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REALISE YOUR TRUE POTENTIAL

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ANNUAL REPORT 2010-11

APOLLO TYRES LTD is in the business of manufacture and sale of tyres. Since its inception in 1972 in India, the company has steadily expanded its operations across the world, extending itself into the area of providing tyre care services through specialised outlets.

REALISE YOUR TRUE POTENTIAL expresses Apollo Tyres' continuous pursuit of excellence. As an enterprise, this belief reflects itself in our quest for growth, the desire to cross geographic boundaries and venture into new territories, and evolve as a result of our mutli-cultural identity. Embracing this philosophy, we strive to provide a refreshing customer service experience and empower our employees to constantly upgrade their skills and outlook to enable all individuals to fulfill their real **potential**.

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438,524+

Metric tonnes of tyres produced

Strong product demand has led us to expand our manufacturing locations, capacity and increase day-to-day technology deployment across Apollo. An active exchange of best practices between manufacturing operations, across the world, has resulted in better efficiencies and a diverse product mix with the introduction of environment-friendly material and processes.



Onkar S Kanwar
Chairman & Managing Director

LETTER TO SHAREHOLDERS

Dear Shareholder,

Five years ago, in my annual letter to you I first informed you of your company's strategic plan to reach a turnover of \$ 2 billion by the year 2010-11. Many in the industry looked doubtfully at a company that was then less than \$ 500 million. However you, our shareholders, once again reposed in us your full faith and trust, and it is a matter of great delight for me to report to you that yet again the team at Apollo has lived up to your confidence. Targets are set, and targets are achieved. However, what is often critical is the manner in which a goal is attained. My confidence in the future stems more from the work that has gone into putting systems and processes in place for the coming years, than the achievement which is already behind us.

What next for Apollo Tyres?

We exist in an industry, and indeed a world, that is going through a period of ever-escalating change. Whether in our markets, or in our raw materials or indeed in our people and processes, we have to keep pushing the envelope to ensure that we remain ahead of the game. Our imperative is to be masters of our fate, and the only way to do that is to be flexible, alert, scaled up and yet agile.

For your Company, at all points in time, the mantra has been to deliver maximum value to each of our stakeholders. We believe that realising our own potential – as an institution, as employees, as guardians of your trust – is what allows us to deliver value year on year. This means that as we reach a milestone, it is time again to begin a journey in pursuit of the next – this time one that stretches and challenges us even more than before, and one that seems more audacious than the last. Your Company's aim is to be ranked among the Top 10 tyre manufacturers in the world! We believe, realising our potential, is no different from dreaming dreams and then working hard to make them a reality.

In these past few years, your Company has made certain significant and large scale investments towards the future. These relate to building a series of world class infrastructure of plants and machinery across India, South Africa and Netherlands, to be able to produce efficiently to satisfy rising market demands, including a state-of-the-art plant in Chennai. Significant investments are planned in research and development, which will move your Company to a more sustainable future, with the use of 'green' materials, and increased fuel efficiency from our tyres. Most importantly, we will continue investing in our people, empowering and enabling them to make all this possible, while adhering to the highest standards of transparency and governance.

In short, we continue to create a foundation for future growth, which your Company will now use as a

springboard to realise its true potential. Our plans going forward continue to remain as ambitious as ever.

Expansion across geographies: A widening of our product range and providing best-in-class services continue to remain focus areas. Even as we plan the path ahead to becoming one of the Top 10 tyre manufacturers in the world, the challenges of operating in a global world are a reality like never before.

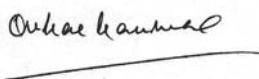
For the tyre industry as a whole, it has become increasingly difficult to secure profits – the much-needed resources to fuel future growth. The challenges before your Company and the industry are multiple. Uneven levels of growth, and the inability of some economies to recover fully from the slowdown, might be dampeners, but definitely are not deterrents for your Company. These are global realities. What works to mitigate this is a team that is in place, capable of strategic planning, continued innovation and quick implementation to work around today's global issues.

However, one critical area continues to plague our industry – unmitigated rise in the price of our raw materials. As you well know, this year, we have witnessed unprecedented natural rubber prices which show no signs of softening. Moreover, the gap between the demand for natural rubber across the world, and its supply, is also increasing every day. I assure you, your Company is working on this issue, on all fronts to address it effectively. Our research teams are working to find ways and means to decrease this unconditional dependence on natural rubber to whatever extent possible. Simultaneously, your Company is working to decisively enter the area of rubber plantations to secure for ourselves a captive source of natural rubber. We have made a small beginning, which we are now looking to grow to its complete potential.

As I look ahead, I am confident and optimistic about the direction being taken by your Company. We believe that realising our potential is not a one time job. The horizon expands every day. Your Company will go the distance to bring to you its real potential in all that it does, year on year.

I would like to thank you for being an active partner throughout our journey so far, and seek your support in the growth years that are ahead of us.

With all good wishes to you and your families.



ONKAR S KANWAR
Chairman & Managing Director



1,939+

Kinds of tyres sold

Between the 6 key brands, manufactured in 3 countries, Apollo has tyres to suit nearly all kinds of vehicles, applications, usage and terrains. From working underground to extract mineral wealth, to enabling individuals and families move across destinations to create memorable experiences with their friends and loved ones.

MANAGEMENT

Apollo Tyres follows a two-tier management and decision making process to ensure incorporation of diverse viewpoints and complete impartiality before any major decision is executed.

The Supervisory Board (Board of Directors), led by the Chairman, primarily comprises Non-Executive Directors, with a legacy of expertise from the worlds of banking and finance, government, the tyre industry and legal affairs. All having a wealth of experience in running successful, high growth enterprises. The Supervisory Board comprises 9 Non-Executive Directors and 4 Executive Directors, providing guidance, approval to major policy and strategic decisions, and overseeing all governance and shareholder interests.

The Management Board, led by the Chairman and Vice Chairman, comprises 11 members of the company's senior management team, representing critical functions and the geographies Apollo is present in. The Management Board aligns policy decisions and their implementation, reviews all major projects and investment decisions, and is responsible for employee, customer, supplier and local community welfare through all its actions.

Both Boards formally meet at least once during each quarter, and more if and when required.