



W A N D E R L U S T



*Ladakh, India*

The human spirit has an inherent desire to travel. Encounter new worlds, and embrace new frontiers. We at Apollo salute the strong, innate desire of the human enterprise to wander. To go to places unseen...to discover the unexplored.





*Kerala, India*

## C O N T E N T S

CHAIRMAN'S MESSAGE

04

BOARD OF DIRECTORS

08

CORPORATE CHIEFS

10

PERFORMANCE HIGHLIGHTS

18

MANAGEMENT DISCUSSION & ANALYSIS

22

HOME MARKET: INDIA

34

HOME MARKET: EUROPE

42

HOME MARKET: SOUTH AFRICA

48

WORKING WITH SOCIETY

54

THE APOLLO SPIRIT

60

FINANCIALS

61

## CHAIRMAN'S MESSAGE

Dear Shareholder,

At this time last year, when growth seemed illusory and money a scarce resource, your Company stood its ground to ensure that it makes those vital investments that would enable Apollo Tyres to overcome the lows of a recessionary year, and build the platform for the future. To go ahead and acquire a premium tyre brand and its manufacturing facility in the heart of Europe, and to also raise the funds needed to invest in South Asia's largest state-of-the-art tyre manufacturing centre in Chennai. Your faith and confidence in us gave us the courage to take these difficult decisions at a time when the whole world was moving in the opposite direction. Today, it gives me immense pride to come back to you with a report of the year that has been.

Your Company has scaled a new high — of recording a turnover of Rs 8100 crores or Rs 81 billion! This is an increase of 63% over our previous year's performance.

This year's annual results tell us all, the story of fortune favouring the brave. As you can see, both decisions have paid off handsomely for your Company, delivering to you results worthy of your trust in your team.

### Financial Performance Highlights

| In Rs Billion | India FY09 | India FY10 | Consolidated FY09 | Consolidated FY10 |
|---------------|------------|------------|-------------------|-------------------|
| Net Sales     | 40.7       | 50.4       | 49.8              | 81.2              |
| % Growth      |            | 24         |                   | 63                |
| Net Profit    | 1.1        | 4.2        | 1.4               | 6.5               |
| % Growth      |            | 284        |                   | 370               |

As you are aware, I have always believed that to deliver value to you, we have to think and act differently from all others. Your team here has worked on that philosophy to ensure that your Company was best poised to capitalise on the global economic recovery that had seemed a mirage in late 2008, but we knew was inevitable.

India today is growing at a rapid rate, the Chennai plant and the Rs 20 billion investment in it will provide your Company the capacity to feed the growing needs of the Indian market. Most importantly, it will help further cement our leadership position in this very exciting growth market. In keeping with our overall emphasis on profitable growth, your teams across the three continents of Asia, Africa and Europe have worked tirelessly to bring newer products into the market, expand our horizons to enter newer countries, introduce robust customer initiatives and win esteemed business partners.

While India has already seen the next generation of passenger car tyres this year, in the Amazer 3G Maxx for the booming small car market, as you read this, Apollo branded tyres are being sold in Europe for the first time. We have just launched an entire range of passenger car and 4x4 tyres especially designed for European conditions, including a range of Winter tyres – the first for any Indian manufacturer! Europe is the world's most sophisticated automobile market, and to be present here is both an honour and a challenge, one your Company is resolute to accomplish.

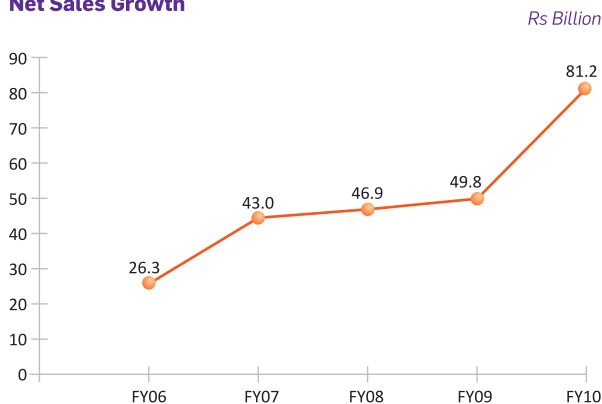


Onkar S Kanwar  
Chairman & Managing Director



However, what is done is history. Our focus now lies ahead. You would well remember Apollo Tyres' target of achieving a US\$ 2 billion turnover figure by March 2011. The past year's results leave no doubt in my mind that this is achievable. However the challenge that I see before all of us is how to continue to maintain our high growth journey of the past 5 years and acknowledge the confidence you have reposed in your team.

### Net Sales Growth

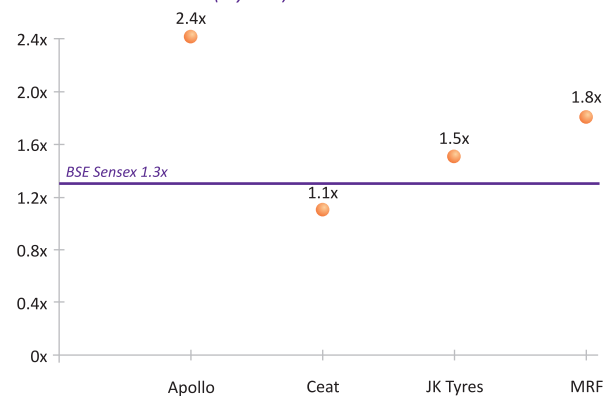


A compound annual growth rate (CAGR) of 33% and doubling our turnover every other year has not been easy so far, neither will it going forward. This is especially true in the forthcoming times, when natural rubber prices have moved to unforeseen levels, witnessing a jump of 150% in just a little more than one year. This I believe, will test any tyre company's mettle.

However, what defines your Company is its ability to overcome the circumstances of the times and find ways to leverage it. We will have to not just live with the reality, but also find ways to address it actively. Your team, across locations is working hard to enable this growth momentum to continue.

I would like to conclude by sharing with you a simple statistic which each one of you are well aware of – the share price movement of your Company benchmarked against its Indian peers in comparison to the gains made by the BSE Sensex over the past 3 years.

### Return to shareholder (3 years)



*Compiled from BSE data*

This in concrete terms tells us Apollo Tyres' value creation ability for each one of our precious shareholders. The road ahead for your Company is not expected to be easy. However, with you by our side, we have only one direction to move in – profitable growth, customer satisfaction, shareholder return and becoming a true global brand.

I would like to thank you for your faith in us over the past few years. Thank you for the trust you repose in us in ensuring we have a bright future together. I look forward to your continued support as your Company takes its rightful place amongst some of the best companies in the world.

With best wishes to you and your families for a landmark year in every sense of the phrase.

*Onkar Kanwar*

ONKAR KANWAR  
Chairman & Managing Director



Onkar S Kanwar



M R B Punja



Arun Kumar Purwar



Nimesh N Kampani



Dr S Narayan



Neeraj Kanwar



Raaja Kanwar



Michael J Hankinson



U S Oberoi



Robert Steinmetz



P Prabakaran



Sunam Sarkar



Shardul S Shroff



T Balakrishnan



K Jacob Thomas



P N Wahal