
Gurgaon, Haryana, India, November 11, 2010

Apollo Tyres fights adverse conditions

Continues revenue growth story, profits impacted by rubber cost push

The Board of Directors of Apollo Tyres Ltd today approved the company's unaudited financial results for the 2nd quarter and the first 6 months of the financial year 2010-11. Of particular concern to the Board is the spiraling prices of natural rubber to current all-time highs, which have sharply impacted the Indian Operations. The Board appreciated the efforts of the management and employees in maintaining the overall growth trend, overcoming the difficulties of a lock-out in one plant in India and a general tyre industry and port strike in South Africa, alongside escalating rubber prices.

Half Yearly Performance Highlights

FY2010-11 (April-September) vs FY2009-10

- Net sales at Rs 37.7 billion (Rs 3770 crore) from Rs 36.8 billion (Rs 3681 crore)
- Operating profit at Rs 3.8 billion (Rs 388 crore) from nearly Rs 5 billion (Rs 498 crore)
- Net profit at Rs 1.2 billion (Rs 127 crore) from Rs 2 billion (Rs 203 crore) the previous year

Quarterly Performance Highlights

Quarter 2 FY2010-11 (July-September) vs Quarter 2 FY2009-10

- Net sales at Rs 19.5 billion (Rs 1949 crore) from Rs 20 billion (Rs 2046 crore)
- Operating profit at Rs 1.86 billion (Rs 186 crore) from nearly Rs 2.9 billion (Rs 290 crore)
- Net profit at Rs 532 million (Rs 53 cr) from Rs 1.3 billion (Rs 129 cr) in the previous year

Commenting on the results, **Onkar S Kanwar, Chairman, Apollo Tyres Ltd**, said, "It's been a very difficult 6 months managing the unprecedented rise in natural rubber prices. Unfortunately even when international natural rubber prices were significantly lower than Indian prices, we were unable to import in large quantities due to the duty policy of the government. We have had no option but to pass on price increases to our customers, though it is impossible to pass on a near 50% increase in the course of one year. Natural rubber constitutes 60% of our raw material costs, and if I look at the November to November period, natural rubber was at Rs 76/kg in November 2008, Rs 113 in November 2009 (a 14% rise) and is at Rs 192 now -- an increase of nearly 70% in a single year and 150% in 2 years! This has affected all aspects of our operation." **Chairman Onkar Kanwar** added: "I do hope the Government will look at some measure to check speculation, as well as bring down the unreal duty structure we have. With no action over so many years, despite understanding the plight of the Indian tyre industry, even an optimistic person like me is forced to consider greater investments outside India, rather than at home."
(ends)

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About Apollo Tyres Ltd

Apollo Tyres Ltd is a high-performance company and the leading Indian tyre manufacturer. It is built around the core principles of creating stakeholder value through reliability in its products and dependability in its relationships. The company has three manufacturing units in India, four in Southern Africa and one in the Netherlands, with a greenfield facility currently underway in Chennai, India. Apollo's subsidiary companies are Apollo Tyres South Africa Pty Ltd (previously known as Dunlop Tyres) and Apollo Vredestein BV in the Netherlands. India, South Africa and Europe are the company's three domestic markets from where products are exported to over 70 countries. In each of the domestic markets the company operates through a vast network of branded, exclusive and multi-product outlets.

Corporate Headquarters

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2010

Rs. Million

| S.NO. | PARTICULARS | QUARTER ENDED | | HALF YEAR ENDED | | YEAR ENDED |
|-------|---------------------------------------------------------------------------------------------------|---------------|-------------|-----------------|-------------|-------------|
| | | (UNAUDITED) | | (UNAUDITED) | | (AUDITED) |
| | | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 | 31.03.2010 |
| 1 (a) | Net Sales / Income From Operations | 19,489.22 | 20,461.92 | 37,696.10 | 36,811.90 | 81,207.43 |
| (b) | Other Operating Income | - | 0.19 | - | 1.40 | 2.43 |
| | | 19,489.22 | 20,462.11 | 37,696.10 | 36,813.30 | 81,209.86 |
| 2 | Expenditure | | | | | |
| a. | Decrease/(Increase) in Stock in Trade and Work in Progress | (1,103.87) | 398.01 | (2,418.48) | 738.92 | 2,180.63 |
| b. | Consumption of Raw Materials | 11,451.13 | 9,070.83 | 22,162.22 | 17,402.98 | 39,339.78 |
| c. | Purchase of Traded Goods | 1,128.40 | 1,777.59 | 1,955.95 | 2,277.57 | 4,287.46 |
| d. | Employees Cost | 3,013.42 | 3,017.23 | 5,924.32 | 4,945.87 | 10,884.73 |
| e. | Depreciation | 669.45 | 683.63 | 1,307.59 | 1,227.48 | 2,542.33 |
| f. | Other Expenditure | 3,147.25 | 3,325.42 | 6,233.97 | 6,516.45 | 12,766.02 |
| g. | Total | 18,305.78 | 18,272.71 | 35,165.57 | 33,109.27 | 72,000.95 |
| | Profit from Operations before Other Income, Interest & Exceptional Items (1 - 2) | 1,183.44 | 2,189.40 | 2,530.53 | 3,704.03 | 9,208.91 |
| 4 | Other Income | 4.06 | 32.28 | 38.81 | 47.08 | 211.31 |
| 5 | Profit Before Interest & Exceptional Items (3 + 4) | 1,187.50 | 2,221.68 | 2,569.34 | 3,751.11 | 9,420.22 |
| 6 | Interest | 442.39 | 283.60 | 780.78 | 590.28 | 1,153.80 |
| 7 | Profit After Interest but Before Exceptional Items (5 - 6) | 745.11 | 1,938.08 | 1,788.56 | 3,160.83 | 8,266.42 |
| 8 | Exceptional Items | - | - | - | - | 873.73 |
| 9 | Profit before Tax (7+8) | 745.11 | 1,938.08 | 1,788.56 | 3,160.83 | 9,140.15 |
| 10 | Tax Expense (Net of MAT Credit entitlements for the current period) | 212.60 | 645.70 | 514.09 | 1,130.25 | 2,606.61 |
| 11 | Net Profit after tax (9-10) | 532.51 | 1,292.38 | 1,274.47 | 2,030.58 | 6,533.54 |
| 12 | Share in (Profit) / Loss of Associates | - | - | - | - | 0.02 |
| 13 | Net Profit for the Period (11-12) | 532.51 | 1,292.38 | 1,274.47 | 2,030.58 | 6,533.52 |
| 14 | Paid-up Equity Share Capital (Equity Shares of Re 1 each) | 504.09 | 504.09 | 504.09 | 504.09 | 504.09 |
| 15 | Reserves Excluding Revaluation Reserves as per balance sheet of previous accounting year | | | | | 19,142.93 |
| 16 | EARNINGS PER SHARE (EPS) | | | | | |
| (a) | Basic EPS before & after Extraordinary Items (Not Annualized) -Rs. | 1.06 | 2.56 | 2.53 | 4.03 | 12.96 |
| (b) | Diluted EPS before & after Extraordinary Items (Not Annualized)-Rs. | 1.06 | 2.56 | 2.53 | 4.03 | 12.96 |
| 17 | Public Shareholding | | | | | |
| | - Number of Shares | 303,690,965 | 305,713,965 | 303,690,965 | 305,713,965 | 305,713,965 |
| | - Percentage of Shareholding | 60.25% | 60.65% | 60.25% | 60.65% | 60.65% |
| 18 | Promoters and Promoter Group Shareholding | | | | | |
| (a) | Pledged / Encumbered | | | | | |
| | - Number of Shares | 15,800,000 | 32,724,000 | 15,800,000 | 32,724,000 | 10,600,000 |
| | - Percentage of Shares (as a percentage of the total shareholding of promoter and promoter group) | 7.89% | 16.50% | 7.89% | 16.50% | 5.35% |
| | - Percentage of Shares (as a percentage of the total share capital of the company) | 3.13% | 6.49% | 3.13% | 6.49% | 2.10% |
| (b) | Non - Encumbered | | | | | |
| | - Number of Shares | 184,533,805 | 165,586,805 | 184,533,805 | 165,586,805 | 187,710,805 |
| | - Percentage of Shares (as a percentage of the total shareholding of promoter and promoter group) | 92.11% | 83.50% | 92.11% | 83.50% | 94.65% |
| | - Percentage of Shares (as a percentage of the total share capital of the company) | 36.62% | 32.86% | 36.62% | 32.86% | 37.25% |

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UNAUDITED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Rs. Million

| SL.NO. | P A R T I C U L A R S | A S A T | |
|----------|------------------------------------------|------------------|------------------|
| | | 30.09.2010 | 30.09.2009 |
| | SOURCES OF FUNDS : | | |
| 1 | Shareholders' Funds : | | |
| | (a) Share Capital | 504.09 | 504.09 |
| | (b) Reserves and Surplus | 20,662.21 | 15,720.87 |
| 2 | Loans | 23,549.92 | 19,158.86 |
| 3 | Deferred Tax Liability (Net) | 2,670.98 | 2,328.45 |
| | T O T A L | 47,387.20 | 37,712.27 |
| | APPLICATION OF FUNDS : | | |
| 4 | Fixed Assets | 34,494.29 | 27,009.48 |
| 5 | Goodwill on Consolidation | 1,198.12 | 1,342.31 |
| 6 | Investments | 106.54 | 50.52 |
| 7 | Current Assets, Loans and Advances : | | |
| | (a) Inventories | 13,759.89 | 10,372.69 |
| | (b) Sundry Debtors | 8,194.31 | 8,996.27 |
| | (c) Cash and Bank Balances | 2,410.92 | 3,531.25 |
| | (d) Other Current Assets | 93.22 | 347.74 |
| | (e) Loans and Advances | 3,957.97 | 2,143.55 |
| | (A) | 28,416.31 | 25,391.50 |
| | Less: Current Liabilities and Provisions | | |
| | (a) Liabilities | 12,449.93 | 14,062.07 |
| | (b) Provisions | 4,378.13 | 2,020.22 |
| | (B) | 16,828.06 | 16,082.29 |
| | NET CURRENT ASSETS (A-B) | 11,588.25 | 9,309.21 |
| 8 | Deferred Revenue Expenditure | - | 0.75 |
| | T O T A L | 47,387.20 | 37,712.27 |

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**Segment wise Revenue, Results & Capital Employed
(under Clause 41 of the Listing Agreement)**

I Geographical Segments:

The Company has considered geographic segments as the primary segments for disclosure. The geographic segments are India, South Africa and Europe on the basis of Organisation Structure and Operating Locations. Indian segment includes manufacturing and sales operations through India, South African segment includes manufacturing and sales operations through South Africa along with its subsidiaries and European segment includes manufacturing and sales operations through the plant at Netherlands along with its subsidiaries.

II Business Segments

The Company has considered business segments as secondary segment for disclosure. The Company's operation comprises of one segment - Tyres, Tubes & Flaps and therefore there are no other business segments to be reported Under AS - 17 - "Segment Reporting".

III Information about Primary Segments

Rs. Million

| Particulars | Consolidated Results | | | | |
|-------------------------------------------------------------------|------------------------------|------------------|--------------------------------|------------------|-------------------------|
| | Quarter Ended (Unaudited) | | Half Year Ended (Unaudited) | | Year Ended (Audited) |
| | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 | 31.03.2010 |
| 1. Segment Revenue | | | | | |
| India | 11,756.05 | 12,203.10 | 22,968.72 | 24,004.52 | 50,365.61 |
| South Africa | 2,632.05 | 2,892.49 | 5,296.43 | 5,359.01 | 10,971.64 |
| Europe | 5,246.78 | 5,368.46 | 9,622.42 | 7,450.50 | 19,901.47 |
| Total Segment Revenue | 19,634.88 | 20,464.05 | 37,887.57 | 36,814.03 | 81,238.72 |
| Less : Inter Segment Revenue | (145.66) | (2.13) | (191.47) | (2.13) | (31.29) |
| Net Sales | 19,489.22 | 20,461.92 | 37,696.10 | 36,811.90 | 81,207.43 |
| 2. Segment Results | | | | | |
| India | 914.59 | 1,684.34 | 1,748.54 | 3,321.28 | 6,762.13 |
| South Africa | (72.69) | 193.63 | (1.99) | 255.35 | 1,649.02 |
| Europe | 432.22 | 362.89 | 943.95 | 382.35 | 2,240.70 |
| Total Segment Results | 1,274.12 | 2,240.86 | 2,690.50 | 3,958.98 | 10,651.85 |
| Less : Interest Expenses | (463.77) | (283.61) | (802.16) | (590.29) | (1,153.80) |
| Other Unallocable Corporate Expenses / Eliminations | (65.24) | (19.17) | (99.78) | (207.86) | (357.90) |
| Profit Before Tax | 745.11 | 1,938.08 | 1,788.56 | 3,160.83 | 9,140.15 |
| 3. Capital Employed (Segment Assets - Segment Liabilities) | | | | | |
| India | 20,378.60 | 17,386.65 | 20,378.60 | 17,386.65 | 19,278.76 |
| South Africa | 2,255.78 | 1,719.36 | 2,255.78 | 1,719.36 | 2,305.47 |
| Europe | 5,608.21 | 2,714.12 | 5,608.21 | 2,714.12 | 4,652.63 |
| | 28,242.59 | 21,820.13 | 28,242.59 | 21,820.13 | 26,236.86 |
| Add: Other Corporate Assets & Liabilities | 1,855.50 | 3,724.73 | 1,855.50 | 3,724.73 | 2,447.27 |
| Less: Eliminations | (8,931.79) | (9,320.65) | (8,931.79) | (9,320.65) | (9,005.89) |
| Total Capital Employed | 21,166.30 | 16,224.21 | 21,166.30 | 16,224.21 | 19,678.24 |

NOTES:

- 1 The Lock-out at the Company's manufacturing facility at Perambra (Kerala) declared on 11th June 2010 was lifted on 21st August 2010 upon signing of Long term settlement agreement with workers.
- 2 Consequent upon declaration of a general strike in tyre industry in South Africa, the workers of both the plants at Durban and Ladysmith of Apollo Tyres South Africa (Pty.) Ltd., wholly owned subsidiary of the company had gone on strike from 30th August 2010. The strike has since been called off upon signing of Long term settlement agreement and workers of both the plants have resumed work w.e.f 1st October 2010.
- 3 The key standalone financial information of the company is as under:

Rs. Million

| Particulars | Quarter Ended * (Unaudited) | | Half Year Ended * (Unaudited) | | Year Ended (Audited) |
|-----------------------|--------------------------------|------------|----------------------------------|------------|-------------------------|
| | 30.09.2010 | 30.09.2009 | 30.09.2010 | 30.09.2009 | 31.03.2010 |
| Net Sales | 11,756.05 | 12,203.10 | 22,968.72 | 24,004.52 | 50,365.61 |
| Net Profit Before Tax | 533.75 | 1,558.79 | 1,108.80 | 2,993.19 | 5,981.95 |
| Net Profit after Tax | 373.55 | 1,021.09 | 779.60 | 1,967.80 | 4,149.88 |

* The above standalone financial information has been subjected to limited review by the statutory auditors.

- 4 The unaudited consolidated financial results for the quarter and half year ended September 30, 2010 have been subjected to limited review by the Statutory Auditors.
- 5 The number of investor complaints received during the quarter were 8(eight) all of which have been disposed off. There were no investor complaints pending at the beginning or at the end of the quarter.
- 6 The Company has opted to publish Consolidated financial results for the financial year 2010-11. Standalone financial results, for the quarter and half year ended 30th September 2010 can be viewed on the website of the Company, National Stock Exchange of India Limited and Bombay Stock Exchange Limited at www.apollotyres.com, www.nseindia.com and www.bseindia.com respectively.
- 7 The above results were reviewed by the Audit Committee on 10th November 2010 and approved by the Board of Directors at its meeting held on 11th November 2010.
- 8 Previous periods' figures have been regrouped / rearranged wherever considered necessary.

For and on behalf of the Board
of Directors of Apollo Tyres Ltd.

Onkar S. Kanwar

ONKAR S. KANWAR
CHAIRMAN & MANAGING DIRECTOR

PLACE: Gurgaon
DATE: 11.11.2010