. 001076N/N500013

**GAURAV KUMAR**

Chief Financial Officer

**SEEMA THAPAR**

Company Secretary  
Membership No- FCS 6690

**David Jones**

Partner  
Membership No. 98113

New Delhi  
May 19, 2020

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

## OTHER EQUITY

Particulars	Reserves and surplus (refer note C6)							Items of other comprehensive income			Total		
	Securities premium	General reserve	Capital reserve on consolidation	Capital reserve on AMHPL merger	Debt redemption reserve	Capital subsidy	Capital redemption reserve	Capital reserve on forfeiture of shares	Retained earnings	Effective portion of cash flow hedge		Revaluation surplus	Foreign currency translation reserve
Balance as on April 01, 2018	20,866.72	13,006.63	2,664.95	1,383.68	629.31	25.50	44.40	0.07	58,776.42	57.45	31.22	(291.68)	97,194.67
Profit for the year									6,798.40				6,798.40
Other Comprehensive income (OCI) for the year										(99.69)		(2,104.69)	(2,204.38)
Income tax on OCI items										34.83			34.83
Remeasurement of defined benefit plans									104.53				104.53
Income tax on remeasurement of defined benefit plans									(33.00)				(33.00)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	6,869.93	(64.86)	-	(2,104.69)	4,700.38
Transaction with owners in their capacity as owners													
Payment of dividend (₹ 3 per share)									(1,716.15)				(1,716.15)
Tax on dividend									(352.76)				(352.76)
Transfer from retained earnings		1,000.00			410.19				(1,410.19)				-
Balance as on March 31, 2019	20,866.72	14,006.63	2,664.95	1,383.68	1,039.50	25.50	44.40	0.07	62,167.25	(7.41)	31.22	(2,396.37)	99,826.14
Profit for the year									4,763.95				4,763.95
Other Comprehensive income (OCI) for the year										(163.71)		(1,159.41)	(1,323.12)
Income tax on OCI items										57.21			57.21
Remeasurement of defined benefit plans									(423.27)				(423.27)
Income tax on remeasurement of defined benefit plans									137.41				137.41
Total comprehensive income for the year	-	-	-	-	-	-	-	-	4,478.09	(106.50)	-	(1,159.41)	3,212.18
Transaction with owners in their capacity as owners													
Payment of dividend (₹ 3.25 per share)									(1,859.16)				(1,859.16)
Payment of interim dividend (₹ 3.00 per share)									(1,716.15)				(1,716.15)
Tax there on (dividend and interim dividend)									(734.92)				(734.92)
Transfer from retained earnings		1,000.00							(1,000.00)				-
Balance as on March 31, 2020	20,866.72	15,006.63	2,664.95	1,383.68	1,039.50	25.50	44.40	0.07	61,335.11	(113.91)	31.22	(3,555.78)	98,728.09

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**  
Director  
DIN 00041867

In terms of our report attached

For **Walker Chandlok & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001076N/N500013

New Delhi  
May 19, 2020

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

**David Jones**  
Partner  
Membership No. 98113



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020

₹ Million

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
(i) <b>Net profit before tax</b>		5,434.37		8,881.29
Adjustments for				
Depreciation and amortisation expense	11,381.18		8,126.71	
(Profit) on sale of property, plant and equipment (net)	(19.67)		(15.98)	
Dividend from non-current and current investments	(2.67)		(50.83)	
Change in fair value of investments	-		(0.04)	
Provision for doubtful debts / advances	76.83		52.08	
Provisions / liabilities no longer required written back	(11.73)		(479.82)	
Finance cost	2,808.33		1810.70	
Interest income	(55.82)		(234.16)	
Provision for estimated loss on derivatives	(43.96)		(91.28)	
Unwinding of deferred income	(1,735.41)		(1,438.44)	
Unwinding of state aid subsidy	(166.58)		(130.37)	
Inter corporate deposits written off	-		2,000.00	
Share of (profit) in associates / joint venture	0.01		(1.16)	
Unrealized loss / (gain) on foreign exchange fluctuations	437.45	12,667.96	(85.66)	9,461.75
(ii) <b>Operating profit before working capital changes</b>		18,102.33		18,343.04
Changes in working capital				
Adjustments for (increase) / decrease in operating assets				
Inventories	3,799.98		(5,793.49)	
Trade receivables	3,984.24		2,292.33	
Other financial assets (current and non-current)	(123.60)		80.47	
Other assets (current and non-current)	(507.36)	7,153.26	160.60	(3,260.09)
Adjustments for increase / (decrease) in operating liabilities				
Trade payables	1,383.46		(1,489.75)	
Other financial liabilities (current and non-current)	1,193.10		(58.83)	
Other liabilities (current and non-current)	(1,608.50)		(142.40)	
Provisions (current and non-current)	(125.42)	842.64	(481.43)	(2,172.41)
(iii) <b>Cash generated from operations</b>		26,098.23		12,910.54
Direct taxes paid (net of refund)		(924.63)		(2,199.38)
<b>Net cash generated from operating activities</b>		25,173.60		10,711.16
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(28,361.19)		(22,931.69)	
Proceeds from sale of property, plant and equipment	306.11		192.15	
Proceeds from / (investments in) mutual funds	-		3,640.48	
Proceeds from / (investment in) inter corporate deposits, net	-		7,750.00	
Non-current investment made	(134.01)		(24.46)	
Dividends received (current and non-current investments)	2.67		50.83	
State aid subsidy received	171.80		856.77	
Interest received	55.96		506.67	
<b>Net cash used in investing activities</b>		(27,958.66)		(9,959.25)

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020 (Contd.)

₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current borrowings	23,537.11	8,836.59
Repayment of non-current borrowings	(18,141.07)	(2,026.85)
Proceeds from / (Repayment of) current borrowings (net)	8,466.93	(3,544.32)
Payment of dividend (including dividend tax)	(4,310.23)	(2,068.91)
Payment of lease liabilities	(2,595.62)	-
Finance charges paid	(2,232.44)	(1,818.60)
<b>Net cash generated from / (used in) financing activities</b>	<b>4,724.68</b>	<b>(622.09)</b>
<b>D EFFECT OF FOREIGN CURRENCY FLUCTUATION ARISING OUT OF CONSOLIDATION</b>	<b>(214.51)</b>	<b>(313.93)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>1,725.11</b>	<b>(184.11)</b>
Cash and cash equivalents as at the beginning of the year	5,554.66	5,931.17
Less: Cash credits / bank overdrafts as at the beginning of the year	941.60	1,123.63
	<b>4,613.06</b>	<b>4,807.54</b>
(Gain) / loss on reinstatement of foreign currency cash and cash equivalents	8.98	(1.39)
<b>Adjusted cash and cash equivalents as at the beginning of the year</b>	<b>4,622.04</b>	<b>4,806.15</b>
Cash and cash equivalents as at the end of the year	7,386.41	5,554.66
Less: Cash credits / bank overdrafts as at the end of the year	1,059.70	941.60
	<b>6,326.71</b>	<b>4,613.06</b>
(Gain) / loss on reinstatement of foreign currency cash and cash equivalents	20.44	8.98
<b>Adjusted cash and cash equivalents as at the end of the year</b>	<b>6,347.15</b>	<b>4,622.04</b>

For and on behalf of the Board of Directors

In terms of our report attached

**ONKAR S. KANWAR**

Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**

Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**

Director  
DIN 00041867

For **Walker Chandiok & Co LLP**

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Firm's Registration No. 001076N/N500013

**GAURAV KUMAR**

Chief Financial Officer

**SEEMA THAPAR**

Company Secretary  
Membership No- FCS 6690

**David Jones**

Partner  
Membership No. 98113

New Delhi  
May 19, 2020





# A. NOTES

forming Part of the Consolidated Financial Statements

## 1. GROUP CORPORATE INFORMATION

The Apollo Tyres Group consists of Apollo Tyres Limited (the 'Company'), the ultimate holding company with several foreign subsidiaries, associates and a joint venture (together referred to as the 'Group'). Established in 1972, the Group is in the business of manufacturing and sale of tyres. The Group has its headquarter in Gurgaon, India and operations spread all across the Globe.

The product portfolio of the Group consists of tyres of passenger car, sports utility vehicle, multi utility vehicle, light truck, truck-bus, agriculture, industrial, specialty, bicycle and off highway tyres, retreading material and tyres, alloy wheels and two-wheeler tyres.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

Standards issued but not yet effective

Ministry of Corporate Affairs (MCA) notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2020.

## 3. BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The consolidated financial statements have been prepared to comply in all material respects with Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

The consolidated financial statements are presented in Indian Rupee ('INR'), which is also the functional currency of the Company.

The consolidated financial statements for the year ended March 31, 2020 were authorised and approved for issue by the Board of Directors on May 19, 2020.

### 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 116 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 includes the financial statements of the Company, its subsidiaries and the entities controlled by the Group as at March 31, 2020. Control is achieved when the Group:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses.

### 3.4 Business combinations

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in consolidated statement of profit and 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 consolidated statement of profit and 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 are accounted for using the pooling of interest method.

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

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.
- (iii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the business combination.
- (iv) The identity of the reserves has been preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor.



### 3.5 Investments in associates and joint venture

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate or a joint venture is initially 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 recognise 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 consolidated statement of profit and loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to consolidated statement of profit and loss (as a reclassification adjustment) when the equity method is discontinued.

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

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to consolidated statement of profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to consolidated statement of profit and loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are 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 Inventories

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

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

### 3.7 Taxation

Income tax expense recognised in consolidated statement of profit and loss comprises of the sum of deferred tax and current tax except the ones recognised in other comprehensive income or directly in equity.

#### Current Tax

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

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.

Minimum alternate tax ('MAT') credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset is created by way of a credit to the consolidated statement of profit and loss. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is not reasonably certain that normal income tax will be paid during the specified period.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 3.8 Property, plant and equipment (PPE)

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less



any 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 tax credits wherever applicable) and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalised. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Depreciation is 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	Number of years
Building	5 - 60
Plant and equipment	3 - 25
Electrical installations	1 - 10
Furniture and fixtures	4 - 10
Vehicles	4 - 10
Office equipment	4 - 10

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

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

### 3.9 Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses, if any. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is 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.

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

Category of assets	Number of years
Computer Software	3-6
Capitalised development	6

#### a) Derecognition of intangible assets

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

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

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

#### c) **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and 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.

### **3.10 Revenue recognition**

In accordance with Ind AS 115, the Group recognizes the amount as revenue from contracts with customers, which is received for the transfer of promised goods to customers in exchange for those goods. The relevant point in time or period of time is the transfer of control of the goods (control approach). The Group recognizes revenue at point in time. Revenue is reduced for customer returns, taxes on sales, estimated rebates and other similar allowances. To determine when to recognize revenue and at what amount, the five-step model is applied. By applying the five-step model distinct performance obligations are identified. The transaction price is determined and allocated to the performance obligations according to the requirements of Ind AS 115. Performance obligations are deemed to have been met when the control of goods is transferred to the customer, i.e., generally when the goods have been delivered to the customer.

Revenues for services are recognised when the service rendered has been completed.

### **3.11 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.

### **3.12 Employee benefits**

Employee benefits include wages and salaries, provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, social security cost and other pension costs incurred by the group.

#### **Defined contribution plans**

Contributions to defined contribution plans are 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. The re-measurements of the net defined benefit liability are recognised directly in the other comprehensive income in the period in which they arise. Past service cost is recognised in consolidated statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

The retirement benefit obligation 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.

### 3.13 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 consolidated statement of profit and loss as and when the related obligations are met. Revenue grant is recognised as an income in the period in which related obligation is met.

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

### 3.14 Foreign currency transaction and translations

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Non-monetary items carried at fair value that are denominated in foreign currencies are

retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in consolidated statement of profit and loss in the period in which they arise except for:

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

According to Appendix B of Ind AS 21 "Foreign currency transactions and advance consideration", purchase or sale transactions must be translated at the exchange rate prevailing on the date the asset or liability is initially recognized. In practice, this is usually the date on which the advance payment is made or received. In the case of multiple advances, the exchange rate must be determined for each payment and collection transaction. The interpretation is mandatory for financial years beginning on or after April 1, 2018. Its adoption did not have any significant impact on the Group's consolidated financial statements.

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

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

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

### 3.15 Employee share based payments

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

For cash-settled share-based payments, a liability is 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 consolidated statement of profit and loss.

### 3.16 Borrowing costs

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

All other borrowing costs are recognised in consolidated statement of profit and loss in the period in which they are incurred. Other finance costs includes interest on other contractual obligations.

### 3.17 Leases

#### The Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings, plant & machinery & vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset, (2) the Group has

substantially all of the economic benefits from the use of the asset through the period of the lease, and (3) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a Right of use (ROU) asset and a corresponding lease liability for all lease arrangements under which it is a lessee, except for short-term leases and low value leases. For short-term leases and low value leases, the Group recognizes the lease payments as an expense on a straight-line basis over the term of the lease.

Certain lease arrangements include options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

ROU assets are depreciated from the date of commencement of the lease on a straight line basis over the shorter of the lease term and the useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. For leases under which the rate implicit in the lease is not readily determinable, the Company & subsidiary entities uses its incremental borrowing rate based on the information available at the date of commencement of the lease in determining the present value of lease payments. Lease liabilities are re measured with a corresponding adjustment to the related ROU asset if the Group changes its assessment as to whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the consolidated balance sheet and the payment of principal portion of lease liabilities has been classified as financing cash flows.

#### Transition

Effective April 01, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method, on the date of initial application. This new standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. Ind AS 116 supersedes Ind AS 17 and its associated interpretative guidance. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and Right-of-use assets were measured at the amount of the lease liability (adjusted for any prepaid or accrued lease expenses). Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting



policies included as part of our Annual Report for year ended March 31, 2019

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) (an amount equal to the lease liability, adjusted by the prepaid lease rent) of ₹ 11,302.22 Million. The effect of this adoption is decrease in profit before tax by ₹ 331.32 Million for the year ended March 31, 2020.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 ranges from 1% to 10% p.a.

### 3.18 Earnings per share

Basic earnings per share is computed by dividing the consolidated profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 3.19 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

### 3.20 Provisions and contingencies

A provision is recognised 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 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.

### 3.21 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 consolidated statement of profit and loss.

### 3.22 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.

#### 3.22.1 Classification of financial asset

##### a. Loans and receivable

Financial assets that meet the following conditions are subsequently measured at amortised cost less impairment

loss (except for investments that are designated as at fair value through profit or loss (FVTPL) on initial recognition):

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

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

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

##### b. Assets available for sale

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

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

All other financial assets are subsequently measured at fair value.

##### c. Assets held for trading

A financial asset is held for trading if:

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

Dividends on these investments in equity instruments are recognised in consolidated statement of profit and loss when



the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d. **Financial assets at fair value through profit or loss ('FVTPL')**

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

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

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or 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 consolidated statement of profit and loss. The net gain or loss recognised in consolidated statement of profit and 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.

### 3.22.2 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 lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

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

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

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 - Revenue from contracts with customers, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses. Credit impaired balances are disclosed under provision for doubtful debts.

### 3.22.3 De-recognition of financial assets

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

On de-recognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to 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 consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in consolidated statement of profit and loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

### 3.22.4 Foreign exchange gains and losses

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

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

## 3.23 Financial liabilities and equity instruments

### 3.23.1 Classification as debt or equity

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

### 3.23.2 Equity instruments

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

### 3.23.3 Financial liabilities

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

#### 3.23.3.1 Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

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

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

#### 3.23.3.2 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest





method. Interest expense that is not capitalised as part of costs of an asset is included in the finance costs line item.

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

### 3.23.3.3 Financial guarantee contracts

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

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

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies of Ind AS 115 *Revenue from Contracts with Customers*.

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

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 consolidated statement of profit and loss.

### 3.23.3.4 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 consolidated statement of profit and loss.

## 3.24 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and

foreign exchange rate risks, including foreign exchange forward contracts, options and cross currency swaps.

Derivatives are initially 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 consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in consolidated statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

## 3.25 Hedge accounting

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

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

### Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in fair value of the hedged item attributable to the hedged risk are recognised in the consolidated statement of profit and loss in the line item relating to the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

### 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 consolidated statement of profit and loss, and is included in the 'Other income'/'Other expense' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to consolidated

statement of profit and 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 consolidated statement of profit and loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is 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 consolidated statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in consolidated statement of profit and loss.

### **3.26 Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units). A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in consolidated statement of profit and 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.

### **3.27 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term balances, as defined above, net of outstanding cash credits as they are considered an integral part of the Groups's cash management. The cash flow statement is prepared using indirect method.

### **3.28 Rounding off amounts**

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest millions as per the requirements of Schedule III of the Act unless otherwise stated.

### **3.29 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 judgments and estimates.

All assumptions, expectations and forecasts that are used as a basis for judgments and estimates in the consolidated financial statements represent as accurately an outlook as possible for the group. These judgments and estimates only represent interpretation of the Group as of the dates on which they were prepared.

Important judgments and estimates relate largely to provisions, pensions, tangible and intangible assets (lives, residual values and impairment), deferred tax assets and liabilities and valuation of financial instruments.

### **3.30 Estimation of uncertainties relating to the global health pandemic from COVID-19**

The outbreak of Coronavirus (COVID-19) pandemic is causing disturbance and slowdown of economic activity throughout the world and is impacting operations of the businesses, by

way of interruption in production, supply chain disruption, unavailability of personnel, closure of production facilities etc. On March 23, 2020, the Government of India ordered a nationwide lockdown initially for 21 days which further got extended from time to time to prevent community spread of COVID-19 in India

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements has used internal and external sources on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects the carrying amount of these assets will be recovered and sufficient liquidity is available to fund the business operations for at least another 12 months. Given the uncertainty because of COVID-19, the final impact on the Group's assets in future may differ from that estimated as at the date of approval of these financial statements.

# A. NOTES

forming Part of the Consolidated Financial Statements

## B 1 PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS AS ON MARCH 31, 2020

Description of assets	Gross Block			Accumulated Depreciation / Amortisation				Net Block		₹ Million	
	As on March 31, 2019	Additions (c)	Disposals/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2020	As on March 31, 2019	Depreciation / amortisation expense	Eliminated on disposal of assets/ Adjustments	Effect of foreign currency translation (e)		As on March 31, 2020
A. Property, plant and equipment - owned unless otherwise stated											
Land:											
Freehold land	2,574.73	6.64	30.50	91.53	2,642.40	-	-	-	-	2,642.40	2,574.73
Leasehold land *	196.09	-	-	-	196.09	22.66	2.19	-	-	24.85	171.24
						(a)					173.43
Buildings #	27,105.68	18,192.08	95.67	317.45	45,519.54	6,158.30	2,888.79	8.67	195.39	9,233.81	36,285.73
		(b)			(d)						(d)
Plant and equipment **	137,469.85	25,700.99	534.48	2,231.98	164,868.34	58,060.79	6,368.37	339.90	2,241.17	66,330.43	98,537.91
		(b)									79,409.06
Electrical installations	4,771.83	1,419.31	7.11	(57.70)	6,126.33	1,492.92	337.83	6.85	(7.71)	1,816.19	4,310.14
		(b)									3,278.91
Furniture and fixtures	3,353.27	284.17	27.26	83.26	3,693.44	1,983.20	342.76	15.98	47.22	2,357.20	1,336.24
		(b)									1,370.07
Vehicles #	1,152.09	841.39	212.42	59.31	1,840.37	647.10	312.90	157.19	31.75	834.56	1,005.81
		(b)									504.99
Office equipment #	1,377.12	312.10	4.08	57.70	1,742.84	796.83	239.73	3.74	42.76	1,075.58	667.26
		(b)									580.29
Total tangible assets	178,000.66	46,756.68	911.52	2,783.53	226,629.35	69,161.80	10,492.57	532.33	2,550.58	81,672.62	144,956.73
											108,838.86
B. Other intangible assets											
Computer software	3,931.86	156.55	-	167.03	4,255.44	2,882.24	415.79	-	150.83	3,448.86	806.58
		(b)									1,049.62
Trademarks	2,083.03	0.55	-	150.31	2,233.89	44.41	0.32	-	1.89	46.62	2,187.27
											2,038.62
Capitalised development	6,330.10	967.94	-	501.61	7,799.65	3,033.66	472.50	-	240.87	3,747.03	4,052.62
		(b)									3,296.44
Other intangibles	335.83	-	-	23.79	359.62	12.44	-	-	0.87	13.31	346.31
											323.39
Total other intangible assets	12,680.82	1,125.04	-	842.74	14,648.60	5,972.75	888.61	-	394.46	7,255.82	7,392.78
											6,708.07
Total (A + B)	190,681.48	47,881.72	911.52	3,626.27	241,277.95	75,134.55	11,381.18	532.33	2,945.04	88,928.44	152,349.51
											115,546.93



## B 1 PROPERTY, PLANT AND EQUIPMENT AND OTHER INTANGIBLE ASSETS AS ON MARCH 31, 2019

Description of assets	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	As on March 31, 2018	Additions (c)	Disposals/ Adjustments	Effect of foreign currency translation (e)	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
<b>A. Property, plant and equipment - owned unless otherwise stated</b>								
Land:								
Freehold land	2,609.12	46.28	-	(80.67)	2,574.73	-	-	2,609.12
Leasehold land*	189.64	6.45	-	-	196.09	20.51	2.15	169.13
						(a)		
Buildings	24,181.49	3,585.84	0.94	(660.71)	27,105.68	5,547.85	720.99	18,633.64
Plant and equipment**	123,598.28	17,797.86	1,363.86	(2,562.43)	137,469.85	55,044.05	5,616.24	68,554.23
		(b)				(d)		
Electrical installations	4,076.50	836.39	11.87	(129.19)	4,771.83	1,196.12	313.31	2,880.38
		(b)						
Furniture and fixtures	3,068.91	403.40	88.85	(30.19)	3,353.27	1,780.66	294.95	1,288.25
		(b)						
Vehicles	1,027.06	214.38	79.22	(10.13)	1,152.09	592.57	115.40	434.49
		(b)						
Office equipment	1,432.69	291.38	318.58	(28.37)	1,377.12	715.09	205.34	717.60
		(b)						
<b>Total tangible assets</b>	<b>160,183.69</b>	<b>23,181.98</b>	<b>1,863.32</b>	<b>(3,501.69)</b>	<b>178,000.66</b>	<b>64,896.85</b>	<b>7,268.38</b>	<b>95,286.84</b>
<b>B. Other intangible assets</b>								
Computer software	3,888.82	178.44	1.99	(133.41)	3,931.86	2,580.82	408.17	1,308.00
		(b)						
Trademarks	2,151.26	0.97	-	(69.20)	2,083.03	45.04	0.24	2,106.22
Capitalised development	5,624.80	927.26	-	(221.96)	6,330.10	2,703.01	436.98	2,921.79
		(b)						
Other intangibles	347.19	-	-	(11.36)	335.83	-	12.94	347.19
<b>Total other intangible assets</b>	<b>12,012.07</b>	<b>1,106.67</b>	<b>1.99</b>	<b>(435.93)</b>	<b>12,680.82</b>	<b>5,328.87</b>	<b>858.33</b>	<b>6,683.20</b>
<b>Total (A + B)</b>	<b>172,195.76</b>	<b>24,288.65</b>	<b>1,865.31</b>	<b>(3,937.62)</b>	<b>190,681.48</b>	<b>70,225.72</b>	<b>8,126.71</b>	<b>101,970.04</b>

\* Leasehold land is net of ₹ 5.39 Million (₹ 5.39 Million) subleased to Classic Industries and Exports Limited, a Company in which directors are interested since the year ended 2009-10.

\*\* Plant and equipment include jointly owned assets with gross book value of ₹ 311.28 Million (₹ 311.28 Million) and net book value of ₹ 225.62 Million (₹ 238.15 Million) which represents 50% ownership in the asset.

# Includes right of use assets w.r.t. guest house, sales office, warehouse, vehicle, plant & equipment and office equipment taken on lease (refer note C9).

(a) Represents proportionate lease premium ₹ 2.19 Million (₹ 2.15 Million) amortised.

(b) Buildings include ₹ 28.03 Million (₹ 205.06 Million), plant and equipment include ₹ 339.78 Million (₹ 253.99 Million), electrical installations include ₹ 4.55 Million (₹ 18.95 Million), furniture and fixture include ₹ 1.49 Million (₹ 0.07 Million), vehicles include ₹ 14.59 Million (₹ 1.59 Million), office equipment include ₹ 0.01 Million (Nil), computer software include ₹ 11.78 Million (₹ 3.14 Million) and capitalised development include ₹ 967.94 Million (₹ 927.26 Million) relating to research and development (refer note C16).

(c) Includes directly attributable expenses capitalised to the extent of ₹ 1,341.58 Million (₹ 1,310.09 Million) including ₹ 767.24 Million (₹ 1,068.81 Million) capitalised from capital work in progress (CWIP) of previous year and borrowing cost capitalised to the extent of ₹ 1,633.54 Million (₹ 789.18 Million) including ₹ 386.52 Million (₹ 270.07 Million) capitalised from CWIP of previous year.

(d) Buildings include buildings constructed on leasehold land with gross book value of ₹ 12,717.47 Million (₹ 11,550.06 Million) and net book value of ₹ 9,480.86 Million (₹ 8,709.35 Million).

(e) Represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening, average and closing conversion rates.

(f) Carrying amount of tangible assets are pledged as security for liabilities (refer note B13(a)).

(g) Capital work-in-progress includes land of ₹ 248.00 Million (₹ 245.35 Million) acquired by the Company and is in the process of getting the title deeds transferred to its name.

## FINANCIAL ASSETS (NON-CURRENT)

### B2 INVESTMENT IN ASSOCIATES / JOINT VENTURE

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Unquoted investments **</b>		
(a) <b>Investment in associates:</b>		
<b>3,334</b> (3,334) equity shares of ₹ 10 each in KT Telematic Solutions Private Limited - fully paid up *	46.17	46.18
(b) <b>Investment in joint venture:</b>		
<b>9,550</b> (9,550) units in Pan Aridus LLC, fully impaired	-	-
	<b>46.17</b>	<b>46.18</b>

\* includes Company's cumulative share in profit of ₹ **1.16 Million** (₹ 1.17 Million).

\*\* Aggregate amount of unquoted investments at cost

45.01

45.01

### B3 OTHER INVESTMENTS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(At fair value through profit and loss)</b>		
<b>Other companies:</b>		
A Quoted Investments*		
<b>Investment in equity instruments:</b>		
<b>16,394</b> (16,394) equity shares of ₹10 each in Bharat Gears Limited - fully paid up	0.42	2.79
	<b>0.42</b>	<b>2.79</b>
B Unquoted investments **		
<b>Investment in equity instruments / preferred stock:</b>		
<b>312,000</b> (312,000) equity shares of ₹ 10 each in Green Infra Wind Power Projects Limited - fully paid up	3.12	3.12
<b>Nil</b> (239,000) equity shares of ₹ 0.19 each in Bhadreshwar Vidyut Private Limited - fully paid up	-	0.05
<b>Nil</b> (399,100) equity shares of ₹ 10 each in NSL Wind Power Company (Phoolwadi) Private Limited - fully paid up	-	3.99
<b>2,256,000</b> (6,000) equity shares of ₹ 30 each in Suryadev Alloys and Power Private Limited - fully paid up	67.68	0.18
<b>220,300</b> (292,000) equity shares of ₹ 11.50 each in OPG Power Generation Private Limited - fully paid up	2.53	3.36
<b>5,000</b> (5,000) equity shares of ₹ 100 each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited - fully paid up	0.50	0.50
<b>49,358</b> (Nil) Series C preferred stock of USD 0.0001 each in Click Diagnostics, Inc	73.75	-
	<b>147.58</b>	<b>11.20</b>
<b>Investments carried at fair value through profit and loss (A+B)</b>	<b>148.00</b>	<b>13.99</b>
*Aggregate amount of quoted investments at cost	0.36	0.36
Aggregate amount of quoted investments at market value	0.42	2.79
**Aggregate amount of unquoted investments at cost	147.58	11.20





## B4 OTHER FINANCIAL ASSETS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Employee advances - salary loan	41.70	23.67
Security deposits	289.17	267.28
Security deposits to related parties (refer note C22)	253.33	230.81
Security deposits with statutory authorities	346.87	267.28
Derivative assets measured at fair value (refer note C14)	1,500.33	522.58
	<b>2,431.40</b>	<b>1,311.62</b>

## NON-FINANCIAL ASSETS (NON-CURRENT)

### B5 OTHER NON-CURRENT ASSETS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
Capital advances	3,013.42	6,400.99
Capital advances to related parties (refer note C22)	666.12	956.30
Statutory balances recoverable	2.58	2.58
Pension asset (refer note C13)	15.05	27.47
Advance tax (net)	13.51	593.53
Others	-	337.17
	<b>3,710.68</b>	<b>8,318.04</b>

## CURRENT ASSETS

### B6 INVENTORIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
(valued at lower of cost and net realizable value)		
(i) Raw materials		
- In hand	6,508.01	8,395.25
- In transit	2,119.18	2,050.46
	<b>8,627.19</b>	<b>10,445.71</b>
(ii) Work-in-progress *	1,654.13	2,322.16
(iii) Finished goods		
- In hand	14,236.55	14,733.90
- In transit	382.32	965.11
	<b>14,618.87</b>	<b>15,699.01</b>
(iv) Stock-in-trade		
- In hand	4,455.32	3,882.34
- In transit	525.79	585.25
	<b>4,981.11</b>	<b>4,467.59</b>
(v) Stores and spares	2,187.86	1,906.39
	<b>32,069.16</b>	<b>34,840.86</b>

\* Work-in-progress consists of only automotive tyres.

## FINANCIAL ASSETS (CURRENT)

### B7 TRADE RECEIVABLES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(Unsecured)</b>		
Outstanding for a period exceeding six months from the date they were due for payment		
Considered good	1.41	1.91
Considered doubtful	509.40	439.62
Others - considered good *	9,397.35	13,141.65
	<b>9,908.16</b>	<b>13,583.18</b>
Provision for doubtful trade receivables (refer note C5)	(509.40)	(439.62)
	<b>9,398.76</b>	<b>13,143.56</b>

\* Includes balances with related parties (refer note C22).

### B8 CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
(i) Balances with banks:		
Current accounts	6,491.64	3,851.22
Other deposit accounts		
- original maturity of 3 months or less	600.00	462.41
(ii) Cheques on hand / remittances in transit	286.06	1,234.11
(iii) Cash on hand	8.71	6.92
	<b>7,386.41</b>	<b>5,554.66</b>

### B9 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Unpaid dividend accounts*	109.57	71.84
Deposits with maturity exceeding 3 months but less than 12 months	0.01	0.01
	<b>109.58</b>	<b>71.85</b>

\* These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note B19.

### B10 OTHER FINANCIAL ASSETS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Employee advances	57.48	41.24
Derivative assets measured at fair value (refer note C14)	56.53	125.61
Security deposits	245.00	204.83
Interest accrued on deposits / loans	-	0.14
Loans (including interest accrued) given to joint venture #	-	159.34
Less: Provision for impairment	-	-
Others	76.22	55.77
	<b>435.23</b>	<b>427.59</b>

# written off during the year



## NON-FINANCIAL ASSETS (CURRENT)

## B11 OTHER CURRENT ASSETS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(Unsecured, considered good unless otherwise stated)</b>		
a. Advances given to related parties (refer note C22)	158.84	141.13
b. Trade advances: considered good	515.22	554.10
Doubtful advances	20.56	20.56
Provision for doubtful advances	(20.56)	(20.56)
	<b>515.22</b>	<b>554.10</b>
c. Employee advances - others	52.00	47.85
d. Investment promotion subsidy receivable	647.79	560.64
e. Export obligations - advance licence benefit	252.06	259.18
f. Export incentives recoverable	455.59	454.22
g. Balance with statutory authorities	2,115.26	2,291.88
h. Gratuity (refer note C13)	199.27	44.36
i. Prepaid expenses	1,019.61	493.99
	<b>5,415.64</b>	<b>4,847.35</b>

## B12 EQUITY SHARE CAPITAL

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(a) Authorised</b>		
<b>750,000,000 Nos.</b> (730,000,000 Nos.) equity shares of ₹ 1 each	750.00	730.00
<b>150,000,000 Nos.</b> (200,000 Nos.) cumulative redeemable preference shares of ₹ 100 each	15,000.00	20.00
	<b>15,750.00</b>	<b>750.00</b>
<b>(b) Issued, subscribed, called and fully paid up</b>		
<b>Equity shares of ₹ 1 each:</b>		
<b>572,049,980 Nos.</b> (572,049,980 Nos.) equity shares	572.05	572.05
	<b>572.05</b>	<b>572.05</b>

## (c) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As on March 31, 2020		As on March 31, 2019	
	Number of shares	Amount in (₹ Million)	Number of shares	Amount in (₹ Million)
Opening / Closing balance	<b>572,049,980</b>	<b>572.05</b>	<b>572,049,980</b>	<b>572.05</b>

## (d) Details of shareholders holding more than 5% of the paid up equity share capital of the Company with voting rights \*

Name of the Shareholder	As on March 31, 2020		As on March 31, 2019	
	Number of shares	% age	Number of shares	% age
Neeraj Consultants Limited	73,827,161	12.91%	73,827,161	12.91%
White IRIS Investment Ltd.	51,054,445	8.92%	-	-
HDFC Trustee Company Ltd. - A/C its various Fund	41,273,025	7.21%	33,145,291	5.79%
Apollo Finance Limited	39,778,872	6.95%	39,381,872	6.88%
Sunrays Properties and Investment Company Private Limited	36,307,648	6.35%	36,307,648	6.35%

\*As per the records of the Company including its register of member.

**(e) The rights, preferences and restrictions attached to equity shares of the Company**

The Company has only one class of issued shares referred to as equity shares having a par value of ₹ 1 each. The holder of equity shares are entitled to one vote per share.

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

**(g)** Over the period of five years immediately preceding March 31, 2020 and March 31, 2019, neither any bonus shares were issued nor any shares were allotted for consideration other than cash. Further, no shares were bought back during the said period.

**FINANCIAL LIABILITIES (NON-CURRENT)**

**B13 BORROWINGS**

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>At amortised cost</b>		
<b>Secured *</b>		
(i) Debentures	10,742.62	10,740.25
(ii) Term loans		
<i>From banks:</i>		
External commercial borrowings (ECB)	10,913.99	9,967.35
Foreign currency non-resident term loans	1,143.80	1,693.68
Rupee term loans	9,246.85	1,995.58
Euro term loans	19,395.60	13,806.92
<i>From others:</i>		
Magyar Import-Export Bank ZRT	-	3,395.50
(iii) Deferred payment liabilities:		
Deferred payment credit I	35.98	40.44
Deferred payment credit II	-	1.25
Deferred payment credit III	-	22.29
	<b>51,478.84</b>	<b>41,663.26</b>

\* For details regarding repayment terms, interest rate and nature of security on non current borrowings (refer note B13(a)).



## B13 (A)

₹ Million

Particulars	Amount outstanding as on March 31, 2020		Amount outstanding as on March 31, 2019		Rate of interest per annum	Terms of repayment	Details of security offered
	Non current borrowings	Current maturities of non current borrowings	Non current borrowings	Current maturities of non current borrowings			
Non-convertible debentures							
1,150 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,150.00	-	1,150.00	-	8.65%	Bullet payment on April 30, 2026	Refer note A below
1,1050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2025	Refer note A below
1,1050 - 8.65 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	8.65%	Bullet payment on April 30, 2024	Refer note A below
1,1500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,497.54	-	1,496.75	-	7.80%	Bullet payment on April 30, 2024	Refer note A below
900 - 7.50 % Non-convertible debentures of ₹ 1 Million each	900.00	-	900.00	-	7.50%	Bullet payment on October 20, 2023	Refer note A below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,497.54	-	1,496.75	-	7.80%	Bullet payment on April 28, 2023	Refer note A below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2022	Refer note A below
1,500 - 7.80 % Non-convertible debentures of ₹ 1 Million each	1,497.54	-	1,496.75	-	7.80%	Bullet payment on April 29, 2022	Refer note A below
1,050 - 7.50 % Non-convertible debentures of ₹ 1 Million each	1,050.00	-	1,050.00	-	7.50%	Bullet payment on October 21, 2021	Refer note A below
Total	10,742.62	-	10,740.25	-			
External commercial borrowings (ECB) from banks							
Bank 1 - ECB I	1,880.27	-	1,717.08	-	0-1% above USD-LIBOR	3 equal annual instalments starting from FY 2022-23	Refer note A below
Bank 2 - ECB I	1,879.97	-	1,716.74	-	0.25-1.25% above USD-LIBOR	3 equal annual instalments starting from FY 2022-23	Refer note A below
Bank 3 - ECB I	1,880.91	-	1,717.95	-	0-1% above USD-LIBOR	3 equal annual instalments starting from FY 2022-23	Refer note A below
Bank 4 - ECB I	1,503.55	-	1,372.85	-	0.25-1.25% above USD-LIBOR	3 equal annual instalments starting from FY 2022-23	Refer note A below
Bank 5 - ECB I	3,769.29	-	3,442.73	-	0-1% above USD-LIBOR	Bullet payment on March 21, 2022	Refer note A below
Total	10,913.99	-	9,967.35	-			
Foreign currency non-resident (FCNR) term loan from banks							
Bank 1 - FCNR I	279.93	186.62	512.30	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual instalments started from December 31, 2019	Refer note A below
Bank 1 - FCNR II	281.59	187.73	515.35	-	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual instalments started from January 15, 2020	Refer note A below
Bank 1 - FCNR III	582.28	291.14	666.03	133.20	0-1% above USD-LIBOR	Repayment in 6 equal semi-annual instalments starting from September 30, 2020	Refer note A below
Total	1,143.80	665.49	1,693.68	133.20			

Particulars	Amount outstanding as on March 31, 2020			Amount outstanding as on March 31, 2019			Rate of interest per annum	Terms of repayment	Details of security offered
	Non current borrowings	Current maturities of non current borrowings		Non current borrowings	Current maturities of non current borrowings				
Rupee term loans from banks									
Bank 1 - Rupee Term Loan	2,964.92	-	-	1,495.58	-	-	0-1% above One year MCLR	28 structured quarterly instalments after moratorium of 3 years from the date of first disbursement	Refer note A below
Bank 2 - Rupee Term Loan	2,469.86	-	-	-	-	-	0-1% above One year MCLR	28 structured quarterly instalments after moratorium of 3 years from the date of first disbursement	Refer note A below
Bank 3 - Rupee Term Loan	1,968.75	-	-	-	-	-	0-1% above One year MCLR	28 structured quarterly instalments after moratorium of 3 years from the date of first disbursement	Refer note A below
Bank 4 - Rupee Term Loan	996.60	-	-	-	-	-	6 months MCLR	32 structured quarterly instalments after moratorium of 2 years from the date of first disbursement	Refer note A below
Bank 5 - Rupee Term Loan	146.72	-	-	-	-	-	0-2% above one year T-bill	Bullet payment on June 27, 2022	Refer note A below
Bank 6 - Rupee Term Loan	200.00	-	-	-	-	-	0-2% above one year T-bill	Bullet payment on March 27, 2023	Refer note A below
Bank 7 - Rupee Term Loan	500.00	-	-	500.00	-	-	0-2% above one year T-bill	Bullet payment on March 29, 2022	Refer note A below
Total	9,246.85	-	-	1,995.58	-	-			
Euro term loans from banks									
Bank 1	68.78	5.08	4.65	68.90	4.65	1.95%	1.95%	Monthly payment till April 30, 2033	Secured by mortgage on land and building at Hamburg & Celle, Germany
Bank 2	13,380.87	1,163.55	-	-	-	2-2.50% above EURIBOR	2-2.50% above EURIBOR	Repayment in 10 semi-annual instalments starting from September 13, 2020	Refer note B below
Bank 3	-	-	592.87	2,398.41	592.87	1.50-2.50% above EURIBOR	1.50-2.50% above EURIBOR	Repayment in 8 semi-annual instalments started from February 11, 2019	Refer note C below
Bank 4	-	-	592.87	2,398.41	592.87	1.50-2.50% above EURIBOR	1.50-2.50% above EURIBOR	Repayment in 8 semi-annual instalments started from February 11, 2019	Refer note C below
Bank 5	-	-	592.87	2,398.41	592.87	1.50-2.50% above EURIBOR	1.50-2.50% above EURIBOR	Repayment in 8 semi-annual instalments started from February 11, 2019	Refer note C below
Bank 6	-	-	646.76	2,263.67	646.76	1.50-2.50% above EURIBOR	1.50-2.50% above EURIBOR	Repayment in 10 equal semi-annual instalments started from February 11, 2019	Refer note C below
Bank 7	-	-	323.38	1,131.83	323.38	1.50-2.50% above EURIBOR	1.50-2.50% above EURIBOR	Repayment in 10 equal semi-annual instalments started from February 11, 2019	Refer note C below
Bank 8	3,477.55	-	-	841.50	-	0-1% above EURIBOR	0-1% above EURIBOR	Bullet payment on March 21, 2022	Secured by Corporate Guarantee from the Company





₹ Million

Particulars	Amount outstanding as on March 31, 2020		Amount outstanding as on March 31, 2019		Rate of interest per annum	Terms of repayment	Details of security offered
	Non current borrowings	Current maturities of non current borrowings	Non current borrowings	Current maturities of non current borrowings			
Bank 9	2,468.40	-	2,305.06	-	0-1% above EURIBOR	Bullet payment on August 6, 2021	Secured by Corporate Guarantee from the Company
Bank 10	-	-	0.73	0.51	3.90%	Monthly payment till July 31, 2021	Secured by mortgage on Cars. This loan was prepaid during financial year 2019-20
Bank 11	-	-	-	4.74	4.25%	Monthly payment till November 30, 2019	Secured by mortgage on land and building at Cologne, Germany
<b>Total</b>	<b>19,395.60</b>	<b>1,168.63</b>	<b>13,806.92</b>	<b>2,758.65</b>			
<b>Term loan from others</b>							
Magyar Import-Export Bank ZRT	-	-	3,395.50	970.14	1.50-2.50% above EURIBOR	Repayment in 10 equal semi-annual instalments started from February 11, 2019	Refer note C below
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,395.50</b>	<b>970.14</b>			
<b>Deferred payment liabilities</b>							
Deferred payment credit I	35.98	4.46	40.44	4.13	7-8%	Repayment along with interest in 240 consecutive monthly instalments started from May 15, 2007	Wind Mills purchased under the deferred consideration payment plan
Deferred payment credit II	-	1.47	1.25	1.83	8-9%	Repayment along with interest in 20 equal quarterly instalments started from January 31, 2011	Engineering materials purchased under the Parts Management Agreement (PMA) scheme
Deferred payment credit III	-	-	22.29	29.65	Average 5-6%	Monthly repayments	Items of plant and equipment and other assets
<b>Total</b>	<b>35.98</b>	<b>5.93</b>	<b>63.98</b>	<b>35.61</b>			

#### Details of securities offered to existing lenders

Note A A pari passu first charge by way of hypothecation over the movable fixed assets (including plant and equipment) of the Company, both present and future.

Note B Apollo Vredestein BV has provided guarantee for the loan which is secured by a pledge on the movable tangible assets (other than stock in trade, raw materials and trade receivables) and a mortgage of its real estate being the land and buildings located in the Netherlands. In addition, Apollo Tyres (Hungary) Kft. has also provided guarantee for the loan which is secured by a pledge of fixed assets and movable tangible assets (other than stock in trade, raw materials and trade receivables).

Note C The facility is secured by a pledge on the shares of Apollo Tyres (Hungary) Kft. and a pledge on the bank accounts of Apollo Tyres B.V. Apollo Tyres (Hungary) Kft. and Apollo Vredestein B.V. has given additional securities for the loan in the form of pledge over certain movable tangible assets including mortgage over the real estate, pledge of rights and receivables of Apollo Tyres (Hungary) Kft. and its bank accounts. These loans were prepaid during financial year 2019-20.

## B14 OTHER FINANCIAL LIABILITIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Derivative liabilities measured at fair value (refer note C14)	26.59	15.34
Lease liability (refer note C9)	8,222.43	-
	<b>8,249.02</b>	<b>15.34</b>

## NON-FINANCIAL LIABILITIES (NON-CURRENT)

### B15 PROVISIONS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>(a) Provision for employee benefits</b>		
Jubilee benefits (refer note C10)	180.78	183.21
Pension benefits (refer note C13)	899.02	671.48
<b>(b) Other provisions</b>		
Provision for constructive liability (refer note C10)	278.30	286.35
Provision for sales related obligations (refer note C10)	319.03	329.53
	<b>1,677.13</b>	<b>1,470.57</b>

### B16 OTHER NON-CURRENT LIABILITIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Security deposits received from dealers	85.92	59.93
Security deposits received from vendors	61.75	58.35
Deferred revenue arising from government grant	6,956.05	6,308.49
Pension liability	-	62.43
Others	79.82	21.36
	<b>7,183.54</b>	<b>6,510.56</b>

## FINANCIAL LIABILITIES (CURRENT)

### B17 BORROWINGS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>At amortised cost</b>		
<b>Secured</b>		
From banks:		
Cash credit *	0.69	123.17
Working capital demand loan *	2,330.00	900.00
Bank overdrafts #	1,059.01	818.43
<b>Unsecured</b>		
From banks:		
Packing credit **	-	1,901.90
Working capital demand loan **	8,850.00	-
Others ##	2,080.31	1,803.22
	<b>14,320.01</b>	<b>5,546.72</b>

\* Cash credits and working capital demand loans are repayable on demand and are secured by a first charge on raw materials, work-in-progress, stocks, stores and book debts and by a second charge on the Company's land at village Kodakara in Kerala, at Oragadam and Mathur village in Tamil Nadu and at head office in Gurgaon, Haryana together with the factory buildings, plant and machinery and equipment, both present and future. The interest rate on these loans are in the range of 6.00% p.a to 9.00% p.a (1.29% p.a to 11.00% p.a.)



# Overdraft facility availed by one of the subsidiaries, Reifencor GmbH, Hannover, is secured by a first charge on stock and receivables of Reifencor GmbH, Hannover, both present and future and further supported by corporate guarantee issued by Apollo Tyres Cooperatief U.A. The interest rate on these loans is Euribor + 1.5% (Euribor + 1.5%).

\*\* Packing credit and working capital demand loans are repayable on demand. The interest rate on these loans are in the range of 6.00% p.a to 9.00% p.a (1.29% p.a to 11.00% p.a.)

## These are trade financing facility availed by one of the subsidiary company. The interest rate on these loans are in the range of 0.55% p.a to 2.60% p.a (0.55% p.a to 3.16% p.a.)

## B18 TRADE PAYABLES \*

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Trade payables (other than micro and small enterprises)	20,380.66	18,089.66
Employee related payable	2,118.49	2,034.95
Payable to related parties (refer note C22)	420.53	411.66
	<b>22,919.68</b>	<b>20,536.27</b>

\* Includes commission on net profit payable to Key managerial personnel (KMP) ₹ 257.26 Million (₹ 552.10 Million).

## B19 OTHER FINANCIAL LIABILITIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Current maturities of non-current borrowings *</b>		
<b>Secured</b>		
(a) Term loan from banks:		
Foreign currency non-resident term loans	665.49	133.20
Euro term loans	1,168.63	2,758.65
(b) Term loan from others:		
Magyar Import-Export Bank ZRT	-	970.14
(c) Deferred payment liabilities:		
Deferred payment credit I	4.46	4.13
Deferred payment credit II	1.47	1.83
Deferred payment credit III	-	29.65
	<b>1,840.05</b>	<b>3,897.60</b>
Interest accrued but not due on borrowings	749.61	729.00
Unclaimed dividends #	109.57	71.84
Accounts payable - capital	4,595.85	2,218.21
Payable to micro, small and medium enterprises - capital (refer note C19)	76.65	45.82
Interest payable to micro, small & medium enterprises (refer note C19)	10.58	10.58
Payable to related parties (refer note C22)	247.59	394.00
Security deposits - vendors	385.23	339.72
Advances received / credit balance from customers	3,559.50	2,037.26
Derivative liabilities measured at fair value (refer note C14)	41.36	96.57
Lease liability (refer note C9)	1,987.21	-
	<b>13,603.20</b>	<b>9,840.60</b>

\* For details regarding repayment terms, interest rate and nature of security on current maturities of non-current borrowings (refer note B13(a)).

# Includes ₹ 4.30 Million (₹ 3.74 Million) which has not been transferred to the Investor Education and Protection Fund under Section 124 of the Companies Act, 2013, as per the orders/ instructions of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992.

## NON-FINANCIAL LIABILITIES (CURRENT)

### B20 OTHER CURRENT LIABILITIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Statutory dues payable	2,504.34	4,062.34
Deferred revenue	32.40	46.13
Others	126.55	117.74
	<b>2,663.29</b>	<b>4,226.21</b>

## B21 PROVISIONS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Provision for employee benefits</b>		
Provision for compensated absences (refer note C10)	269.56	246.09
Provision for superannuation	28.02	25.00
<b>Others (refer note C10)</b>		
Provision for constructive liability	51.99	50.42
Provision for contingencies	425.00	425.00
Provision for sales related obligations	1,969.53	1,770.70
	<b>2,744.10</b>	<b>2,517.21</b>

## B22 CURRENT TAX LIABILITIES (NET)

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Provision for taxation	23,033.08	20,475.76
Advance tax	(22,319.85)	(19,527.12)
	<b>713.23</b>	<b>948.64</b>

## B23 OTHER OPERATING INCOME

₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Investment promotion subsidy (refer note C12)	87.15	235.93
Unwinding of deferred income (refer note C12)	1,735.41	1,438.44
Sale of raw material scrap	396.67	532.23
Provisions / liabilities no longer required written back	11.73	479.82
Others	74.08	68.09
	<b>2,305.04</b>	<b>2,754.51</b>

## B24 OTHER INCOME

₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Interest earned on deposits:</b>		
- Bank	1.87	30.44
- Inter corporate deposit	-	173.41
- Others	53.95	30.31
<b>(b) Dividend income from current investments - fair value through profit and loss</b>		
Mutual funds	-	50.83
<b>(c) Others</b>		
Profit on sale of property, plant and equipment (net)	19.67	15.98
Gain on foreign exchange fluctuation (net)	-	564.54
Gain on fair value change in investments	-	0.04
Miscellaneous	393.27	365.68
	<b>468.76</b>	<b>1,231.23</b>



## B25 MANUFACTURING AND OTHER EXPENSES

₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cost of materials consumed: *</b>		
Raw materials consumed	70,498.26	86,260.87
<b>Purchase of stock-in-trade:</b>		
Purchase of finished goods - tyres, tubes and flaps	18,341.14	19,825.58
<b>Employee benefits expense: *</b>		
Salaries and wages	20,295.13	19,486.21
Contribution to provident and other funds	2,930.78	3,240.44
Staff welfare	1,596.08	1,569.17
	<b>24,821.99</b>	<b>24,295.82</b>
<b>Other expenses: *</b>		
Consumption of stores and spare parts	1,255.00	1,395.78
Power and fuel	4,282.50	4,888.63
Conversion charges	632.55	808.25
Repairs and maintenance		
- Machinery	799.98	760.54
- Buildings	92.17	129.74
- Others	2,256.89	2,009.22
Rent (refer note C9)	242.17	2,121.42
Lease rent - factory	-	633.29
Insurance	498.10	337.58
Rates and taxes	173.99	203.87
Sitting fees to non-executive directors (refer note C22)	8.05	10.25
Commission to non-executive directors (refer note C22)	40.00	60.00
Loss on foreign exchange fluctuation (net)	17.47	-
Travelling, conveyance and vehicle	2,109.28	1,839.75
Postage, telephone and stationery	282.81	293.12
Conference	173.30	113.74
Freight and forwarding	7,182.62	7,130.02
Commission on sales	51.90	50.51
Sales promotion	477.20	759.09
Advertisement and publicity	4,321.61	3,738.38
Corporate social responsibility (refer note C20)	183.70	213.83
Bank charges	193.41	175.56
Statutory auditor's remuneration (refer note C15)	66.97	68.18
Provision for doubtful debts / advances (refer note C5)	76.83	52.08
Legal and professional	715.62	767.14
Miscellaneous #	2,402.80	1,663.74
	<b>28,536.92</b>	<b>30,223.71</b>

\* Includes expense towards research and development (refer note C16).

# Includes donation to electoral trust ₹ 300 Million (Nil)

## B26 FINANCE COSTS

₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>(a) Interest expense:</b>		
Interest on fixed-term loans	543.16	442.65
Interest on debentures	575.22	516.59
Interest on current loans	534.55	316.12
Others *	1,103.95	516.82
<b>(b) Other borrowing costs</b>	51.45	18.52
	<b>2,808.33</b>	<b>1,810.70</b>

\* Includes interest expense pertaining to leasing arrangements during the current year amounting to ₹ 555.28 Million.

## C. OTHER NOTES

forming part of the Consolidated Financial Statements

### 1 DIRECTLY ATTRIBUTABLE EXPENSES CAPITALIZED / INCLUDED IN CAPITAL WORK IN PROGRESS:

₹ Million

Particulars	2019-20	2018-19
Raw material consumed	22.95	136.74
Salaries, wages and bonus	352.22	215.29
Welfare expenses	22.61	24.48
Rent	11.18	0.93
Travelling, conveyance and vehicle	36.22	40.68
Postage, telephone and stationery	6.66	1.26
Power and fuel	22.77	32.04
Insurance	7.37	2.75
Legal and professional	64.80	7.08
Miscellaneous	37.64	154.20
<b>Total</b>	<b>584.42</b>	<b>615.45</b>

- 2 Borrowing costs capitalized / transferred to capital work in progress during the year is ₹ **1,377.21 Million** (₹ 926.90 Million) and the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case **7.38%** (7.20%).

### 3 IMPAIRMENT TESTING OF INTANGIBLES WITH INDEFINITE LIFE

Intangibles with indefinite useful life comprises goodwill, trademarks and other intangible assets.

For the purpose of annual impairment testing, goodwill is allocated to the cash generating units expected to benefit from the synergies of the business combinations in which the goodwill arises. The Group acquired 100% shareholding of Reifencor GmbH Hannover, one of the largest tyre distributor in Germany on January 1, 2016. Deferred consideration payable on acquisition of subsidiary, payable to erstwhile members of Reifencor GmbH Hannover and the fair value of the net assets acquired and intangibles recognised has been considered as a part of purchase consideration for computation of goodwill. In addition to goodwill, certain trademarks and other intangible assets were also recognized in the consolidated financial statements which were not recorded in the separate financial statement of the acquiree. Further, there are certain other trademarks that were acquired as part of acquisition of AVBV (Apollo Vredestein B.V.).

As on March 31, 2020, the carrying value of other intangible assets amounting to ₹ **346.31 million** (₹ 323.39 million) have been determined to have indefinite useful life (refer note B1).

**Changes in the net carrying amount of trademarks is summarized as below:**

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Opening balance	2,037.07	2,106.01
Foreign exchange translation impact	144.34	(68.94)
<b>Closing balance</b>	<b>2,181.41</b>	<b>2,037.07</b>

**Changes in the net carrying amount of goodwill is summarized as below:**

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Opening balance	1,993.25	2,060.71
Foreign exchange translation impact	141.24	(67.46)
<b>Closing balance</b>	<b>2,134.49</b>	<b>1,993.25</b>





## Impairment

An impairment test was carried out as on March 31, 2020, details of the test are as outlined below:

Particulars	Trademarks <sup>#</sup>	Goodwill, Trademarks and Other intangibles <sup>*</sup>
Discount Rate	8.20%	10.70%
Growth Rate	0% - 2%	2%
Number of years for which cash flows were considered	5	5
Test Result	No Impairment Loss	No Impairment Loss

An impairment test was carried out as on March 31, 2019, details of the test are as outlined below:

Particulars	Trademarks <sup>#</sup>	Goodwill, Trademarks and Other intangibles <sup>*</sup>
Discount Rate	9.10%	8.20%
Growth Rate	0% - 2%	2%
Number of years for which cash flows were considered	5	4
Test Result	No Impairment Loss	No Impairment Loss

<sup>#</sup> pertains to AVBV acquisition

<sup>\*</sup> pertains to Reifencor GmbH Hannover acquisition

## Growth rates

The growth rates used are in line with the growth rate of the industry and the countries in which the entities operates and are consistent with internal / external sources of information.

## Discount rates

The discount rates takes into consideration market risk and specific risk factors of the cash generating unit. The cash flow projections are based on the forecasts made by the management.

## Sensitivity

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

## 4 INVENTORIES

- Out of the total inventories of ₹ **32,069.16 Million** (₹ 34,840.86 Million), the carrying amount of inventories carried at fair value less costs to sell amounted to ₹ **377.82 Million** (₹ 447.47 Million).
- The amount of write down of inventories to net realizable value recognised as an expense was ₹ **178.39 Million** (₹ 136.78 Million).
- The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ **92,010.91 Million** (₹ 102,778.37 Million).

## 5 CHANGES IN PROVISION FOR DOUBTFUL TRADE RECEIVABLES:

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Opening balance</b>	<b>439.62</b>	<b>466.31</b>
Addition during the year	76.83	52.08
Utilisation / reversal during the year	(35.40)	(63.97)
Foreign exchange translation impact	28.35	(14.80)
<b>Closing balance</b>	<b>509.40</b>	<b>439.62</b>

## 6 DESCRIPTION OF NATURE AND PURPOSE OF EACH RESERVE

### i. Securities premium

Securities premium is used to record the premium on issue of shares. The reserve will be utilised in accordance with provisions of the Act.

### ii. General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purpose. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.

### iii. Capital reserve on consolidation

This balance represents excess of net assets of AVBV acquired at fair value over the purchase consideration.

### iv. Capital reserve on Apollo (Mauritius) Holdings Private Limited ("AMHPL") merger

AMHPL erstwhile (subsidiary company) was merged with the Company resulting in a capital reserve.

### v. Debenture redemption reserve

The Company is required to create a debenture redemption reserve out of the profits which are available for redemption of debentures.

### vi. Capital subsidy

This balance represents subsidy received under New Industrial Policy 2007 of the Government of Tamil Nadu for expansion and employment generation within SIPCOT Industrial park.

### vii. Capital redemption reserve

This reserve has been created in accordance with provision of the Act for the buy back of equity shares from the market.

### viii. Capital reserve on forfeiture of shares

This reserve was created on forfeiture of shares by the Company. The reserve is not available for the distribution to the shareholders.

### ix. Retained earnings

Retained earnings are created from the profit of the Group, as adjusted for distribution to owners, transfer to other reserve, remeasurement of defined benefit plans etc.

### x. Foreign currency translation reserve

This balance represents exchange rate adjustment arising on consolidation of foreign subsidiaries due to difference in opening, average and closing conversion rates.

7 The Board of Directors have recommended a final dividend of Nil (₹ 3.25) per share amounting to Nil (₹ 1,859.16 Million) on Equity Shares of ₹ 1/- each for the year, subject to approval from Shareholders. Dividend distribution tax on such dividend amounts to Nil (₹ 382.16 Million).

8 During the previous year, the Company held unsecured, short term intercorporate deposit of ₹ 2,000 million with IL&FS Financial Services Ltd ("IL&FS"). The said deposit was due for maturity on October 22, 2018, however, IL&FS has defaulted on its repayment. The interest accrued and due on this investment of ₹ 80.33 Million till October 22, 2018 has not been recorded. As a result of increased credit risk in relation to outstanding balances from IL&FS and the uncertainty prevailing due to the proceedings pending with the NCLT, the entire amount of ₹ 2,000 million has been written off and disclosed as an exceptional item in the financial statements.

## 9 LEASES

### i. Nature of leasing activities

The Group has entered into lease arrangements for various warehouses, vehicles, plant and equipment, offices and other assets that are renewable on a periodic basis with approval of both lessor and lessee.

ii The Group does not have any lease commitments towards variable rent as per the contract.

iii Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

### iv Lease liabilities are presented in the consolidated statement of financial position as follows:

₹ Million

Particulars	As on March 31, 2020
Non current	8,222.43
Current	1,987.21
<b>Total</b>	<b>10,209.64</b>



v Future minimum lease payments as on 31 March 2020 are as follows:

₹ Million

Particulars	As on March 31, 2020		
	Lease payments	Finance charges	Net present values
<b>Minimum lease payments due</b>			
Within 1 year	2,478.60	(491.39)	1,987.21
1-2 years	2,117.38	(396.09)	1,721.29
2-3 years	1,758.07	(350.87)	1,407.20
3-4 years	1,319.37	(295.31)	1,024.06
4-5 years	1,016.34	(247.21)	769.13
After 5 years	3,876.46	(575.71)	3,300.75
<b>Total</b>	<b>12,566.22</b>	<b>(2,356.58)</b>	<b>10,209.64</b>

vi Lease payments not recognised as a liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

₹ Million

Particulars	As on March 31, 2020
Short term leases	47.93
Leases of low value assets	53.55
Variable lease payments	140.69
<b>Total</b>	<b>242.17</b>

vii Additional information on the right-of-use assets by class of assets is as follows:

₹ Million

Particulars	Carrying amount (Net block)	Depreciation expense
<b>As on March 31, 2020</b>		
Buildings	9,396.51	2,009.88
Plant & equipment	436.19	171.59
Vehicles	381.76	185.86
Others	8.57	4.32
<b>Total right-of-use assets</b>	<b>10,223.03</b>	<b>2,371.65</b>

viii Reconciliation of total lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

₹ Million

Particulars	Amount
<b>Total operating lease commitments disclosed at March 31, 2019 (a)</b>	<b>10,813.93</b>
<b>Recognition exemptions:</b>	
- Leases of low value assets, leases of less than 12 months & variable lease payments not recognised (b)	16.24
<b>Operating lease liabilities before discounting (c) = (a - b)</b>	<b>10,797.69</b>
Discounted using incremental borrowing rate (d)	2,865.65
<b>Operating lease liabilities (e) = (c - d)</b>	<b>7,932.04</b>
Reasonably certain extension options / other adjustments (f)	3,034.74
<b>Total lease liabilities recognised under Ind AS 116 at April 01, 2019 (e + f)</b>	<b>10,966.78</b>

ix Total cash outflow pertaining to leases during the year ended March 31, 2020 is ₹ 2,595.62 Million.

x As on March 31, 2020, the Group has committed short term leases and total commitment at that date is ₹ 139.70 Million.

## 10 PROVISIONS - NON-CURRENT / CURRENT

### (i) Changes in non-current provisions is as below:

₹ Million

Particulars	Provision for sales related obligations *	Provision for constructive liability **	Provision for jubilee benefits #
<b>As on March 31, 2018</b>	304.03	281.08	179.60
Addition during the year	25.50	22.59	9.89
Utilisation / reversal during the year	-	(0.06)	-
Foreign exchange translation impact	-	(17.26)	(6.28)
<b>As on March 31, 2019</b>	<b>329.53</b>	<b>286.35</b>	<b>183.21</b>
Addition during the year	-	15.00	2.52
Utilisation / reversal during the year	(10.50)	(10.19)	(17.12)
Foreign exchange translation impact	-	(12.86)	12.17
<b>As on March 31, 2020</b>	<b>319.03</b>	<b>278.30</b>	<b>180.78</b>

\* Represents estimates for payments to be made in future for sales related obligations (including warranties).

\*\* Includes post-employment benefit obligation for the employees of related party engaged by the company at its Kalamessary plant taken on lease and provision on account of post employment medical benefit obligation of ex-employees in case of Apollo Tyres Africa (Pty) Ltd.

# There is a jubilee scheme in place for all employees of Apollo Tyres B.V. on Dutch payroll. For 12.5, 25 and 40 years of service, benefits are paid to the personnel.

### (ii) Changes in current provisions is as below:

₹ Million

Particulars	Provision for compensated absences	Provision for sales related obligations *	Provision for constructive liability	Provision for contingencies
<b>As on March 31, 2018</b>	235.21	2,295.02	38.55	790.00
Addition during the year	14.22	1,999.29	11.87	-
Utilisation / reversal during the year	(2.28)	(2,495.47)	-	(365.00)
Foreign exchange translation impact	(1.06)	(28.14)	-	-
<b>As on March 31, 2019</b>	<b>246.09</b>	<b>1,770.70</b>	<b>50.42</b>	<b>425.00</b>
Addition during the year	230.32	2,092.44	1.57	-
Utilisation / reversal during the year	(208.59)	(1,953.84)	-	-
Foreign exchange translation impact	1.74	60.23	-	-
<b>As on March 31, 2020</b>	<b>269.56</b>	<b>1,969.53</b>	<b>51.99</b>	<b>425.00</b>

\* Represents estimates for payments to be made in future for sales related obligations (including warranties).

## 11 INCOME TAXES

### (i) Reconciliation between average effective tax rate and applicable tax rate

Particulars	2019-20		2018-19	
	₹ Million	Rate (%)	₹ Million	Rate (%)
<b>Profit before tax</b>	<b>5,434.37</b>		<b>8,881.29</b>	
Income tax using the Company's domestic tax rate	1,898.77	34.94	3,103.48	34.94
<b>Tax effect of</b>				
Effect of different tax rates in foreign jurisdictions	(208.85)	(3.84)	(171.02)	(1.93)
Change in tax rates in foreign jurisdictions	196.37	3.61	(207.28)	(2.33)
Non deductible expenses	422.05	7.77	175.33	1.97
Tax exempt income	(608.07)	(11.19)	(515.93)	(5.81)
Tax incentives and concessions	(1,167.57)	(21.48)	(261.75)	(2.94)
Others	137.72	2.53	(39.94)	(0.45)
<b>Income tax expense recognised in the consolidated statement of profit and loss</b>	<b>670.42</b>	<b>12.34</b>	<b>2,082.89</b>	<b>23.45</b>



## (ii) Components of deferred tax liability (net)

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, plant and equipments and intangible assets	13,280.26	10,698.21
Employee benefits	26.62	26.62
Others	676.48	481.48
<b>Gross deferred tax liability (a)</b>	<b>13,983.36</b>	<b>11,206.31</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Carry forward tax losses	1,761.13	-
Employee benefits	303.11	203.72
Provisions for doubtful debt / advances	141.89	141.89
Minimum alternate tax entitlement	3,179.33	2,152.78
Others	1,121.01	476.07
<b>Gross deferred tax asset (b)</b>	<b>6,506.47</b>	<b>2,974.46</b>
<b>Deferred tax liability (net) (a - b)</b>	<b>7,476.89</b>	<b>8,231.85</b>

## (iii) Components of deferred tax asset (net)

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
<b>Tax effect of items constituting deferred tax assets</b>		
Employee benefits	166.60	111.45
Carry forward tax losses	191.36	275.08
Others	87.06	138.55
<b>Deferred tax asset (net)</b>	<b>445.02</b>	<b>525.08</b>

One of the subsidiary company has net carry forward losses on which deferred tax asset has not been recognised amounting to ₹ 196.91 Million as on March 31, 2020 (₹ 136.43 Million as on March 31, 2019) which has a 15-20 year carry forward period.

## (iv) Components of deferred tax expense

₹ Million

Particulars	2019-20	2018-19
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, plant and equipments and intangible assets	1,974.06	1,111.12
Others	199.58	237.62
<b>Sub-total (a)</b>	<b>2,173.64</b>	<b>1,348.74</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Carry forward tax losses	1,610.79	92.37
Minimum alternate tax entitlement	1,026.56	1,004.83
Others	139.92	39.74
<b>Sub-total (b)</b>	<b>2,777.27</b>	<b>1,136.94</b>
<b>Total (a - b)</b>	<b>(603.63)</b>	<b>211.80</b>

## (v) The movement in net deferred tax liability is as follows:

₹ Million

Particulars	2019-20	2018-19
Net deferred tax liability at the beginning of the year	7,706.77	7,432.91
Deferred tax expense recognised in the consolidated statement of profit and loss	(603.63)	211.80
Deferred tax expense / (income) recognised in other comprehensive income	(194.62)	(1.83)
Foreign exchange translation impact	123.35	63.89
<b>Net deferred tax liability at the end of the year</b>	<b>7,031.87</b>	<b>7,706.77</b>

(vi) Pursuant to the Taxation Laws (Amendment) Ordinance, 2019 issued on September 20, 2019, corporate assesses have been given the option to apply lower income tax rate with effect from April 01, 2019, subject to certain conditions specified therein. The Company has carried out an evaluation and based on its forecasted profits, believes it will not be beneficial for the Company to choose the lower tax rate option in the near future. Accordingly, no effect in this regard has been considered in measurement of tax expense for year ended March 31, 2020. Management, however, will continue to review its profitability forecast at regular intervals and make necessary adjustments to tax expense when there is reasonable certainty to avail the beneficial (lower) rate of tax.

(vii) The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the business plans and budgets for the Company / subsidiary companies.

## 12 GOVERNMENT GRANTS

### a) Investment promotion subsidy from Government of Tamil Nadu

Pursuant to the Memorandum of Understanding (MoU) executed between the Government of Tamil Nadu (GoTN) and the Company, the Company is entitled, inter alia, for refund of an amount equal to Net Output (VAT + CST) / GST paid by the Company to GoTN in the form of Investment Promotion Subsidy.

As the Company has fulfilled the relevant obligations, the Company has recognized subsidy income of ₹ **87.15 Million** (₹ 235.93 Million) as other operating income, being the eligible amount of refund of Net Output (VAT + CST) / GST paid by the Company to GoTN.

### b) Export promotion capital goods

The Company had imported property, plant and equipment under the Export Promotion Capital Goods (EPCG) scheme wherein the Company is allowed to import capital goods including spares without payment of customs duty, subject to certain export obligations which should be fulfilled within specified time period. During the year, the custom duty benefit received amounts to ₹ **2,531.28 Million** (₹ 890.91 Million) with a corresponding increase in the value of property, plant and equipment and capital work in progress. The grant amounting to ₹ **1,735.41 Million** (₹ 1,438.44 Million) where export obligations have been met, have been recognized in consolidated statement of profit and loss as other operating income. At the year end, the portion of grant for which the export obligation has not been met is retained in deferred revenue under other non current liabilities.

c) The Group has successfully completed its greenfield project in Gyöngyöshalász, Hungary through its subsidiary Apollo Tyres Hungary Kft (ATH Kft) for manufacturing of passenger car and commercial vehicle tyres. For this project, ATH Kft had 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 was June 23, 2014 and the investment completion date was December 31, 2019. ATH Kft has informed to the authority for project completion within original stipulated time. The plant is under production ramp up phase. 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 ₹ **171.80 Million** (₹ 856.77 Million) has been received during the year, being the eligible amount of grant during the year. This amount has been accounted as deferred revenue (included in other non-current liabilities).

Out of the total grant, ₹ **166.58 Million** (₹ 130.37 Million) has been amortised during the year & recognized as income in consolidated statement of profit and loss. Amortisation of grant is based on relevant assets depreciation which have been subsidised. The un-amortized portion of grant has been retained in deferred revenue under other non-current liabilities.

## 13 EMPLOYEE BENEFIT LIABILITY

### i. Defined contribution plans

#### A. Indian operations

a. **Superannuation plan:** The Company contributes a sum equivalent to 15% of the eligible employees' basic salary to a superannuation fund administered and maintained by the Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The amount of contribution paid by the Company to Superannuation Fund is ₹ **103.69 Million** (₹ 89.03 Million).

b. **Provident fund:** Contributions are made to the Company's employees' provident fund trust / regional provident fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

In the case of contributions to the trust, the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate and recognises such obligation as an expense.

The amount of contributions made by the Company to employees' provident fund trust / regional provident fund is ₹ **308.19 Million** (₹ 256.47 Million).

#### B. Foreign operations

At reporting date, employees of Apollo Vredestein B.V. participated in defined contribution pension plan. Under this pension plan, fixed contributions are paid to the insurance company. Apollo Vredestein B.V. has no legal or constructive obligation to pay further contribution and the insurance service provider is responsible to hold sufficient assets to pay all employee benefits relating to employee service.





Contributions that will not be settled within 12 months are discounted and recognized as liability.

The other foreign subsidiaries in the Group have contributed to various defined contribution plans as per the local laws of the respective countries.

The amount of contribution made by various foreign subsidiaries is ₹ **181.85 Million** (₹ 175.48 Million).

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

₹ Million		
Particulars	2019-20	2018-19
Current service cost <sup>^</sup>	110.25	83.42
Interest cost on benefit obligation <sup>*</sup>	88.92	86.86
Actual return on plan assets <sup>*</sup>	(77.31)	(79.14)
<b>Expense recognized in the consolidated statement of profit and loss</b>	<b>121.86</b>	<b>91.14</b>

<sup>^</sup> Included in employee benefit expense

<sup>\*</sup> Included in finance cost

#### Other comprehensive income (experience adjustment)

₹ Million		
Particulars	2019-20	2018-19
Actuarial (gain) / loss for the year on defined benefit obligation	230.40	(23.94)
Actuarial (gain) / loss for the year on plan asset	15.00	(4.00)
<b>Total</b>	<b>245.40</b>	<b>(27.94)</b>

#### Consolidated balance sheet

##### Net asset / (liability) recognised in the consolidated balance sheet

₹ Million		
Particulars	As on March 31, 2020	As on March 31, 2019
Fair value of plan assets at the end of the year (a)	1,696.22	1,206.66
Present value of defined benefit obligation at the end of the year (b)	1,496.95	1,162.30
<b>Net asset / (liability) recognized in the consolidated balance sheet (a - b)</b>	<b>199.27</b>	<b>44.36</b>

#### Changes in the present value of the defined benefit obligation

₹ Million		
Particulars	2019-20	2018-19
Present value of obligations as at the beginning of the year	1,162.30	1,128.09
Interest cost	88.92	86.86
Current service cost	110.25	83.42
Benefits paid	(94.92)	(112.13)
Actuarial loss / (gain) on obligation	230.40	(23.94)
<b>Present value of obligation as at the end of the year</b>	<b>1,496.95</b>	<b>1,162.30</b>

#### Changes in the fair value of plan assets

₹ Million		
Particulars	2019-20	2018-19
Fair value of plan assets at beginning of the year	1,206.66	969.30
Actual return on plan assets	77.31	79.14
Contributions	522.17	266.35
Benefits paid	(94.92)	(112.13)
Actuarial (loss) / gain on plan assets	(15.00)	4.00
<b>Fair value of plan assets as at the end of the year</b>	<b>1,696.22</b>	<b>1,206.66</b>

The Company's gratuity funds are managed by the LIC and therefore the composition of the fund assets is not presently ascertained.

#### Maturity profile of defined benefit obligation

₹ Million		
Particulars	As on March 31, 2020	As on March 31, 2019
0-1 year	179.02	196.33
1-2 year	63.86	17.11
2-3 year	62.70	17.06
3-4 year	65.81	16.80
4-5 year	70.90	38.57
More than 5 years	1,054.66	876.43
<b>Total</b>	<b>1,496.95</b>	<b>1,162.30</b>

#### Principal assumptions for gratuity

Particulars	As on March 31, 2020 Rate (%)	As on March 31, 2019 Rate (%)
a) Discount rate	6.88	7.65
b) Future salary increase*	6.00	6.00
c) Expected rate of return on plan assets	7.43	7.85
d) Retirement age (years)	58	58
e) Mortality table	IALM (2012-2014)	IALM (2006-2008)
f) Ages (withdrawal rate %)		
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

Estimated amount of contribution in the immediate next year is ₹ 123.32 Million (₹ 86.94 Million).

#### Sensitivity analysis of the defined benefit obligation

₹ Million			
Impact of change in	Discount rate	Salary increase	Attrition rate
Present value of obligation as on March 31, 2020	1,496.95	1,496.95	1,496.95
Impact due to increase of 0.50%	(69.34)	75.62	(9.92)
Impact due to decrease of 0.50%	75.34	(70.21)	10.67

₹ Million			
Impact of change in	Discount rate	Salary increase	Attrition rate
Present value of obligation as on March 31, 2019	1,162.30	1,162.30	1,162.30
Impact due to increase of 0.50%	(49.39)	54.13	11.59
Impact due to decrease of 0.50%	53.52	(50.36)	(12.98)

## B. Foreign operations

The pension liability as recorded in the consolidated balance sheet relates to the defined benefit plan of Apollo Vredestein GmbH and Reifencor GmbH Hannover where the actuarial calculation was performed by certified actuarial firms.

### 1 Apollo Vredestein GmbH

#### Principal assumptions

Particulars	As on March 31, 2020 Rate (%)	As on March 31, 2019 Rate (%)
Inflation	1.75	1.75
Indexation non-active members	1.75	1.75
Mortality table	Heubeck 2018G	Heubeck 2005G
Individual salary increase (dependent on age)	3.00	3.00
Discount rate	0.60	1.80



## Changes in the present value of the defined benefit obligation

₹ Million

Particulars	2019-20	2018-19
<b>Defined benefit obligation</b>		
Present value of obligation as at the beginning of the year	671.48	664.84
Service cost	16.06	17.95
Interest cost	12.07	12.53
Benefits paid	(21.66)	(21.49)
Remeasurements due to experience	(7.74)	0.51
Remeasurements due to change in financial assumptions	171.87	12.34
Remeasurements due to change in demographic assumptions	-	7.71
	<b>842.08</b>	<b>694.39</b>
Foreign exchange translation impact	56.94	(22.91)
<b>Present value of obligation as at the end of the year</b>	<b>899.02</b>	<b>671.48</b>

## Net asset / (liability) recognised in the consolidated balance sheet

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
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)	899.02	671.48
<b>Net (liability) recognized in the consolidated balance sheet (a - b)</b>	<b>(899.02)</b>	<b>(671.48)</b>

## Sensitivity analysis

₹ Million

Particulars	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
	2019-20	2019-20	2018-19	2018-19
Discount rate	Increase by 1.00%	-17.27%	Increase by 1.00%	-15.65%
Salary increase	Increase by 0.50%	1.69%	Increase by 0.50%	1.55%
Inflation	Increase by 0.25%	3.46%	Increase by 0.25%	3.15%

## Maturity profile of defined benefit obligation

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
0-1 year	23.43	21.82
1-2 year	23.58	21.86
2-3 year	23.55	22.04
3-4 year	24.01	22.05
4-5 year	24.60	22.50
5-10 years	138.58	125.90
<b>Total</b>	<b>257.75</b>	<b>236.17</b>

## 2 Reifencom Gmbh Hannover

### Principal assumptions

Particulars	As on March 31, 2020 Rate (%)	As on March 31, 2019 Rate (%)
Inflation	1.75	1.75
Mortality table	Heubeck 2018G	Heubeck 2018G
Retirement age (years)	65	65
Discount rate	0.60	1.80

#### Changes in the present value of the defined benefit obligation

₹ Million

Particulars	2019-20	2018-19
Present value of obligation as at the beginning of the year	102.08	187.70
Service cost	0.31	8.94
Interest cost	1.86	3.60
Remeasurements due to experience	0.35	(96.40)
Remeasurements due to change in financial assumptions	15.00	1.25
Remeasurements due to change in demographic assumptions	-	(0.22)
	<b>119.60</b>	<b>104.87</b>
Foreign exchange translation impact	8.19	(2.79)
<b>Present value of obligation as at the end of the year</b>	<b>127.79</b>	<b>102.08</b>

#### Changes in the fair value of plan assets

₹ Million

Particulars	2019-20	2018-19
Fair value of plan assets as at the beginning of the year	129.55	129.71
Actuarial gain on plan assets	1.61	1.78
Interest income	2.37	2.49
	<b>133.53</b>	<b>133.98</b>
Foreign exchange translation impact	9.31	(4.43)
Fair value of plan assets as at the end of the year	<b>142.84</b>	<b>129.55</b>

#### Net asset / (liability) recognised in the consolidated balance sheet

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Fair value of plan assets as at the end of the year (a)	142.84	129.55
Present value of defined benefit obligation as at the end of the year (b)	127.79	102.08
<b>Net asset / (liability) recognized in the consolidated balance sheet (a - b)</b>	<b>15.05</b>	<b>27.47</b>

#### Sensitivity analysis

₹ Million

Particulars	Change in assumption	Change in defined benefit obligation	Change in assumption	Change in defined benefit obligation
	2019-20	2019-20	2018-19	2018-19
Discount rate	Increase by 1.0%	-10.45%	Increase by 1.0%	-11.06%
Discount rate	Decrease by 1.0%	11.93%	Decrease by 1.0%	12.68%
Inflation	Increase by 0.25%	0.23%	Increase by 0.25%	0.18%
Inflation	Decrease by 0.25%	-0.22%	Decrease by 0.25%	-0.18%

#### Maturity profile of defined benefit obligation

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
0-1 year	0.17	0.15
1-2 year	0.19	0.16
2-3 year	0.21	0.18
3-4 year	0.23	0.20
4-5 year	0.25	0.22
More than 5 years	126.74	101.17
<b>Total</b>	<b>127.79</b>	<b>102.08</b>



### iii Other long term employee benefits

#### Long term compensated absences

Principal assumptions for long term compensated absences

Particulars	As on March 31, 2020 Rate (%)	As on March 31, 2019 Rate (%)
a) Discount rate	6.88	7.65
b) Future salary increase*	6.00	6.00
c) Retirement age (years)	58	58
d) Mortality table	IALM (2012-2014)	IALM (2006-2008)
e) Ages (withdrawal rate %)		
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

## 14 FINANCIAL INSTRUMENT

### A) Capital risk management

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders which comprises issued share capital (including premium) and accumulated reserves disclosed in the consolidated statement of changes in equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total equity. The Group's policy is to keep an optimum gearing ratio. The Group includes within debt, interest bearing loans and borrowings.

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Borrowings (refer note B13 and B17)	65,798.85	47,209.98
Current maturities of non current borrowings (refer note B19)	1,840.05	3,897.60
<b>Sub-total (a)</b>	<b>67,638.90</b>	<b>51,107.58</b>
Equity (refer note B12)	572.05	572.05
Other equity	98,728.09	99,826.14
<b>Sub-total (b)</b>	<b>99,300.14</b>	<b>100,398.19</b>
<b>Capital gearing ratio (a) / (b)</b>	<b>0.68</b>	<b>0.51</b>

### B) Financial risk management

#### a) Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. The Group enters into a variety of derivative financial instrument to manage its exposure to foreign currency and interest rates. There have been no major changes to the Group's exposure to market risk or the manner in which it manages and measures the risk in recent past.

#### i) Currency risk

The Group's exposure arises mainly on import (of raw material and capital items) and export (of finished goods). Wherever possible, the Group follows a policy of matching of import and export exposures (natural hedge) to reduce the net exposure in any foreign currency. Whenever the natural hedge is not available or is not fully covering the foreign currency exposure of the Group, management uses certain derivative instruments to manage its exposure to the foreign currency risk. Derivative counter parties are limited to high credit quality financial institutions. The local management continuously monitors the entity's exposure to foreign currency risk as well as its use of derivative instruments as per the risk management policy of the respective entity.

## Currency wise net exposure of the Group

₹ Million

Currency	As on March 31, 2020	Sensitivity + 1%	Sensitivity -1%	As on March 31, 2019	Sensitivity + 1%	Sensitivity -1%
USD	12,724.55	127.25	(127.25)	(12,952.73)	(129.53)	129.53
Euro	(1,908.32)	(19.08)	19.08	(10,297.74)	(102.98)	102.98
GBP	(44.53)	(0.45)	0.45	(203.96)	(2.04)	2.04
Others	314.86	3.15	(3.15)	810.23	8.10	(8.10)

### 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.

Interest on variable rate borrowings in the Company are converted at fixed rate since the company has hedged interest rate risk fully and effectively with the hedging instruments.

The table below presents the impact on profit before tax for variable rate borrowings taken by subsidiary companies assuming a market interest rate shift of 0.25%:

### Sensitivity analysis

₹ Million

Particulars	As on March 31, 2020	Sensitivity +0.25%	Sensitivity -0.25%	As on March 31, 2019	Sensitivity +0.25%	Sensitivity -0.25%
Non-current borrowings (including current maturities)	14,544.43	(36.36)	36.36	17,705.12	(44.26)	44.26
Current borrowings	2,080.31	(5.20)	5.20	1,803.22	(4.51)	4.51

### b) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. All entities in the Group have their approved commercial policy based on which the credit risk is managed. The Group has adopted a policy of only dealing with creditworthy customers.

Trade receivables comprise a widespread customer base and each entity undertakes on going credit evaluations of the financial condition of its customers, which may be based on the information supplied by the credit rating agencies, publicly available financial information and its own trading records and trends. In many cases, an appropriate advance is taken from the customer. In other cases, the entities use various methods to limit the credit risk viz. credit insurance, bank guarantee, post dated cheques etc.

At the year end, the Group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

### c) Price risk

One of the subsidiary in the Group has executed commodity future contracts which are transacted in standardised amounts on regulated exchanges. The derivative financial instrument are measured at fair value through profit and loss and classified under Level 1 of the fair value measurement hierarchy.

### d) Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities for each entity. The Group has established an appropriate liquidity risk management framework for each entity's short term, medium term and long term funding requirement.





The below tables summarise the maturity profile of the Group's financial assets and financial liabilities

i. Non derivative financial assets

₹ Million

Particulars	As on March 31, 2020			As on March 31, 2019		
	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	16,461.64	687.29	437.95	18,609.49	789.04	60.17
Fixed interest rate instruments	811.81	-	-	462.56	-	-

ii. Non derivative financial liabilities

₹ Million

Particulars	As on March 31, 2020			As on March 31, 2019		
	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	32,075.44	-	-	24,940.97	-	-
Lease liability	1,987.22	4,921.67	3,300.75	35.61	43.18	20.80
Variable interest rate instruments	5,696.93	25,616.96	9,068.56	9,164.49	24,125.20	3,517.64
Fixed interest rate instruments	11,212.74	14,536.84	2,256.49	1,814.50	11,756.44	2,200.00

iii. Derivative assets / (liabilities)

₹ Million

Particulars	As on March 31, 2020			As on March 31, 2019		
	Less than 1 year	1 to 5 years	5 years and above	Less than 1 year	1 to 5 years	5 years and above
<b>Net settled:</b>						
- commodity future contract	3.28	-	-	-	-	-
- commodity future contract	(39.78)	-	-	(1.24)	-	-
- foreign currency forward contracts, futures and options	(1.58)	(26.59)	-	(95.33)	-	-
- foreign currency forward contracts, futures and options	53.25	-	-	125.61	-	-
<b>Gross settled:</b>						
- cross currency interest rate swaps	-	-	-	-	(15.34)	-
- cross currency interest rate swaps	-	1,500.33	-	-	34.20	488.38
<b>Total</b>	<b>15.17</b>	<b>1,473.74</b>	<b>-</b>	<b>29.04</b>	<b>18.86</b>	<b>488.38</b>

e) The below tables summarise the fair value of the financial asset / (liabilities):

i. Fair value of derivative instruments carried at fair value

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019	Fair value hierarchy (Level 1, 2 or 3) *
<b>Derivative financial assets (a)</b>			
- Foreign currency forward contracts, futures and options	53.25	125.61	2
- Cross currency interest rate swaps	1,500.33	522.58	2
- Commodity future contract	3.28	-	1
<b>Total</b>	<b>1,556.86</b>	<b>648.19</b>	
<b>Derivative financial liabilities (b)</b>			
- Foreign currency forward contracts, futures and options	28.17	95.33	2
- Cross currency interest rate swaps	-	15.34	2
- Commodity future contract	39.78	1.24	1
<b>Total</b>	<b>67.95</b>	<b>111.91</b>	
<b>Net derivative financial assets / (liabilities) (a- b)</b>	<b>1,488.91</b>	<b>536.28</b>	

ii. Fair Value of financial assets (other than derivative instruments) carried at fair value:

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019	Fair value hierarchy (Level 1, 2 or 3) *
<b>Financial assets</b>			
– Non current investments - quoted	0.42	2.79	1
– Non current investments - unquoted	147.58	11.20	3
<b>Total</b>	<b>148.00</b>	<b>13.99</b>	

iii. Fair value of financial assets / liabilities (other than investment in joint venture and associates) that are not measured at fair value

The management considers that the carrying amount of financial assets and financial liabilities recognised at amortised cost in the consolidated balance sheet approximates their fair value.

\*Level 1 - Quoted price in an active market.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for the asset or liability.

f) Details of outstanding contracts #

Currency pair	Currency	Currency value (Million)	Exchange rate	Nominal value (Million)	Buy/Sell
<b>As on March 31, 2020</b>					
<b>Foreign currency forward contracts</b>					
USD / INR	US Dollar	56.80	75.58	4,292.64	Buy
USD / THB	US Dollar	6.00	32.84	197.03	Buy
USD / ZAR	US Dollar	2.25	17.89	40.26	Buy
EUR / INR	Euro	30.99	83.14	2,576.16	Buy
EUR / GBP	British Pound	1.00	1.13	1.13	Sell
<b>Futures and options</b>					
USD / INR	US dollar	19.00	75.58	1,436.02	Buy
<b>Cross currency interest rate swaps</b>					
USD / INR	US dollar	168.94	75.58	12,768.39	Buy
Commodity future contract	US dollar	2.10	75.12	157.45	Buy / Sell
<b>As on March 31, 2019</b>					
<b>Foreign currency forward contracts</b>					
USD / INR	US Dollar	37.26	69.16	2,576.85	Buy
USD / THB	US Dollar	6.00	31.71	190.24	Buy
USD / ZAR	US Dollar	2.25	14.48	32.57	Buy
USD / MYR	US Dollar	0.60	4.08	2.45	Buy
USD / GBP	British Pound	1.50	1.32	1.98	Sell
EUR / GBP	British Pound	2.50	1.14	2.85	Sell
<b>Futures and options</b>					
USD / INR	US Dollar	8.00	69.16	553.28	Buy
<b>Cross currency interest rate swaps</b>					
USD / INR	US Dollar	171.42	69.16	11,855.08	Buy
Commodity future contract	US Dollar	0.83	69.56	57.73	Buy / Sell

# For fair value of outstanding contracts, refer note C14 (e)(i).



## g) Impact of hedging activities

## (1) Disclosures of effects of hedge accounting on consolidated balance sheet:

Type of hedge and risks	Notional amount (Million)	Carrying amount of hedging instruments (₹ Million)		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments (₹ Million)	Change in value of hedged item used as the basis for recognising hedge effectiveness (₹ Million)
		Assets	Liabilities					
As on March 31, 2020								
Cash flow hedge								
Foreign exchange and interest rate risk								
(i) Cross Currency Swaps								
USD / INR	USD 168.94	1,423.51	-	March-2022 to September-2024	1:1	69.17 to 75.24	496.04	(496.04)
Fair value hedge								
Foreign exchange risk								
(i) Foreign currency forward contracts								
EUR / INR	EUR 30.99	37.26	(26.59)	April-2020 to June-2020	1:1	82.20 to 88.90	10.67	(10.67)
USD / INR	USD 20.56	39.56	-	April-2020 to June-2020	1:1	72.25 to 75.04	39.56	(39.56)
[Carrying value of firm Commitments for capital assets is ₹ 50.22 million and is recognised in Other non-current liabilities as others]								

## (2) Disclosure of effects of hedge accounting on consolidated statement of profit and loss

₹ Million

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>For the year ended March 31, 2020</b>				
<b>Cash flow hedge</b>				
Foreign exchange and interest rate risk	496.04	-	(429.43)	Finance Cost
			1,089.18	Gain on foreign currency transactions and translations
<b>Fair value hedge</b>				
Foreign exchange risk	-	0.63	-	Gain on foreign currency transactions and translations

## (3) Movement in cash flow hedging reserve

₹ Million

Particulars	Foreign currency and interest rate risk
<b>Cash flow hedge reserve</b>	
<b>Balance as on April 01, 2019</b>	<b>(7.41)</b>
Add: Changes in fair value of cross currency swaps	496.04
Less: Amount reclassified to consolidated statement of profit and loss	(659.75)
Less: Deferred tax relating to above (net)	57.21
<b>Balance as on March 31, 2020</b>	<b>(113.91)</b>

(a) Disclosures of effects of hedge accounting on consolidated balance sheet:

Type of hedge and risks	Notional amount (Million)	Carrying amount of hedging instruments (₹ Million)		Maturity dates	Hedge ratio	Strike price range	Change in fair value of hedging instruments (₹ Million)	Change in value of hedged item used as the basis for recognising hedge effectiveness (₹ Million)
		Assets	Liabilities					
As on March 31, 2019								
Cash flow hedge								
Foreign exchange and interest rate risk								
(i) Cross Currency Swaps								
USD / INR	USD 171.42	522.58	15.34	March-2022 to September-2024	1:1	69.17 to 75.24	17.29	(17.29)

(b) Disclosure of effects of hedge accounting on consolidated statement of profit and loss

₹ Million

Type of hedge	Change in value of hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised	Amount reclassified from cash flow hedge reserve	Line item affected on reclassification
<b>For the year ended March 31, 2019</b>				
<b>Cash flow hedge</b>				
Foreign exchange and interest rate risk	17.29	-	(286.83)	Finance Cost
			403.81	Gain on foreign currency transactions and translations

(c) Movement in cash flow hedging reserve

₹ Million

Particulars	Foreign currency and interest rate risk
<b>Cash flow hedge reserve</b>	
<b>Balance as on April 01, 2018</b>	<b>57.45</b>
Add: Changes in fair value of cross currency swaps	17.29
Less: Amount reclassified to consolidated statement of profit and loss	(116.98)
Less: Deferred tax relating to above (net)	34.83
<b>Balance as on March 31, 2019</b>	<b>(7.41)</b>

## 15 STATUTORY AUDITOR'S REMUNERATION

₹ Million

Particulars	2019-20	2018-19
For audit and quarterly reviews	61.18	60.45
For taxation matters	1.00	2.42
For other services	4.79	5.31
<b>Total</b>	<b>66.97</b>	<b>68.18</b>

## 16 RESEARCH AND DEVELOPMENT EXPENDITURE

₹ Million

Particulars	2019-20	2018-19
<b>(A) Revenue expenditure</b>		
Employee benefits expense	1,264.27	1,105.53
Travelling, conveyance and vehicle	153.58	211.74
Others	1,096.28	1,386.47
<b>Total</b>	<b>2,514.13</b>	<b>2,703.74</b>
<b>(B) Capital expenditure</b>		
	<b>1,368.11</b>	<b>1,410.06</b>
<b>Total (A + B)</b>	<b>3,882.24</b>	<b>4,113.80</b>



## 17 CONTINGENT LIABILITIES

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Sales tax	417.30	174.97
Income tax #	708.90	784.80
Claims against the Group not acknowledged as debt		
- Employee related	172.88	164.51
- Others	29.30	30.60
Excise duty and service tax *	626.23	581.62

# Excludes amount of ₹ 1,039.46 Million (₹ 442.43 Million) in appeals which have been decided by Appellate authorities in the Company's favour but on which the department has gone for further appeal and a demand of Nil (₹ 671.71 Million) relating to the adjustments made in MAT computation, which in the opinion of the Company, is not sustainable and the probability of cash outflow is considered remote.

\* Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

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

## 18 CAPITAL COMMITMENTS

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	19,981.97	40,993.31

## 19 DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ Million

Particulars	As on March 31, 2020	As on March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	247.45	174.37
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	10.58	10.58
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	10.58	10.58
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	10.58	10.58

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

## 20 EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

In accordance with the provisions of section 135 of the Act, the Board of Directors of the Company had constituted a CSR committee. The details for CSR activities are as follows:

₹ Million

Particulars	2019-20	2018-19
i) Gross amount required to be spent by the Company during the year	183.70	213.83
ii) Amount spent during the year on the following:		
(a) Construction / acquisition of any asset	-	-
(b) On purposes other than (a) above	183.70	213.83
<b>Total</b>	<b>183.70</b>	<b>213.83</b>

## 21 FOLLOWING SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES HAVE BEEN CONSIDERED IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS:

S.no.	Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary		Remarks
					As on March 31, 2020	As on March 31, 2019	
1	Apollo Tyres (Cyprus) Pvt Ltd	Subsidiary	Cyprus	Apollo Tyres Ltd.	-	-	Note (b)
2	Apollo Tyres (Greenfield) B.V.	Subsidiary	Netherlands	Apollo Tyres Ltd.	100%	100%	
3	Apollo Tyres Cooperatief U.A. (Apollo Coop)	Subsidiary	Netherlands	Apollo Tyres Ltd. and Apollo Tyres (Greenfield) B.V.	100%	100%	
4	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	Subsidiary	South Africa	Apollo Coop	100%	100%	
5	Apollo Tyres Africa (Pty) Ltd	Subsidiary	South Africa	ASHPL	100%	100%	
6	Apollo Tyres (Thailand) Limited	Subsidiary	Thailand	Apollo Coop	100%	100%	
7	Apollo Tyres (Middle East) FZE	Subsidiary	Dubai	Apollo Coop	100%	100%	
8	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	Subsidiary	Singapore	Apollo Coop	100%	100%	
9	ATL Singapore Pte Ltd.	Subsidiary	Singapore	ATHS	100%	100%	
10	Apollo Tyres (Malaysia) SDN BHD	Subsidiary	Malaysia	ATHS	100%	100%	
11	Apollo Tyres (UK) Pvt Ltd (ATUK)	Subsidiary	United Kingdom	Apollo Coop	100%	100%	
12	Apollo Tyres (London) Pvt Ltd	Subsidiary	United Kingdom	ATUK	100%	100%	
13	Apollo Tyres Global R&D B.V.	Subsidiary	Netherlands	Apollo Coop	100%	100%	
14	Apollo Tyres (Germany) GmbH	Subsidiary	Germany	Apollo Coop	100%	100%	
15	Apollo Tyres AG	Subsidiary	Switzerland	Apollo Coop	100%	100%	
16	Apollo Tyres Do (Brasil) Ltda	Subsidiary	Brazil	Apollo Coop and ATBV	100%	100%	
17	Apollo Tyres B.V. (ATBV)	Subsidiary	Netherlands	Apollo Coop	100%	100%	
18	Apollo Tyres (Hungary) Kft. (ATH Kft)	Subsidiary	Hungary	ATBV	100%	100%	
19	Apollo Vredestein B.V. (AVBV)	Subsidiary	Netherlands	ATBV	100%	100%	
20	Apollo Vredestein GmbH (AV GmbH)	Subsidiary	Germany	AVBV	100%	100%	
21	Vredestein Marketing B.V. & Co. KG	Subsidiary	Germany	AV GmbH	-	-	Note (c)
22	Apollo Vredestein Nordic A.B.	Subsidiary	Sweden	AVBV	100%	100%	
23	Apollo Vredestein UK Limited	Subsidiary	United Kingdom	AVBV and Finlo B.V.	100%	100%	
24	Apollo Vredestein France SAS	Subsidiary	France	AVBV and Finlo B.V.	100%	100%	
25	Apollo Vredestein Belux	Subsidiary	Belgium	AVBV and Finlo B.V.	100%	100%	
26	Apollo Vredestein Gesellschaft m.b.H.	Subsidiary	Austria	AVBV	100%	100%	
27	Apollo Vredestein Schweiz AG	Subsidiary	Switzerland	AVBV	100%	100%	
28	Apollo Vredestein Italia Srl	Subsidiary	Italy	AVBV and Finlo B.V.	-	-	Note (b)
29	Apollo Vredestein Iberica SA	Subsidiary	Spain	AVBV	100%	100%	
30	Apollo Vredestein Tires Inc.	Subsidiary	USA	Apollo Coop	100%	100%	
31	Apollo Vredestein Kft (AV Kft)	Subsidiary	Hungary	AVBV	100%	100%	
32	S.C. Vredestein R.O. Srl	Subsidiary	Romania	AV Kft	-	100%	Note (a)
33	Apollo Vredestein Opony Polska Sp. Z.o.o.	Subsidiary	Poland	AVBV and AV GmbH	100%	100%	
34	Vredestein Consulting B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
35	Finlo B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
36	Vredestein Marketing B.V.	Subsidiary	Netherlands	AVBV	100%	100%	
37	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover)	Subsidiary	Germany	Apollo Coop	100%	100%	Note (d)
38	Reifencom GmbH, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld	-	-	Note (d)
39	Reifencom Einkaufsgesellschaft, mbH & Co. OHG, Hannover	Subsidiary	Germany	Reifencom GmbH, Bielefeld and Reifencom GmbH, Hannover	-	-	Note (d)



S.no.	Name of the entity	Relationship	Country of incorporation	Ownership held by	% of holding and voting power either directly or indirectly through subsidiary		Remarks
					As on March 31, 2020	As on March 31, 2019	
40	Reifencom Tyre (Qingdao) Co., Ltd.	Subsidiary	China	Reifencom GmbH, Hannover	100%	100%	Note (e)
41	Saturn F1 Pvt Ltd	Subsidiary	United Kingdom	Apollo Coop	100%	100%	
42	Retail Distribution Holding B.V.	Subsidiary	Netherlands	Apollo Coop	-	-	Note (b)
43	Rubber Research LLC	Subsidiary	USA	Apollo Coop	-	100%	Note (a)
44	Pan Aridus LLC	Joint Venture	USA	ATHS	50.00%	50.00%	Note (f)
45	Pressurerite (Pty) Limited	Associate	South Africa	ASHPL	-	28.00%	Note (g)
46	KT Telematic Solutions Private Limited	Associate	India	Apollo Tyres Ltd.	25.00%	25.00%	Note (h)

**Notes**

- (a) Liquidated during the year.
- (b) Liquidated during the previous year.
- (c) Merged with Apollo Vredestein GmbH during the previous year.
- (d) During the previous year, Reifencom GmbH, Hannover (RCH), a wholly owned step down subsidiary was merged into its parent company, Reifencom GmbH, Bielefeld (RCB) w.e.f. August 16, 2018. Pursuant to the merger, the name of RCB was changed to Reifencom GmbH, Hannover. Also, Reifencom Einkaufsgesellschaft GmbH & Co. OHG, Hannover (equally owned by RCH and RCB) was merged with RCB.
- (e) Subsequent to the merger as per (d) above, Reifencom Tyre (Qingdao) Co., Ltd. became a wholly owned subsidiary of Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover).
- (f) The investment in Pan Aridus LLC, has been fully impaired in the prior years and the Group discontinued recognizing further losses in accordance with Ind AS 28 *Investments in Associates and Joint Ventures*. The Group does not have any further obligations to satisfy with regard to this joint venture.
- (g) The investment in Pressurerite (Pty) Ltd, an associate of ASHPL, has been fully impaired in the prior years and the Group discontinued recognizing further losses in accordance with Ind AS 28 *Investments in Associates and Joint Ventures*. The Group does not have any further obligations to satisfy with regard to this associate.
- Apollo (South Africa) Holdings (Pty) Ltd has executed a sale of shares agreement with Tacoma Foods (Pty) Ltd to sell its entire stake in Pressurerite (Pty) Limited effective from May 31, 2019. Pressurerite (Pty) Limited was not an associate of Apollo (South Africa) Holdings (Pty) Ltd as on March 31, 2020.
- (h) Became an associate of the Company w.e.f. February 21, 2018. As on March 31, 2020, the Company has invested ₹ 45.01 million in the said associate.

## 22 DISCLOSURE OF RELATED PARTY TRANSACTIONS IN ACCORDANCE WITH IND AS 24 RELATED PARTY DISCLOSURES

### i) Name of the related parties

Particulars	2019-20	2018-19
Companies in which directors are interested	Apollo International Limited	Apollo International Limited
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Apollo International FZC	Apollo International FZC
	Landmark Farms & Housing Pvt. Ltd.	Landmark Farms & Housing Pvt. Ltd.
	Sunlife Tradelinks (P) Ltd.	Sunlife Tradelinks (P) Ltd.
	Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	Classic Auto Tubes Ltd.
	PTL Enterprises Ltd.	PTL Enterprises Ltd.
	Artemis Medicare Services Ltd.	Artemis Medicare Services Ltd.
	Shardul Amarchand Mangaldas & Co.	Shardul Amarchand Mangaldas & Co.
	Regent Properties	Regent Properties
Associates	Milers Global Pvt. Ltd.	Milers Global Pvt. Ltd.
	Pressurerite (Pty) Ltd.	Pressurerite (Pty) Ltd.
Joint venture	KT Telematic Solutions Private Limited	KT Telematic Solutions Private Limited
	Pan Aridus LLC	Pan Aridus LLC
Key management personnel	Mr. Onkar S. Kanwar	Mr. Onkar S. Kanwar
	Mr. Neeraj Kanwar	Mr. Neeraj Kanwar
	Mr. Satish Sharma **	N.A.
	Mr. Akshay Chudasama	Mr. Akshay Chudasama
	N.A.	Mr. A.K. Purwar
	Gen. Bikram Singh (Retd.)	Gen. Bikram Singh (Retd.)
	Mr. Francesco Gori	Mr. Francesco Gori
	Mr. Nimesh N. Kampani *	Mr. Nimesh N. Kampani
	Ms. Pallavi Shroff	Ms. Pallavi Shroff
	Mr. Robert Steinmetz	Mr. Robert Steinmetz



Particulars	2019-20	2018-19
Mr. Sunam Sarkar		Mr. Sunam Sarkar
Dr. S. Narayan *		Dr. S. Narayan
Mr. Vikram S. Mehta		Mr. Vikram S. Mehta
Mr. Vinod Rai		Mr. Vinod Rai
Ms. Anjali Bansal		Ms. Anjali Bansal
N.A.		Dr. M Beena

**Note:** Related parties and their relationships are as identified by the management and relied upon by the auditors. All transactions are conducted in the ordinary course of business and at arm's length.

\* Ceased to be director during the year

\*\* Appointed during the year

## ii) Transactions and balances with related parties

### a) Companies in which directors are interested

	₹ Million	
Particulars	FY 2019-20	FY 2018-19
<b>Description of transactions:</b>		
<b>Sales: finished goods</b>		
Apollo International Trading LLC, Middle East	2.94	39.53
Apollo International Limited	13.39	631.97
Apollo International FZC	660.04	24.63
	<b>676.37</b>	<b>696.13</b>
<b>Sales: raw materials</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	390.72	1,200.93
<b>Cross charge of management &amp; other expenses received:</b>		
PTL Enterprises Ltd.	0.85	0.85
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	1.69	1.69
Artemis Medicare Services Ltd.	-	0.60
	<b>2.54</b>	<b>3.14</b>
<b>Rent received:</b>		
PTL Enterprises Ltd.	0.39	0.37
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	1.06	1.06
	<b>1.45</b>	<b>1.43</b>
<b>Reimbursement of expenses received:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	10.04	12.40
PTL Enterprises Ltd.	-	0.82
	<b>10.04</b>	<b>13.22</b>
<b>Freight &amp; Insurance recovered:</b>		
Apollo International Ltd. FZC	0.04	-
<b>Purchases of stock in trade:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	3,171.61	3,268.10
<b>Purchase of assets:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	1,326.08	775.53
Artemis Medicare Services Ltd.	59.63	43.78
	<b>1,385.71</b>	<b>819.31</b>
<b>Legal and professional charges paid:</b>		
Shardul Amarchand Mangaldas & Co.	3.00	8.81
<b>Reimbursement of expenses paid:</b>		
PTL Enterprises Ltd.	645.64	691.93
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	7.80	6.84
Milers Global Pvt. Ltd.	-	0.43



₹ Million

Particulars	FY 2019-20	FY 2018-19
	<b>653.44</b>	<b>699.20</b>
<b>Payment for services received:</b>		
Artemis Medicare Services Ltd.	20.78	21.32
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	9.91	-
	<b>30.69</b>	<b>21.32</b>
<b>Lease rent paid:</b>		
PTL Enterprises Ltd.	600.00	600.00
<b>Rent paid:</b>		
Sunlife Tradelinks (P) Ltd.	30.99	27.62
Landmark Farms & Housing Pvt. Ltd.	-	19.80
Regent Properties	23.76	23.76
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	0.12	0.12
Milers Global Pvt. Ltd.	-	2.25
	<b>54.87</b>	<b>73.55</b>
<b>Conversion charges paid:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	-	273.18
<b>Mixing charges paid:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	143.44	294.13
<b>Refund of security deposits given:</b>		
Landmark Farms & Housing Pvt. Ltd.	-	6.00
Milers Global Pvt. Ltd.	-	0.75
	<b>-</b>	<b>6.75</b>
<b>Amount outstanding:</b>		
<b>Other non-current financial assets*:</b>		
PTL Enterprises Ltd.	600.00	600.00
Sunlife Tradelinks (P) Ltd.	5.86	5.86
Regent Properties	5.40	5.40
	<b>611.26</b>	<b>611.26</b>
<b>Other non-current assets:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	666.12	956.30
<b>Other current assets:</b>		
PTL Enterprises Ltd.	65.79	42.51
Apollo International Limited	3.02	0.67
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	90.03	97.24
Artemis Medicare Services Ltd.	-	0.71
	<b>158.84</b>	<b>141.13</b>
<b>Trade payable:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	415.63	411.66
Artemis Medicare Services Ltd.	4.90	-
	<b>420.53</b>	<b>411.66</b>
<b>Other current financial liabilities:</b>		
Classic Industries and Exports Limited (formerly known as Classic Auto Tubes Ltd.)	190.84	349.39
Apollo International Limited	0.52	0.52
Apollo International Trading LLC	-	8.73
Apollo International FZC	56.23	35.36
	<b>247.59</b>	<b>394.00</b>

## b) Associates

₹ Million

Particulars	FY 2019-20	FY 2018-19
<b>Investments made:</b>		
KT Telematic Solutions Private Limited	-	22.51

### c) Key management personnel (KMP)

₹ Million

Particulars	FY 2019-20	FY 2018-19
<b>Managerial remuneration:</b>		
Mr. Onkar S. Kanwar	232.55	402.51
Mr. Neeraj Kanwar	203.48	352.23
Mr. Satish Sharma	58.14	-
	<b>494.17</b>	<b>754.74</b>
<b>Sitting fees:</b>		
Non-executive directors	<b>8.05</b>	<b>10.25</b>
<b>Commission:</b>		
Non-executive directors	<b>40.00</b>	<b>60.00</b>

Certain KMPs also participate in post employment benefits plans provided by the Company. The amount in respect of these towards the KMPs can not be segregated as these are based on actuarial valuation for all employees of the Company.

\* This represents undiscounted value.

## 23 SEGMENTAL REPORTING

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

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

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

APMEA segment includes manufacturing and sales operation through India and include entities in UAE, Thailand, Malaysia and South Africa. Europe segment includes manufacturing and sales operation through the entities in Europe. Others segment includes sales operations in Americas and all other corporate entities.

The accounting principles used in the preparation of the consolidated financial statements are consistently applied in individual segment to prepare segment reporting.



Particulars	APMEA						Eliminations				Total	
	2019-20		2018-19		Europe		Others		2019-20		2018-19	2018-19
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
<b>1. REVENUE</b>												
Total revenue	112,554.86	125,272.71	52,505.33	52,729.21	25,780.88	35,832.44	(27,571.12)	(38,345.93)	163,269.95	175,488.43		
Inter segment revenue	(1,944.40)	(2,454.32)	(1,082.61)	(1,224.70)	(24,544.11)	(34,666.91)	27,571.12	38,345.93	-	-		
<b>External revenue</b>	<b>110,610.46</b>	<b>122,818.39</b>	<b>51,422.72</b>	<b>51,504.51</b>	<b>1,236.77</b>	<b>1,165.53</b>	-	-	<b>163,269.95</b>	<b>175,488.43</b>		
<b>2. RESULT</b>												
Segment result	8,000.10	11,447.75	(571.37)	289.01	813.98	1,066.63	-	(112.56)	8,242.71	12,690.83		
Interest expense	(2,261.97)	(1,379.69)	(437.31)	(325.68)	(109.05)	(231.09)	-	125.76	(2,808.33)	(1,810.70)		
Share of profit / (loss) in associates / joint venture	(0.01)	1.16	-	-	-	-	-	-	(0.01)	1.16		
Exceptional items	-	(2,000.00)	-	-	-	-	-	-	-	(2,000.00)		
Income taxes	(765.04)	(2,119.75)	233.85	243.00	(139.23)	(199.44)	-	(6.70)	(670.42)	(2,082.89)		
<b>Net profit after tax</b>	<b>4,973.08</b>	<b>5,949.47</b>	<b>(774.83)</b>	<b>206.33</b>	<b>565.70</b>	<b>636.10</b>	-	<b>6.50</b>	<b>4,763.95</b>	<b>6,798.40</b>		
<b>3. OTHER INFORMATION</b>												
Depreciation and amortisation	6,248.48	4,475.99	4,704.80	3,444.09	427.90	206.63	-	-	11,381.18	8,126.71		

Particulars	APMEA						Eliminations				Total	
	As on March 31, 2020		As on March 31, 2019		Europe		Others		As on March 31, 2020		As on March 31, 2019	As on March 31, 2019
	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019
Segment assets	142,101.53	115,241.43	86,723.27	84,768.14	11,006.68	10,049.46	(7,331.61)	(8,025.06)	232,499.87	202,033.97		
Segment liabilities	88,596.59	60,584.22	45,733.30	43,784.50	6,047.10	5,140.41	(7,177.26)	(7,873.35)	133,199.73	101,635.78		
Capital employed	53,504.94	54,657.21	40,989.97	40,983.64	4,959.58	4,909.05	(154.35)	(151.71)	99,300.14	100,398.19		
Non-current assets*	109,343.66	77,565.26	60,718.45	59,021.19	2,386.76	1,710.78	-	-	172,448.87	138,297.23		

\*Non-current assets consists of property, plant and equipment, other intangible assets, capital work-in-progress, intangible assets under development and capital advances.

#### Information about major customers

None of the individual customer accounted for more than 10% of the consolidated revenue for the years ended March 31, 2020 and March 31, 2019.

## 24 ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE ACT

S.No	Name of the entity	Net assets as on March 31, 2020		Share in profit or loss for the year ended March 31, 2020		Share in other comprehensive income for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 2020	
		As a % of consolidated net assets	₹ Million	As a % of consolidated profit or (loss)	₹ Million	As a % of consolidated other comprehensive income	₹ Million	As a % of consolidated total comprehensive income	₹ Million
	<b>Company</b>								
1	Apollo Tyres Limited	77.46	76,921.47	106.77	5,086.24	17.15	(266.15)	150.06	4,820.09
	<b>Foreign subsidiaries</b>								
2	Apollo Tyres (Greenfield) B.V.	0.02	23.90	0.01	0.62	-	-	0.02	0.62
3	Apollo Tyres Cooperatief U.A. & Others (refer Note 1 below)	169.47	168,283.02	(2.51)	(119.48)	8.13	(126.21)	(7.65)	(245.69)
	<b>Indian associate</b>								
4	KT Telematic Solutions Private Limited	0.01	13.35	(0.00)	(0.01)	-	-	(0.00)	(0.01)
	<b>Foreign associate</b>								
5	Pressurrite (Pty) Limited	-	-	-	-	-	-	-	-
	<b>Foreign joint venture</b>								
6	Pan Aridus LLC	-	-	-	-	-	-	-	-
7	Add / (Less): Effect of IND AS adjustments / eliminations arising out of consolidation	(146.96)	(145,941.60)	(4.27)	(203.42)	74.72	(1,159.41)	(42.43)	(1,362.83)
	<b>Total</b>	<b>100.00</b>	<b>99,300.14</b>	<b>100.00</b>	<b>4,763.95</b>	<b>100.00</b>	<b>(1,551.77)</b>	<b>100.00</b>	<b>3,212.18</b>

### Note 1 Apollo Tyres Cooperatief U.A. and Others:

₹ Million

S.No	Name of the entity	Net assets as on March 31, 2020	Share in profit or loss for the year ended March 31, 2020	Share in other comprehensive income for the year ended March 31, 2020	Share in total comprehensive income for the year ended March 31, 2020
1	Apollo Tyres Cooperatief U.A. (Apollo Coop)	60,086.74	1,162.53	-	1,162.53
2	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	276.40	0.49	-	0.49
3	Apollo Tyres Africa (Pty) Ltd	85.16	(26.86)	-	(26.86)
4	Apollo Tyres (Thailand) Limited	232.10	(59.94)	-	(59.94)
5	Apollo Tyres (Middle East) FZE	215.57	36.39	-	36.39
6	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	1,766.24	504.10	-	504.10
7	ATL Singapore Pte Ltd.	256.36	(83.33)	-	(83.33)
8	Apollo Tyres (Malaysia) SDN BHD	24.70	(31.40)	-	(31.40)
9	Apollo Tyres (UK) Pvt Ltd (ATUK)	1,734.22	44.73	-	44.73
10	Apollo Tyres (London) Pvt Ltd	980.20	-	-	-
11	Apollo Tyres Global R&D B.V.	1,135.97	216.51	-	216.51
12	Apollo Tyres (Germany) GmbH	57.32	19.98	-	19.98
13	Apollo Tyres AG	308.18	89.67	-	89.67
14	Apollo Tyres Do (Brasil) Ltda	(4.85)	(8.71)	-	(8.71)
15	Apollo Tyres B.V. (ATBV)	42,717.69	(1,027.96)	-	(1,027.96)
16	Apollo Tyres (Hungary) Kft. (ATH Kft)	33,904.51	997.08	-	997.08
17	Apollo Vredestein B.V. (AVBV)	19,152.87	(1,612.66)	-	(1,612.66)
18	Apollo Vredestein GmbH (AV GmbH)	3,558.74	(207.61)	(116.62)	(324.23)
19	Apollo Vredestein Nordic A.B.	94.50	11.98	-	11.98
20	Apollo Vredestein UK Limited	214.46	23.70	-	23.70
21	Apollo Vredestein France SAS	135.74	14.58	-	14.58
22	Apollo Vredestein Belux	67.16	12.18	-	12.18
23	Apollo Vredestein Gesellschaft m.b.H.	(20.30)	18.72	-	18.72
24	Apollo Vredestein Schweiz AG	267.41	11.98	-	11.98



₹ Million

S.No	Name of the entity	Net assets as on March 31, 2020	Share in profit or loss for the year ended March 31, 2020	Share in other comprehensive income for the year ended March 31, 2020	Share in total comprehensive income for the year ended March 31, 2020
25	Apollo Vredestein Iberica SA	429.16	8.38	-	8.38
26	Apollo Vredestein Tires Inc.	(88.95)	(207.16)	-	(207.16)
27	Apollo Vredestein Kft (AV Kft)	19.09	5.81	-	5.81
28	S.C. Vredestein R.O. Srl	-	-	-	-
29	Apollo Vredestein Opony Polska Sp. Z.o.o.	154.19	6.10	-	6.10
30	Vredestein Consulting B.V.	265.52	4.56	-	4.56
31	Finlo B.V.	(18.70)	-	-	-
32	Vredestein Marketing B.V.	4.84	2.62	-	2.62
33	Reifencom GmbH, Bielefeld (now Reifencom GmbH, Hannover)	201.15	(24.08)	(9.59)	(33.67)
34	Reifencom Tyre (Qingdao) Co., Ltd.	(0.51)	0.63	-	0.63
35	Saturn F1 Pvt Ltd	70.14	(22.49)	-	(22.49)
36	Rubber Research LLC	-	-	-	-
<b>Total</b>		<b>168,283.02</b>	<b>(119.48)</b>	<b>(126.21)</b>	<b>(245.69)</b>

25 The Company conducts international transactions with associated enterprises. For the current year, the management maintained necessary documents as prescribed by the Income tax Act, 1961 to establish that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

## 26 EVENTS AFTER THE BALANCE SHEET DATE

During the current year, the Company has entered into an agreement with Emerald Sage Investment Ltd (an affiliate of Warburg Pincus LLC) to issue 108,000,000 6.34% Compulsorily Convertible Preference Shares (CCPS) having a face value of ₹ 100 each, at par, for cash, by way of preferential allotment on a private placement basis. The Members of the Company approved the issue of CCPS through its Extraordinary General Meeting held on March 23, 2020. Subsequent to year end, the Company has allotted 54,000,000 CCPS (Tranche 1) and the balance 54,000,000 CCPS (Tranche 2) will be issued on or before October 7, 2020.

## 27 INFORMATION ON DETAILS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT READ WITH COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULES, 2014

- Details of investments made are given in note B2 and B3.\*
- There are no loans / guarantees given by the Company (other than on behalf of wholly owned subsidiary) in accordance with Section 186 of the Act read with rules issued thereunder.

\* All transactions are in the ordinary course of business

## 28 RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Effective April 1, 2017, the Group adopted the amendment to Ind AS-7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the consolidated balance sheet for liabilities arising from financing activities, to meet the disclosure requirements. The required disclosure are presented below:

₹ Million

Particulars	As on April 01, 2019	Cash flows	Non cash changes				As on March 31, 2020
			Foreign exchange movement*	Interest expense	New leases	Others	
Non-current borrowings (including current maturities)	45,560.86	5,396.04	2,403.78	-	-	(41.79)	53,318.89
Current borrowings	5,546.72	8,585.03	188.26	-	-	-	14,320.01
Lease liability	10,966.78	(2,595.62)	280.21	555.28	1,073.44	(70.45)	10,209.64

₹ Million

Particulars	As on April 01, 2018	Cash flows	Non cash changes				As on March 31, 2019
			Foreign exchange movement*	Interest expense	New leases	Others	
Non-current borrowings (including current maturities)	39,156.96	6,809.74	(422.88)	-	-	17.04	45,560.86
Current borrowings	9,175.61	(3,726.35)	97.46	-	-	-	5,546.72

\* Foreign exchange movement for the Company is covered by derivative instrument and includes currency translation impact for subsidiaries arising out of consolidation.

- 29** Effective April 01, 2018, the Group has adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative effect. The application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue in the consolidated financial statements of the Group.

The Group's revenue disaggregated by geographical markets has been disclosed in note C23.

The Group has applied the practical expedient and has not disclosed the transaction price allocated to the remaining performance obligations as the Group does not have any open contract for which the expected duration is more than one year as at the reporting period.

#### Reconciling the amount of revenue recognised in the consolidated statement of profit and loss with the contracted price

₹ Million

Particulars	2019-20	2018-19
Revenue as per contracted price (as invoiced)	168,700.57	179,552.46
Reduction towards variable consideration components	(7,735.66)	(6,818.54)
<b>Revenue from contract with customers</b>	<b>160,964.91</b>	<b>172,733.92</b>

#### 30 EARNINGS PER SHARE (EPS) – THE NUMERATOR AND DENOMINATOR USED TO CALCULATE BASIC AND DILUTED EARNINGS PER SHARE:

Particulars	2019-20	2018-19
<b>Basic and diluted earnings per share</b>		
Profit attributable to the equity shareholders used as numerator (₹ Million) - (A)	4,763.95	6,798.40
The weighted average number of equity shares outstanding during the year used as denominator - (B)	572,049,980	572,049,980
Basic / Diluted earnings per share (₹) – (A) / (B) (Face value of ₹ 1 each)	8.33	11.88

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**  
Director  
DIN 00041867

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

New Delhi  
May 19, 2020





## FORM AOC 1

(pursuant to first proviso to sub section (3) of sec. 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

S. No	Name of the Subsidiary	Date on which subsidiary was acquired / incorporated	Reporting currency	Exchange rate as on 31.03.2020	As on March 31, 2020					Year ended March 31, 2020			
					Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than in subsidiary)	Turnover (including other income)	Profit before tax	Tax expense	Profit after tax
1	Apollo Tyres (Greenfield) B.V.	June 4, 2014	EURO	83.11	2.99	20.91	24.14	0.24	-	0.48	(0.69)	(1.31)	0.62
2	Apollo Tyres Cooperatief U.A. (Apollo Coop)	May 1, 2009	EURO	83.11	25,444.93	34,641.81	66,087.87	6,001.13	73.75	1,209.44	1,151.04	(11.49)	1,162.53
3	Apollo (South Africa) Holdings (Pty) Ltd (ASHPL)	September 29, 2006	ZAR	4.22	-	276.40	276.40	-	-	-	0.61	0.12	0.49
4	Apollo Tyres Africa (Pty) Ltd	July 29, 2013	ZAR	4.22	1,687.20	(1,602.04)	628.69	543.53	-	1,437.50	(26.86)	-	(26.86)
5	Apollo Tyres (Thailand) Limited	January 22, 2013	THB	2.30	230.05	2.05	719.87	487.77	-	2,459.13	(59.94)	-	(59.94)
6	Apollo Tyres (Middle East) FZE	January 2, 2011	AED	20.51	41.03	174.54	797.22	581.65	-	3,366.80	36.39	-	36.39
7	Apollo Tyres Holdings (Singapore) Pte Ltd (ATHS)	September 8, 2010	USD	75.34	987.76	778.48	6,687.23	4,920.99	-	24,760.88	567.98	63.88	504.10
8	ATL Singapore Pte Ltd.	May 11, 2017	USD	75.34	376.72	(120.36)	296.38	40.02	-	3.91	(83.33)	-	(83.33)
9	Apollo Tyres (Malaysia) SDN BHD	March 15, 2016	MYR	17.46	113.22	(88.52)	199.64	174.94	-	544.33	(33.86)	(2.46)	(31.40)
10	Apollo Tyres (UK) Pvt Ltd (ATUK)	March 16, 2012	GBP	93.59	1.73	1,732.49	1,979.26	245.04	-	1,379.29	71.58	26.85	44.73
11	Apollo Tyres (London) Pvt Ltd	December 12, 2014	GBP	93.59	0.09	980.11	983.32	3.12	-	-	-	-	-
12	Apollo Tyres Global R&D B.V.	January 2, 2013	EURO	83.11	0.01	1,135.96	2,076.87	940.90	-	2,868.93	265.96	49.45	216.51
13	Apollo Tyres (Germany) GmbH	November 11, 2015	EURO	83.11	2.08	55.24	158.57	101.25	-	341.62	28.37	8.39	19.98
14	Apollo Tyres AG	July 4, 2007	CHF	78.37	293.77	14.41	312.93	4.75	-	229.49	90.01	0.34	89.67
15	Apollo Tyres Do (Brasil) Ltda	September 15, 2011	BRL	14.47	11.43	(16.28)	20.37	25.22	-	-	(8.71)	-	(8.71)
16	Apollo Tyres B.V. (ATBV)	March 2, 2012	EURO	83.11	1.50	42,716.19	57,464.65	14,746.96	-	-	(1,094.69)	(66.73)	(1,027.96)
17	Apollo Tyres (Hungary) Kft. (ATH Kft)	June 4, 2014	HUF	0.23	25.92	33,878.59	40,537.57	6,633.06	-	11,909.65	1,006.14	9.06	997.08
18	Apollo Vredestein B.V. (AVBV)	May 15, 2009	EURO	83.11	3.57	19,149.30	35,880.26	16,727.39	-	36,875.35	(2,004.98)	(392.32)	(1,612.66)
19	Apollo Vredestein GmbH (AV GmbH)	May 15, 2009	EURO	83.11	42.55	3,516.19	5,099.38	1,540.64	-	9,971.14	(240.80)	(33.19)	(207.61)
20	Apollo Vredestein Nordic A.B.	May 15, 2009	SEK	7.60	7.22	87.28	501.50	407.00	-	1,016.27	15.89	3.91	11.98
21	Apollo Vredestein UK Limited	May 15, 2009	GBP	93.59	93.68	120.78	418.59	204.13	-	1,862.35	29.66	5.96	23.70
22	Apollo Vredestein France SAS	May 15, 2009	EURO	83.11	3.49	132.25	671.56	535.82	-	2,308.48	21.75	7.17	14.58
23	Apollo Vredestein Belux	May 15, 2009	EURO	83.11	5.15	62.01	394.63	327.47	-	2,233.27	25.12	12.94	12.18
24	Apollo Vredestein Gesellschaft m.b.H.	May 15, 2009	EURO	83.11	3.02	(23.32)	840.97	861.27	-	2,279.37	19.98	1.26	18.72
25	Apollo Vredestein Schweiz AG	May 15, 2009	CHF	78.37	176.32	91.09	312.39	44.98	-	1,067.95	14.15	2.17	11.98

₹ Million

S. No	Name of the Subsidiary	Date on which subsidiary was acquired / incorporated	Reporting currency	Exchange rate as on 31.03.2020	As on March 31, 2020				Year ended March 31, 2020				₹ Million
					Share capital	Reserves & surplus	Total assets	Total liabilities	Investment (other than in subsidiary)	Turnover (including other income)	Profit before tax	Tax expense	
26	Apollo Vredestein Iberica SA	May 15, 2009	EURO	83.11	257.75	171.41	532.35	103.19	-	1,458.20	19.66	11.28	8.38
27	Apollo Vredestein Tires Inc.	May 15, 2009	USD	75.34	847.61	(936.56)	256.87	345.82	-	1,236.77	(206.98)	0.18	(207.16)
28	Apollo Vredestein Kft (AV Kft)	May 15, 2009	HUF	0.23	0.69	18.40	384.15	365.06	-	843.68	7.33	1.52	5.81
29	S.C. Vredestein R.O. Srl	August 18, 2010	EURO	83.11	-	-	-	-	-	-	-	-	-
30	Apollo Vredestein Opony Polska Sp. Z o.o.	May 15, 2009	PLN	18.26	0.91	153.28	728.60	574.41	-	1,009.56	11.97	5.87	6.10
31	Vredestein Consulting B.V.	May 15, 2009	EURO	83.11	1.89	263.63	277.06	11.54	-	(6.65)	6.50	1.94	4.56
32	Finlo B.V.	May 15, 2009	EURO	83.11	0.75	(19.45)	-	18.70	-	-	-	-	-
33	Vredestein Marketing B.V.	May 15, 2009	EURO	83.11	2.08	2.76	4.84	-	-	3.09	3.09	0.47	2.62
34	Reifencorm GmbH, Bielefeld (now Reifencorm GmbH, Hannover)	January 1, 2016	EURO	83.11	62.33	138.82	3,910.74	3,709.59	-	12,973.48	6.60	30.68	(24.08)
35	Reifencorm Tyre (Qingdao) Co., Ltd.	January 1, 2016	CNY	10.64	5.25	(5.76)	0.86	1.37	-	1.14	0.63	-	0.63
36	Saturn F1 Pvt Ltd	September 16, 2016	GBP	93.59	190.68	(120.54)	74.56	4.42	-	49.81	(24.54)	(2.05)	(22.49)
37	Rubber Research LLC	February 16, 2017	USD	75.34	-	-	-	-	-	-	-	-	-

Note 1 Name of subsidiaries which are yet to commence operations/non-operating - Finlo B.V.

Note 2 For details of shareholding and name of subsidiaries which have been liquidated/sold/merged during the year, refer note C21.

Note 3 Financial period for all the subsidiaries is April to March.

Note 4 Details of proposed dividend by subsidiaries as on March 31, 2020:

Name	₹ Million
Apollo Tyres Global R&D B.V.	415.56
Apollo Tyres (Germany) GmbH	83.11



## Part B: Joint Venture & Associates

<b>1 Name of the Associate</b>	KT Telematic Solutions Private Limited
<b>2 Latest Balance Sheet date</b>	March 31, 2020
<b>3 Shares of associate entity held by the company at the year end</b>	
No.	3,334
Extent of Holding %	25%
Amount of Investment in associate entity (₹ Million)	45.01
<b>4 Description of how there is significant influence</b>	Refer note 1 below
<b>5 Reason why the associate is not consolidated</b>	Not applicable
<b>6 Net worth attributable to Shareholding as per latest Balance Sheet (₹ Million)</b>	13.35
<b>7 Profit / (Loss) for the year</b>	
i. Considered in Consolidation (₹ Million)	(0.01)
ii. Not Considered in Consolidation (₹ Million)	(0.04)

**Note 1** By virtue of significant influence in certain business decisions under an agreement, KT Telematic Solutions Private Limited had become an associate of the Company w.e.f. February 21, 2018.

**Note 2** For details of investment in joint venture (Pan Aridus LLC) and an another associate (Pressurerite (Pty) Ltd), refer note C21.

**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**

Refer note C21

For and on behalf of the Board of Directors

**ONKAR S. KANWAR**  
Chairman & Managing Director  
DIN 00058921

**NEERAJ KANWAR**  
Vice Chairman & Managing Director  
DIN 00058951

**VINOD RAI**  
Director  
DIN 00041867

**GAURAV KUMAR**  
Chief Financial Officer

**SEEMA THAPAR**  
Company Secretary  
Membership No- FCS 6690

New Delhi  
May 19, 2020