

ANNUAL REPORT 2011-12



I am Apollo

I am on a roll

I am tuning into my own energy

I seek to make a difference in your life

I am alive to new opportunities



VREDESTEIN

I am hungry for more

I exist to empower you

I am going the distance

And I'm enjoying our journey



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I am
ready for new experiences

CHAIRMAN'S MESSAGE

Dear Shareholder,

Each year, it gives me great pleasure to share with you the key milestones and achievements of Apollo Tyres which, with your continued support over the years, has moved from strength to strength. At Apollo, we have always strived to ensure that through each activity we undertake, we are able to create value for you and deliver products and services for our customers which ensure their comfort and safety.

The year gone by was truly special for us. To begin with, Apollo Tyres became the first Indian tyre company to cross the annual revenue milestone of over Rs 12,000 crores or US\$ 2.5 billion in FY12. It has been an extremely challenging year, but despite that we have registered a 37% growth and added half a billion dollars to the company's topline. It is quite amazing to think, that it took us 28 years to reach a revenue figure of US\$ 500 million, and today, when we grow by an equal amount in one year, we still seek a greater challenge on your behalf.

But let me put this in some context. In current times, economies across the globe are labouring to overcome low consumer sentiments and issues of debt refinancing. Even in a country like India, which is considered a high growth economy, this past year the GDP has at best grown at around 6.5%; with flat growth in the automotive sector across all vehicle types. In fact, April 2012 has recorded the lowest automobile sales in 10 years in India! In our 2 other large markets, overall economic growth has been slow. South Africa continues to recover from the aftermath of the global financial crisis; while Europe registers at best growth rates of 2%, which is considered good.

Combined with this, was a year where raw material costs were more expensive by over 32% compared to the year before; along with a host of other factors like our inability to pass on higher input costs to our customers, an inverted duty structure, currency fluctuations and competition from cheap imports.

However, with Apollo Tyres' operations in Africa, Europe and India, and nearly 118 export destinations, the company is not overly dependent on any one market; this has allowed us to focus on other crucial factors like research, manufacturing excellence, product performance and safety, and enhancing service delivery.

In FY12, Apollo's focus and hard work on ultra high performing passenger vehicle tyres paid off handsomely. This is apparent in the fact that sales of Apollo branded tyres has doubled in the most

competitive global market – Europe. In addition, at the Geneva Motor Show, easily counted amongst the grandest automotive extravaganzas, your company launched Apollo Aspire 4G -- an ultra high performance tyre to cater to high end European cars. Simultaneously, for our premium passenger car tyre brand Vredestein, more new generation passenger tyres were introduced to further cement the brand's position in the lucrative niche space it occupies.

In addition, we are continuing our efforts in expanding and consolidating our existing markets. Dubai, an arm of Apollo's India operations, proved to be an ideal hub to cater to the Middle Eastern region. The performance of this expansion has been worthy, nearly tripling our revenues from the region and poising Apollo for take-off in the coming year. The performance of the Dubai office has given us the confidence to further expand operations in the South East Asian region over the coming year.

However, what gives me most pride to report to you is our increasing community and green engagement. We have undertaken a complete audit of all our operations globally and our offices on critical environmental factors and have put in place systems to make Apollo a "green company". Our efforts in general health and HIV-AIDS awareness and prevention too, have been strengthened, with currently 21 health care centres across the country catering to the commercial trucking community. For youth and women's empowerment and skill building for self-employment, around all 4 manufacturing units in India, we have embarked on "Project U" – which educates, trains and undertakes livelihood creation for the young unemployed.

Last but not the least, Apollo's leadership team is constantly looking at ways to better internal efficiencies and operational effectiveness, with a clear focus on product and process quality. When one decides to lead in an industry where day-to-day survival is a struggle, it is but natural that discovering opportunities in every challenge and finding innovative solutions becomes a way of life! I am confident that Apollo Tyres will be able to outperform itself once again in the coming year.

Wishing you all the very best.



ONKAR S KANWAR
Chairman & Managing Director





VICE CHAIRMAN'S MESSAGE

Dear Shareholder,

In more ways than one, the financial year gone by has been significant for Apollo Tyres. The following pages will provide you with an update. However, in a nut shell, we commenced our second 5-year growth plan, and made considerable progress in putting in place a robust strategic plan, capable of delivering on higher customer expectations on products and services; a robust research and technology base geared to addressing future needs; greater market penetration with our multiple brands and people development initiatives – all focused on generating growth for the company and its stakeholders year-on-year.

I wanted to share here with you the two distinct areas we are working on to enable Apollo Tyres to become one of the top 10 tyre manufacturers in the world. On one side is the financial plan which looks at each of our brands – Apollo, Dunlop and Vredestein; our markets, possible growth in each category and new product requirements. This dovetails with our current manufacturing facilities, their expansion and the requirement for green or brownfield locations and the nature of future acquisitions.

At the core of this plan lies the expansion of our 3 operations into new markets. While the South African operation will expand to the rest of Africa and South America; the Dutch operations will look at higher penetration in Europe and North America. While India will expand to the Middle East, the rest of the Asian continent and Australasia. This work has already started, with offices being opened in over 6 new locations in the past year.

The second area we are working on is to focus inwards and create enablers capable of supporting our ambitions and the financial plan. There are 4 distinct spheres and goals we are working towards. The first is Quality – using and leveraging Quality tools to better systems, processes, create standards and take our overall performance to the next level. The second is Sustainability – to ensure, here and now, a mentality and dedication to setting up processes and living our business in a manner which will have the least negative impact on our communities and environment, and make peoples lives better. The third is the area of Innovation – to enable our people to take their ideas to the next level of reality, creating excitement, synergy and recognition. The final domain is that of working towards a Common Culture across our geographical width. A defined set of values called The Apollo Way, to bind us together.

This 5-year journey we have termed as AGILE or Apollo Growth Innovation Learning Excellence. We realise that we have set ourselves a tall task, but it has already proved to be both an exciting, and a very fruitful direction, we are moving in both internally and externally. AGILE, and each aspect in it, has metrics which we use to quantify the progress we are making. Every year, I hope to bring you an update on the progress of our 5-year plan, in each of our Annual Reports.

Of course, we would like to hear from our readers and stakeholders, with your opinion and what you think we could look at even more closely.

I look forward to being in touch with you.

With best regards,



NEERAJ KANWAR

Vice Chairman & Managing Director

SUPERVISORY BOARD



STANDING (LEFT TO RIGHT): **P N Wahal** Company Secretary **K Jacob Thomas** Managing Director, Vaniamapara Rubber
Arun Kumar Purwar Former Chairman State Bank of India **Neeraj Kanwar** Vice Chairman & Managing Director
Robert Steinmetz Former Chief of International Business, Continental AG **Sunam Sarkar** Chief Financial Officer & Wholetime Director

NOT IN PHOTOGRAPH: **Alkesh Kumar Sharma*** Secretary (IP), Industries Department, Government of Kerala
Shardul S Shroff Senior Partner, Amarchand & Mangaldas & Suresh A Shroff & Co



SEATED (LEFT TO RIGHT): **V P Joy*** Secretary Finance, Government of Kerala
Nimesh N Kampani Chairman, JM Financial Group **Onkar S Kanwar** Chairman & Managing Director
M R B Punja Former Chairman IDBI **Dr S Narayan** Former Principal Secretary to the Prime Minister of India
U S Oberoi Chief, Corporate Affairs & Wholetime Director

*Kerala Government Nominee

MANAGEMENT BOARD



STANDING (LEFT TO RIGHT): **Tapan Mitra** Chief, Human Resources **Satish Sharma** Chief, India Operations
Sunam Sarkar Chief Financial Officer **P K Mohamed** Chief Advisor, Research & Development **P N Wahal**
Company Secretary **Kaushik Roy** Group Head, Corporate Purchase

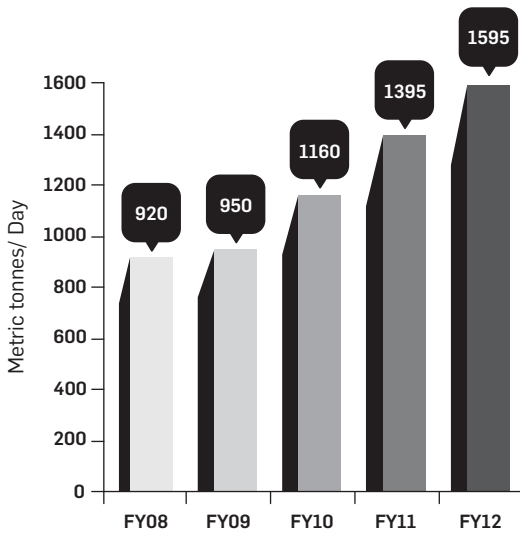


SECOND ROW (LEFT TO RIGHT): **Dr Luis C Ceneviz** CEO, Apollo Tyres South Africa (Pty) Ltd
Rob Oudshoorn CEO, Apollo Vredestein BV **Robert Steinmetz** Non Executive Director

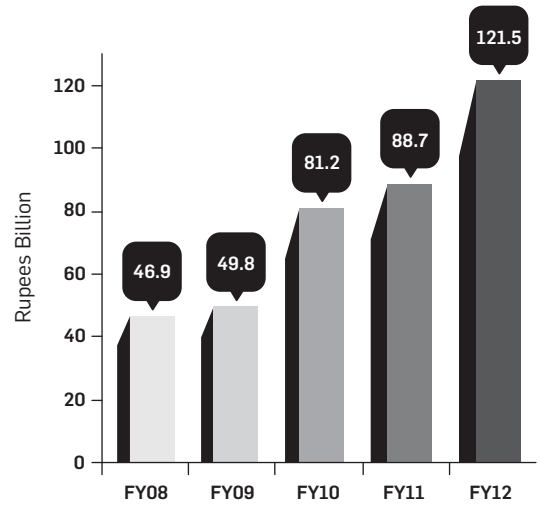
THIRD ROW (LEFT TO RIGHT): **Gaurav Kumar** Group Head, Corporate Strategy & Finance
Neeraj Kanwar Vice Chairman & Managing Director **Onkar S Kanwar** Chairman & Managing Director

PERFORMANCE HIGHLIGHTS

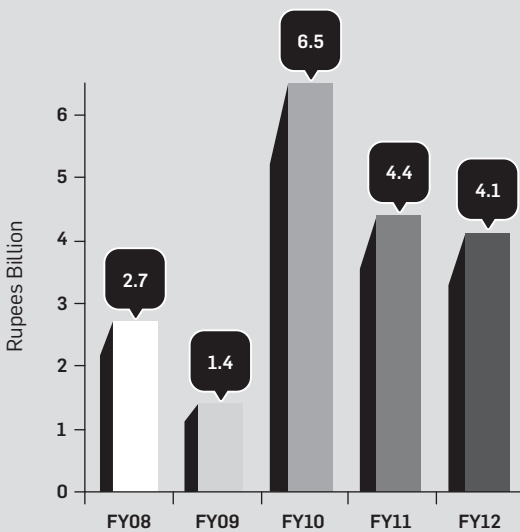
CAPACITY



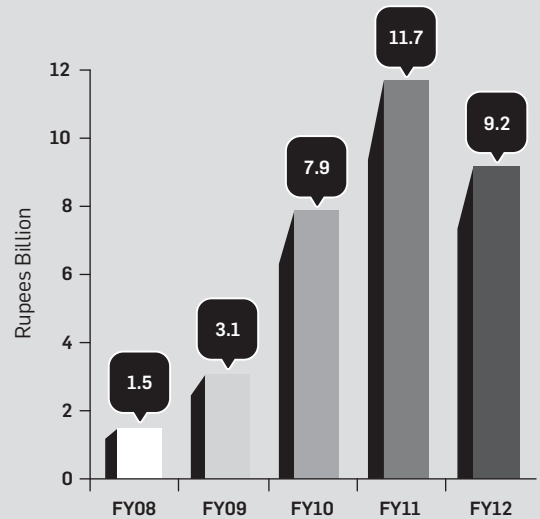
NET SALES



NET PROFIT

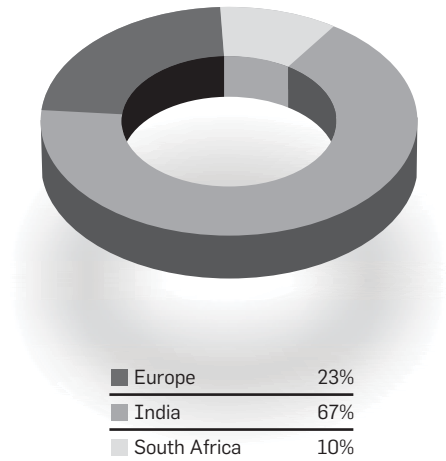


CAPITAL EXPENDITURE

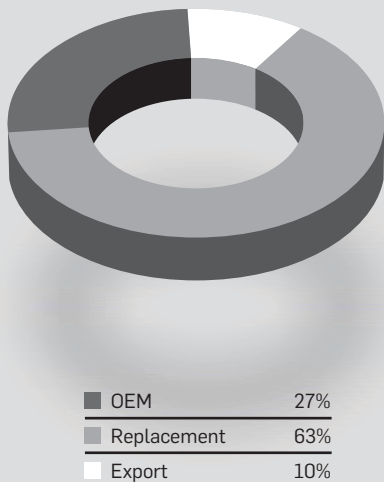


In an extremely challenging year, Apollo became the 1st Indian tyre company to cross the revenue milestone of US\$ 2.5 billion, registering a growth of 37%.

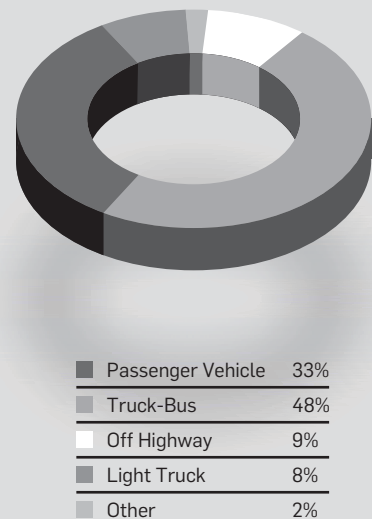
REVENUE SEGMENTATION
by Geography



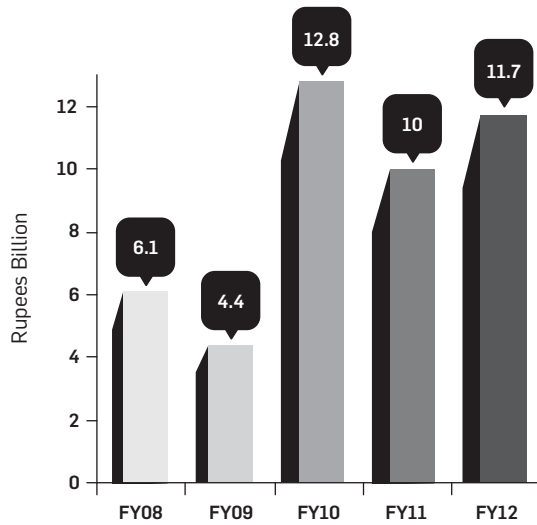
REVENUE SEGMENTATION
by Customer



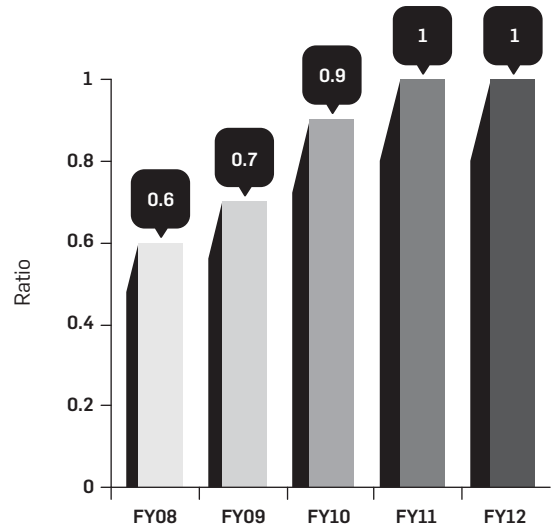
REVENUE SEGMENTATION
by Product



EBIDTA

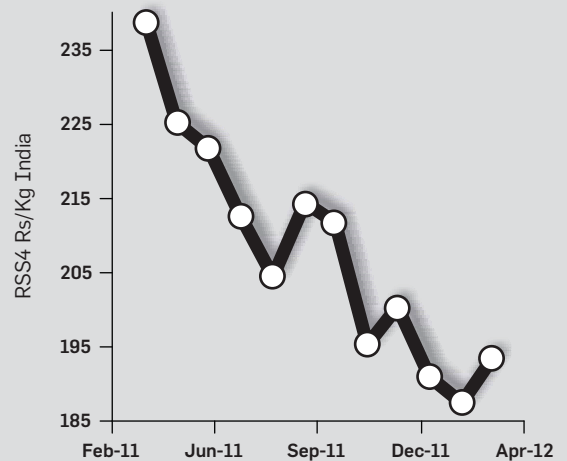


DEBT: EQUITY

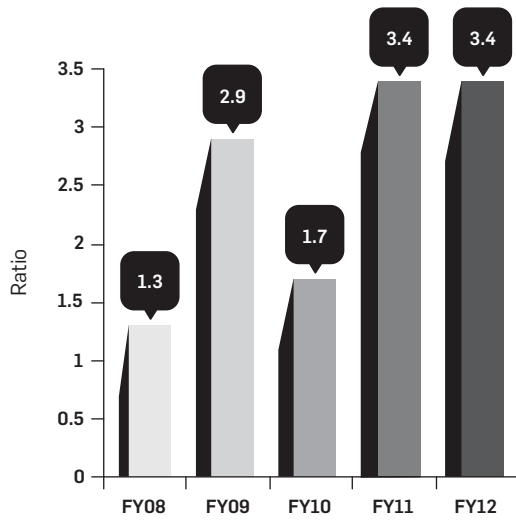


A year marked by raw material prices being 32% higher than the previous year, despite periods of price stability. Factors like currency fluctuations, competition from cheaper imports and inability to pass on higher costs to customers also contributed to a moderated bottomline.

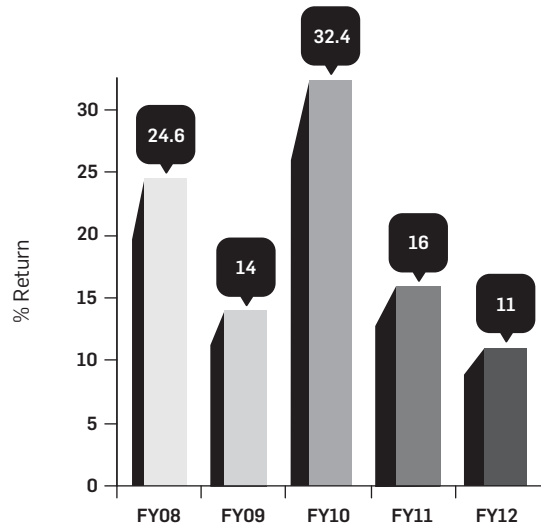
NATURAL RUBBER PRICE MOVEMENT



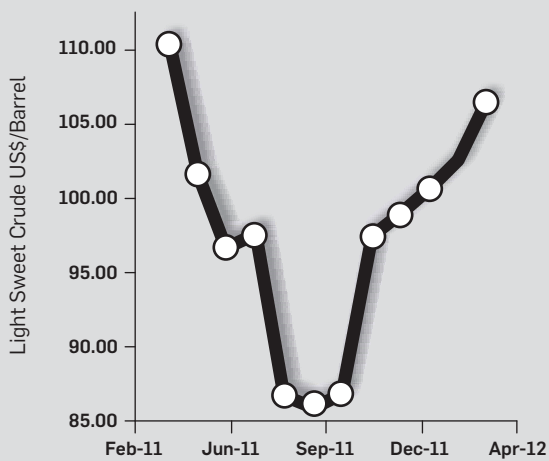
DEBT: EBITA



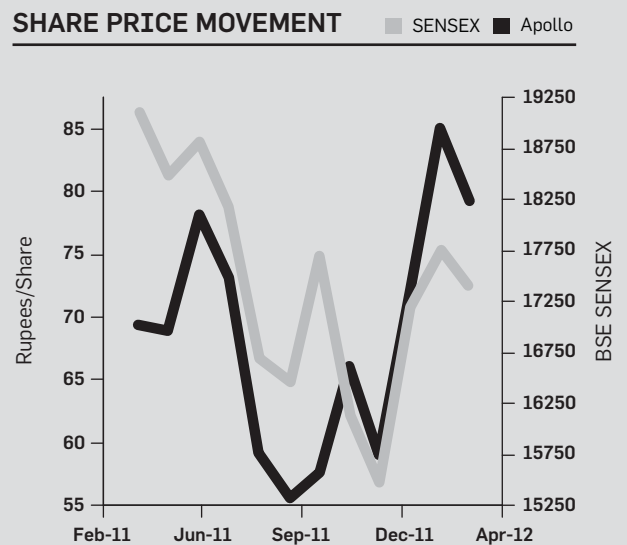
RETURN ON CAPITAL EMPLOYED

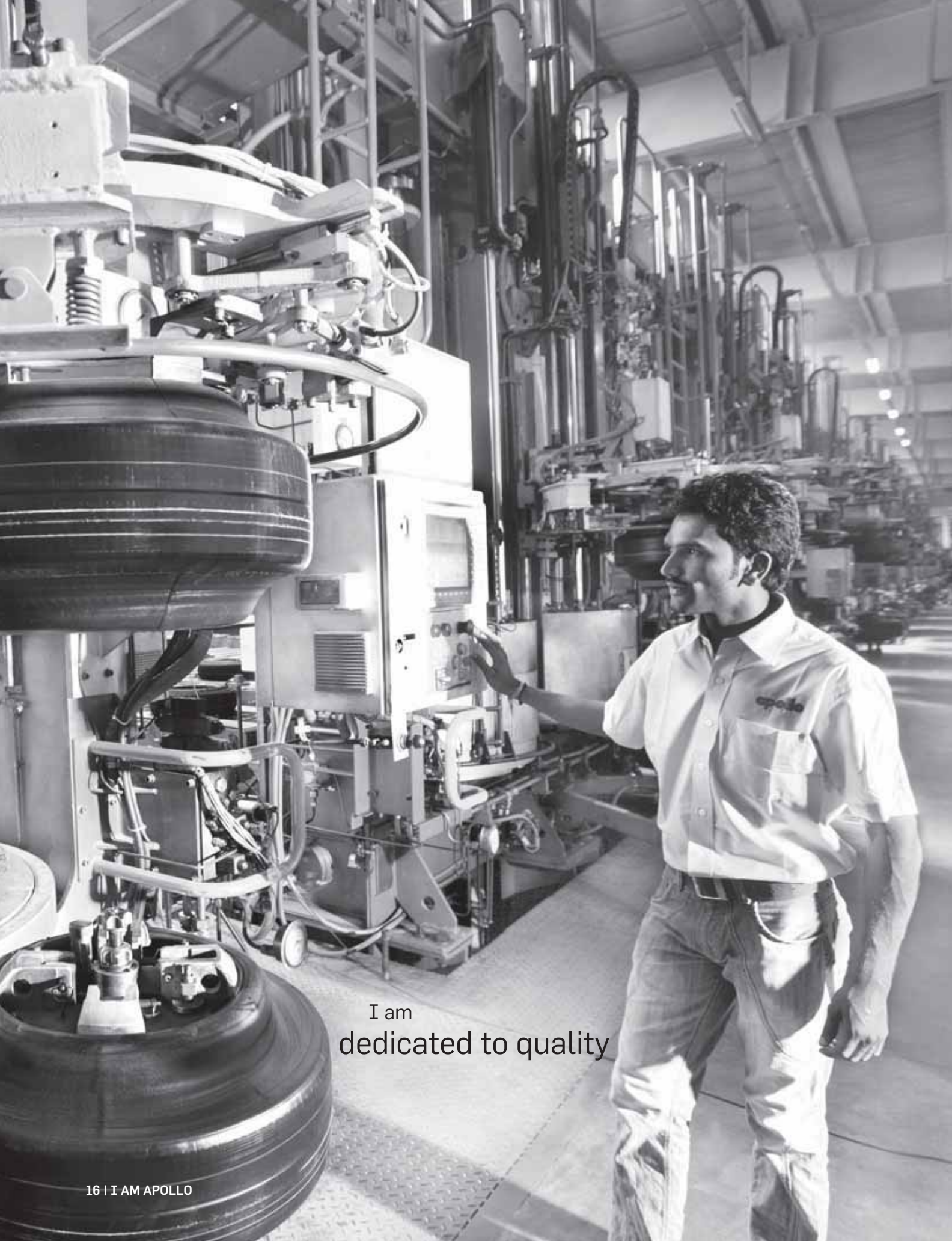


CRUDE OIL PRICE MOVEMENT



SHARE PRICE MOVEMENT





I am
dedicated to quality

MANAGEMENT DISCUSSION AND ANALYSIS

Apollo Tyres Ltd commenced its current 5-year strategic growth plan in FY12, with a clear goal of becoming a global Top 10 tyre manufacturer. Apart from the organisation's continued emphasis on quality, internal efficiencies, resource optimisation and customer centricity, extensive efforts are being made to develop a systematic approach towards product innovation and sustainable business practices.

MARKET OVERVIEW

The year under discussion closed with a 37% addition to the company's revenues, with a 18% growth in operating profits and with net profits being maintained at earlier levels, despite a 32% increase in raw material costs over the previous year. Raw material prices escalated in the first half of FY12 and stabilised to a large extent in the second half of the year. However, relief on natural rubber prices was nullified due to higher cost of oil-based raw materials – compounded by an unstable political situation in the Middle East.

From a revenue segmentation position, India Operations accounted for 67% of net sales, Europe 23% and Africa 10%. The ratio between Original Equipment Manufacturers or OEM to Replacement (including exports from respective manufacturing locations) was maintained at 27% and 73% respectively. In terms of products, truck bus tyres and passenger vehicle tyres account for the largest share at 48% and 33% respectively.

Overall, FY12 was a year of introduction of more advanced products across every single customer segment and the implementation of robust quality processes for the future.

ZONAL OVERVIEWS

After a decade of stable growth, barring the slowdown in 2008, the Indian economy fell short of steam with weak industrial growth bringing down overall economic growth to 6.5% in FY12. The year was marked by rising interest rates and inflation, and hikes in fuel prices.

According to the Society of Indian Automobile Manufacturers, the auto industry registered limited

growth, with passenger vehicle sales growing by 4.6% and commercial vehicle sales growing by 18.2% -- the latter being driven by a demand boost in the light commercial vehicle category.

In the past fiscal, according to the Automotive Tyre Manufacturers' Association, the Indian tyre industry, which closely mirrors prevailing sentiments in the automotive sector, is estimated to have clocked a turnover of around Rs 300 billion, with exports accounting for Rs 36 billion. Dominated by few large manufacturers, the total production was recorded at around 1.5 million metric tonnes.

The commercial vehicle tyre segment grew by a marginal 3% over the previous year, in terms of units produced. Largely gaining from an increase in profitability of fleet owners due to a multitude of factors – ranging from ability to pass on increased fuel cost to consumers and better efficiencies in operations. The light commercial vehicle and industrial tyre segments registered maximum growth, with both growing a healthy 11%. The light commercial vehicle segment benefitted hugely from the spike in small commercial vehicle sales.

Overall tyre imports rose by nearly 17% in FY12, boosted by demand amongst original equipment manufacturers. Imports in the passenger car tyres category grew at 13%.

Throughout the period under discussion, the European Union's economy experienced considerable turbulence for various reasons, including high level of sovereign debt, slowdown in global demand and low consumer confidence. The impact was felt on the GDP growth which was around 1.4%, a decline from the previous year's 1.9%, with the

central and eastern European countries marginally outperforming their western counterparts. Though the strongest and largest economy in Europe, Germany, continued to provide economic leadership with GDP growth at almost 3%.

During early 2012, the European Central Bank injected significant liquidity into the banking system which calmed down markets and brought much needed stability. The Euro appeared to be volatile against all major currencies with the exchange rate against the US\$ peaking to 1.44 before touching a low of 1.28 and averaging at 1.37 during FY12.

Despite uncertain economic conditions, new car registrations in Europe grew by 2% over the previous year.

For the European tyre industry, the year started with continued strong demand for passenger vehicle tyres. With inventories at a low level, it was difficult to satisfy demand from all customers. However, sales slowed down following a warm winter leaving inventory both with manufacturers and dealers. In Europe, winter tyre sales accounted for 33% of total sales. The tyre market saw a degrowth of 2% in CY11.

In South Africa, GDP growth was at 3.1% for CY11. The country's Central Bank kept borrowing costs unchanged for a record 16 months after inflation slowed in February, easing concerns that price pressures may be spreading in the African continent's largest economy. However, economic hurdles appeared in the guise of exchange rate fluctuations -- with an almost 30% swing against the US\$ -- and precariously balanced relationship with labour and unions.

In the South African automobile market, the domestic passenger car segment grew as much as 17.5%; but well below peak levels witnessed in 2005-07. The light commercial vehicle market expanded by 11.6%, while demand in the medium and heavy vehicle segment rose by around 21%.

The tyre import market in CY11 accounted for almost 50% of products sold across all segments,

putting severe pressure on the domestic industry and restricting its growth.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian tyre industry, in comparison to its western counterparts, lags behind in radialisation trends. Radialisation levels for passenger vehicle tyres were maintained at 98%, while for commercial vehicle segment it was pegged at 22% -- a significant growth of nearly 25% over last year.

The top 5 players -- Apollo, Birla, Ceat, JK Tyres and MRF -- command over 70% of the market, with product offerings across all major categories. India continues to be driven by the commercial vehicle tyre segment, where truck and bus tyres contribute as much as 55% of the industry's revenue. The replacement market accounts for 70% of the revenues, though the OE segment continues to play a crucial role in terms of volumes and ensuring product acceptability in the consumers' mind.

Amongst those who set up new manufacturing units in the country were Bridgestone, JK Tyres and MRF. Bridgestone's Rs 4.3 billion plant in central India was completed in July 2011. The unit is geared to produce 12,000 truck-bus radials and 120,000 passenger car radials every month. Both JK Tyres and MRF, like Apollo, chose the southern Indian state of Tamil Nadu as their preferred manufacturing location. JK Tyres' facility, which was completed in February 2012 with an investment of Rs 10 billion, is equipped to manufacture around 208,000 passenger car radials and 33,000 truck-bus radials each month. MRF's facility, built with an investment of Rs 9 billion, has a capacity of 350,000 passenger car radials and 60,000 truck-bus radials per month. Ceat also ramped up capacity at its unit in Western India with a radial capacity of 150 tonnes per day. The Michelin facility in Tamil Nadu with a capacity of 2 million truck-bus radial tyres per year, is currently under construction and expected to begin production later in the year.

Apollo's manufacturing unit in Tamil Nadu, which will attain full capacity in December 2012, has been

constructed to accommodate a manufacturing capability of 480,000 passenger car radials and 180,000 truck-bus radials each month.

Apollo, Birla, BKT, Falcon, JK Tyres and MRF also sought to expand capacities in their existing facilities – with combined investment to the tune of Rs 35 billion.

In FY12, while production of truck-bus and passenger car tyres went up by a marginal 3% and 4% respectively, light commercial vehicle and industrial tyre production jumped 11%. The total production in the industry grew by around 5% – a trend which is expected to continue in the near future.

Exports out of India grew in most categories and registered the highest growth of 65% in the off-the-road tyre segment.

In policy developments, legislation on tyre labelling is scheduled to be implemented in Europe in November 2012; most manufacturers are working towards achieving compliance for the same. With the new tyre labelling system, consumers will be informed upfront on where each tyre stacks up on the 3 key areas of rolling resistance, wet grip and exterior noise.

In South Africa, the 4 local manufacturers – Apollo, Bridgestone, Continental and Goodyear – continue to compete in a market which is dominated by imports. Growth plans were mostly put on hold due to political and economic concerns in various African countries.

In CY11 for domestic manufacturers, while the passenger car tyre category grew marginally, truck-bus tyres had a flat year in South Africa.

SWOT ANALYSIS

Strengths

1. Apollo Tyres has the advantage of a diversified market base across 3 geographies and is therefore not dependent on a single domestic or export market.

2. The company is powered by 3 strong product brands in its domestic markets; Apollo in India, Dunlop in 32 African countries and Vredestein in Europe.

3. Apollo Tyres enjoys an extensive distribution network for all its brands across its key domestic markets.

4. In Europe, the company has an established presence in ultra high performance (UHP) and winter passenger car tyre segments.

5. The company is a leading player in the commercial vehicle segment – which accounts for the bulk of the industry’s revenue – in India. Additionally, Apollo is best positioned to capture significant market share and maintain its pole position in the truck-bus radial segment.

6. In the Indian passenger car segment, Apollo is the largest producer and exporter.

7. The company’s leadership is widely recognised for its dynamism and progressive outlook.

Weaknesses

1. India has a large and growing 2-3 wheeler tyre segment. However, Apollo does not manufacture tyres for this category and continues to focus on passenger car and commercial vehicle tyres.

2. The company’s manufacturing facilities in Africa are sub-optimal in terms of size.

3. As of now, the company, in some of its key markets, is unable to pass on cost escalations to consumers, in a timely fashion, due to intense competition and various market dynamics.

Opportunities

1. In India, Apollo Tyres enjoys the first-mover advantage in the truck-bus radial segment and has a healthy lead over its competition in terms of production capacity. Moreover, Apollo’s entry in the said segment has meant that now it can offer its customers a complete solution for their



apollo one family

I am
the change

requirements in the commercial vehicle category – where it has been an acknowledged leader for long.

2. The company’s Apollo branded passenger car tyres are being sold in Europe and this could develop a sizable market for the same leveraging its already existing network in Europe.
3. Apollo Tyres, through brand Dunlop, can further penetrate the African market and extract more from the geography.
4. The company is well placed to establish and increase its presence in markets like South America, Australia, Russia and South East Asia.

Threats

1. A slowdown in the Indian economy.
2. Increased competition from global players like Michelin and Bridgestone in India; particularly in the truck-bus radial segment.
3. A quicker than expected decline in volumes within the truck-bus cross ply segment, resulting in redundant capacities needing investment.
4. Ongoing raw material price volatility.
5. Exposure to an unpredictable South African market in terms of economic and political stability and currency fluctuations.
6. An economic downturn in Europe leading to a decline in demand.

SEGMENT-WISE PERFORMANCE

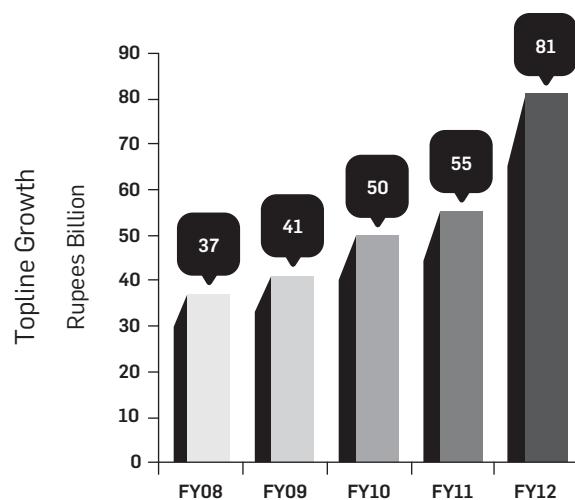
For FY12, Apollo Tyres’ India operation’s sales were over Rs 81 billion, a growth of around 47% over the same period last year. In terms of overall revenue segmentation, 56% of revenues came from the Indian replacement and 34% from original equipment manufacturers, with the remaining from exports. The two large product segments continued to be truck-bus and passenger car accounting for 65% and 16% of revenues.

For India operations, the area of concern was passenger car tyre sales, which remained flat compared to the high growth of previous years. This

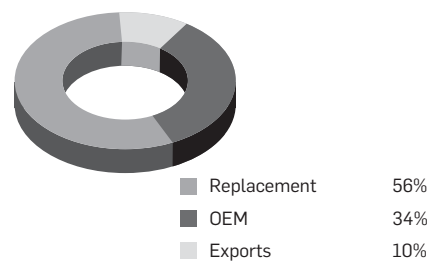
may be attributed to low growth in car sales, which took a blow from high interest rates and rising fuel prices in FY12.

For the company’s India operations, FY12 was a year of new export markets in Japan, Malaysia, Sri Lanka, Taiwan, Thailand, Uzbekistan and Vietnam. However, the area of focus was the Middle East, with Dubai as the hub of operations. Towards this, Apollo opened its largest office outside its operations in India, South Africa and the Netherlands, in Dubai.

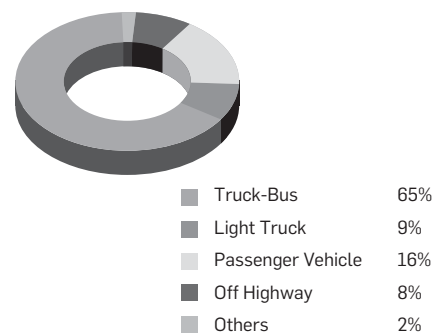
INDIA



Revenue Segmentation by Customer



Revenue Segmentation by Product



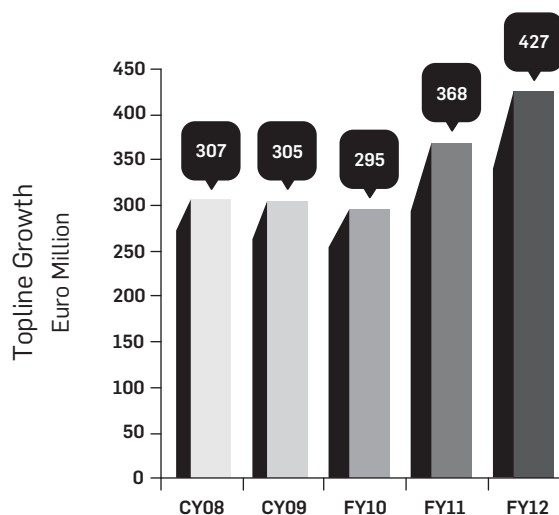
To boost consumer sentiment and reward loyal business partners, the company introduced a slew of initiatives.

For the passenger car category emphasis was on service and delivery. To begin with, Apollo Direct – a toll free helpline, to enable customers to select and buy the appropriate tyre was launched. Apollo Super Zone, large branded retail outlets with a host of facilities like wireless internet, lounges and entertainment centres, were opened in cities like Delhi, Dubai and Mumbai to ensure that consumers have a pleasant tyre buying experience. The company sponsored the *ET Zigwheels Awards 2012* to recognise and facilitate achievers in the automobile space. For its offroading customers, it brought out the perfect offering in the form of a premium coffee table book – *Driving Off The Map*, which covered a variety of subjects in the 4x4 category. In association with Mahindra & Mahindra, its OE partner, Apollo co-sponsored the annual monsoon driving adventure. Safe Drive campaigns to create awareness amongst consumers regarding tyre maintenance and care continued unabated, much like previous years.

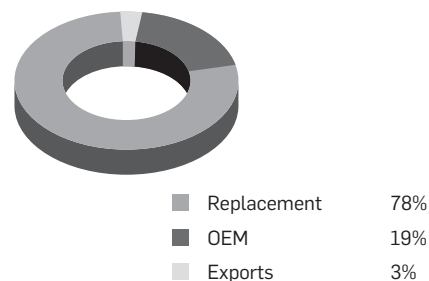
In the commercial vehicle category, while service and delivery continued to be important, the focus was on empowering customers to derive the maximum out of their tyres. To this end, India Operations announced the 1st *Apollo Fleet of the Year Awards* which recognised and upheld best practice in the transport sector. While the Apollo Radial Service Assistance programme looked at improving operational efficiencies of fleet owners. Over 100 retreaders, now known as Apollo Certified Retreaders, were trained and equipped by the company for the benefit of its commercial vehicle customers. Similarly, the company also trained and equipped over 200 tyre fitters, referred to as Expert Tyre Fitters. The concept of branded retail outlets was also introduced for the commercial category, with 2 such outlets being opened in transport hubs

in Delhi and Tamil Nadu. Trust Built on Millions of Miles, the all-India customer connect programme, was launched for the commercial cross ply consumers to identify and address their concerns.

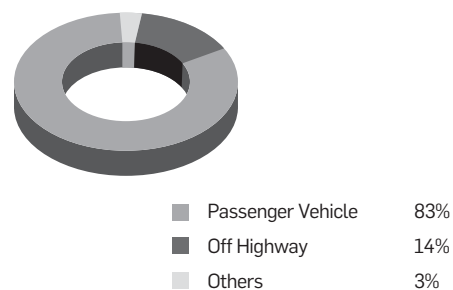
EUROPE



Revenue Segmentation by Customer



Revenue Segmentation by Product



A significant milestone was achieved in Q4 FY12 when Apollo's iconic tyre manufacturing facility in Chennai produced its millionth truck-bus radial tyre;

the unit went on-stream with an initial production of 250 tyres a day in April 2010, and was gradually ramped up to cross 4,000 a day. In terms of new products, India operations launched XT-7 Gold+, a benchmark product in the moderate load segment.

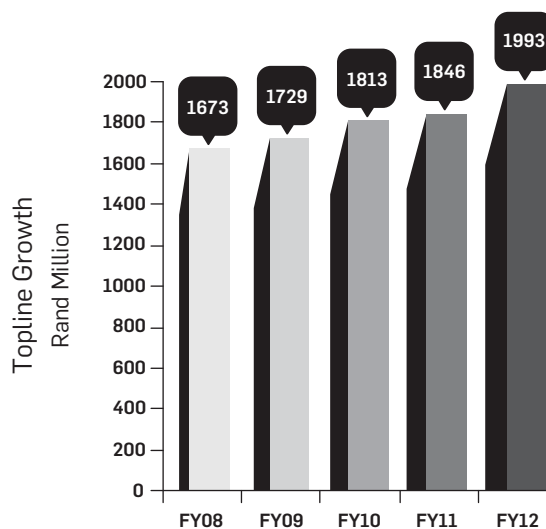
For the European operations, Apollo Vredestein B V registered an impressive topline growth of 16% in FY12 over the previous year. This translates into a growth of around 3% in passenger car tyres and 5% in agriculture tyres, in volume terms; the rest is a result of price hikes and an improved sales mix. Apollo Vredestein is an established player in the replacement market in Europe. Not surprisingly then, 78% of the revenue came from replacement while original equipment manufacturers accounted for remaining 19%. The passenger car tyre category constituted 83% of the total revenue, agriculture tyres contributed 14%.

In FY12, new product development was led by ultra high performance and high performance passenger car tyres for both Apollo and Vredestein brands. Europe operations successfully organised 2 major product launches. Apollo Aspire 4G was unveiled at the 82nd Geneva Motor Show. It was closely followed by Vredestein Ultrac Vorti & Sportrac 5, the next generation in this range being showcased in Budapest at the Hungaroring Formula 1 race track. Critics and consumers alike appreciated these latest offerings from the company.

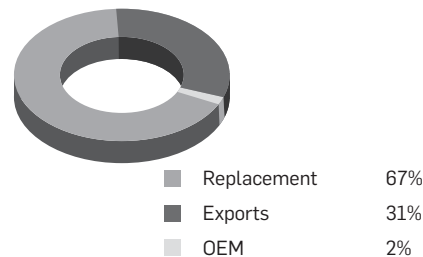
Moreover, the successful introduction of Aspire 4G in Geneva was given an extra push by “highly recommended” test results of the Apollo Amazer 3G Maxx. The latter received a favourable report card from the European summer tyre tests conducted by ADAC, TCS and OEMTC; the results assure customers of the highest quality. During the year under consideration, Apollo Vredestein also presented its white sidewall classic tyre, making a clear statement about its ambition to grow in this niche market as well as its technological capabilities.

South Africa operations once again saw a single digit growth of around 8% in the topline in FY12, an improvement over the previous year. Bulk of the revenue, to the tune of 67%, came from the replacement market, even as exports brought in another 31%. In product terms, truck-bus, light truck and passenger car tyre categories contributed 40%, 23% and 30% respectively.

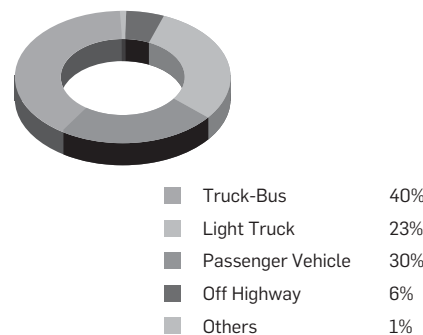
SOUTH AFRICA



Revenue Segmentation by Customer



Revenue Segmentation by Product





I am
realising our potential

OUTLOOK

With the Indian economy showing a moderate growth trend, reasonable growth is expected in the automotive industry. As per the Society of Indian Automobile Manufacturers, the Indian automotive industry is expected to grow about 10-12% on the back of unfulfilled demand from FY12 and expected interest rate cuts in FY13. Subsequently, the Indian tyre industry is estimated to grow by around 10%, though challenged by an inverted duty structure and continued high raw material prices.

Rural pockets of the country have gradually emerged as promising markets for both commercial and passenger vehicle products. In keeping with this, almost all major tyre manufacturers are preparing to build their passenger car and light truck tyre production capacities.

In terms of raw materials, the global tyre industry's focus is likely to be on efficient inventory management, vendor relationship management, procurement from low cost sources and raw material substitution. In the near future, major raw material prices are expected to exhibit an upward trend in the first half of FY13 with natural rubber and crude oil based raw materials like synthetic rubber and carbon black also firming up.

In Europe, most economists are forecasting moderate growth within the Eurozone in the near future. Individual governments are expected to strike a delicate balance between spending cuts to manage the deficit and economic growth initiatives leading to job creation. Austerity programmes together with continued liquidity injection by the European Central Bank will help in regaining investor confidence and assist economic stability. Inflation remains a concern on the back of high prices of crude oil, which is the result of the political situation in various countries in the Middle East.

Outlook for Apollo Vredestein B V is largely positive, even though it is expected that market growth in Europe will be limited. For brand Vredestein, key to

growth will be new product development and entry into new markets. Products from the premium segment under brand Vredestein are slated to be introduced in key growth markets including India, South Africa and the Middle East. Brand Apollo, which is now well-positioned in Europe, is now marketed in Austria, Denmark, Switzerland and Greece in addition to the existing markets of Germany, Netherlands, United Kingdom and Italy.

In South Africa, domestic economic growth remains constrained. However, improved performance of the African economy in Q4 FY12 and a few positive developments in the global economy indicate a slightly better outlook than the previous year. Yet FY13 looks to be challenging with South Africa's economic environment being affected by the global economic outlook, an impact of the European debt crisis and commodity price volatility in particular.

RISKS & CONCERNS

1. Higher raw material prices

- a. Natural rubber is an agricultural commodity and subject to price volatility and production concerns.
- b. Most of the other raw material are crude linked and are affected by the movement in crude prices.
- c. Both natural rubber and crude prices are controlled by external environment – little can be done to control the raw material price movement internally.

2. Ability to pass on increasing cost

- a. Demand supply situation must remain in favour of the industry to enable it to take price increases.
- b. In India however, this is impacted by competitive activities and a general reluctance to take quick and significant price increases.
- c. In South Africa, imports have a significant market share across categories, which to an extent makes it difficult to roll out price hikes.

3. Continued economic growth

- a. Demand in the Indian tyre industry is dependent on economic growth and/or infrastructure development. Any slowdown in economic growth may impact the industry.
- b. South Africa's economy has continued to remain sluggish and though expected to recover, may not grow at the desired pace.
- c. In some parts of Europe, the company's winter tyre sales are still subject to seasonal requirements, which can be a cause for concern in the future.

4. Radialisation levels in India

- a. Slower increase in radialisation level in truck tyre segment than expected may impact Indian operations – excess capacity may result in competitive pressures and decline in profit.
- b. At the same time, an unexpectedly quicker increase in the level of radialisation can result in redundancy of cross ply capacities and create a need for fresh investments.

5. Manpower retention

- a. Retaining skilled personnel may become increasingly difficult in India, due to the entry of global majors like Michelin and Bridgestone with larger production facilities and planned market expansion.
- b. In South Africa, there is a shortage of skilled personnel which may make it difficult to attract and retain key management and operational staff.

6. Currency volatility

In South Africa, currency volatility impacts the competitiveness of the domestic industry vis-à-vis imports.

7. Future growth

Lower level of profitability due to some of the above factors impacts the ability to invest in further growth.

INTERNAL CONTROL & SYSTEMS

At Apollo Tyres, internal audits are carried out by an in-house team reporting to the Audit Committee, which ensures objective reporting on the state of internal controls across various operating units within the company and the extent of compliance with established policies and procedures as well as relevant statutory requirements.

During the year, the company made constructive and practical process changes at its facilities without allowing dilution of internal controls, which have helped in cost reduction and/or improvement in productivity. Critical best practices have also been implemented across geographies.

Dealer Management System was introduced for network partners, to enable them to place orders and track their transactions with the organisation. Fleet Management Module focused on lending support to the truck-bus radial business and International Dealer Portal, meant for export market network, neared completion. In South Africa, deployment of SAP was completed.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act 1956, and applicable accounting standards issued by the Institute of Chartered Accountants of India. The management of Apollo Tyres Ltd accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements are reflected in a true and fair manner, and also reasonably present the company's state of affairs and profit for the year.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Human Resources at Apollo Tyres are trained and equipped to meet the needs of an ever changing, dynamic and professional business environment –

Sl.No	Particulars	Year Ended		Year Ended	
		31.03.2012 Standalone	31.03.2011	31.03.2012 Consolidated	31.03.2011
1	Revenue from Operations:				
	Gross Sales	89,065	60,010	129,019	93,782
	Less: Excise Duty	7,486	5,105	7,486	5,105
	Net Sales	81,579	54,905	121,533	88,677
2	Other Income	182	485	326	509
	Total	81,761	55,390	121,859	89,186
3	Total Expenditure				
	a) Decrease / (Increase) in Finished Goods & Work in Process	234	(3,747)	(2,557)	(4,737)
	b) Consumption of Raw Materials / Purchase of Stock in Trade	62,118	42,463	82,927	57,959
	c) Employee Benefits Expense	3,687	3,068	13,350	11,341
	d) Other Expenses	8,877	7,907	16,152	14,463
	Total	74,916	49,691	109,872	79,026
4	Operating Profit	6,845	5,699	11,987	10,160
5	Finance Costs	2,413	1,590	2,873	1,970
6	Depreciation & Amortisation Expenses	1,857	1,473	3,256	2,719
7	Profit before Exceptional Items & Tax	2,575	2,636	5,858	5,471
8	Exceptional Items			(294)	-
9	Profit After Exceptional Items & Before Tax	2,575	2,636	5,564	5,471
10	Provision for Tax				
	-Current	515	533	928	783
	-Deferred	548	436	816	596
	-MAT Credit	(301)	(316)	(301)	(316)
		762	653	1,443	1,063
11	Profit after Tax	1,813	1,983	4,121	4,408
12	Share of Loss in Associates / Minority Interest			(22)	(6)
13	Net Profit	1,813	1,983	4,099	4,402

key to the development and accomplishment of organisation-wide goals and objectives.

In FY12, the focus was on functional training and empowering employees to achieve higher productivity and consider alternative solutions, apart from routine problem solving. To this effect a host of learning and skill development programmes were launched.

To begin with, Advanced Manufacturing Excellence Programme was conducted for over 40 employees – working in Apollo’s facilities around the globe – at

NITIE, Mumbai. Around the same time, the company implemented a breakthrough Technology Leadership Development Programme – wherein most meritorious employees were handpicked from Apollo’s R&D operations worldwide, and put through a seminar on new product development and skills required for achieving manufacturing excellence.

Importance of softer and behavioural skills can never be overestimated. Following this line of thought, workshops and short training programmes



TECHNO GIRLS 10-12-10

To Dunlop & Co

Thank you for this amazing experience and for all that you have done to make it so memorable!
- Bernice Akpan

- Thank you for everything we have or we have in an extraordinary group
- saying it's a privilege to meet you!
- THANKS!
- we need be !!!
- !!!
- THANKS!

Thank you very much for making us a team representative to UNICEF. We are proud to be part of your team.

Thank you for everything we have or we have in an extraordinary group

Thank you very much for making us a team representative to UNICEF. We are proud to be part of your team.

I am enjoying every moment

were organised for employees across geographies – with stress on communication skills and personal effectiveness. An e-learning course on finance, targeted at employees with a non-finance background, was also introduced and successfully completed by many employees. The company's intranet also became home to a Leadership Development Channel which houses as many as 2500 video capsules on various management topics.

To bring all employees to a single platform of communication and understanding, a global intranet called *Apollo Connect* was deployed, focussing on features which enable faster flow of information and the ability of employees to connect and understand each other better across diverse geographies and cultures.

At India operations, in order to create awareness amongst employees and get their feedback on various policies pertaining to human resources and employee welfare, a Field Connect Programme was initiated. The company also arrived at a long term settlement with trade unions at its facility in Gujarat, India. Under the ongoing *Apollo One Family* and *Svago* – fun at work programme – short trips were organised for employees and their families, in addition to a number of hobby and interest workshops for employees.

At Europe operations, special effort was made to promote cooperation and integration with other geographies. Workshops were organised for strategic resources where they were aligned to the company's current 5-year growth plan. The *One Team One Dream* spirit was most apparent amongst the R&D vertical worldwide, who worked in tandem to create innovative products. Apollo Vredestein BV also reached a new collective labour agreement – valid for 18 months – with trade unions in November 2011.

At Apollo Vredestein BV, employability and vitality are increasingly becoming an established concept, due in great part to the ageing population, raised retirement age and elimination of early retirement. To address these issues, the company resorted to

measures like advising employee health checks, preventative medical examinations, promoting fitness and sports activities and organising periodic performance interviews.

For Apollo Tyres South Africa, technical trainings – ranging from tyre assembly to quality checks – took precedence in all human resource related matters in FY12, with nearly 170 employees benefitting from the same. An Apprenticeship Programme was also introduced to address the issue of an acute shortage of trained artisans, where young graduates were mentored under the In-Service Trainee Programme. For the workforce at large, the company promoted a learning initiative where their previous qualifications were examined and any gaps in their knowledge were bridged. The company also took measures to engage in a meaningful dialogue and put on paper its agreements with the trade unions.

In FY12, Apollo Tyres, across its operations, worked upon initiatives in the area of community and stakeholder welfare, HIV-AIDS awareness and prevention, environment conservation, community health and empowerment.

In India operations, the emphasis was on the HIV-AIDS Workplace Programme, through which 500 peer educators and 40 Master Trainers reached out to employees and sensitised them on the issue – especially the awareness and prevention aspects. In the past year, the count of Apollo Clinics went up to 21 – these Health Care Centres are located in some of the country's largest transshipment hubs, manned by qualified doctors, counsellors and paramedics, and designed to address sexual health concerns of the trucking community operating in the area. The Clinics treated over 4,500 patients for sexually transmitted infections and over 38,500 patients for general health issues; while over 29,500 people underwent counselling on HIV-AIDS, even as over 13,000 underwent voluntary testing for HIV-AIDS.

Recognising the company's leadership in the fight against global health pandemics in business, Apollo Tyres has been presented with the GBC Health Commendation 2011 for its efforts in India, under



I am
exploring new possibilities

the Community Investment category. Global Business Coalition (GBC) Health, headquartered out of New York, is the official private sector focal point for the Global Fund to Fight HIV-AIDS, Tuberculosis and Malaria.

In India, the other area of focus was paper recycling under Apollo's umbrella environment programme – HabitAt Apollo. Through extensive communication on eco-friendly behaviours, employees succeeded in collectively recovering 10,433 kg of office paper, which was then channelised into a proper recycling stream as opposed to being dumped in a landfill. This also complements the movement towards use of less polluting and non-fossil fuel sources of energy like gas, steam and wind power at the manufacturing facilities.

In FY12, India operations also commenced with their community empowerment initiative. Following a formal needs assessment survey across manufacturing locations in India, a plan called Project U was formed to address issues of health, sanitation, domestic habits and behaviours, and the environment. As part of the identified needs, since income generation and livelihood projects emerged as areas of concern, Apollo has deployed a comprehensive programme focusing on skill up-gradation and job placement for the youth at all its manufacturing locations in India. So far, over 400 people have benefitted from this programme.

Additionally, depending upon the needs of the community, Apollo supported a host of initiatives for the local population including sustainable agriculture, organic vegetable gardening, waste management, health, hygiene and sanitation awareness, sensitisation to hazards of alcoholism and tobacco chewing, and women's forums for wives of employees.

At Apollo Vredestein BV, efforts were made towards ensuring safety, health and wellbeing of employees. Preventive medical examinations were carried out for employees in FY12, along with promotion of physical therapy. The organisation also optimised a smoking policy and lent support to those who planned to quit. In FY12, Apollo Vredestein

successfully passed the recertification for the environmental assurance system ISO 14001.

At Apollo Tyres South Africa, in addition to the HIV-AIDS Workplace Programme, the company worked extensively towards community development. The organisation's continued efforts culminated in achieving a Level 5 status, from Level 6 previously, on the Broad Based Black Economic Empowerment (BBBEE) Balanced Scorecard from the Codes of Good Practice. Moreover, Apollo Tyres South Africa supported the cause of vocational skill development in case of differently abled children and young adults, a youth empowerment programme which looks at providing education to youth from underprivileged backgrounds, and an initiative to provide technical education to women.

On the environment front, Apollo Tyres South Africa actively engaged in water and paper recycling, and sponsored waste management in the vicinity. At Ladysmith facility, coal was used as fuel to fire up hot water boilers and as a mitigating factor; the ash from this process was donated to a local small BBBEE business, which produced bricks for construction for use by the economically backward communities. The facility also began a 2-year tree planting project to build a green cover in the neighbourhood by planting more than 1000 indigenous trees – this was done in association with The Wildlands Conservation Trust.

NOTE

This report contains forward-looking statements that describe our objectives, plans and goals. All statements that express expectations and projections about the future, including but not limited to, statements about the Company's strategy for growth, product development, market position, expenditure and financial results, are forward-looking statements. These are subject to, certain risks and uncertainties, including, but not limited to, governmental action, local economic or political development, technological risks, risks inherent in the company's growth strategy, dependence on certain customers, technical personnel and other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Investors should bear this in mind when considering the above statements.



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apollo

DIRECTORS' REPORT

Dear Member,

On behalf of the Board of Directors of your Company, I am delighted to present the annual report along with the audited financial statements of your Company for the financial year ended March 31, 2012.

FINANCIAL PERFORMANCE

Rs Million

	Year ended		Year ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	Standalone		Consolidated	
Net Sales	81,579	54,905	1,21,533	88,677
Other Income	182	485	326	509
Operating Profit (EBIDTA)	6,845	5,699	11,987	10,160
Less: Depreciation/Amortisation Exp.	1,857	1,473	3,256	2,719
Finance Cost	2,413	1,590	2,873	1,970
Provision for Tax	762	653	1,443	1,063
Net Profit before Exceptional Items	1,813	1,983	4,415	4,408
Less: Exceptional Items	-	-	294	-
Less: Share of loss of associates/ minority interest	-	-	22	6
Net Profit	1,813	1,983	4,099	4,402

OPERATIONS

Apollo Tyres Ltd registered revenue growth of 37% during FY12.

On a standalone basis, your Company saw a net turnover of Rs 81,579 million as against Rs 54,905 million during the previous financial year. EBIDTA was at Rs 6,845 million as compared to Rs 5,699 million during the previous financial year. The net profit for the year under review was Rs 1,813 million, as against Rs 1,983 million in the previous fiscal. The raw material cost push continued to pose a challenge.

The consolidated net turnover of your Company increased to Rs 1,21,533 million during FY12, as compared to Rs 88,677 million in FY11. The consolidated EBITDA was Rs 11,987 million for FY12 as compared to Rs 10,160 million for the previous financial year. On consolidated basis, Apollo Tyres earned net profit of Rs 4,099 million for FY12 as against Rs 4,402 million for the previous financial year.

The amount available for appropriations, including surplus from previous year amounted to Rs 8,282 million. Surplus of Rs 6,710 million has been carried forward to the balance sheet after providing for dividend of Rs 252 million, dividend tax of Rs 41 million, debenture redemption reserve of Rs 279 million and general reserve of Rs 1,000 million.

Your Company entered new markets and consolidated its operations in existing ones, with focus on profitability and internal efficiencies.

PRODUCTION

During the year under review, your Company's production has shown a consolidated growth of 16%, in production tonnage, by generating an output of 510,537 metric tonnes (MT) as against 438,524 metric tonnes in the previous year.

RAW MATERIALS

Raw material prices continued their upward march in the first half of the year on back of rising commodity prices. The Euro Zone economic issues and relatively lower GDP growth rates in China and India had a moderating effect on demand for major commodities. This in turn acted as a check on soaring prices of major commodities in the second half of the year with prices stabilizing at high levels. However, the impact of stabilization in major commodities prices in the second half of the year in India was partially offset by the weakening of the rupee against the US Dollar.

The natural rubber consumption in India has overtaken production leading to a deficit in the country. The price intervention scheme announced by the Government of Thailand led to firming up of international prices in latter part of the year.

Crude oil prices breached the US\$ 100 per barrel level, despite decelerating rate of growth in the wake of a global slump. There was an increase of 18% in the prices of crude over previous year. Derivatives of crude, which are used as raw materials, surpassed the crude trend line and registered a disproportionate increase leading to a steep increase in the prices of synthetic rubber and carbon black.

In India, the antidumping duty continued on import of nylon tyre cord fabric, carbon black and rubber chemicals. Further a safeguard duty recommendation was also made on carbon black imports from China.

For FY12, Apollo Tyres continued its focus on vendor relationship management, procurement from low cost sources, raw material substitution and efficient current asset management.

DIVIDEND

Your Company has a consistent track record of dividend payment. The Directors are pleased to recommend a dividend of Re 0.50 (50%) per share on Equity Share Capital of the Company for FY12 for your approval. There will be no tax deduction at source on dividend payments, but your Company will have to bear tax on dividend @ 16.22 %, inclusive of surcharge.

The dividend, if approved, shall be payable to the Shareholders registered in the books of the Company and to the beneficial owners as per details furnished by the depositories, determined with reference to the book closure from August 1, 2012 to August 9, 2012 (both days inclusive).

MARKETING

FY12 was a year of new markets for your Company's operations which commenced exports to Japan, Malaysia, Sri Lanka, Taiwan, Thailand, Uzbekistan and Vietnam. However, the area of focus was the Middle East, where Apollo opened its largest office outside its 3 geographical manufacturing operations.

For the passenger car tyre category, emphasis was on service and delivery. To begin with, Apollo Direct tyre helpline, which enables customers to select and buy the appropriate Apollo tyre for their vehicle by calling on a toll free number, was launched. Apollo Super Zone, large branded retail outlets with a host of facilities like wireless internet, lounges and entertainment centres, were opened in cities like Delhi, Dubai and Mumbai to ensure that consumers have a pleasant tyre buying experience. The company sponsored the ET Zigwheels Awards 2012 to recognise and facilitate the achievers in the automobile space. Safe Drive campaigns to create awareness amongst consumers regarding tyre maintenance and care continued unabated, much like previous year.

In the commercial vehicle category, while service and delivery continued to be important, the focus was on empowering customers to derive most out of their tyres. To this end, Indian operations announced the 1st Apollo Fleet of the Year Awards which recognised and upheld best practice in the transport sector; while the Apollo Radial Service Assistance programme looked at improving operational efficiencies of fleet owners. The concept of branded retail outlets was introduced for the said category as well, with 2 such outlets being opened in transshipment hubs in Delhi and Tamil Nadu. Trust built on Millions of Miles, the all-India customer connect programme, was launched to understand consumer opinions regarding Apollo tyres and, identify and address their concerns.

In your company's Europe operations, in FY12, the focus area was new product development and it was led by ultra high performance and high performance passenger car tyres for both Apollo and Vredestein brand. Europe operations successfully organised two major product launches. Apollo Aspire 4G was the first and was unveiled at Geneva Motor Show. This was closely followed by Vredestein Ultrac Vorti & Sportrac 5, a new range of ultra high performance & high performance tyres, being showcased in Budapest.

EXPORTS

India operation's exports grew the most in the light truck cross ply category by almost 29%. The other major export categories were truck-bus cross ply and passenger car radials, with a growth of 17% and 19% respectively. Once again, passenger car tyres emerged as the highest revenue earners in the export basket. A highlight of the past year was the introduction of truck bus radial tyres in South East Asian and Middle Eastern markets.

Like the previous year, in FY12, your company's European operations largely focused on demand fulfillment in domestic replacement market and there wasn't much remaining for exports. South African operations saw export contribute a healthy 32% to the revenue pie, an increase of almost 8% over last year.

EXPANSION PROGRAMME AND FUTURE OUTLOOK

In FY12, your company, at its India operations, successfully completed a 20 MT/day expansion for production of off-highway tyres at its Kalamassery unit in Kerala with an investment of Rs 400 million.

Apollo Tyres' most recent greenfield facility in Chennai, India is quickly reaching its planned capacity. Currently, Chennai unit manufactures 8,100 passenger car tyres per day and 4,200 truck-bus radial tyres per day; production levels are expected to achieve 16,000 passenger car and 6000 truck-bus radial tyres per day by Q3 FY13.

At Europe operations, a state-of-the-art mixer was installed at the Company's facility in Enschede, the Netherlands. This will make the Company self-sufficient in compound mixing capacity.

To improve product quality, Apollo Tyres South Africa decided to invest in a world class Steel Cord Calendaring facility at its manufacturing unit in Ladysmith; it's expected to go on line by end of Q2 FY13.

Considering the current economic and business environment, prevailing sentiments in the industry and consumer expectations, the company is working on various proposals to augment production capacities to meet the challenges of a rising market demand.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by clause 49 of the listing agreement with the stock exchanges, a detailed Management Discussion and Analysis Report is presented in a separate section forming part of the annual report.

SUBSIDIARY COMPANIES

Driven by prudent operational stratagem and aimed at facilitating operations, your Company has put in place a network of subsidiaries. As on March 31, 2012, your Company had 37 subsidiaries including step subsidiaries.

During the year under review, a new step subsidiary with the name of Apollo Tyres (Brasil) Ltda. has been incorporated w.e.f. September 15, 2011. Apollo Tyres Co-operatief U.A. and Apollo (South Africa) Holdings (Pty) Ltd. collectively hold the entire paid-up share capital of the said subsidiary.

Apollo Tyres Co-operatief U.A., has also incorporated Apollo Tyres B.V. as its wholly owned subsidiary in The Netherlands w.e.f. March 2, 2012 for expanding global business operations. Apollo Tyres B.V. has set up Apollo Tyres (UK) Pvt. Ltd. w.e.f. March 16, 2012 as a wholly owned subsidiary in United Kingdom (UK).

During the year, Pollock & Aitken (Pty) Ltd. ceased to be the subsidiary of the Company w.e.f. April 17, 2011 due to voluntary liquidation. Apollo Tyres (Nigeria) Ltd. made an application to Corporate Affairs Commission for voluntary winding up of the company. The Commission has approved and registered the final accounts for the winding up of the company. The company shall be deemed dissolved in 3 months with effect from the March 26, 2012.

As per the provisions of Section 212 of the Companies Act, 1956 (Act), your Company is required to attach the Directors' Report, Balance Sheet, Profit & Loss Account and other information of subsidiary companies to its Balance Sheet. However, the Ministry of Corporate Affairs, Government of India has, vide its General Circular No. 2 and 3 dated February 8, 2011 and February 21, 2011 respectively, granted a general exemption from compliance with section 212(8) of the Act, from attaching the Annual Accounts of subsidiaries in the annual published accounts of the Company subject to fulfilment of conditions stipulated in the said circulars. Your Company meets all the conditions stated in the aforesaid circular and, therefore, the standalone financial statements of each subsidiary are not annexed with the annual report for the FY 12.

The consolidated financial statements of the Company and its subsidiaries are attached in the annual report. A statement containing brief financial details of all the subsidiaries of the Company for the year ended March 31, 2012 forms part of the annual report. As required, pursuant to the provisions of section 212 of the Act, a statement of the holding Company's interest in subsidiary companies forms part of the annual report. The annual accounts of subsidiary companies will be made available to shareholders on request and will also be kept for inspection by any shareholder at the registered office and corporate headquarters of your Company, and its subsidiaries.

In view of the ongoing economic uncertainty in Zimbabwe and the restriction on financial repatriation, the accounts of Zimbabwe based entities have not been consolidated under Accounting Standard (AS-21) 'Consolidated Financial Statements'. Please refer to note A 2.4 (c) of the consolidated accounts.

FIXED DEPOSITS

During the year under review, your Company did not accept fixed deposits from the public/ shareholders.

Pursuant to the provisions of section 205C of the Companies Act, 1956 an amount of Rs 1.31 million lying unclaimed for a period of more than 7 years has been duly deposited by the Company in the Central Government's Investor Education and Protection Fund on August 4, 2011.

AUDITORS

M/s. Deloitte Haskins & Sells, Chennai, Chartered Accountants, Statutory Auditors of your Company, will retire at the conclusion of the ensuing annual general meeting and being eligible, offer themselves for reappointment as Statutory Auditors for FY13. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Act.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes the re-appointment of M/s. Deloitte Haskins & Sells, Chennai, chartered accountants, as the Statutory Auditors of the Company.

AUDITORS' REPORT

The comments on statement of accounts referred to in the report of the auditors are self explanatory.

COST AUDIT

M/s. N P Gopalakrishnan & Co., cost accountants, were appointed with the approval of the Central Government to carry out the cost audit in respect of the Company's facilities at Perambra, Vadodara and Chennai as well as Company's leased-in operations at PTL Enterprises Ltd's unit at Kalamassery for the FY12. They will submit their report to the Board of Directors, before forwarding it to the Ministry of Corporate Affairs, Government of India.

Based on the recommendation of the audit committee, M/s. N P Gopalakrishnan & Co., cost accountants, being eligible, have also been appointed by the Board as the Cost Auditors for FY13. The Company has received a letter from them to the effect that their re-appointment would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of section 226 of the Act.

BOARD OF DIRECTORS

The Government of Kerala nominated Mr Alkesh Kumar Sharma and Mr V P Joy in place of Mr T Balakrishnan and Dr A K Dubey respectively on the Board of the Company w.e.f. February 9, 2012. The Board places on record its appreciation for the contribution made by Mr T Balakrishnan and Dr A K Dubey during their tenure of directorship.

Pursuant to the provisions of section 255 and 256 of the Companies Act, 1956 and in accordance with provisions of Articles of Association of the Company, Mr V P Joy, Mr K Jacob Thomas and Mr M R B Punja, Directors of the Company, are liable to retire by rotation and being eligible, offer themselves for re-appointment.

None of the Directors are disqualified under Section 274(1)(g) of the Companies Act, 1956.

AWARDS AND RECOGNITIONS

In its constant quest for growth and achievement, your Company was honoured and recognised at various forums. The prominent Awards are listed below for your reference.

Name of the Award	Category	Awarded By
Top Company of the Year Award	Tyre Sector	Dun & Bradstreet - Rolta Corporate Awards 2010
Best Innovative HR Practices for Perambra Plant	Management	Annual Management Convention of Kerala Management Association
Best Innovative Cost Management System Perambra	Management Plant	Annual Management Convention of Kerala Management Association
GBC Commendation	Community Investment	Global Business Coalition, Health
State Pollution Control Award 2010 for Perambra Plant	Large Factories	Kerala State Pollution Control Board
2nd Largest Importer in the Vadodara Region	Annual Awards	Container Corporation of India Ltd

CORPORATE SOCIAL RESPONSIBILITY

Your Company as a responsible corporate citizen strives to create value for the communities it operates in. Your Company's strategy is to integrate the social, economic and environmental agenda in the fabric of its business and operations.

Your Company undertook various initiatives in the area of community and stakeholder welfare, HIV-AIDS awareness and prevention, environment conservation, community health and empowerment, across its operations.

In India, the Company's emphasis was on the HIV-AIDS Workplace Programme, through which peer educators and master trainers reached out to employees. The Apollo Tyres Health Care Centres have treated and counselled thousands from the trucking community on issues related to sexual health and HIV-AIDS. The Company also commenced a programme focusing on skill upgradation and job placement for the youth at all its manufacturing locations in India. Apollo's umbrella environment programme – HabitAt Apollo, continues to be a primary focus area.

Apollo Vredestein BV successfully passed the re-certification for the Environmental Assurance System ISO 14001 re-affirming its commitment towards ensuring safety, health and well being of employees. Preventive medical examinations were carried out for employees, along with promotion of physical therapy.

At Apollo Tyres South Africa, in addition to the HIV-AIDS Workplace Programme, the company worked extensively towards community development resulting in company achieving Level 5 status on the Broad Based Black Economic Empowerment (BBBEE) Balanced Scorecard from the Codes of Good Practice.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, are given in Annexure A, forming part of this report.

CORPORATE GOVERNANCE REPORT

Your Company always places major thrust on managing its affairs with diligence, transparency, responsibility and accountability thereby upholding the important dictum that an organisation's corporate governance philosophy is directly

linked to high performance.

The Company is committed to adopting and adhering to established world-class corporate governance practices. The Company understands and respects its fiduciary role and responsibility towards its stakeholders and society at large, and strives to serve their interests, resulting in creation of value and wealth for all stakeholders.

The compliance report on corporate governance and a certificate from M/s. Deloitte Haskins & Sells, Chennai, chartered accountants, Statutory Auditors of the Company, regarding compliance of the conditions of corporate governance, as stipulated under clause 49 of the listing agreement with the stock exchanges, is attached herewith as Annexure B to this report.

PARTICULARS OF EMPLOYEES

Particulars of employees as required in terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, are set out in Annexure C to the Directors' Report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by section 217 (2AA) of the Companies Act, 1956, your Directors state that:

- i) In preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed and there has been no material departure;
- ii) The selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as of March 31, 2012, and of the profit of the Company for the year ended as on date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The annual accounts have been prepared on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Company's organisational culture upholds professionalism, integrity and continuous improvement across all functions, as well as efficient utilisation of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation to the respective State Governments of Kerala, Gujarat, Haryana and Tamil Nadu, and the National Governments of India, South Africa and the Netherlands. We also thank our customers, business partners, members, bankers and other stakeholders for their continued support during the year. We place on record our appreciation of the contribution made by all employees towards the growth of your Company.

For and on behalf of the Board of Directors



(Onkar S Kanwar)

Chairman & Managing Director

Place: Gurgaon

Date : May 10, 2012

ANNEXURE TO DIRECTORS' REPORT

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2012.

A) CONSERVATION OF ENERGY:

The Company strives to continuously conserve energy by adopting innovative measures to reduce wastage and optimize consumption. In line with the increasing global focus on the critical need for energy conservation, the Company has undertaken strong measures to keep its power consumption levels under strict control and ensure sustainable energy utilization. Our specific energy consumption (Giga Joules (GJ)/Ton) is one of the lowest internationally.

(a) Measures taken for conservation of energy:

The Company is constantly making all possible efforts for conservation of energy and is committed to stringent energy conservation measures, including regular review of energy consumption and effective control on utilization of energy. We continuously reduce energy consumption by improving our energy utilization efficiency. This is achieved by introducing energy efficient technologies, eliminating wastages etc. The following are the major energy conservation measures implemented during the year:

- Modification of extrusion process enabling discontinuance of two mixing mills.
- Introduction of variable frequency drives in mixing mills.
- Introduction of lighting energy saver.
- Installed harmonic filters to reduce equipment failure and improve power factor.
- Replacement of low efficiency pumps with high efficiency pumps.

(b) Additional investment and proposal for reduction of energy usage:

Various endeavours are being taken, from time to time, at all the plants of the Company to continuously improve on power and fuel consumption levels. The Company is moving towards the use of more and more renewable sources of energy as and when the right technology is available and a significant portion of total energy requirement of all the plants in India is already being met out of Wind energy and/or Natural Gas. The upgradation of low efficiency equipments to higher efficiency is continuing. The efforts of the Company such as benchmarking various manufacturing locations of the Company with each other, inter-facility energy audits and on-line energy monitoring system have started to provide positive results.

The following proposals are being considered for further reduction in energy consumption:

- Use of waste heat generated in the manufacturing process of GAIL for generating steam required by Limda plant. Such use will reduce the natural gas consumption at Limda plant substantially.
- Use of variable frequency drives for AC motor and pumps in the plants of the Company.
- Introduction of more energy efficient pumps and motors.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The energy conservation measures indicated above have helped the Company to restrict the impact of increase in the cost of energy, thereby reducing the cost of production of products to that extent.

(d) Total energy consumption and energy consumption per unit of production:

FORM A

PARTICULARS	Unit Measure	Total	
		2011-12	2010-11
A POWER/FUEL CONSUMPTION			
1. Electricity			
a. Purchased Units	(Million)	231.35	172.20
Total Amount	(Rs Million)	1,003.08	697.34
Rate per Unit	(Rs)	4.34	4.05
b. Own Generation			
i) Total Captive Generation			
- Units	(Million)	13.60	23.30
- Units/Ltr. of Diesel/Furnace oil		3.98	4.12
- Cost/Unit	(Rs)	10.85	7.77
ii) Through steam turbine/generator			
- Units	(Million)	30.29	34.45
- Units/Ltr. of Diesel/Furnace Oil		5.40	5.48
- Cost/ Unit	(Rs)	4.26	2.95
2. Coal			
Quantity	(MT)	50,539.48	27,613.96
Total amount	(Rs Million)	278.29	149.05
Average Rate	(Rs/Kg)	5.51	5.40
3. Furnace oil/LSHS			
Quantity	(K.Ltrs)	31,358.73	33,525.01
Total Amount	(Rs Million)	808.46	652.36
Average rate	(Rs)	25.78	19.46
4. Other/internal generation		-	-
B CONSUMPTION PER UNIT OF PRODUCTION			
Electricity	(KWH/MT)	790.54	794.11
Furnace Oil/LSHS	(Ltrs/MT)	90.07	115.77
Coal & Others	(Kg/MT)	0.145	0.095

B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per form B

I) Research & Development**(1) Specific areas in which R&D is carried out by the company:**

Strong R&D capabilities have always been a key fundamental strength of the Company. A group of highly qualified young scientists and technologists are engaged in the R&D activities of the Company to maintain the technological leadership in India as well as overseas locations. The R&D efforts have made vital contributions in product development, manufacturing, productivity & efficiency of the Company.

The proactive development in the materials and processing front has resulted in better-cost control in an era of highly volatile raw material prices. To address escalating price & availability of natural rubber, projects have been initiated for exploring alternate sources of natural rubber, besides usages of recycled materials and partial replacement of natural rubber by synthetic rubber. In response to global requirements like labelling and green tyres, special emphasis were given to the areas of Research like low rolling resistance, usage of non-petroleum based materials, nano materials, environmental friendly chemicals & oils, REACH compliance &

green manufacturing. New compounds were developed in PCR & TBR segment to meet the labelling requirements for European applications. R&D efforts have been able to improve the conversion cost, reduce waste, enhanced the consistency of the outgoing product and production capacities in addition to introduction of several new products in all categories of tyres for the emerging market.

(2) Benefits derived as a result of R&D:

The year under review marked an upswing for the R&D especially in the areas of new product development and marked entry into several new OEM's. Some of the benefits derived are as follows:

- Apollo Amazer Maxx 3G ranked 4th out of 15 tyres tested in "ADAC Reifentest 2012".
- Product portfolio expanded predominantly in the winter tyre range through addition of newer SKUs.
- New products like Aspire 4G, a UHP (W & Y speed ratings - 300 km/hr) summer tyre with superior handling, safety & wet performance introduced for high-end vehicles.
- Developments of compounds utilizing higher percentage of synthetic rubber for bias tyre applications.
- Rubber content reduced by appropriately designing compounds with higher percentage of reinforcing fillers. Improved efficiency by re-engineering & redesign of TBB tyres using high strength nylon fabric.

(3) Future Plan of Action:

Your Company have been partnering with the vehicle manufacturers' ever increasing technological trends & environment concerns. During the FY 12 the Company has started special projects such as Evonik's Light Weight tyre development for the car Electric Lotus. Significant progress has been made with some of the leading european OEMs concerning the tyres for their vehicles meant for european market. New tyre designing and other patterns is being undertaken for desiging ALNAC 4G GHP Global SUV, Hawkz H/P Hawkz A/T, Acelere Winter & 3G Maxx. Designed to work closely with OEM for customer education on "fit to application" and proper maintenance of inflation pressure to achieve higher satisfaction. Further development schedules are on track for the global requirement from all zones.

A new design concept has been implemented for radial rear tractor for global introduction and for Ultimate RIB in Apollo & Kaizen brands for highest mileage. Further, going by the latest trend of increased radialisation in the CV Truck & Bus segment, new 'Premium Rib' development in 10.00-20 size having high mileage potential has been taken up and will be launched as "Ultimate Rib". Some of the other initiatives include optimization of die design, components profile, materials and cure system.

(4) Expenditure on R&D:

	Rs Million
(a) Capital	42.80
(b) Deferred revenue expenditure	-
(c) Revenue	331.60
(d) Total	374.40
(e) Total R&D expenditure as a % of turn over	0.46%

II) Technology absorption, adaptation and innovation

(1) Efforts towards technology absorption, adaptation and innovation:

New projects have been introduced to knit modern technology in the product development and manufacture. This includes rationalisation and standardization of raw materials, compounds, specifications, simulation techniques etc. across all locations.

New techniques/approaches embarked in identifying and building the relation between fundamental material property against the wet grip behaviour of materials/tyres and the interaction between the material and tread geometry interaction using linear friction testers. Process modelling capabilities have been initiated to improve the productivity, quality and deeper understanding of the process for robustness building. Several research projects including 3D sipes for improving traction behaviour of tread blocks, broken tyre footprint behaviour are underway in collaboration with technical universities worldwide. Also research projects aiming low weight tubeless truck tyres via optimizing the bead area thickness and low weight constructions for bias tyres for lowering the heat generation of tyres with improved economics investigated. Company has achieved a significant milestone in the area of vibration and whole tyre acoustic modelling for tuning the in-cabin tyre noise for the vehicles. Detailed validation procedure in this regard is in progress at research facility at Belgium.

(2) Benefits derived as a result of the above efforts:

We have been able to upgrade our processes in order to meet more stringent requirements of labelling for European market which amounts to making our products more competitive on critical performance parameters

like rolling resistance, wet traction and noise. This is the outcome of our constant efforts in the area of innovative raw materials and compounds developments.

(3) Technology imported:

- a) No technology was imported during this financial year.
- b) Year of import – not applicable
- c) Has the technology been fully absorbed – We are focusing on the development of our own technology through in house R&D efforts
- d) The present technology is based on our own R&D efforts.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Rs Million
i) Foreign Exchange Earnings:	
- On account of direct - export sales from Apollo Tyres Ltd (FOB value)	7731.17
- On account of export sales of fixed assets	-
ii) Foreign Exchange outgo (other than CIF value of imports)	1019.14

CORPORATE GOVERNANCE REPORT

Apollo Tyres' governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. It continues to focus on good corporate governance, in line with emerging local and global standards. It understands and respects its fiduciary role in the corporate world. Besides adhering to the prescribed corporate governance practices as per clause 49 of the listing agreement, the Company voluntarily governs itself as per highest standards of ethical and responsible conduct of business in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, consumers, lenders and the community at large.

This report, along with the report on Management Discussion and Analysis and additional shareholders information provides the details of implementation of the corporate governance code by your Company as contained in clause 49 of the listing agreement:

1. Corporate Governance Philosophy

At Apollo Tyres Ltd. (the Company), corporate governance brings direction and control to the affairs of the Company in a fashion that ensures optimum return for stakeholders. Corporate governance is a broad framework which defines the way Company functions and interacts with its environment. It is compliance with laws and regulations in each of the markets the Company operates in, leading to effective management of the organisation.

The Company is guided by a key set of values for all its internal and external interactions.

Simultaneously, in keeping with the best practices, your Company seeks to execute the practices of corporate governance by maintaining strong business fundamentals and by delivering high performance through relentless focus on the following:

- (a) Transparency by classifying and explaining the Company's policies and actions to those towards whom it has responsibilities, including its employees. This implies the maximum possible disclosures without hampering the interests of the Company and those of its shareholders.
- (b) Accountability is a key pillar, where there cannot be a compromise in any aspect of accountability and full responsibility, even as the management pursues profitable growth for the Company.
- (c) Professionalism ensures that management teams at all levels are qualified for their positions, have a clear understanding of their roles and are capable of exercising their own judgment, keeping in view the Company's interests, without being subject to undue influence from any external or internal pressures.
- (d) Trusteeship brings into focus the fiduciary role of the management to align and direct the actions of the organisation towards creating wealth and shareholder value in the Company's quest to establish a global network, while abiding with global norms and cultures.
- (e) Corporate Social Responsibility ensures the promotion of ethical values and setting up exemplary standards of ethical behaviour in our conduct towards our business partners, colleagues, shareholders and general public. Through this, the Company also ensures that it contributes to the society's overall welfare by undertaking not-for-profit activities which would benefit all or any of its stakeholders in the society.
- (f) Safeguarding integrity ensures independent verification and truthful presentation of the Company's financial position. For this purpose, the Company has also constituted an Audit Committee which pays particular attention to the financial management process.
- (g) Continuous focus on training and development of employees and workers to achieve the overall corporate objectives while ensuring employee integration across national boundaries.

Your Company is open, accessible and consistent with its communication. Apollo Tyres Ltd shares a long term perspective and firmly believes that good corporate governance practices underscore its drive towards competitive strength and sustained performance. Thus, overall corporate governance norms have been institutionalised as an enabling and facilitating business process at the board, management and at all operational levels.

2. Board of Directors (Supervisory Board)

At Apollo, we believe that an active, well-informed and independent board is necessary to ensure highest standards of corporate governance. The Board of Directors (i.e. Supervisory Board) of Apollo Tyres, being at the core of its corporate governance practice, plays the most pivotal role in overseeing how the management serves and protects the long-term interests of all our stakeholders.

Apollo's Board consists of an optimal combination of Executive Directors and Independent Directors, representing a judicious mix of professionalism, knowledge and experience. The Directors bring in expertise in the fields of human resource development, strategy, management, legal, finance and economics, among others. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

- (a) **Composition of Board:** The size and composition of the Board as on March 31, 2012 exceeds the requirements of clause 49 of the listing agreement with the stock exchanges. The Company's Board of Directors consist of 13 Executive and Non Executive Directors, including leading professionals in their respective fields. The following is the percentage of Executive and Non Executive Directors of the Company:

Category of Directors	No. of Directors	% of Total no. of Directors
Executive	4	31
Non Executive	9	69
Total	13	100

The constitution of the Board and attendance record of Directors is given below:

Name/Designation of Director	Executive/ Non-Executive/ Independent	No. of positions held in Other Companies		No. of Board Meetings Attended	Attendance at last AGM
		Board#	Committee##		
Mr Onkar S Kanwar Chairman & Managing Director	Promoter - Executive	6	2	4	Yes
Mr Neeraj Kanwar Vice Chairman & Managing Director	Executive	2	3	4	Yes
Mr Alkesh Kumar Sharma* Nominee Director - Govt. of Kerala (Equity Investor)	Non-Executive Independent	13	-	1	N.A.
Mr A K Purwar	Non-Executive Independent	9	5	3	Yes
Mr K Jacob Thomas	Non-Executive Independent	3	1	4	Yes
Mr M R B Punja	Non-Executive Independent	5	1	4	Yes
Mr Nimesh N Kampani	Non-Executive Independent	5	4	4	Yes
Mr Robert Steinmetz	Non-Executive Independent	-	-	4	Yes
Mr Sunam Sarkar Chief Financial Officer & Whole Time Director	Executive	-	-	4	Yes
Mr Shardul S Shroff	Non-Executive Independent	6	2	1	No
Dr S Narayan	Non-Executive Independent	5	1	3	Yes
Mr U S Oberoi Chief (Corporate Affairs) & Whole Time Director	Executive	2	-	2	No
Mr V P Joy* Nominee Director - Govt of Kerala (Equity Investor)	Non-Executive Independent	4	-	1	N.A

Ceased to be Director

Dr A K Dubey* Nominee Director -Govt of Kerala (Equity Investor)	Non-Executive Independent	3	-	1	No
Mr T Balakrishnan* Nominee Director -Govt of Kerala (Equity Investor)	Non-Executive Independent	10	1	2	Yes

This includes directorships held in public ltd. companies and subsidiaries of public ltd. companies and excludes directorships in private ltd. companies and overseas companies.

For the purpose of committees of Board of Directors, only Audit and Shareholders' Grievance Committees in other public ltd. companies and subsidiaries of public ltd. companies are considered.

* Government of Kerala has nominated Mr V P Joy and Mr Alkesh Kumar Sharma as Directors of the Company in place of Dr A K Dubey and Mr T Balakrishnan w.e.f. February 9, 2012.

None of the Directors of your Company is a member of more than 10 committees or is the Chairman of more than five committees across all the companies in which he is a Director.

- (b) **Board Functioning & Procedure:** Apollo Tyres' Board is committed to ensuring good governance through a style of functioning that is self-governing. The members of the Board always have complete liberty to express their opinion and decisions are taken on the basis of consensus arrived at after detailed discussions. They are also free to bring up any matter for discussion at the Board Meetings.

Apollo Tyres' Board meets at least once in every quarter to discuss and review the quarterly results and other items of agenda, including the information required to be placed before the Board, as required under Annexure 1A of clause 49 of listing agreement, and additional meetings are held as and when required. The meeting dates are usually finalized well before the beginning of the year. The Chairman/Vice Chairman of the Board and the Company Secretary discuss the items to be included in the agenda and the detailed agenda, management reports and other explanatory statements are circulated at least seven days ahead of the meeting. Senior management officials are called to provide additional inputs on the matters being discussed by the Board/Committee. Overseas operating subsidiaries are represented through their CEO's who make detailed presentations about working of their respective companies.

The Board has an effective post meeting follow up procedure. An action taken report on the decisions taken in a meeting is placed at the immediately succeeding meeting for information of the Board.

- (c) **Relationship amongst Directors:** Mr Neeraj Kanwar, Vice Chairman & Managing Director is the son of Mr Onkar S Kanwar, Chairman & Managing Director.
- (d) **Profile of the Chairman:** As the Chairman of Apollo Tyres Ltd, Mr Onkar S Kanwar is the chief architect of the company's vision and value-driven business strategy. Under his able leadership, Apollo became a professionally managed and a globally recognised tyre manufacturer. As a visionary entrepreneur, he plays a critical role in the articulation of company's business philosophy.

Modernisation, excellence and quality are his guiding principals. Registered in 1972, Apollo Tyres under his guidance transformed itself from an Indian manufacturer of commercial vehicle tyres, to a global entity with a full-fledged product portfolio, spanning 3 continents. Mr Onkar S Kanwar is highly regarded for his constant emphasis on bettering the lives of people be it employees, customers, business partners, shareholders or any other stakeholder and responsiveness to change and continuous learning.

He is the past President of the Federation of Indian Chambers of Commerce and Industry (FICCI) and a former Chairman of the Automotive Tyre Manufacturers' Association. Currently, apart from being a member of the Trade Advisory Committee to the Government of India and the President of Indian Rubber Manufacturers Research Association (IRMRA), he is also a Member of the Board of Governors for the Indian Institute of Management (Kozhikode) and the Indian Institute of Information Technology Design & Manufacturing (IIITDM). During FY 12 he has been bestowed the TIA Hall of Fame award by Tire Industry Association.

Mr Onkar S Kanwar has a keen interest in the field of education and health care. Artemis Health Sciences, promoted by him, is an enterprise focusing on state-of-the-art medical care and runs a cutting edge multi-specialty medical facility which focuses on holistic treatment. An initiative close to his heart is Apollo Tyres' HIV-AIDS awareness and prevention programme for the commercial vehicle driver community, implemented through Apollo Tyres Foundation's Health Care Centres located in large transshipment hubs across India.

A Science and Administration graduate from the University of California, Mr Onkar S Kanwar is a widely travelled individual. He devotes a large part of his time to reading and is passionate about learning modern management practices and their successful application in business.

- (e) **Profile of the Vice-Chairman:** As the Vice Chairman & Managing Director of Apollo Tyres, Mr Neeraj Kanwar plays a pivotal role in Apollo's journey towards becoming one of the most admired automotive tyre brands. Mr Neeraj Kanwar has pioneered key initiatives in enhancing the competitiveness of the company's operations and products across the board. He is responsible for crafting Apollo's growth story taking the company from US\$450 million to US\$2 billion within a 5 year time span. Under his able leadership Apollo acquired Dunlop Tyres International in South Africa and Zimbabwe in 2006, and Vredestein Banden B V in the Netherlands in 2009 thereby transforming itself into a multi-geography company with operations in 3 continents.

Mr Neeraj Kanwar began his career with Apollo Tyres as Manager, Product & Strategic Planning, where he played a crucial role in creating a bridge between the two key functions of manufacturing and marketing. In 1998, he joined the Board of Directors and was promoted to Chief, Manufacturing and Strategic Planning. His people management skills helped him bring overarching changes in industrial relations, upgradation of technology and benchmarking on product and efficiency parameters.

In 2002, he took over as the Chief Operating Officer of the organisation, wherein he introduced value-driven process improvements in human resources and information technology. Mr Neeraj Kanwar was appointed Joint Managing Director in 2006 and elevated to Vice Chairman in 2008, and soon after to Managing Director in 2009 for his initiatives in establishing the company in the global arena.

As a business leader, Mr Neeraj Kanwar is associated with leading industry associations and is currently the Chairman of the Automotive Tyre Manufacturer's Association, India.

Mr Neeraj Kanwar is a people-centric leader and believes in empowering employees to enable them to undertake effective and efficient decisions at all times. Within Apollo, he is known for his affable management style, and combines work with liberal doses of fun.

An engineering graduate from Lehigh University in Pennsylvania, USA, Mr Neeraj Kanwar is an avid sports person. He prefers to spend his leisure time with his family or playing tennis, swimming and travelling.

- (f) **No. & Dates of Board Meeting held:** During FY 12, four (4) Board meetings were held on May 11, 2011, August 11, 2011, November 9, 2011 and February 9, 2012. The gap between any two meetings never exceeded 4 months as per the requirements of clause 49 of listing agreement.
- (g) **Statutory Compliance of Laws:** The Board periodically reviews the compliance report of the laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliance, if any.

3. **Management Board:** To ensure expedient and effective focus on important issues, the Company has constituted a Management Board with a primary aim to follow the best practices of corporate governance with a view to maintaining strong business fundamentals and delivering high performance through relentless focus on the affairs of the Company including its India, South Africa and Europe operations.

The said Management Board consists of 11 members comprising of the company's senior management team. The objective of the Management Board is to (i) bring uniformity in policy making process for key functions undertaken at corporate level; (ii) sharing & promoting implementation of process improvements and best practices and (iii) analysing certain key operational matters /new projects, to enhance stakeholders' value.

The Management Board meets at least once in every quarter to perform its functions.

The Company Secretary of the Company acts as the Secretary to the Management Board.

4. **Audit Committee:** The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each. All possible measures are taken by the Committee to ensure the objectivity and independence of the independent auditor.

- (a) **Composition & Terms of Reference of Committee**

The Board of Directors constituted an Audit Committee in the year 1992. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under clause 49 of the listing agreement and section 292A of the Companies Act, 1956. The present Audit Committee comprises of following three Non-Executive and Independent Directors viz. Mr M R B Punja, Mr K Jacob Thomas and Dr S Narayan and one Executive Director viz. Mr U S Oberoi. Mr M R B Punja is the Chairman of the Committee. All the members are financially literate and possess the requisite financial/accounting acumen to specifically look into the internal controls and audit procedures. Members have discussions with the Statutory Auditors during the meetings of the committee and

the quarterly/ half- yearly and annual audited financials of the Company are reviewed by the Audit Committee before consideration and approval by the Board of Directors. The Committee also reviews Internal Control Systems, IT systems and conduct of the Internal Audit.

The Audit Committee has been entrusted with the following responsibilities:-

- Overview of the Company's financial reporting process and disclosure of its financial information.
- Recommend the appointment/ removal of external auditors, nature and scope of audit and their fee.
- Review with the management, the quarterly/ half yearly and annual financial statements before submission to the Board.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Discussion and review of the internal audit reports and the reports of the external auditors with the management and follow up thereon.
- Review of the adequacy and effectiveness of internal audit function, the internal control system of the Company, compliance with the Company's policies and applicable laws and regulations.
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Discussion with internal auditors about significant findings and follow up thereon.
- The Audit Committee may also review such matters as are considered appropriate by it or referred to it by the Board.

(b) Meetings of Audit Committee and attendance of members during the year

During the financial year, 4 (four) Audit Committee meetings were held on May 10, 2011, August 10, 2011, November 8, 2011 and February 8, 2012.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr M R B Punja	Chairman	Non- Executive Independent	4
Mr K Jacob Thomas	Member	Non- Executive Independent	4
Dr S Narayan	Member	Non- Executive Independent	3
Mr U S Oberoi	Member	Executive	2

In addition to the members of the Audit Committee, these meetings were attended by Vice Chairman & Managing Director, Chief Financial Officer, Chief (India Operations), Group Head (Corporate Accounts) and other respective functional heads, Internal Auditors, Cost Auditors and Statutory Auditors of the Company, wherever necessary, and those executives of the Company who were considered necessary for providing inputs to the Committee.

Mr P N Wahal, Company Secretary, acts as secretary of the Committee.

The Chairman of the Audit Committee, Mr M R B Punja was present at the Annual General Meeting of the Company held on August 11, 2011.

(c) Role of Internal Auditors

Internal Audit assesses and promotes strong ethics and values within the organisation and serves as an educational resource regarding changes and trends in the business and regulatory environment.

Apollo Tyres considers its internal audit department as a powerful tool with clear focus on risk control and governance. The internal audit team aims at audit of the organisation which is reflected by quality review of all major functional areas-Production, Marketing, Sales, Technical, Commercial and Finance. Besides legal and compliance issues, internal audit function supports in evaluation of internal control systems and locating all other important issues, which contribute to organisational objectives of customer delight, employee satisfaction, operating profit margin increase and revenue growth.

Internal audit also provides objective assurance to the Board on all the major findings during their audit.

(d) Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent Director of the Company on the board of such subsidiary company.

The Audit Committee of the Company reviews the financial statements, in particular the investments made by all unlisted subsidiary companies. Significant issues pertaining to subsidiary companies are also discussed at Audit Committee meetings. A summarised statement of important matters reflecting all significant transactions and arrangements entered into by the subsidiary companies, included in the minutes of the above overseas subsidiary companies are placed before the Board of Directors of the Company. The performance of all its subsidiaries is also reviewed by the Board periodically.

5. Remuneration Committee

(a) Constitution and Composition of the Committee

The Board of Directors had constituted a Remuneration Committee in the year 2003. The Remuneration Committee comprised of three non-executive Independent Directors: Mr M R B Punja, Dr S Narayan and Mr K Jacob Thomas. Mr M R B Punja is the Chairman of the Committee. The Company Secretary is acting as the secretary to the Remuneration Committee.

(b) Brief description of the Terms of Reference

The Remuneration Committee has been entrusted with the responsibilities to review and grant annual increments, vary and/or modify the terms and conditions of appointment/re-appointment including remuneration and perquisites, commission etc. payable to Managing Directors within the overall ceiling of remuneration as approved by the members.

(c) Meetings of Remuneration Committee and Attendance of members during the year

During the financial year, 1(one) Remuneration Committee meeting was held on February 8, 2012. The attendance of members of the Remuneration Committee at such meeting was as follows:

Name of Director	Designation	Category of Director	No. of meetings attended
Mr M R B Punja	Chairman	Non- Executive Independent	1
Mr K Jacob Thomas	Member	Non- Executive Independent	1
Dr S Narayan	Member	Non- Executive Independent	1

(d) Payment of remuneration/sitting fee to the Directors

The details of remuneration paid to Directors during FY12 are given below:

(i) Executive Directors:

Rs Million

Name of Director	Salary	Contribution to PF/ Superannuation /Gratuity	Commission/ Performance Bonus	Perquisites	Total Remuneration
Mr Onkar S Kanwar	36.00	11.46	46.00	46.13	139.59
Mr Neeraj Kanwar	21.60	10.04	28.00	33.16	92.80
Mr U S Oberoi	2.82	0.89	2.92	2.99	9.62
Mr Sunam Sarkar	4.64	1.89	5.66	11.86	24.05
Total	65.06	24.28	82.58	94.14	266.06

The remuneration policy of the Company is to remain competitive in the industry to attract and retain talent and appropriately reward them on their contribution towards growth of the Company.

ii) Non-Executive Directors: Sitting fee and commission paid/to be paid to the Non-Executive Directors is in pursuance of the resolution passed by the Board/shareholders.

Non-Executive Directors:

Name of Director	Sitting fee (Rs Million)	Commission provided for the FY12 (Rs Million)	No. of Shares held as on March 31, 2012
Mr A K Purwar	0.06	1.69	
@Mr T Balakrishnan*			
@Dr A K Dubey*			
Mr Atkesh Kumar Sharma*			
Mr V P Joy*	0.10	3.37	
Mr K Jacob Thomas	0.24	1.69	442050
Mr M R B Punja	0.18	1.69	
Mr M J Hankinson#	-	-	
Mr Nimesh N Kampani	0.08	1.69	
Mr Robert Steinmetz	0.08	1.69	
Dr S Narayan	0.14	1.69	
Mr Shardul S Shroff +	0.02	1.50	

* Commission payable to Government of Kerala.

@ Resigned w.e.f. February 9, 2012.

Resigned w.e.f. April 2, 2011.

+ Appointed w.e.f. May 11, 2011.

6. Shareholders'/Investors' Transfer/Grievance Committee

Shareholders'/Investors' Transfer/Grievance Committee looks after the share transfer work besides redressal of shareholder complaints.

The Board of Directors of the Company has with a view to expediting the process of share transfers delegated the power of share transfer upto 10,000 shares to Whole time Directors and/or Company Secretary who attend to share transfer formalities as and when required. The share transfer requests for shares beyond the aforesaid limits are processed by the Committee itself.

(a) Constitution and Composition of the Committee

Shareholders'/Investors' Transfer/Grievance Committee comprises of four Directors viz. Mr K Jacob Thomas, Mr Neeraj Kanwar, Mr Sunam Sarkar and Mr U S Oberoi. Mr K Jacob Thomas, an independent director acts as Chairman of the Committee.

Mr P N Wahal, Company Secretary, is acting as the Secretary to the Committee as well as the Compliance Officer pursuant to clause 47(a) of the listing agreement with stock exchanges.

(b) Terms of reference

This Committee has been formed with a view to undertake the following: -

- Approval of transfer/transmission of shares/debentures issued by the Company, issue of duplicate certificates and certificates after split/consolidation/replacement.
- Looking into the redressal of shareholders' and investors' complaints and other areas of investor services.

(c) Meetings of Shareholders'/Investors' Transfer/Grievance Committee and attendance of members during the year

During the year, 5 (five) meetings of the Shareholders'/Investors' Transfer/Grievance Committee were held on May 11, 2011, August 11, 2011, September 28, 2011, December 16, 2011 and February 9, 2012.

Name of Director	Designation	Category of Director	No. of meetings attended
Mr K Jacob Thomas	Chairman	Non- Executive Independent	3
Mr Neeraj Kanwar	Member	Executive	5
Mr Sunam Sarkar	Member	Executive	5
Mr U S Oberoi	Member	Executive	2

(d) No. of shareholders' complaints received

During FY12, the Company received 33 complaints. As on date, no complaints are pending other than those, which are under litigation, disputes or court orders. All other complaints were attended and resolved to the satisfaction of the shareholders.

7. CEO/CFO Certification

The Managing Director and CFO have certified, in terms of revised clause 49 of the listing agreement, to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

8. General Body Meetings

(a) The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue	Special Resolution Passed
2010-2011	11.08.2011	10.00 A.M.	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala)	Payment of Commission to Non-whole Time Directors for 5 years w.e.f. April 1, 2012.
2009-2010	29.07.2010	- do -	- do -	No Special Resolution was passed
2008-2009	23.07.2009	- do -	- do -	No Special Resolution was passed

(b) Resolutions passed last year through postal ballot:

In FY12, the Company had conducted voting through postal ballot and sent the postal ballot form to

shareholders on March 10, 2012. The Company complied with the procedure for the postal ballot in terms of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011 and the amendments thereto. The following resolutions were passed through postal ballot on April 12, 2012 as per details of voting pattern given hereunder:-

1. Authorisation for borrowings up to Rs 50,000 million under Section 293 (1) (d) of the Companies Act, 1956 – Ordinary Resolution

Number of Postal Ballots received	3,574
Total number of valid votes	294,426,076
Votes cast in favour of the Resolution	273,604,953
Votes cast against the Resolution	20,808,908
Votes abstained from casting	12,215
Votes required for carrying the resolution as an Ordinary Resolution	20,808,909
Majority of votes received in favour of the Resolution	25,27,96,045
Number of invalid Postal Ballots	36
Number of invalid votes	22,791

Result: The Resolution No.1 for authorization for borrowing under Section 293(1)(d) of the Companies Act, 1956 is passed as an ordinary resolution as the votes cast in favor of the resolution exceed the votes cast against the resolution.

2. Authorization for creation of security up to Rs. 50,000 million under Section 293 (1) (a) of the Companies Act, 1956 – Ordinary Resolution

Number of Postal Ballots received	3,574
Total number of valid votes	294,426,076
Votes cast in favour of the Resolution	273,594,946
Votes cast against the Resolution	20,815,660
Votes abstained from casting	15,470
Votes required for carrying the resolution as an Ordinary Resolution	20,815,661
Majority of votes received in favour of the Resolution	252,779,286
Number of invalid Postal Ballots	36
Number of invalid votes	22,791

Result: The Resolution No.2 for creation of security under Section 293(1)(a) of the Companies Act, 1956 is passed as an ordinary resolution as the votes cast in favour of the resolution exceed the votes cast against the resolution.

9. Disclosures

(a) Related Party Transactions

During the year, no transaction of material nature has been entered into by the Company with its Promoters, the Directors or the Management, their subsidiary or relatives etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors are interested, is placed before the board regularly. Related parties transactions with them as required under Accounting Standard (AS-18) are furnished under Note No. C18 of the Notes on Accounts attached with the financial statements for the year ended March 31, 2012.

(b) Disclosure of accounting treatment

There has not been any change in accounting policies of the Company during the year.

(c) Risk Management

The Company's activities expose it to a variety of risks including market risk, sales risk, raw material risk, regulatory risk, product liability and liquidity risk etc. The Company's overall risk management seeks to minimize potential adverse effects on its performance.

A Risk Management Steering Committee of the Company has been formed headed by Chief (India Operations) as Chairman of the Committee and represented by the functional heads as Chief Risk officers. The Committee embraces the identification, assessment, mitigation, monitoring and reporting of material risks faced by the Company.

The Risk Management Steering Committee meets quarterly and discusses the updated profiles of major risks in each functional area together with possible mitigation controls and action plans. The objective is to assist the

Board to maintain high standards of business conduct and to protect the Company's assets, achieve sustainable business growth and ensure compliances with applicable legal and regulatory requirements.

In terms of sub-clause IVC of clause 49 of the listing agreement, the Company has made its Risk Charter and Risk Register etc. on the basis of comprehensive study undertaken by Deloitte Touche Tohmatsu Private Limited to frame a risk management policy/internal control frame work. The Board/Audit Committee periodically reviews the risks and opportunities and plans to mitigate the same.

(d) Compliance by the Company

The Company has complied with the requirements of the stock exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the stock exchanges, SEBI or any other statutory authorities relating to the above. The Company had received show cause notice dated June 14, 2011 from Competition Commission of India (CCI), alleging cartelization by the Company along with four other Indian tyre manufacturers, which was duly replied. The hearing in the matter has since been completed and final judgement in the matter has been reserved by CCI. A Statutory Compliance Dashboard system has been introduced to create a centralized repository for all evidence of compliance.

(e) Transfer of Unclaimed/Undelivered Shares

As per the provisions of clause 5AII of the listing agreement (SEBI circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010) the unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. In compliance with the said amendment, the Company has sent two letters to such shareholders whose share certificates are in undelivered form and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account". The Company will be sending third & final reminder letter in due course. As on March 31, 2012, the total unclaimed equity shares are around 7.2 lacs.

Shareholders who have not yet claimed their shares are requested to immediately approach the Company by forwarding a request letter duly signed by all the shareholders furnishing aforesaid details to enable the Company to dispatch the said share certificate(s) to the rightful owner.

It may be noted that all the corporate benefits accruing on these shares like bonus, splits etc. also will be credited to the said "Unclaimed Suspense Account" and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

10. Means of communication

- The quarterly/half yearly and annual financial results of the Company are normally published in Financial Express/Business Standard/Hindustan Times/Mint (national dailies) and Kerala Kumudi/ Matrubhumi (regional dailies). In addition to the above, quarterly and annual results are displayed at our website at www.apollotyres.com for the information of all shareholders.
- All material information about the Company is promptly sent to the stock exchanges and the Company regularly updates the media and investor community about its financial as well as other organisational developments.

11. General Shareholder Information

a) Registered Office 6th Floor
Cherupushpam Building
Shanmugham Road
Kochi 682031, Kerala

b) Annual General Meeting:

- Date : August 9, 2012
- Day : Thursday
- Time : 10.00 am
- Venue : Kerala Fine Arts Theatre
Fine Arts Avenue
Foreshore Road
Ernakulam, Kochi (Kerala).
- Posting of Annual Report : On or before July 15, 2012
- Last date of receipt of : August 7, 2012 before 10.00 am
Proxy form

c) Financial Calendar for FY13

Financial Reporting for the quarter ending June 30, 2012: On or before August 14, 2012

Financial Reporting for the quarter ending September 30, 2012: On or before November 14, 2012

Financial Reporting for the quarter ending December 31, 2012: On or before February 14, 2013

Financial Reporting for the quarter ending March 31, 2013 : On or before May 30, 2013

d) Dates of Book-Closure

The dates of the book closure shall be from August 1, 2012 to August 9, 2012 (both days inclusive).

e) Dividend Payment

The dividend of Re 0.50 per equity share for the FY12, subject to approval from shareholders, has been recommended by the Board of Directors. The same shall be paid on or after August 9, 2012 but within the statutory time limit.

f) Unclaimed Dividends

As provided in section 205A and 205C of the Companies Act, 1956, dividend for the financial year ended March 31, 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years, will be transferred to the Investor Education and Protection Fund (IEP Fund) established by the Central Government, and no payments shall be made in respect of any such claims by the IEP Fund.

During the year, the Company had transferred Rs 18.46 lakh lying unclaimed in Unpaid Dividend Account in respect of dividend for the year 2003-04 to the said fund on September 17, 2011.

g) Listing at Stock Exchanges

1. Cochin Stock Exchange Ltd.
MES, Dr P K Abdul Gafoor Memorial
Cultural Complex, 36/1565, 4th Floor
Judges Avenue, Kaloor
Kochi 682017
T: +91 484 2400044, 2401898
F: +91484 2400330
E: cse1@vsnl.com

2. Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
1st Floor, Dalal Street
Mumbai 400001
T: +91 22 22721233/34
F: +91 22 22721919/3027
E: corp.relations@bseindia.com

3. National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai – 400051
T: +91 22 26598100-14
F: +91 22 26598237-38
E: cmlist@nse.co.in

The annual listing fee for FY13 has been paid to all the aforesaid stock exchanges.

h) Stock Code

Bombay Stock Exchange Ltd.	500877
National Stock Exchange of India Ltd.	APOLLOTYRE

i) **Stock Market Price Data for the year 2011-2012: ATL share price on NSE and Nifty Index**

Month	NSE			Nifty Index	
	High (Rs)	Low (Rs)	Volume (in million)	High	Low
April, 2011	74.30	64.90	45.61	5944.45	5693.25
May, 2011	74.85	61.10	76.22	5775.25	5328.70
June, 2011	79.65	68.15	57.13	5657.90	5195.90
July, 2011	82.40	72.50	52.26	5740.40	5453.95
August, 2011	74.50	50.80	90.42	5551.90	4720.00
September, 2011	63.70	54.20	35.23	5169.25	4758.85
October, 2011	59.50	51.70	32.38	5399.70	4728.30
November, 2011	66.50	54.70	43.36	5326.45	4639.10
December, 2011	68.80	54.25	47.56	5099.25	4531.15
January, 2012	72.90	57.25	39.81	5217.00	4588.05
February, 2012	86.45	68.80	62.58	5629.95	5159.00
March, 2012	86.70	74.35	45.20	5499.40	5135.95

ATL share price on BSE and Sensex

Month	BSE			SENSEX	
	High (Rs)	Low (Rs)	Volume (in million)	High	Low
April, 2011	74.25	64.85	9.38	19811.14	18976.19
May, 2011	74.85	60.35	14.08	19253.87	17786.13
June, 2011	79.75	68.25	9.41	18873.39	17314.38
July, 2011	82.50	72.55	8.88	19131.70	18131.86
August, 2011	74.65	50.80	11.80	18440.07	15765.53
September, 2011	63.75	54.25	5.14	17211.80	15801.01
October, 2011	59.50	51.95	8.48	17908.13	15745.43
November, 2011	66.35	54.75	7.35	17702.26	15478.69
December, 2011	68.90	53.00	8.28	17003.71	15135.86
January, 2012	72.70	57.35	5.88	17258.97	15358.02
February, 2012	86.35	68.80	8.03	18523.78	17061.55
March, 2012	86.00	74.25	5.61	18040.69	16920.61

j) **Shares Traded during April 1, 2011 to March 31, 2012**

	BSE	NSE
No. of shares traded (in million)	102.34	627.76
Highest Share Price (in Rs)	86.35	86.70
Lowest Share Price (in Rs)	50.80	50.80
Closing Share Price (as on March 31, 2012)	79.35	79.65
Market Capitalization (as on March 31, 2012) (in million)	39994.37	40145.57

k) **Elimination of Duplicate Mailing**

The shareholders who are holding physical shares in more than one folio in identical name, or in joint holder's name in similar order, may send the share certificate(s), along with request for consolidation of holding in one folio, to avoid mailing of multiple annual reports.

l) **Share Transfer System**

To expedite the share transfer in physical segment, "Shareholders'/Investors' Transfer/Grievances Committee" has authorised Whole-time Director and Company Secretary to approve transfer of securities upto 10,000 received from individuals and transfers pertaining to shares of notified parties lodged by the Office of Custodian on weekly basis. In case of approval of transfer of securities over 10,000, the "Shareholders'/Investors' Transfer/Grievances Committee" meets at periodical intervals. In any case, all share transfers are completed within the prescribed time limit from the date of receipt, if document meets the stipulated requirement of statutory provisions in all respects. In reference to SEBI directive, the Company is providing the facility for transfer and dematerialization of securities simultaneously. The total no. of shares transferred during the year were 85,270. All the transfers were completed within stipulated time.

As per the requirement of clause 47 (c) of the listing agreement with the stock exchanges, the Company has obtained the half yearly certificates from a company secretary in practice for due compliance of share transfer formalities.

m) Distribution of Shareholding

The following is the distribution of shareholding of equity shares of the Company as on March 31, 2012:-

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
1-5000	122427	99.15	42348254	8.40
5001-10000	517	0.42	3867990	0.77
10001-20000	215	0.17	3215102	0.64
20001-30000	48	0.04	1257787	0.25
30001-40000	35	0.03	1221731	0.24
40001-50000	18	0.02	843251	0.17
50001-100000	38	0.03	2656996	0.53
100001 & above	173	0.14	448613659	89.00
Total	123471	100.00	504024770	100.00

"Group" for inter-se transfer of shares

As required under clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the following entities constitute "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of Regulation 10 to 12 of the aforesaid SEBI Regulations: Apollo Finance Ltd., Sunrays Properties & Investment Co. Pvt. Ltd., Ganga Kaveri Credit & Holding Co. Pvt. Ltd., Sacred Heart Investment Co. Pvt. Ltd., Kenstar Investment & Finance Pvt. Ltd., Neeraj Consultants Pvt. Ltd., Constructive Finance Pvt. Ltd., Motlay Finance Pvt. Ltd., Indus Valley Investment & Finance Pvt. Ltd., Global Capital Ltd., Apollo International Ltd., OSK Holdings Pvt. Ltd., Classic Auto Tubes Ltd., PTL Enterprises Ltd., Artemis Health Sciences Ltd., Artemis Medicare Services Ltd., PTL Projects Ltd., J&S Systems Corporation and Mr Onkar S Kanwar along with his family members.

The above entities, along with the family members hold 236.57 million shares constituting 46.94% of the share capital of the Company as on March 31, 2012.

n) Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified company secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

The company secretary in practice conducts such audit in every quarter and issues a Reconciliation of Share Capital Audit Certificate to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed and is also placed before the Shareholders'/Investors' Transfer/Grievance Committee.

o) Dematerialisation of Shares and Liquidity

The equity shares of the Company are being traded under compulsorily demat form as per SEBI notification. The Company's shares are tradable compulsorily in electronic form and are available for trading in the depository systems of both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL, is INE438A01022.

As on March 31, 2012, 97.14% of the share capital stands dematerialised. BSE and NSE have permitted trading of Apollo Tyres' share into future and option (F&O) segment with effect from February 19, 2010.

p) Share Transfer/Demat Registry work

All share transfers/demat are being processed in house. The Company has established direct connectivity with NSDL/CDSL for carrying out demat completely in house.

q) Share Transfer Department

All communications regarding change of address for shares held in physical form, dividend etc. should be sent at the Company's corporate office at:-

Apollo Tyres Ltd

Apollo House, 7, Institutional Area, Sector-32, Gurgaon-122 001(Haryana)

T: 0124 238 3002-10, F: 0124 238 3351, E: investors@apolloytyres.com

r) **ECS Mandate**

All shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

s) The Ministry of Corporate Affairs has taken a “**Green Initiative in Corporate Governance**” by allowing service of various documents to be sent to members by the companies through electronic mode.

Accordingly, the Company proposes to send documents like shareholders meeting notice/other notices, audited financial statements, directors' report, auditors' report or any other document to members in electronic form at the e-mail provided by them and/or available to the Company by the depositories.

Members who have not yet registered their e-mail IDs (including those who wish to change their already registered e-mail ID) may get the same registered/updated either with their depository participants or by writing to the Company.

t) **Plant Location:**

1. Perambra, PO Chalakudy
Trichur 680689, Kerala
2. Limda, Taluka Waghodia
Dist. Vadodara 391760, Gujarat
3. SIPCOT Industrial Growth Centre
Oragadam, Tamil Nadu

u) Address for correspondence for share transfer/demat of shares, payment of dividend and any other query relating to shares.	:	Secretarial Department Apollo Tyres Ltd Apollo House, 7 Institutional Area Sector 32, Gurgaon 122001 T: +91 124-238 3002-10
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12. Additional Information

a) **Investor Relations Section**

The investor relations section is located at the corporate office of the Company.

Contact person	:	Mr P N Wahal, Compliance Officer
Time	:	10.00 am to 6.00 pm on all working days of the Company (Saturdays and Sundays closed)
T:	:	+91 124 2383002-10
F:	:	+91 124 2383351
E:	:	investors@apolloytyres.com

b) **Bankers**

State Bank of India	Bank of India
Union Bank of India	Canara Bank
State Bank of Patiala	State Bank of Mysore
ICICI Bank	Axis Bank
IDBI Bank	Standard Chartered Bank
BNP Paribas	Punjab National Bank
State Bank of Travancore	Yes Bank
Citibank N.A.	HSBC Bank
DBS Bank	Credit Agricole Corporate and Investment Bank (Calyon)
Kotak Mahindra Bank	Bank of Nova Scotia
Deutsche Bank	

c) **Auditors**

Deloitte Haskins & Sells, Chennai, Chartered Accountants.

d) Cost Auditors

NP Gopalakrishnan & Co., Cost Accountants.

With reference to the General Circular No. 15/2011 – 52/5/CAB-2011 dated April 11, 2011 issued by the Government of India, Ministry of Corporate Affairs, Cost Audit Branch, New Delhi, following are the details of Cost Auditor and filing of cost audit report with Central Government:

Particulars of the Cost Auditor	Details of Cost Audit Report filed for the period ended March 31, 2011
Mr K Unnikrishnan Nair (M No.4508) Apartment No. 311 4th Floor, DD Vyapar Bhawan, K.P.Vallon Road, Kadavanthra P O Kochi – 682 020 (Kerala). E mail : npgco@sify.com	Due date : September 30, 2011 Filing date : September 16, 2011

e) Code of Conduct for Insider Trading

In compliance with the SEBI regulations on prevention of insider trading, the Company has formulated a comprehensive Code of Conduct for 'Prevention of Insider Trading' in the securities of the Company. This Code of Conduct is applicable to the Trusts, Promoters, Promoters Group, Directors, Departmental Chiefs, Group Heads, Heads, Divisional Heads and such other employees of the Company and outsiders who are expected to have access to unpublished price sensitive information.

The code of Conduct lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of Apollo, and cautioning them of consequences of violations. Mr P N Wahal, Company Secretary, has been appointed as Compliance Officer.

f) Code of Conduct for Directors and Senior Management

The Board of Directors of Apollo Tyres has laid down a code of business conduct called "The Code of Conduct for Directors and Senior Management". The code envisages that Board of Directors and Senior Management must act within the bounds of the authority conferred upon them and with a duty to make and keep themselves informed about the development in the industry in which the Company is involved and the legal requirements to be fulfilled.

The Code is applicable to all the Directors and Senior Management of the Company. The Company Secretary is the compliance officer.

g) Code of Corporate Disclosure Practices

The code lays down broad standards of compliance and ethics, as required by the listing agreement(s) and other applicable SEBI regulations. The code is required to be complied in respect of all corporate disclosures in respect of the Company and/or its subsidiary companies, including overseas subsidiaries, namely, Apollo Tyres South Africa (Pty) Ltd, South Africa and Apollo Vredestein BV, Netherlands.

The Code is applicable to the designated officers of the Company. The Company Secretary is the compliance officer.

Declaration affirming compliance of provisions of the Code of Conduct

To the best of my knowledge and belief and on the basis of declarations given to me, I hereby affirm that all the Board members and the Senior Management Personnel have fully complied with the provisions of the Code of Conduct for Directors and Senior Management Personnel during the financial year ended March 31, 2012.

For Apollo Tyres Ltd.



(Onkar S Kanwar)

Chairman & Managing Director

Place: Gurgaon

Date : May 10, 2012

COMPLIANCE:

The certificate dated May 10, 2012 obtained from statutory auditors, M/s. Deloitte Haskins & Sells, Chennai forms part of this annual report and the same is given below

AUDITORS' CERTIFICATE AS PER CLAUSE 49 OF THE LISTING AGREEMENT

CERTIFICATE

To the Members of Apollo Tyres Ltd.

We have examined the compliance of conditions of Corporate Governance by Apollo Tyres Ltd. (the Company) for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

sd/-

GEETHA SURYANARAYANAN
Partner

(Membership No.29519)

Place: Chennai
Date: May 10, 2012

STANDALONE ACCOUNTS

AUDITORS' REPORT

TO THE MEMBERS OF APOLLO TYRES LTD.

1. We have audited the attached Balance Sheet of Apollo Tyres Ltd. ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 008072S)

sd/-

GEETHA SURYANARAYANAN

Partner
(Membership No.29519)

Place: Chennai
Date: May 10, 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4 (x), 4 (xii), 4(xiii), 4(xiv) 4(xviii) and 4(xx) of CARO are not applicable for the current year.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58A & 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (ix) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and, are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Name of the Statute	Nature of Dues	Amount in Rs. million	Period to which the amount relates	Forum where Dispute is pending
Sales Tax Act applicable to various States	Sales Tax	136.30*	Assessment Years 1991-92 to 2003-04, 2005-06 to 2007-08 and 2011-2012	Various Appellate Authorities/ Revenue Board/ High Court.
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	762.71**	Assessment Years 1995-96 to 2010-2011	Various Appellate Authorities/ High Court.

*Net of Deposits of Rs. 17.07 million

**Net of Deposits of Rs. 22.53 million

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie prejudicial to the interests of the Company including bank deposits pledged by the Company as referred to in Note B8 to the financial statements.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xv) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 2000 numbers of 10.15% Redeemable Non-convertible debentures of Rs.1 million each. The Company has created security in respect of the debentures issued.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

sd/-

GEETHA SURYANARAYANAN
Partner

(Membership No.29519)

Place: Chennai

Date: May 10, 2012

BALANCE SHEET

AS AT MARCH 31, 2012

	Note	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
A. EQUITY & LIABILITIES:			
1 Shareholders' Funds :			
(a) Share Capital	B1	504.09	504.09
(b) Reserves and Surplus	B2	19,971.95	18,451.51
		<u>20,476.04</u>	<u>18,955.60</u>
2. Non-Current Liabilities:			
(a) Long-term Borrowings	B3	12,619.88	8,581.74
(b) Deferred Tax Liabilities (Net) - Note C14		2,958.61	2,410.71
(c) Other Long Term Liabilities	B3	123.61	121.18
		<u>15,702.10</u>	<u>11,113.63</u>
3. Current Liabilities:			
(a) Short-term Borrowings	B4	7,512.52	8,360.66
(b) Trade Payables		8,160.85	7,429.09
(c) Other Current Liabilities		4,109.42	4,810.56
(d) Short-term Provisions		1,733.91	1,817.02
		<u>21,516.70</u>	<u>22,417.33</u>
TOTAL		<u>57,694.84</u>	<u>52,486.56</u>
B. ASSETS			
1. Non-Current Assets :			
(a) Fixed Assets			
(i) Tangible Assets	B5	28,447.02	23,778.51
(ii) Intangible Assets		59.30	57.26
(iii) Capital Work-in-Progress		3,106.56	3,577.75
		<u>31,612.88</u>	<u>27,413.52</u>
(b) Non-Current Investments	B6	5,626.51	5,593.47
(c) Long-term Loans & Advances	B7	2,054.11	2,549.17
		<u>39,293.50</u>	<u>35,556.16</u>
2. Current Assets:			
(a) Inventories	B8	11,114.17	11,363.34
(b) Trade Receivables	B8	3,639.13	2,042.80
(c) Cash & Cash Equivalents	B8	1,155.93	1,412.63
(d) Short Term Loans & Advances	B9	2,492.11	2,111.63
		<u>18,401.34</u>	<u>16,930.40</u>
TOTAL		<u>57,694.84</u>	<u>52,486.56</u>

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GEETHA SURYANARAYANAN
Partner

Gurgaon
May 10, 2012

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
1. Revenue from Operations:			
Gross Sales		89,065.35	60,009.56
Less : Excise Duty		7,486.60	5,104.70
Net Sales		81,578.75	54,904.86
2. Other Income			
	B10	181.94	485.51
3. Total Revenue (1+2)		81,760.69	55,390.37
4. Expenses :			
(a) Cost of Materials Consumed	B11	59,733.79	40,867.97
(b) Purchase of Stock-in-Trade	B11	2,383.82	1,594.62
(c) Changes in Inventories of Finished Goods, Work in Process & Stock-in-Trade	B12	234.51	(3,746.58)
(d) Employee Benefit Expenses	B11	3,686.53	3,068.45
(e) Finance Cost	B13	2,413.01	1,589.54
(f) Depreciation & Amortization expenses	B5	1,856.92	1,473.54
(g) Other Expenses	B11	8,876.98	7,907.35
Total Expenses		79,185.56	52,754.89
5. Profit before Tax (3 - 4)		2,575.13	2,635.48
6. Tax Expenses			
(a) Current Tax Expense		515.19	532.68
(b) Less: MAT Credit (Note - C 3)		301.29	315.93
(c) Net Current Tax Expense		213.90	216.75
(d) Deferred Tax		547.90	436.20
		761.80	652.95
Profit for the Year (5-6)		1,813.33	1,982.53
Earnings per Share of Re 1 each:			
(a) Basic	C22	3.60	3.93
(b) Diluted		3.60	3.93

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GEETHA SURYANARAYANAN
Partner

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

Gurgaon
May 10, 2012

CASH-FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
(i) Net Profit Before Tax	2,575.13	2,635.48
Add: Adjustments for:		
Depreciation and Amortization Expenses	1,856.92	1,473.54
(Profit) / Loss on Sale of Tangible Fixed Assets (Net)	12.80	(149.97)
(Profit) / Loss on Sale of Investments	-	0.50
Dividend from Subsidiary	-	(44.98)
Dividend from Trade & Non Trade Investments	(0.18)	(0.23)
Provision made for Doubtful Trade Receivables / Advances	-	37.43
Provision for Doubtful Trade Receivables / Advances written back	-	(5.25)
Provision for Compensated Absences	22.62	21.43
Unclaimed Credit Balances / Provisions written back	(33.22)	(43.61)
Finance Charges (Net of Interest Capitalized)	2,413.01	1,589.54
Interest Income	(58.51)	(24.22)
Unrealized Forex Fluctuation Loss / (Gain) on Reinstatement	14.19	60.26
Doubtful Receivables / Advances Written Off	-	5.25
	<u>4,227.63</u>	<u>2,919.69</u>
(ii) Operating Profit Before Working Capital Changes	6,802.76	5,555.17
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	249.17	(5,836.06)
Trade Receivables	(1,574.70)	(654.86)
Loans & Advances	(147.34)	(448.10)
	<u>(1,472.87)</u>	<u>(6,939.02)</u>
Adjustments for increase / (decrease) in operating liabilities:		
Current / Non-Current Liabilities	720.07	3,239.47
Provisions	(24.72)	(51.65)
	<u>695.35</u>	<u>3,187.82</u>
(iii) Cash Generated from Operations	6,025.24	1,803.97
Less: Direct Taxes Paid (Net of Refund)	594.56	207.95
Net Cash From Operating Activities	5,430.68	1,596.02
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Interest Capitalized)	(5,557.91)	(8,938.89)
Proceeds from Sale of Fixed Assets	52.04	254.26
Long Term Investment made in Subsidiary	(33.04)	-
Long Term Fixed Term Deposits With Banks Matured	9.94	27.22
Dividends Received from Subsidiary	-	44.98
Dividends Received from Trade & Non Trade Investments	0.18	0.02
Interest Received	56.87	66.00
	<u>(5,471.92)</u>	<u>(8,546.41)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings Received	6,256.89	3,521.48
Repayment of Long Term Borrowings	(3,006.21)	(1,417.54)
Bank Overdraft / Short Term Borrowings (net of repayments)	(848.14)	5,646.14
Payment of Dividends (including Dividend Tax)	(292.89)	(440.80)
Finance Charges Paid (Net of Interest Capitalized)	(2,316.03)	(1,510.59)
	<u>(206.38)</u>	<u>5,798.69</u>
Net Cash Used in Financing Activities	(247.62)	(1,151.70)
Net (Decrease) / Increase in Cash & Cash Equivalents	1,412.63	2,588.28
Cash & Cash Equivalents as at Beginning of the year	76.11	103.33
Less: Bank Deposits with Original Maturity over Three Months	27.40	24.13
Less: Unpaid Dividends Bank Accounts	<u>1,309.12</u>	<u>2,460.82</u>
Adjusted Cash & Cash Equivalents as at Beginning of the year	1,155.93	1,412.63
Cash & Cash Equivalents as at the end of the year	66.17	76.11
Less: Bank Deposits with Original Maturity over Three Months	28.26	27.40
Less: Unpaid Dividends Bank Accounts	<u>1,061.50</u>	<u>1,309.12</u>
Adjusted Cash & Cash Equivalents as at the end of the year	1,061.50	1,309.12

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

GEETHA SURYANARAYANAN
Partner

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

Gurgaon
May 10, 2012

A. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The company's principal business is manufacture of automobile tyres, tubes and tyre re-treading compound. The company has four tyre manufacturing plants – two in Cochin, one in Vadodara and one in Chennai. The company has started its operations since 1977 with its first plant at Perambra in Cochin. The company has two main overseas subsidiary companies – Apollo Tyres South Africa (Pty) Ltd. located in South Africa and Apollo Vredestein B.V. located in Netherlands. The first company, previously known as Dunlop Tyres International (Pty) Ltd, was acquired on April 21, 2006. It has two tyre manufacturing plants in South Africa and its products are sold in Africa and Europe under the brand name of Dunlop. The second company, previously known as Vredestein Banden B.V. was acquired on May 15, 2009. It has one manufacturing plant in Netherlands and sales and marketing offices all over Europe. Its products are sold primarily in Europe under the brand name of Vredestein.

2 SIGNIFICANT ACCOUNTING POLICIES:

2.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities, including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts/advances, allowance for slow and non-moving inventories, useful lives of fixed assets, other sales related obligations and provision for taxation etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognized in the period in which the results are known /materialized.

2.3 INVENTORIES

Inventories are valued at the lower of cost and estimated net realizable value (net of allowances) after providing for obsolescence and other losses, where considered necessary. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition. In case of raw materials, stores & spares and traded goods, cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis, and, in case of work in process and finished goods, cost is determined on a First In First Out basis.

2.4 CASH AND CASH EQUIVALENTS

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

2.5 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided using straight line method at the rates specified in Schedule XIV of the Companies Act 1956, except for certain vehicles and other equipments for which the depreciation is provided at 30% and 16.67% respectively. Certain plant and machinery are classified as continuous process plants based on technical evaluation by the management and are depreciated at the applicable rates. Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account. Leasehold land / Improvements thereon are amortised over the primary period of lease. In respect of fixed assets whose useful life has been revised, the unamortised depreciable amount is charged over the revised remaining useful life. The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Gross sales are inclusive of excise duty and are net of trade discounts/sales returns/VAT.

2.8 OTHER INCOME

Interest income is accounted on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established. Royalty income is accounted when the right to receive the same is established.

2.9 TANGIBLE FIXED ASSETS

Fixed assets are stated at cost, as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987, less depreciation. All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalized and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets taken on finance lease are capitalized and depreciation is provided on such assets, while the interest is charged to the profit and loss account. Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet. Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realizations and year-end restatements are dealt with in the profit & loss account. The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument, which are not intended for trading or speculation purposes, is amortized as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the profit and loss account in the year in which the exchange rates change. Exchange difference arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of net investment, at which time they would be recognized as income or as expense.

2.11 GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge. Export Incentives in the form of advance licences / credits earned under duty entitlement pass book scheme are treated as income in the year of export at the estimated realizable value / actual credit earned on exports made during the year and are credited to the raw material consumption account Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

2.12 INVESTMENTS

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

2.13 EMPLOYEE BENEFITS

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences. Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognized as an expense in the year incurred. Liability for short term compensated absences is recognized as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date. Contributions to defined contribution schemes such as provident fund, employees' pension fund, superannuation fund and cost of other benefits are recognized as an expense in the year incurred. Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the profit & loss account as income or expense.

2.14 EMPLOYEE SHARE BASED PAYMENTS

Accounting value of stock appreciation rights (Phantom stock units) granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) is recognized based on intrinsic value method. Intrinsic value of the phantom stock unit is determined as excess of closing market price on the reporting date over the exercise price of the unit and is charged as employee benefit over the vesting period in accordance with "Guidance Note on Accounting for Employee Share-based payments" issued by Institute of Chartered Accountants of India.

2.15 BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs are capitalized

as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.16 SEGMENT REPORTING

The Company's operations comprise of only one business segment –Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/geographical segment as required under mandatory accounting standards AS - 17 "Segment Reporting". The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

2.17 LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the revenue account as per the lease terms. Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

2.18 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. **Diluted earnings per share** is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income 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.

2.19 TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that assets can be realized in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

2.20 INTANGIBLE ASSETS

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

2.21 RESEARCH AND DEVELOPMENT EXPENSES

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

2.22 IMPAIRMENT OF ASSETS

The carrying amounts of assets / cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

2.23 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liability is disclosed for (i) Possible obligation which will be

confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.24 PROVISION FOR SALES RELATED OBLIGATIONS

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflows will vary as and when the obligation will arise - being typically upto three years.

2.25 DERIVATIVE CONTRACTS

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations. All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.26 INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.27 SERVICE TAX INPUT CREDITS

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

B. NOTES FORMING AN INTEGRAL PART OF THE ACCOUNTS

B1 - SHARE CAPITAL

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) AUTHORISED		
730,000,000 Nos. (730,000,000 Nos.) Equity Shares of Re.1/- each	730.00	730.00
200,000 Nos. (200,000 Nos.) Cumulative Redeemable Preference Shares of Rs.100 each	20.00	20.00
	<u>750.00</u>	<u>750.00</u>
(b) ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP		
Equity Shares of Re 1 each:		
504,024,770 Equity Shares Outstanding at the beginning and at the end of the year	504.02	504.02
Add: Forfeited Shares	0.07	0.07
	<u>504.09</u>	<u>504.09</u>
(c) Equity Shares of Rs.10 each have been sub-divided into ten equity shares of Re.1 each pursuant to the resolution passed by the shareholders at the Annual General Meeting held on July 26, 2007.		

(d) Details of Shareholders holding more than 5% of the Paid Up Equity Share Capital of the Company with Voting Rights:

S.No.	Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares	%	No. of Shares	%
1	Sunrays Properties & Investment Co. Pvt. Ltd.	44,725,648	8.87%	41,841,629	8.30%
2	Neeraj Consultants Ltd.	42,508,141	8.43%	36,201,963	7.18%
3	Constructive Finance Pvt. Ltd.	38,619,357	7.66%	37,924,357	7.52%
4	Apollo Finance Ltd.	36,759,650	7.29%	36,759,650	7.29%

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

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

The Company declares and pays dividends in Indian Rupees. The dividends proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

B 2 - RESERVES & SURPLUS

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) Capital Subsidy	3.00	3.00
(b) Capital Redemption Reserve	44.40	44.40
(c) Securities Premium Reserve	5,659.71	5,659.71
(d) Debenture Redemption Reserve		
As per last Balance Sheet	237.50	125.00
Add: Transfer from Surplus in Statement of Profit & Loss	279.17	112.50
	<u>516.67</u>	<u>237.50</u>
(e) Revaluation Reserve	31.22	31.22
(f) Share Forfeiture Rs. 1,375/- (Rs. 1375/-)	-	-
(g) General Reserve		
Opening Balance	6,006.63	5,006.63
Add: Transfer from Surplus in Statement of Profit & Loss	1,000.00	1,000.00
	<u>7,006.63</u>	<u>6,006.63</u>
(h) Surplus in Statement of Profit & Loss		
Opening Balance	6,469.05	5,891.91
Add: Net Profit for the year	1,813.33	1,982.53
Balance available for Appropriation	<u>8,282.38</u>	<u>7,874.44</u>
Less: Appropriations made during the year :		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	279.17	112.50
Proposed Dividend	252.01	252.01
Dividend Tax	40.88	40.88
	<u>1,572.06</u>	<u>1,405.39</u>
Closing Balance	<u>6,710.32</u>	<u>6,469.05</u>
Total Reserves & Surplus	<u><u>19,971.95</u></u>	<u><u>18,451.51</u></u>

B 3 - NON-CURRENT LIABILITIES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
LONG TERM BORROWINGS		
(a) SECURED:*		
(i) Debentures		
1,000 - 9.40 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	1,000.00
1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-
1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-
1,250 - 11.50 % Non Convertible Debentures of Rs. 1 Million each	1,250.00	1,250.00
	<u>4,250.00</u>	<u>2,250.00</u>
(ii) Term Loans		
From Banks:		
External Commercial borrowings (ECB)	4,782.15	2,624.48
Rupee Term Loans	500.00	1,508.33
Buyers Credit - Capex	-	116.65
	<u>5,282.15</u>	<u>4,249.46</u>
From Others:		
International Finance Corporation - Loan A	1,354.12	684.07
International Finance Corporation - Loan B	<u>898.06</u>	<u>451.10</u>
	2,252.18	1,135.17
Bharat Earthmovers Ltd. (BEML)	577.43	659.92
	<u>2,829.61</u>	<u>1,795.09</u>
(iii) Deferred Payment Liabilities:		
Deferred Payment Credit I	241.36	279.58
Deferred Payment Credit II	16.76	7.61
	<u>258.12</u>	<u>287.19</u>
	<u>12,619.88</u>	<u>8,581.74</u>
(b) UNSECURED:		
OTHER LONG TERM LIABILITIES:		
Security Deposits Received from Dealers	8.43	6.26
Security Deposits Received from Employees	105.94	99.41
Others	9.24	15.51
	<u>123.61</u>	<u>121.18</u>

* For Nature of Security on Long Term Borrowings, Refer Note B 3(a).

NOTE B 3 (a)

DEBENTURES:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2012		Rate of Interest	Terms of Repayment	Details of Security Offered
		Long Term Borrowings	Current Maturities of Long Term Borrowings			
	DEBENTURES					
	1,000 - 9.40 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	9.40%	Bullet repayment on 10-11-2017	Refer Note A2, B2 & B4 below
	1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	10.15%	Bullet Repayment on 16-04-2015.	Refer Note A3 & B4 below
	1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	10.15%	Bullet Repayment on 29-03-2015.	Refer Note A3 & B4 below
	1,250 - 11.50 % Non Convertible Debentures of Rs. 1 Million each	1,250.00	-	11.50%	Redemption in 3 equal instalments of Rs.416.67 Million on 02-02-14, 02-02-15 & 02-02-16, respectively.	Refer Note A2, B2 & B4 below
	Total Debentures	4,250.00	-			

EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:

Bank 1	ECB I	183.19	183.19	9-10%	Repayment in 8 equal instalments of USD 1.875 Million half yearly started from 19-04-10.	Refer Note A1 & B1 below
	ECB II	392.87	56.13	9-10%	Repayment in 8 equal instalments of USD 1.25 Million half yearly starting from 17-12-12.	Refer Note A1 & B1 below
Bank 2	ECB I	133.47	266.93	9-10%	Repayment in 15 equal quarterly instalments of USD 13.33 Million started from 31-03-10.	Refer Note A1 & B3 below
	ECB II	699.98	233.32	9-10%	Repayment in 1 yearly instalment of USD 1.25 Million and then 5 half-yearly instalments of USD 3.75 Million from 16-07-12.	half-Refer Note A1 & B3 below
	ECB III	899.00	-	9-10%	Repayment in 2 quarterly instalments of USD 2.50 Million and then 5 quarterly instalments of USD 3.00 Million from 27-06-13.	Refer Note A1 & B3 below
Bank 3	ECB I	693.30	231.10	7-8%	Repayment in 5 equal annual instalments of USD 4 Million starting from 03-08-12.	Refer Note A1 & B3 below

Bank 4	ECB II	556.75	-	9-10%	Repayment in 4 equal annual instalments of USD 3.125 Million starting from 16-07-13. Repayment in 3 equal annual instalments in USD equivalent to Rs. 100 Million starting from 29-09-15. Repayment in 3 equal annual instalments of USD 2.90 Million starting from 26-10-15. Repayment in 3 equal annual instalments of USD 3.33 Million starting from 28-09-15.	Refer Note A1 & B3 below
	ECB I	300.00	-	7-8%		Refer Note A1 & B1 below
	ECB II	432.39	-	8-9%		Refer Note A4 & B1 below
Bank 5	ECB I	491.20	-	10-11%		Refer Note A1 & B1 below
Total External Commercial Borrowings		4,782.15	970.67			

RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	500.00	-	12%	Repayment in 3 equal annual instalments starting from 21-06-14.	Refer Note A1 & B1 below
Total Rupee Term Loans		500.00	-			

TERM LOANS FROM OTHERS:

IFC	Loan A	1,354.12	-	9-10%	Repayment in 12 instalments of USD 2.50 Million each commencing from 17-06-13. Repayment in 9 instalments of USD 2.22 Million each commencing from 16-06-13. 40 equal quarterly instalments of Rs. 20.62 Million each starting from 30-06-10.	Refer Note A1 & B3 below
IFC	Loan B	898.06	-	9-10%		Refer Note A1 & B3 below
BEML	Loan 1	577.43	82.49	2.25% lower than SBI PLR		Note C
Total Term Loans from Others		2,829.61	82.49			

DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	241.36	38.23	7-8%	Repayment along with Interest in 240 consecutive monthly instalments starting from 15-05-07. Repayment along with Interest in 20 equal quarterly instalments. under the scheme	Wind Mills purchased under the scheme
	Deferred Payment Credit II	16.76	4.26	8-9%		Engineering materials purchased
Total Deferred Payment Credit		258.12	42.49			

BUYERS CREDIT FROM BANKS:

Bank 1	Buyers Credit I	-	116.56	6-8%	Within one year	Refer Note A1 & B3 below
	Buyers Credit II	-	136.20	6-8%	Within one year	Refer Note A1 & B3 below
Total Buyers Credit		-	252.76			

DETAILS OF SECURITY OFFERED:

- Note A1 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at Village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A2 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A3 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at SIPCOT Industrial Growth Centre at Oragadam near Chennai together with the factory buildings, Plant & machinery & Equipments, both present & future (under process)
- Note A4 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future (under process)
- Note B1 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company, both present and future (except stocks & book debts).
- Note B2 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company at Village Kodakara in Kerala and at Village Limda in Gujarat and pari passu second charge on the current assets of the company.
- Note B3 A pari passu first charge on the movable assets and pari passu second charge on the current assets of the company.
- Note B4 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company at SIPCOT Industrial Growth Centre at Oragadam near Chennai, both present and future (except stocks & book debts) - under process
- Note C A charge to be created by way of hypothecation on the assets at Village Limda in Gujarat acquired out of the proceeds of loan taken from BEML.
- Note D Sales Tax Loan is secured by a pari passu charge on the entire fixed assets of the company, both present & future situated at Village Limda in Gujarat.

B 4 - CURRENT LIABILITIES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
SHORT TERM BORROWINGS		
Secured		
Buyer's Credit - RM *	753.08	-
Banks - Cash Credit (Repayable on Demand)*	114.14	213.96
Unsecured		
Commercial Paper	2,200.00	1,050.00
Buyers Credit - RM	2,095.30	836.15
Short Term Loan from banks	2,350.00	6,260.55
	<u>7,512.52</u>	<u>8,360.66</u>
TRADE PAYABLES		
Payable to Micro, Small & Medium Enterprises	41.12	57.25
Acceptances	2,249.16	2,091.01
Accounts Payable - Raw Materials & Services	5,036.43	4,443.76
Freight, Port Charges, CHA Charges Payable	364.14	295.62
Trade Discounts Payable	66.17	132.04
Employee Related Payables **	342.22	325.93
Payable to Related Parties	61.61	83.48
	<u>8,160.85</u>	<u>7,429.09</u>
OTHER CURRENT LIABILITIES:		
Current Maturities of Long-Term Debt		
Secured : ***		
(a) Term Loan from Banks:		
External Commercial borrowings (ECB)	970.67	450.12
Rupee Term Loans	-	1,201.67
Buyers Credit - Capex	252.76	349.99
	<u>1,223.43</u>	<u>2,001.78</u>
(b) Term Loan from Others:		
Bharat Earthmovers Ltd. (BEML)	82.49	82.49
(c) Deferred Payment Liabilities:		
Deferred Payment Credit I	38.23	31.19
Deferred Payment Credit II	4.26	1.87
Sales Tax Loan	1.43	19.97
	<u>43.92</u>	<u>53.03</u>
	<u>1,349.84</u>	<u>2,137.30</u>
Trade Payables Include due to Related Parties:		
(Note - C 18)		
Subsidiaries	50.19	71.38
Companies in which Directors are interested	11.42	12.10
	<u>61.61</u>	<u>83.48</u>

*Cash Credits and Secured Buyers Credit for Raw Materials are secured by a first charge on Raw materials, Work-in-Process, Stocks, Stores and Book Debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

** Employee Related Payables include commission on net profits payable to whole-time directors **Rs.74 Million** (Rs 75 Million)

*** For Nature of Security on Current Maturities of Long Term Debts, Refer Note B 3(a).

B 4 - CURRENT LIABILITIES (Continued):

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Interest accrued but not due on borrowings	230.93	133.95
Unpaid Dividends	28.26	27.40
Unpaid Matured Deposits & Interest accrued thereon	-	1.31
Payables to Micro, Small & Medium Enterprises - Capex Vendors	3.61	9.35
Interest payable to Micro, Small & Medium Enterprises	10.53	9.97
Other payables:*		
Accounts Payable - Capital	421.48	586.59
Excise Duty Payable	1.94	0.08
Excise Duty on closing stock	230.92	206.41
Amount Payable to Statutory Authorities	763.67	687.02
Expenses Payable	143.42	95.72
Export Obligations - Advance Licence Benefit	663.48	606.07
Payable to Related Parties	6.24	6.24
Security Deposits Received	42.27	43.11
Others	134.81	178.13
	<u>2,408.23</u>	<u>2,409.37</u>
Gratuity Payable	78.02	81.91
	<u>2,759.58</u>	<u>2,673.26</u>
	<u>4,109.42</u>	<u>4,810.56</u>
SHORT TERM PROVISIONS:		
Provision for Compensated Absences	155.35	132.73
Proposed Dividend on Equity Shares	252.01	252.01
Dividend Tax	40.88	40.88
Provision for Taxation	6,303.36	5,788.17
Less: Advance Tax	6,023.57	5,427.37
Provision for Wealth Tax	15.00	10.50
Provision for Sales related obligations	990.88	1,020.10
	<u>1,733.91</u>	<u>1,817.02</u>
*Other Payables Includes due to Related Parties:		
(Note - C18)		
Subsidiaries	6.01	6.21
Companies in which Directors are interested	0.23	0.03
	<u>6.24</u>	<u>6.24</u>

B 5 - FIXED ASSETS

Rs. Million

Description of Assets	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at March 31, 2011	Additions	Deductions	As at March 31, 2012	As at March 31, 2011	Additions	Deductions	As at March 31, 2012	As at March 31, 2011
A-TANGIBLE ASSETS									
LAND:									
Freehold Land	84.65	59.99	-	144.64	-	-	-	144.64	84.65
Leasehold Land*	160.04	-	-	160.04	6.41	1.81	-	151.82	153.63
Buildings	6,264.21	595.22	9.91	6,849.52	672.27	(a) 191.03	0.71	5,986.93	5,591.94
Plant & Machinery**	23,960.07	5,491.64	12.74	29,438.97	7,562.75	1,506.27	10.52	20,380.47	16,397.32
Electrical Installation	1,064.53	169.09	-	1,233.62	265.13	50.40	-	918.09	799.40
Furniture & Fixtures	890.99	138.85	11.68	1,018.16	389.56	51.57	7.20	584.23	501.43
Office Equipments	17.48	12.20	0.66	29.02	10.78	1.39	0.40	17.25	6.70
Vehicles	338.50	106.11	75.35	369.26	95.06	37.28	26.67	263.59	243.44
Total Tangible Assets	32,780.47	6,573.10	110.34	39,243.23	9,001.96	1,839.75	45.50	28,447.02	23,778.51
B-INTANGIBLE ASSETS:									
Computer Software	210.80	19.21	-	230.01	153.54	17.17	-	59.30	57.26
Total Fixed Assets	32,991.27	6,592.31	110.34	39,473.24	9,155.50	1,856.92	45.50	28,506.32	23,835.77
Previous Year	24,141.70	9,311.35	461.78	32,991.27	8,039.45	1,473.54	357.49	23,835.77	16,102.25

*Leasehold Land is Net of **Rs. 9.59 Million** (Rs. 9.59 Million) subleased to a company in which directors are interested, Classic Auto Tubes Ltd. during the year 2009-10.

Plant & Machinery includes Fixed Assets Held for Sale with a Gross Book Value of **Rs. 61.05 Million (Rs. 38.52 Million) and a Net Book Value of **Rs. 20.01 Million** (Rs. 24.85 Million).

(a) Represents proportionate lease premium **Rs. 1.81 Million** (Rs. 1.74 Million) amortized.

(b) Includes **Rs. 42.80 Million** (Rs. 29.53 Million) for capital expenditure on Research & Development (Note C-7).

(c) Includes directly attributable expenses capitalized to the extent of **Rs. 215.48 Million** (Rs. 247.95 Million) including Rs. 11.74 Million capitalized from CWIP of previous year (Note C11) & Borrowing Cost capitalized to the extent of **Rs. 380.66 Million** (Rs. 241.39 Million) including Rs. 9.89 Million capitalized from CWIP of previous year (Note C-6).

(d) Includes Impairment Loss amounting to **Rs. 10 Million** (Rs. 16.30 Million) on certain items of Plant & Machinery charged during the year.

(e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of **Rs. 5,785.30 Million** (Rs. 5,387.65 Million) and Net Book Value of **Rs. 5,131.94 Million** (Rs. 4,906.14 Million).

B 6 - NON CURRENT INVESTMENTS

(AT COST - FULLY PAID)

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
TRADE INVESTMENTS		
(a) Investment in Equity Instruments (Quoted): *		
16,394 (16,394) Equity Shares of Rs. 10/- each in Bharat Gears Ltd. - Fully Paid Up	0.36	0.36
(b) Investment in Equity Instruments (Unquoted):		
Subsidiary Companies:		
110,431,207 (109,731,207) Equity shares of USD 1 each in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary - Fully Paid Up	5,623.70	5,590.81
OTHER NON CURRENT INVESTMENTS (NON TRADE):		
(a) Investment in Mutual Funds:		
Units of "UTI Balanced Fund - Dividend Plan - Reinvestment ** (Face Value of Rs. 10/- each)		
147,252 (138,469) Units as at the beginning of the year	1.80	1.59
Add: 7,448 (8,783) Units on reinvestment of dividend during the year	0.15	0.21
154,700 (147,252) Units as at the close of the year	1.95	1.80
Others:		
(b) Investment in 5,000 (5,000) Equity Shares of Rs. 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50
	<u>5,626.51</u>	<u>5,593.47</u>
*Aggregate amount of quoted Investments	0.36	0.36
Aggregate market value of listed and quoted investments	1.14	0.85
Aggregate amount of unquoted Investments	5,626.15	5,593.11
** Repurchase price of units	3.24	3.37

B7 - LONG TERM LOANS AND ADVANCES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Long-Term Loans & Advances:		
Unsecured, Considered Good		
Capital Advances - Others	685.14	1,264.19
Capital Advances to Related Parties	177.24	161.40
Considered Doubtful	214.18	214.18
	1,076.56	1,639.77
Less: Provision for Doubtful Advances	214.18	214.18
	862.38	1,425.59
MAT Credit Entitlement	475.22	315.93
Security Deposits	252.96	342.30
Security Deposits to Related Parties	450.70	450.70
Employee Advances - Salary Loan	10.28	12.08
Other Loans and Advances	2.57	2.57
	2,054.11	2,549.17
Includes Advances given to Related Parties:		
(Note - C18)		
Companies in which Directors are interested	627.94	612.10

B8 - CURRENT ASSETS

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) INVENTORIES:		
(valued at lower of cost and net realizable value)		
(i) Raw Materials:		
Raw Materials in Hand	3,649.00	3,134.59
Raw Materials in Transit	159.05	900.41
	3,808.05	4,035.00
(ii) Work-in-Process #	600.82	568.56
(iii) Finished Goods:		
Finished Goods in Hand	4,852.44	5,219.56
Finished Goods in Transit	1,148.38	919.46
	6,000.82	6,139.02
(iv) Stock in Trade:		
Stock in Trade in Hand	125.12	155.84
Stock in Trade in Transit	22.79	19.44
	147.91	175.28
(v) Stores and Spares	556.57	445.48
	11,114.17	11,363.34
(b) TRADE RECEIVABLES - UNSECURED		
Outstanding for a period exceeding six months:		
Considered Good	12.41	12.22
Considered Doubtful	41.53	41.53
Others - Considered Good *	3,626.72	2,030.58
	3,680.66	2,084.33
Less: Provision for Doubtful Receivables	41.53	41.53
	3,639.13	2,042.80
(c) CASH AND CASH EQUIVALENTS		
(i) Balances with Banks:		
Current Accounts	270.82	526.09
(ii) Cheques on hand	567.13	569.11
(iii) Cash on hand	2.09	3.81
(iv) Remittances in Transit	221.46	210.11
(v) Other Bank Balances:		
Unpaid Dividend Accounts	28.26	27.40
Unclaimed Deposits Accounts	1.07	1.21
Deposits with Maturity exceeding 3 Months **	65.10	74.90
	1,155.93	1,412.63
*Trade Receivables Include due from Related Parties:		
(Note - C 18)		
Subsidiaries	926.53	67.27
Companies in which Directors are interested	159.95	274.53
	1,086.48	341.80

** Includes Deposit of **Rs. 63.50 Million** (Rs.73.30 Million) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested.

Includes deposits of **Rs. 1.60 Million** (Rs.1.60 Million) which have an original maturity of more than 12 months.

Work - in - Process consists of Automotive Tyres only.

B9 - SHORT-TERM LOANS & ADVANCES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Short-Term Loans & Advances:		
Unsecured, Considered Good		
Advances given to Related Parties	145.03	79.48
Others:		
Trade Advances	1,252.99	1,145.81
Employee Advances	50.53	48.26
CENVAT Recoverable	298.42	310.13
VAT Recoverable	338.14	177.17
Service Tax Recoverable	33.24	203.73
Export Incentives Recoverable	44.56	33.68
Prepaid Expenses	154.59	88.42
Sales Tax Recoverable	17.79	16.36
Others	14.82	8.59
	<u>2,350.11</u>	<u>2,111.63</u>
Considered Doubtful	20.50	20.50
	<u>2,370.61</u>	<u>2,132.13</u>
Less: Provision for Doubtful Advances	20.50	20.50
	<u>2,350.11</u>	<u>2,111.63</u>
MAT Credit Entitlement	142.00	-
	<u>2,492.11</u>	<u>2,111.63</u>
Advances given to Related Parties:		
(Note - C 18)		
Advances to Subsidiaries	112.35	46.16
Advances to Companies in which Directors are interested	32.68	33.32
	<u>145.03</u>	<u>79.48</u>

B 10 - OTHER INCOME

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) Interest Income*	58.51	26.38
(b) Dividend Income from Long Term Investments:		
Subsidiary, Apollo (Mauritius) Holdings Pvt. Ltd.	-	44.98
Others	0.18	0.23
	0.18	45.21
(c) Other Non-Operating Income:		
Unclaimed Credit Balances / Provisions no longer required written back	33.22	43.61
Profit on Sale of Tangible Fixed Assets (Net)	-	149.97
Sale of Brand Rights	-	11.06
Royalty Income	19.23	-
Gain on Foreign Exchange Fluctuation (Net)	55.76	194.38
Miscellaneous Receipts	15.04	14.90
	123.25	413.92
	181.94	485.51

* Interest Income of **Rs. 58.51 Million** (Rs. 26.38 Million) comprises of the following:

- (a) Interest Earned on Deposits **Rs.13.36 Million** (Rs. 18.30 Million)
- (b) Interest Earned on Trade Balances **Rs. 2.32 Million** (Rs. 2.77 Million)
- (c) Interest on Income Tax Refund **Rs. 39.64 Million** (Rs. 2.16 Million)
- (d) Interest Earned - Others **Rs. 3.19 Million** (Rs. 3.15 Million)

B 11 - MANUFACTURING AND OTHER EXPENSES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Cost of Materials Consumed:		
Raw Materials Consumed	60,002.67	41,112.89
Less: Scrap Recoveries (Net of Excise Duty)	268.88	244.92
	<u>59,733.79</u>	<u>40,867.97</u>
Purchase of Stock-in-Trade:		
Purchase of Finished Goods	2,383.82	1,594.62
Employee Benefit Expenses:		
Salaries, Wages and Bonus	2,930.27	2,471.09
Contribution to Provident and Other Funds	227.34	172.11
Welfare expenses	499.00	413.08
Employees Share Based Payments (Note C-13)	29.92	12.17
	<u>3,686.53</u>	<u>3,068.45</u>
Other Expenses:		
Consumption of stores and spare parts ¹	462.96	377.07
Power and Fuel ²	2,390.18	1,790.22
Conversion Charges	832.65	792.12
Repairs and Maintenance		
- Machinery	104.52	101.53
- Buildings	23.49	25.68
- Others	422.17	293.04
Rent ³	199.16	178.63
Lease Rent - Factory	400.00	400.00
Insurance	78.95	70.29
Rates and Taxes	141.02	125.48
Directors' Sitting Fees	1.44	0.80
Loss on Sale of Tangible Fixed Assets (Net)	12.80	-
Loss on Sale of Investment	-	0.50
Travelling, Conveyance and Vehicle Expenses	647.37	545.29
Postage, Telex, Telephone and Stationery	102.01	86.34
Royalty Paid	21.35	-
Freight & Forwarding	1,638.35	1,177.66
Commission to Selling Agents	51.38	42.21
Sales Promotion Expenses	79.29	656.75
Advertisement & Publicity	286.97	331.28
Research and Development	331.60	291.05
Bank Charges	60.85	39.11
Provision for Doubtful Advances	-	37.43
Doubtful Receivables / Advances Written of	-	5.25
Less: Transferred from Provision	-	5.25
Legal & Professional Expenses	203.10	106.24
Miscellaneous Expenses	385.37	438.63
	<u>8,876.98</u>	<u>7,907.35</u>
	<u>74,681.12</u>	<u>53,438.39</u>

Notes:

1 Stores & Spares Consumed includes stores issued for repairs **Rs.3.96 Million** (Rs. 6.23 Million)

2 Power and Fuel includes Stores Consumed **Rs. 744.55 Million** (Rs. 602.74 Million)

3 Net of Rent Received **Rs. 0.90 Million** (Rs.9.88 Million).

B 12 - CHANGES IN INVENTORIES OF WORK IN PROCESS, FINISHED GOODS AND STOCK IN TRADE

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
OPENING STOCK		
Work in Process	568.56	415.19
Finished Goods	6,139.02	2,309.72
Stock in Trade	175.28	70.80
	<u>6,882.86</u>	<u>2,795.71</u>
Less:		
CLOSING STOCK		
Work in Process	600.82	568.56
Finished Goods	6,000.82	6,139.02
Stock in Trade	147.91	175.28
	<u>6,749.55</u>	<u>6,882.86</u>
Decrease / (Increase)	133.31	(4,087.15)
Excise Duty on Increase / (Decrease) of Finished Goods (Note C - 5)	101.20	340.57
	<u>234.51</u>	<u>(3,746.58)</u>

B13 - FINANCE COST

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
(a) Interest Expense:		
Interest on Fixed-Term Loans	564.18	578.47
Interest on Debentures	243.59	183.27
Interest on Other Loans	1,553.71	797.49
(b) Other Borrowing Costs	51.53	30.31
	<u>2,413.01</u>	<u>1,589.54</u>

C. OTHER NOTES ON ACCOUNTS:

1 CONTINGENT LIABILITIES

PARTICULARS	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Sales Tax	153.37	110.26
Claims against the company not acknowledged as debts		
– Employee Related	26.97	23.90
– Property Disputes	-	2.60
– Others	19.83	8.83
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd, an Associate Company)	63.50	73.30
Guarantee given by Company for the loan taken by Sub-Subsidiary Companies	-	2,570.40
Custom Duty	-	23.50
Excise Duty*	253.12	199.83

*Excludes demand of **Rs. 532.12 Million** (Rs. 532.12 Million) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

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

2 COMMITMENTS

PARTICULARS	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Estimated amount of contracts remaining to be executed on capital account & not provided for	2,796.37	4,076.59
Lease Commitments	800.00	1,200.00
TOTAL	3,596.37	5,276.59

Note: The company has further financial support commitments provided to certain Subsidiaries.

3 MAT CREDIT ENTITLEMENT

- In view of the consistent profits over the years & also considering the future profit projections, the management believes that there is convincing evidence with regard to the earning of future taxable income and payment of tax under normal tax within the specified period. Accordingly, MAT Credit Entitlement of **Rs. 301.29 Million** (Rs. 315.93 Million) has been recognized during the year.
- The Company has international transactions with related parties. For the current year, the management confirms that it maintains documents as prescribed by the Income tax Act, 1961 to prove that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

4. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 -

	PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	44.73	66.60
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	10.53	9.97
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	8.38	157.96
(iv)	The amount of interest due and payable for the year	0.56	3.10
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	10.53	9.97
(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	10.53	9.97

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.

5. Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Note B 13 "Changes in Inventories of Work in Process, Finished Goods & Stock in Trade".
6. Borrowing costs capitalized/transferred to capital work in progress during the year is **Rs. 370.77 Million** (Rs.251.28 Million). This includes **Rs. 48.36 Million** (Rs. 69.90 Million) towards loan processing fees and **Nil** (Rs. 14.71 Million) towards Bank Charges.

7. Research and development comprises of the following:

	PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
(A)	Revenue Expenditure		
	Materials	23.93	12.21
	Employee Benefit Expenses	119.50	128.35
	Travelling Expenses	23.29	12.87
	Others	164.88	137.62
	SUB - TOTAL	331.60	291.05
(B)	Capital Expenditure	42.80	29.53
	TOTAL (A+B)	374.40	320.58

8. Statutory Auditors' Remuneration included under Miscellaneous Expenses:

	PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
	For Audit	4.50	4.50
	For Taxation matters	0.10	0.10
	For Company Law matters	0.30	0.30
	For Other Services	5.15	3.59
	Reimbursement of expenses	-	0.23
	TOTAL	10.05	8.72

9 (A) Turnover and stock of Finished goods and Traded Goods

PARTICULARS	Unit	Opening Stock		Turnover		Closing Stock	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Automobile Tyres	Rs. Million	5,392.28	1,828.61	79,968.73	53,587.43	5,306.14	5,392.28
Automobile Tubes	Rs. Million	644.26	412.52	6,852.39	4,850.30	588.58	644.26
Automobile Flaps	Rs. Million	146.26	61.00	1,723.19	1,120.07	147.91	146.26
Others	Rs. Million	131.50	78.39	521.04	451.76	106.10	131.50
TOTAL	Rs. Million	6,314.30	2,380.52	89,065.35	60,009.56	6,148.73	6,314.30

(B) Raw Materials Consumed

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Fabric	6,990.72	5,187.19
Rubber	38,747.46	26,282.41
Chemicals	3,478.47	2,557.66
Carbon Black	6,336.98	4,289.10
Others	4,449.04	2,796.53
TOTAL	60,002.67	41,112.89

(C) Break-up of Consumption

PARTICULARS	%	2011-12 Rs. Million	%	2010-11 Rs. Million
Raw Material - Imported	45.06%	27,038.12	44.36%	18,238.72
- Indigenous	54.94%	32,964.55	55.64%	22,874.17
	100.00%	60,002.67	100.00%	41,112.89
Stores & Spares - Imported	7.09%	32.84	7.66%	28.88
- Indigenous	92.91%	430.12	92.34%	348.19
	100.00%	462.96	100.00%	377.07

(D) C.I.F. Value of Imports

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Raw Material	27,587.60	19,253.29
Stores & Spares	59.80	42.76
Capital Goods	2,403.04	3,464.70

(E) Expenditure in Foreign Currency (Remitted) :
(Excluding value of imports)

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Interest	634.19	340.84
Dividend for the year 2010-11 (2009-10)*	0.99	1.48
Others	383.96	204.75

*Number of non-resident Shareholders – 2 (3), Number of Shares held by Non resident Shareholders - **1,978,000** (1,979,000).

10. Earnings in Foreign Exchange (gross)

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
FOB Value of Exports	7,731.17	4,846.78
Cross Charge of Management Expenses recovered from Sub-Subsidiary Companies	34.49	14.92

11. Directly attributable expenses capitalized / included in capital work in progress during the year:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Raw Materials Consumed	78.44	106.99
Salaries, Wages and Bonus	71.14	51.19
Contribution to Provident and Other Funds	4.45	3.82
Welfare Expenses	13.12	22.88
Rent	2.12	3.10
Travelling, Conveyance and Vehicle expenses	11.05	18.64
Postage, Telex Telephone and Stationery	0.24	0.41
Power and Fuel	17.91	7.26
Insurance	6.80	0.51
Legal & Professional Expenses	2.47	9.50
Miscellaneous Expenses	9.05	35.38
Total*	216.79	259.68

*Out of the above **Rs 13.05 Million** (Rs 11.73 Million) is included in capital work in process as on March 31, 2012.

12. Employee Benefit Plans

Defined Contribution Plans:

- Superannuation Plan:** The Company contributes a sum equivalent to 15% of the eligible employees salary to a superannuation fund administered and maintained by Life Insurance Corporation of India (LIC). The Company has no liability for future superannuation fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.
- Provident Fund:** Contributions are made to the Company's Employees Provident Fund Trust / Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

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

Defined Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plan:

Statement of Profit and Loss:**Net employee benefit expenses**

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Current service cost	40.13	32.25
Interest Cost on Benefit Obligation	38.98	33.58
Expected return on plan assets	(41.37)	(34.19)
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Actuarial (Gain) / Loss recognized in the year	40.28	50.27
Expense recognized in the Statement of Profit & Loss	78.02	81.91

Balance Sheet:**Net Asset / (Liability) recognised in the Balance Sheet including experience adjustment impact**

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million	2009-2010 Rs. Million	2008-2009 Rs. Million	2007-2008 Rs. Million
Present value of defined benefit obligation at the end of the year	603.76	519.73	447.74	393.04	339.69
Fair value of plan assets at the end of the year	525.74	437.82	361.79	311.03	248.14
Asset/(Liability) recognized in the balance sheet	(78.02)	(81.91)	(85.95)	(82.01)	(91.55)
Experience Adjustment of obligation - (Gain) / Loss *	42.04	51.03	27.67	22.31	-
Experience Adjustment of plan assets - Gain / (Loss) *	1.75	2.36	1.21	1.92	-

* Details disclosed to the extent information provided by the actuary.

Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Present value of obligations as at the beginning of the year	519.73	447.74
Interest cost	38.98	33.58
Current service cost	40.13	32.25
Benefits paid	(37.12)	(46.47)
Actuarial loss on obligation	42.04	52.63
Present value of obligations as at the end of the year	603.76	519.73

Changes in the fair value of plan assets are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Fair value of plan assets at beginning of the year	437.82	361.79
Expected return on plan assets	41.37	34.19
Contributions	81.92	85.95
Benefits paid	(37.12)	(46.47)
Actuarial gain on plan assets	1.75	2.36
Fair value of plan assets as at the end of the year	525.74	437.82

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

Principal actuarial assumptions for Employee Benefits:

PARTICULARS	2011-12 Rate (%)	2010-11 Rate (%)
a) Discount rate	7.50	7.50
b) Future salary increase*	5.00	5.00
c) Expected rate of return on plan assets	9.45	9.45

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

Demographic Assumptions for Employee Benefits:

PARTICULARS	2011-12	2010-11
a) Retirement Age (Years)	58	58
b) Mortality Table	LIC (1994-96)	LIC (1994-96)
c) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 31 to 44 Years	2.00	2.00
Above 44 Years	1.00	1.00

13. Employees Phantom Stock Plan 2010

- a) During the year 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the company. Under the scheme, 12 Lacs phantom stock units have been granted on 1st April 2010 and 9 Lacs Phantom stock units have been granted on 1st April 2011 by the board appointed committee. Both of them will be vested as per the following schedule:

Percentage of Grant	Vesting Schedule
25%	On 1st anniversary of respective grant date
25%	On 2nd anniversary of respective grant date
25%	On 3rd anniversary of respective grant date
25%	On 4th anniversary of respective grant date

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock unit within seven years of the vesting date

- b) Details of the expense recognized during the year and outstanding phantom stock units of the company under the Phantom Stock Plan 2010 are as under:

Date of Grant	01.04.2010	01.04.2011
Numbers Outstanding as on 31.03.2012	1,130,000	900,000
Numbers Vested as on 31.03.2012	70,000	-
Exercise Price per Phantom Stock Unit (Rs.)	50	50
Market Price of Share on 31.03.2012 (Rs.)	79.65	79.65
Fair Value of Phantom Stock Unit (Rs.)	45.12	46.90
Amount charged to P&L Account (Included in Note B 11 - (Employee Benefit Expenses)(Rs Million)	16.04	13.88
Liability as on 31.03.2012 (Included in Note B 4 - (Trade Payables)(Rs Million)	26.12	13.88

Phantom Stock outstanding units summary sheet is as follows -

PARTICULARS	2011-12	2010-11
Opening Phantom Stock Units	1,200,000	Nil
Number of Units issued during the year	900,000	1,200,000
Number of Units Vested during the year	70,000	Nil
Closing Phantom Stock units	2,030,000	1,200,000

The details of Variables used for Fair Valuation are given in the table below:

Grant date	1-Apr-10			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-12	1-Apr-11	1-Apr-12	1-Apr-13	1-Apr-14
Variables				
Stock Price (Rs.)	79.65	79.65	79.65	79.65
Volatility	47.30%	50.36%	51.56%	48.96%
Risk-Free Rate	8.52%	8.53%	8.55%	8.57%
Exercise Price (Rs.)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.00	3.50	4.51	5.51
Dividend yield	1.74%	1.74%	1.74%	1.74%
Fair Value per vest (Rs.)	41.81	44.02	46.76	47.91
Vesting %	25.00%	25.00%	25.00%	25.00%
Option Fair Value (Rs.)	45.12			

Grant date	1-Apr-11			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-Mar-12	1-Apr-12	1-Apr-13	1-Apr-14	1-Apr-15
Variables				
Stock Price (Rs.)	79.65	79.65	79.65	79.65
Volatility	50.36%	51.56%	48.96%	47.31%
Risk-Free Rate	8.53%	8.55%	8.57%	8.59%
Exercise Price (Rs.)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.50	4.51	5.51	6.51
Dividend yield	1.74%	1.74%	1.74%	1.74%
Fair Value per vest (Rs.)	44.02	46.76	47.91	48.91
Vesting %	25.00%	25.00%	25.00%	25.00%
Option Fair Value (Rs.)	46.90			

Phantom Stock Scheme - Proforma Statement of P&L and EPS

Had compensation cost for the Phantom Stock units granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Impact on Net Profit (Rs. Million)		
Net Profit (As reported)	1,813.33	1,982.53
Add:- Cash based employee compensation expense included in net profit	29.92	12.17
Less:- Cash based compensation expense determined under fair value based method (Proforma)	41.46	22.33
Net Profit (Proforma)	1,801.79	1,972.37
Impact on Earnings per Share (Rs.)		
Basic and Diluted Earnings per Share of Re. 1 Each (As reported)	3.60	3.93
Basic and Diluted Earnings per Share of Re. 1 Each (Proforma)	3.57	3.91

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

14. The components of Deferred Tax Liability (Net) are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Deferred Tax Liability on timing differences arising on:		
Depreciation	3,041.39	2,487.62
Sub Total (A)	3,041.39	2,487.62
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	0.56	0.35
Provision for Gratuity and Leave Encashment	56.60	50.94
Provision for Doubtful Debts / Advances	25.62	25.62
Others	-	-
Sub Total (B)	82.78	76.91
Net Deferred Tax Liability (A-B)	2,958.61	2,410.71

15. Provision for sales related obligations represents estimates for payments to be made in future. Major portion of the these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

Rs. Million			
Opening Balance as at 01.04.2011	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2012
1,020.10	865.57	894.79	990.88

16. a) Forward exchange contracts [being derivative instruments], which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables. The following forward exchange contracts entered into by the Company are outstanding as on March 31, 2012:

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	54,946,185	Buy	Rupees
EURO	2,373,735	Buy	Rupees
<u>As at March 31, 2011</u>			
US Dollar	16,500,448	Buy	Rupees
EURO	2,223,950	Buy	USDollar

The mark to market losses of Nil (Rs. 0.03 Million) relating to undesignated / ineffective forward contracts / derivatives has been recognized in the Statement of Profit and Loss.

b) Cross Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: 23 (As at March 31, 2011: 9)

17. The Company's operations comprise of only one business segment –Automobile Tyres, Automobile Tubes & Automobile Flaps in the context of reporting business/geographical segment as required under mandatory accounting standards AS-17 "Segment Reporting "

The geographical segments considered for disclosure are - India and Rest of the world. All the manufacturing facilities are located in India:

PARTICULARS		2011-12 Rs. Million	2010-11 Rs. Million
1.	Revenue by Geographical Market		
	India	73,919.60	50,767.90
	Rest of the world	7,841.09	4,622.47
	Total	81,760.69	55,390.37
2.	Carrying Amount of Segment Assets		
	India	56,444.04	52,052.65
	Rest of the world	1,250.80	433.91
	Total	57,694.84	52,486.56
3.	Additions to Fixed Assets and Intangible Assets		
	India	6,592.31	9,311.35
	Rest of the world	-	-
	Total	6,592.31	9,311.35

18. Disclosure of Related Party Transactions in accordance with the mandatory accounting standards AS-18 "Related Party Disclosures"

Name of the Related Parties

PARTICULARS	2011-12	2010-11
Subsidiaries	Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)	Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)
	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AMHPL)	Apollo (South Africa) Holdings (Pty) Ltd. (ASHPL) (Subsidiary through AMHPL)
	Apollo Tyres South Africa (Pty) Ltd. (ATSA) (Subsidiary through ASHPL)	Apollo Tyres South Africa (Pty) Ltd. (ATSA) (Subsidiary through ASHPL)
	Dunlop Africa Marketing (UK) Ltd.(DAMUK) Subsidiary through ATSA)	Dunlop Africa Marketing (UK) Ltd.(DAMUK) (Subsidiary through ATSA)
	Dunlop Zimbabwe (Pvt) Ltd. (DZL) (Subsidiary through DAMUK)	Dunlop Zimbabwe (Pvt) Ltd. (DZL) (Subsidiary through DAMUK)
	Radun Investments (Pvt.) Ltd., Zimbabwe (Subsidiary through DAMUK)	Radun Investments (Pvt.) Ltd., Zimbabwe (Subsidiary through DAMUK)
	AFS Mining (Pvt.) Ltd., Zimbabwe (Subsidiary through DZL)	ASF Mining (Pvt.) Ltd., Zimbabwe (Subsidiary through DZL)
	Ceased to exist during the year - Note (a)	Pollock & Aitken (Pty) Limited (Subsidiary through ATSA)
	Apollo Tyres (Cyprus) Pvt. Ltd (ATCPL) (Subsidiary through AMHPL)	Apollo Tyres (Cyprus) Pvt. Ltd (ATCPL) (Subsidiary through AMHPL)
	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL)	Apollo Tyres AG, Switzerland (AT AG) (Subsidiary through ATCPL)
	Apollo Tyres Holdings (Singapore) PTE. Ltd., (ATHS)(Subsidiary through AMHPL)	Apollo Tyres Holdings (Singapore) PTE. Ltd.(ATHS) (Subsidiary through AMHPL)
	Apollo Tyres (LAO) Co., Ltd. (Subsidiary through ATHS)	Apollo Tyres (LAO) Co., Ltd. (Subsidiary through ATHS)
	Apollo Tyres (Nigeria) Limited (Subsidiary through AMHPL) - Note (b)	Apollo Tyres (Nigeria) Limited (Subsidiary through AMHPL)
	Apollo Tyres Middle East FZE Dubai (ATFZE) (Subsidiary through AMHPL)	Apollo Tyres Middle East FZE Dubai (ATFZE) (Subsidiary through AMHPL)
	Apollo Tyres Co -operatief U.A., Netherlands (Apollo Coop) (Subsidiary through AMHPL)	Apollo Tyres Co -operatief U.A., Netherlands (Apollo Coop) (Subsidiary through AMHPL)
	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through Apollo Coop)	Apollo Vredestein B.V., Netherlands (AVBV) (Subsidiary through Apollo Coop)
	Apollo Tyres B.V. (ATBV) (Subsidiary through Apollo Coop) - Note (c)	N.A.
	Apollo Tyres (UK) Pvt. Ltd. (Subsidiary through ATBV) - Note (d)	N.A
	Apollo Tyres (Brasil) LTDA. (Subsidiary through Apollo Coop) - Note (e)	N.A.
	Subsidiaries of Apollo Vredestein B.V (AVBV):	Subsidiaries of Apollo Vredestein B.V (AVBV):
	Vredestein GmbH	Vredestein GmbH
	Vredestein Norge A.S	Vredestein Norge A.S.
	Vredestein U.K. Ltd.	Vredestein U.K. Ltd.
	N.V. Vredestein S.A	N.V. Vredestein S.A.
	Vredestein GesmbH	Vredestein GesmbH
	Vredestein Schweiz A.G.	Vredestein Schweiz A.G
	Vredestein Deck AB	Vredestein Deck A B
	Vredestein Italia Srl	Vredestein Italia Srl
	Vredestein Iberica S.A	Vredestein Iberica S.A

	Vredestein Tyres North America Inc.	Vredestein Tyres North America Inc.
	Vredestein Kft	Vredestein Kft
	Vredestein R.O Srl	Vredestein R.O Srl
	Vredestein Polska Sp. Z o.o	Vredestein Polska Sp. Z o.o
	Vredestein France S.A.	Vredestein France S.A.
	Vredestein consulting B.V	Vredestein consulting B.V.
	Finlo B.V.	Finlo B.V.
	Vredestein Marketing B.V.	Vredestein Marketing B.V.
	Vredestein Marketing Agentur B.V. & Co. KG	Vredestein Marketing Agentur B.V. & Co. KG
Associates	PanAridus LLC, USA	PanAridus LLC, USA
Companies in which Directors are interested	Apollo International Ltd. (AIL)	Apollo International Ltd. (AIL)
	Apollo International Trading LLC, Middle East	Apollo International Trading LLC, Middle East
	Encorp E Services Ltd.	Encorp E Services Ltd.
	UFO Moviez India Ltd.	UFO Moviez India Ltd.
	Landmark Farms & Housing (P) Ltd.	Landmark Farms & Housing (P) Ltd.
	Sunlife Tradelinks (P) Ltd.	Sunlife Tradelinks (P) Ltd.
	Travel Tracks Ltd.	Travel Tracks Ltd.
	Dusk Valley Technologies Ltd.	Dusk Valley Technologies Ltd.
	Classic Auto Tubes Ltd.	Classic Auto Tubes Ltd.
	PTL Enterprises Ltd. (PTL)	PTL Enterprises Ltd. (PTL)
	Apollo Finance Ltd.	Apollo Finance Ltd.
	Artemis Medicare Services Ltd.	Artemis Medicare Services Ltd.
	Artemis Health Sciences Ltd.	Artemis Health Sciences Ltd.
	National Tyre Service, Zimbabwe	National Tyre Service, Zimbabwe
	Pressurite (Pty) Ltd, South Africa	Pressurite (Pty) Ltd, South Africa
	Regent Properties	Regent Properties
	CLS Logistics Pvt Ltd	CLS Logistics Pvt Ltd
	Swaranganga Consultants Pvt. Ltd.	Swaranganga Consultants Pvt. Ltd.
J & S Systems Corporation, U.K.	J & S Systems Corporation, U.K.	
Key Management Personnel	Mr. Onkar S Kanwar	Mr. Onkar S Kanwar
	Mr. Neeraj Kanwar	Mr. Neeraj Kanwar
	Mr. U. S. Oberoi	Mr. U. S. Oberoi
	Mr. Sunam Sarkar	Mr. Sunam Sarkar
Relatives of Key Managerial Personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

Note: Related Parties and their Relationships are as identified by the management and relied upon by the Auditors.

Notes:

- The management had initiated the deregistration of Pollock and Aitken (Pty.) Ltd. during the last financial year. The deregistration process was completed during the year with effect from April 17, 2011 after 2 months from the publication of notice of deregistration received on February 17, 2011.
- The management had initiated the voluntary winding-up process for Apollo Tyres (Nigeria) Ltd. during the last financial year. Corporate Affairs Commission of Nigeria has registered the winding-up on March 26, 2012 and the company shall be deemed to be dissolved after 3 months from this date.
- During the year, the company has incorporated a new subsidiary company named Apollo Tyres B.V, Netherlands.
- During the year, the company has incorporated a new subsidiary company named Apollo Tyres U.K (Pvt) Ltd., United Kingdom.
- During the year, the company has incorporated a new subsidiary company named Apollo Tyres (Brasil) LTDA., Brazil for trading of the tyres sourced from various group companies.

Transactions with Related Parties:

FY 2011-12

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Description of Transactions:				
Sales:				
Apollo Intl. Trading LLC, Dubai		1,350.65		1,350.65
Apollo Tyres South Africa (Pty) Ltd.	513.89			513.89
Apollo Vredestein B.V.	764.78			764.78
Apollo Tyres Middle East Fze.	1,364.06			1,364.06
	2,642.73	1,350.65		3,993.38
Royalty Income:				
Apollo Tyres South Africa (Pty) Ltd.	8.45			8.45
Apollo Tyres Middle East Fze.	10.77			10.77
	19.22			19.22
Cross Charges Received: ##				
Apollo Tyres South Africa (Pty) Ltd.	28.94			28.94
Apollo Vredestein B.V.	5.55			5.55
PTL Enterprises Ltd.		3.45		3.45
Classic Auto Tubes Ltd.		1.81		1.81
	34.49	5.26		39.75
Rent Received:				
PTL Enterprises Ltd.		0.12		0.12
Travel Tracks Ltd.		0.65		0.65
Classic Auto Tubes Ltd.		0.12		0.12
Others		0.08		0.08
		0.97		0.97
Interest Received:				
PTL Enterprises Ltd.		2.32		2.32
Reimbursement of Expenses Received:				
Apollo Tyres South Africa (Pty) Ltd.	62.06			62.06
Apollo Vredestein B.V.	18.18			18.18
Classic Auto Tubes Ltd.		6.89		6.89
Others	3.08			3.08
	83.32	6.89		90.21
Royalty Paid:				
Apollo Tyres AG, Switzerland	19.21			19.21
Purchase:				
AVBV	0.91			0.91
ATSA	2.58			2.58
	3.49			3.49
Clearing Charges:				
CLS Logistics Ltd.		393.59		393.59
Reimbursement of Expenses paid:				
PTL Enterprises Ltd.		388.51		388.51
Apollo Tyres Middle East Fze.	22.70			22.70
Apollo Tyres South Africa (Pty) Ltd.	27.03			27.03
Others	3.32	0.81		4.13
	53.05	389.32		442.37
Service Charges paid:				
Artemis Medicare Services Ltd.		9.89		9.89
Cross Charges paid:				
Apollo Vredestein B.V.	88.52			88.52

(Contd.)

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Lease Rent paid: PTL Enterprises Ltd.		400.00		400.00
Rent Paid: Sunlife Tradelinks Land Mark Farms & Housing Regent Properties Others		21.30 24.00 21.60 0.12		21.30 24.00 21.60 0.12
		67.02		67.02
Conversion charges: Classic Auto Tubes Ltd.		956.72		956.72
Travelling Expenses: Travel Tracks Ltd.		136.95		136.95
Conference Expenses: Travel Tracks Ltd.		83.17		83.17
Other Expenses: Swaranganga Consultants Others		8.50 0.43		8.50 0.43
		8.93		8.93
Managerial Remuneration: Mr. Onkar S. Kanwar Mr. Neeraj Kanwar Mr. U.S. Oberoi Mr. Sunam Sarkar			139.59 92.80 9.62 24.05	139.59 92.80 9.62 24.05
			266.06	266.06
Investment: Apollo Mauritius Holdings Pvt. Ltd.	32.89			32.89
Advance for Purchase of Fixed Assets: * Classic Auto Tubes Ltd.		221.86		221.86
Purchase of Moulds: Apollo Vredestein B.V.	6.03			6.03
Sale of Moulds/Engineering Material: Classic Auto Tubes Ltd.		1.00		1.00
Amount Outstanding Dr./ (Cr.) Trade Payable: Apollo Tyres AG, Switzerland Vredestein GmbH Apollo Vredestein B.V. Apollo Tyres Middle East Fze. Travel Tracks Ltd. Classic Auto Tubes Ltd.	19.21 5.43 16.90 8.65		8.22 3.20	
	50.19	11.42		
Other Current Liabilities: Apollo Vredestein B.V. Others	6.01		0.23	
	6.01	0.23		
Long Term Loans & Advances: PTL Enterprises Ltd. Sunlife Tradelinks Land Mark Farms & Housing Regent Properties Classic Auto Tubes Ltd.		250.00 63.90 72.00 64.80 177.24		
		627.94		

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Trade Receivable: Apollo Vredestein B.V. Apollo Tyres South Africa (Pty) Ltd. Apollo Tyres Middle East Fze. Classic Auto Tubes Ltd. Apollo International Ltd.	102.32 259.42 564.79	1.00 158.95		
	926.53	159.95		
Short Term Loans & Advances: Apollo Tyres South Africa (Pty) Ltd. Apollo Tyres (Lao) Co. Ltd. PTL Enterprises Ltd. Travel Tracks Ltd. Classic Auto Tubes Ltd. CLS Logistics Ltd.	109.69 2.66	9.32 18.79 3.44 1.13		
	112.35	32.68		

Transactions with Related Parties:**FY 2010-11**

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Description of Transactions:				
Sales: Apollo Intl. Trading LLC, Dubai Apollo Tyres South Africa (Pty) Ltd. Apollo Vredestein B.V. Others	15.89 326.72	1,150.01 0.05		1,150.01 15.89 326.72 0.05
	342.61	1,150.06		1,492.67
Dividend Received: Apollo Mauritius Holdings Pvt. Ltd.	44.98			44.98
Cross Charges Received: ## Apollo Tyres South Africa (Pty) Ltd. Apollo Vredestein B.V. PTL Enterprises Ltd.	10.86 4.06	3.45		10.86 4.06 3.45
	14.92	3.45		18.37
Rent Received: Apollo International Ltd. Encorp E Services Others		0.55 0.15 0.09		0.55 0.15 0.09
		0.79		0.79
Reimbursement of Expenses Received: Apollo Tyres South Africa (Pty) Ltd. Apollo Vredestein B.V. Others	6.86 5.52 0.54			6.86 5.52 0.54
	12.92			12.92

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Interest Received: PTL Enterprises Ltd.		2.74		2.74
Reimbursement of Expenses paid: PTL Enterprises Ltd.		414.85		414.85
Apollo Vredestein B.V.	44.21			44.21
Others	1.79	0.50		2.29
	46.00	415.35		461.35
Royalty Paid: Apollo Tyres AG, Switzerland	11.06			11.06
Clearing Charges: CLS Logistics Ltd.		234.01		234.01
Reimbursement of Expenses paid: Classic Auto Tubes Ltd.		3.31		3.31
Service Charges paid: Artemis Medicare Services Ltd.		9.84		9.84
Cross Charges paid: Apollo Vredestein B.V.	118.90			118.90
Lease Rent paid: PTL Enterprises Ltd.		400.00		400.00
Rent paid: Sunlife Tradelinks		21.30		21.30
Land Mark Farms & Housing		24.00		24.00
Regent Properties		21.60		21.60
Others		0.12		0.12
		67.02		67.02
Managerial Remuneration: Mr. Onkar S. Kanwar			140.74	140.74
Mr. Neeraj Kanwar			76.31	76.31
Mr. U.S. Oberoi			10.69	10.69
Mr. Sunam Sarkar			18.98	18.98
			246.72	246.72
Conversion charges: Classic Auto Tubes Ltd.		865.02		865.02
Travelling Expenses: Travel Tracks Ltd.		136.23		136.23
Conference Expenses Travel Tracks Ltd.		228.85		228.85
Other Expenses: Travel Tracks Ltd.		38.32		38.32
Advance for Purchase of Fixed Assets: Classic Auto Tubes Ltd.		161.40		161.40
Purchase of Moulds: Apollo Tyres South Africa (Pty) Ltd.	5.97			5.97
Conversion of Preference Shares to Equity Shares: Apollo Mauritius Holdings Pvt. Ltd.	5,341.80			5,341.80
Sale of Assets: Classic Auto Tubes Ltd.		0.74		0.74
Sale of fixed asset: Swaranganga Consultants Pvt. Ltd.		141.33		141.33
Amount Outstanding Dr./ (Cr.) Trade Payable: Vredestein GmbH	14.69			
Apollo Vredestein B.V.	56.69			

PARTICULARS	Subsidiaries	Companies in which Directors are interested	Key Management Personnel	Total
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Travel Tracks Ltd. Classic Auto Tubes Ltd. CLS Logistics Pvt Ltd.		0.31 10.18 1.61		
	71.38	12.10		
Other Current Liabilities: Apollo Tyres South Africa (Pty) Ltd. Apollo Vredestein B.V. Apollo International Ltd.	5.97 0.24	0.03		
	6.21	0.03		
Long Term Loans & Advances: PTL Enterprises Ltd. Sunlife Trade Links Landmark Farms & Housing Regent Properties Classic Auto Tubes Ltd.		250.00 63.90 72.00 64.80 161.40		
		612.10		
Trade Receivable: Apollo Vredestein B.V. Apollo Tyres South Africa (Pty) Ltd. Classic Auto Tubes Ltd. Apollo International Ltd.	62.18 5.09	0.05 274.48		
	67.27	274.53		
Short Term Loans & Advances: Apollo Tyres South Africa (Pty) Ltd. Apollo Tyres A.G., Switzerland Apollo Tyres (Nigeria) Ltd. Apollo Tyres Middle East Fze PTL Enterprises Ltd. Apollo International Ltd. Travel Tracks Ltd. Classic Auto Tubes Ltd. CLS Logistics Ltd. Encorp E Services Pvt. Ltd. Swaranganga Consultants Pvt. Ltd.	45.95 0.10 0.05 0.06	10.84 0.39 4.55 0.42 9.22 0.08 7.82		
	46.16	33.32		

##Cross Charges received includes recovery of salary adjusted in Employee Benefit Expenses **Rs. 29.93 Million** (Rs. 9.75 Million)

* Includes assets purchased **Rs.44.62 Million** (Nil).

19. Disclosure required by Clause 32 of the listing agreement regarding the related parties:

Amount of Loans/Advances in the nature of loans outstanding from Subsidiaries and Associates:

Rs. Million

PARTICULARS	Outstanding as at the end of the year	Maximum amount Outstanding during the year	Investments in shares of the Company
SUBSIDIARIES			
Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)			32.89
2011-12	-	-	
2010-11	-	-	
ASSOCIATES			
PTL Enterprises Ltd. (PTL)			
2011-12	9.32	12.98	-
2010-11	10.84	19.30	-

20. Operating Lease

The Company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were **Rs. 400 Million** (Rs. 400 Million)

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Within one year of the balance sheet date	400.00	400.00
Due in a period between one year and five years	400.00	800.00
Due after five years	-	-

21. Finance Lease - Deferred Payment Credit

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable Finance leases is set out below:

Rs. Million

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2011-12	2010-11	2011-12	2010-11
Within one year of the balance sheet date	65.65	57.11	42.49	33.06
Due in a period between one year and five years	254.17	242.73	201.99	179.70
Due after Five Years	79.15	137.06	56.10	107.49
Total	398.97	436.90	300.58	320.25
Less: Future Finance Charges	98.39	116.65		
Present Value of Minimum Lease Payments	300.58	320.25		

22. Earnings Per Share (EPS)–The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

PARTICULARS	2011-12	2010-11
Basic & Diluted*		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	1,813.33	1,982.53
The weighted average number of equity shares outstanding during the year used as denominator -(B)	504,024,770	504,024,770
Basic / Diluted earnings per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	3.60	3.93

*The Company does not have any Potential Equity Shares

23. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly changed the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ONKAR S KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S NARAYAN
Director

Gurgaon
May 10, 2012

SUMAN SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

1	NAME OF THE SUBSIDIARY	APOLLO HOLDINGS (MAURITIUS) PVT. LTD. (AMHPL)	APOLLO HOLDINGS (SOUTH AFRICA) (PTY) LTD. (ASHPL)	APOLLO TYRES SOUTH AFRICA (PTY) LTD. (ATSA)	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD. (DAMUK)	APOLLO TYRES COOPERATIEF, U.A. NETHERLANDS (AT COOP)	APOLLO VREDESTEIN B.V. NETHERLANDS (AVBV) *	APOLLO TYRES (CYPRUS) PVT. LTD. (AT CPL)	APOLLO TYRES AG, SWITZERLAND (AT AG)	APOLLO TYRES (NIGERIA) LTD., NIGERIA (AT NGR)	APOLLO TYRES HOLDINGS (SINGAPORE) PTE LTD. (SINGAPORE) (AT HS)	APOLLO TYRES MIDDLE EAST FZE, DUBAI (AT FZE)	APOLLO TYRES (LAO) CO. LTD. (AT LAO)	APOLLO TYRES B.V.
2.	NUMBER OF SHARES HELD IN THE SUBSIDIARY COMPANY	110,431,207 ORDINARY SHARES OF USD 1 EACH FULLY PAID	414 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID THROUGH AMHPL	2,487,818 ORDINARY SHARES OF 0.0001 EACH FULLY PAID THROUGH AMHPL	103 ORDINARY SHARES OF GBP 1 EACH FULLY PAID THROUGH ATSA	MEMBERSHIP INTEREST FULLY PAID (SUBSIDIARY THROUGH AMHPL)	43,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID THROUGH COOP	600 ORDINARY SHARES OF EURO 1 EACH FULLY PAID THROUGH AMHPL	3,748,652 EQUITY SHARES OF CHF 1 EACH FULLY PAID (SUBSIDIARY THROUGH ATCPL)	10 MILLION ORDINARY SHARES OF NGN 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	2,954,000 ORDINARY SHARES OF SGD 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	2 ORDINARY SHARES OF AED 1000000 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	1,425 ORDINARY SHARES OF USD 1000 EACH FULLY PAID (SUBSIDIARY THROUGH AT HS)	18,000 ORDINARY SHARES OF EURO 1 EACH FULLY PAID (SUBSIDIARY THROUGH AT COOP)
3	PERCENTAGE OF HOLDING IN THE SUBSIDIARY COMPANY	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	95.00%	100.00%
4	FINANCIAL YEAR ENDED	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March 2012
5	PROFITS/(LOSSES) OF THE SUBSIDIARY COMPANY FOR ITS FINANCIAL YEAR SO FAR AS IT CONCERNS THE MEMBERS OF APOLLO TYRES LTD. WHICH HAVE NOT BEEN DEALT WITH IN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED MARCH 31, 2012**	Rs.93.30 Million	Rs. 3.27 Million	(Rs. 512.87 Million)	(Rs. 0.50 Million)	(Rs. 4.53 Million)	Rs. 2,732.36 Million	(Rs. 0.61 Million)	(Rs. 10.10 Million)	Rs.19.23 Million	Rs.0.76 Million	(Rs.8.18 Million)	(Rs.16.30 Million)	-
	FOR THE PREVIOUS FINANCIAL YEAR	Rs. 363.74 Million	(Rs. 154.02 Million)	Rs. 2,809.58 Million	Rs. 84.37 Million ***	(Rs. 1.84 Million)	Rs. 2,946.66 Million	(Rs.0.91 Million)	(Rs. 83.29 Million)	(Rs. 19.47 Million)	(Rs. 3.58 Million)	(Rs. 2.37 Million)	(Rs. 0.66 Million)	-
	TOTAL ACCUMULATED UPTO THE YEAR	Rs. 457.04 Million	(Rs. 157.29 Million)	Rs. 2,296.71 Million	Rs. 83.87 Million ***	(Rs. 6.37 Million)	Rs. 5,679.02 Million	(Rs. 1.52 Million)	(Rs. 93.39 Million)	(Rs. 0.24 Million)	(Rs. 2.82 Million)	(Rs. 10.55 Million)	(Rs. 16.96 Million)	-
6	THE NET AGGREGATE OF PROFITS / (LOSSES) OF THE SUBSIDIARY CO. WHICH HAVE BEEN DEALT WITHIN THE ACCOUNTS OF APOLLO TYRES LTD. FOR THE YEAR ENDED MARCH 31, 2012	-	-	-	-	-	-	-	-	-	-	-	-	-
	FOR THE YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-
	FOR THE PREVIOUS FINANCIAL YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL ACCUMULATED UPTO THE YEAR	-	-	-	-	-	-	-	-	-	-	-	-	-

Note - Exchange rates conversion on average rates during the year

**Including various subsidiaries under Apollo Vredestein B.V.

***The information in respect of subsidiaries in Zimbabwe through DAMUK, which operate under severe political and economic uncertainty that significantly diminishes control or which operate under severe long term restrictions which significantly impair their ability to transfer funds to the parent company has not been disclosed.

****Includes GBP 261,000 Special Reserve Account

ONKAR S KANWAR
Chairman & Managing Director

NEERAJ KANWAR
Vice Chairman & Managing Director

S NARAYAN
Director

SUMAN SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

Gurgaon
May 10, 2012

apollo

CONSOLIDATED ACCOUNTS

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF APOLLO TYRES LTD.

1. We have audited the attached Consolidated Balance Sheet of APOLLO TYRES LTD. ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 32,327.57 million as at March 31, 2012, total revenues of Rs. 42,596.25 million and net cash outflows amounting to Rs. 19.02 million for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors. The results of the subsidiaries/associate based in Zimbabwe have not been consolidated in accordance with paragraph 11 of the Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 008072S)

sd/-

GEETHA SURYANARAYANAN
Partner
(Membership No.29519)

Place: Chennai
Date: May 10, 2012

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2012

	Note	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
A. EQUITY & LIABILITIES:			
1. Shareholders' Funds :			
(a) Share Capital	B1	504.09	504.09
(b) Reserves and Surplus	B2	27,823.60	23,621.18
		28,327.69	24,125.27
2 Minority Interest			
		7.62	8.48
3 Non-Current Liabilities:			
(a) Long-term Borrowings	B3	16,157.83	12,281.01
(b) Deferred Tax Liabilities (Net)-Note C11		4,050.53	3,194.97
(c) Other Long Term Liabilities	B3	454.10	205.96
(d) Long-term Provisions	B3	939.06	1,074.06
		21,601.52	16,756.00
4. Current Liabilities:			
(a) Short-term Borrowings	B4	9,339.03	9,937.58
(b) Trade Payables		12,934.73	11,997.84
(c) Other Current Liabilities		7,645.20	7,030.79
(d) Short-term Provisions		4,089.41	3,237.46
		34,008.37	32,203.67
TOTAL		83,945.20	73,093.42
B. ASSETS			
1 Non-Current Assets :			
(a) Fixed Assets	B5		
(i) Tangible Assets		39,180.22	33,095.01
(ii) Intangible Assets		1,058.04	847.92
(iii) Capital Work-in-Progress		3,305.46	3,577.75
		43,543.72	37,520.68
(b) Goodwill		1,337.68	1,249.65
(c) Non-Current Investments	B6	158.22	111.81
(d) Deferred Tax Assets (Net)		25.08	32.96
(e) Long-term Loans & Advances	B7	2,206.68	2,636.46
		47,271.38	41,551.56
2 Current Assets:			
(a) Inventories	B8	19,991.05	17,537.52
(b) Trade Receivables	B8	11,458.03	9,516.64
(c) Cash & Cash Equivalents	B8	1,730.35	1,908.86
(d) Short Term Loans & Advances	B9	3,341.45	2,578.84
(e) Other Current Assets	B 10	152.94	-
		36,673.82	31,541.86
TOTAL		83,945.20	73,093.42

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**

Chartered Accountants
GEETHA SURYANARAYANAN
Partner

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

Gurgaon
May 10, 2012

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED MARCH 31, 2012

	Note	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
1 Revenue from Operations:			
Gross Sales		129,019.47	93,781.88
Less : Excise Duty		7,486.60	5,104.70
Net Sales		121,532.87	88,677.18
2 Other Income	B 11	326.39	509.01
3 Total Revenue (1 +2)		121,859.26	89,186.19
4 Expenses :			
(a) Cost of Materials Consumed	B12	76,351.45	53,148.22
(b) Purchase of Stock-in-Trade	B12	6,576.07	4,810.37
(c) Changes in Inventories of Finished Goods, Work-in-Process & Stock-in-Trade	B13	(2,557.51)	(4,737.13)
(d) Employee Benefit Expenses	B12	13,350.11	11,341.22
(e) Finance Cost	B14	2,872.90	1,969.59
(f) Depreciation & Amortization expense	B5	3,255.95	2,719.44
(g) Other Expenses	B12	16,151.79	14,463.19
Total Expenses		116,000.76	83,714.90
5 Profit before Exceptional and Extraordinary Items & Tax (3 - 4)		5,858.50	5,471.29
6 Exceptional Items	C 3	293.80	-
7 Profit before Extraordinary Items & Tax (5 - 6)		5,564.70	5,471.29
8 Extraordinary Items		-	-
9 Profit before Tax (7 - 8)		5,564.70	5,471.29
10 Tax Expenses			
(a) Current Tax Expense		928.64	783.46
(b) Less: MAT Credit (Note C 4)		301.29	315.93
(c) Net Current Tax Expense		627.35	467.53
(d) Deferred Tax		816.15	595.74
		1,443.50	1,063.27
11 Profit After Tax (9-10)		4,121.20	4,408.02
12 Share of Loss of Associates		23.10	6.42
13 Minority Interest - Share of Loss		0.86	0.03
14 Profit for the year (11-12+13)		4,098.96	4,401.63
Earnings per Share of Re 1 each:	C 19		
(a) Basic		8.13	8.73
(b) Diluted		8.13	8.73

See accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

GEETHA SURYANARAYANAN
Partner

Gurgaon
May 10, 2012

ONKAR S KANWAR
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Chief Financial Officer &
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Vice Chairman &
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P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

S NARAYAN
Director

CONSOLIDATED CASH-FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
(i) Net Profit Before Tax	5,564.70	5,471.29
Add: Adjustments for:		
Depreciation and Amortization Expenses	3,255.95	2,719.44
(Profit) / Loss on Sale of Tangible Fixed Assets (Net)	12.15	(149.58)
(Profit) / Loss on Sale of Investments	-	(0.79)
Dividend from Trade & Non Trade Investments	(0.18)	(0.23)
Provision made for Doubtful Trade Receivables / Advances	-	37.43
Provision for Doubtful Trade Receivables / Advances written back	-	(5.25)
Provision for Compensated Absences	22.62	21.43
Provision for Inventory	3.03	-
Unclaimed Credit Balances / Provisions written back	(33.22)	(43.61)
Finance Charges (Net of Interest Capitalized)	2,866.79	1,852.06
Interest Income	(60.48)	-
Unrealized Forex Fluctuation Loss / (Gain) on Reinstatement	11.74	60.30
Post Retirement Medical Obligation	2.82	3.60
Doubtful Receivables / Advances Written Off	-	-
	6,081.20	56.83
(ii) Operating Profit Before Working Capital Changes	11,645.91	10,022.93
Changes in Working Capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2,369.05)	(7,502.47)
Trade Receivables	(1,191.64)	(1,213.31)
Loans & Advances	(468.76)	(547.16)
	(4,029.45)	(9,262.94)
Adjustments for increase / (decrease) in operating liabilities:		
Current/ Non Current Liabilities	429.27	4,071.31
Provisions	500.34	(21.43)
	929.60	4,049.88
(iii) Cash Generated from Operations	8,546.06	4,809.87
Less: Direct Taxes Paid (Net of Refund)	953.25	646.82
Net Cash From Operating Activities	7,592.81	4,163.05
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Interest Capitalized)	(7,929.79)	(11,187.38)
Proceeds from Sale of Fixed Assets	34.69	261.32
Purchase of Investments	(52.35)	(58.71)
Long Term Fixed Term Deposits With Banks Matured	9.80	27.22
Dividends Received from Trade & Non Trade Investments	0.18	0.23
Payment for Trademarks	(179.54)	-
Interest Received	58.01	70.16
Net Cash Used in Investing Activities	(8,059.00)	(10,887.16)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings Received	7,731.93	3,521.48
Repayment of Long Term Borrowings	(3,706.36)	(2,622.31)
Bank Overdraft / Short Term Borrowings (net of repayments)	(654.03)	6,498.41
Payment of Dividends (including Dividend Tax)	(293.12)	(440.94)
Finance Charges Paid (Net of Interest Capitalized)	(2,769.10)	(1,801.48)
Net Cash Flow From Financing Activities	309.32	5,155.16
Forex Fluctuation Difference arising out of Consolidation	(14.09)	11.95
Net (Decrease) / Increase in Cash & Cash Equivalents	(170.96)	(1,557.01)
Cash & Cash Equivalents as at Beginning of the year	1,908.86	3,489.82
Less: Bank Deposits with Original Maturity over Three Months	74.90	102.12
Less: Unpaid Dividends Bank Accounts	27.40	24.13
Adjusted Cash & Cash Equivalents as at Beginning of the year	1,806.56	3,363.57
Cash & Cash Equivalents as at the end of the year	1,730.35	1,908.86
Less: Bank Deposits with Original Maturity over Three Months	66.49	74.90
Less: Unpaid Dividends Bank Accounts	28.26	27.40
Adjusted Cash & Cash Equivalents as at the end of the year	1,635.60	1,806.56

In terms of our report attached

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

GEETHA SURYANARAYANAN

Partner

Gurgaon

May 10, 2012

ONKAR S KANWAR

Chairman &
Managing Director

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

NEERAJ KANWAR

Vice Chairman &
Managing Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

S NARAYAN

Director

A. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 GROUP CORPORATE INFORMATION

The Apollo Tyres Group consists of ATL, the ultimate holding company with several foreign subsidiaries. Established in 1972, the group is in the business of manufacture and sale of tyres. The group has its headquarters in Gurgaon, India and operations in 3 continents. The Company employs approximately 16,000 employees based across India, South Africa and Europe. India constitutes the largest market accounting for 67% of the Group's revenues, followed by Europe with 23% and South Africa with 10%.

The product portfolio of the Group consists of passenger car, SUV, MUV, light truck, truck-bus, agriculture, industrial, speciality, bicycle and off highway tyres, retreading material and tyres, and alloy wheels.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention with the exception of certain fixed assets, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities, including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts/advances, allowance for slow and non-moving inventories, useful lives of fixed assets, other sales related obligations and provision for taxation etc. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could vary from these estimates. Any revision to accounting estimates is recognized in the period in which the results are known/materialized.

2.3 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of the consolidated financial statements as laid down in accounting standard (AS 21) "Consolidated Financial Statements".

Investment in associates is accounted for in the consolidated financial statements under the "Equity Method" as laid down in accounting standard (AS 23). Consolidated financial statements are prepared using uniform accounting policies. Goodwill on acquisition towards associate is determined based on financial position given by the management.

The excess of cost to the parent company of its investments in subsidiaries over its share of equity in the subsidiary at the date on which investment was made is recognized in the financial statements as goodwill. The parent company's portion of equity in the subsidiary is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiary on the date of investment.

Minority Interest in the Net Assets of the Consolidated Subsidiaries consists of:

- a) The amount of Equity attributable to Minorities at the date on which the investment in the subsidiary is made; and
- b) The Minorities' share of movements in Equity since the date the Parent Subsidiary relationship came into existence.

Minority Interest share in the Net Profit for the year of the Consolidated Subsidiaries is identified and adjusted against the Profit after Tax of the Group.

In respect of the foreign operations, the audited financial statements for the year ended March 31, 2012 were converted into Indian currency as per accounting standard (AS 11) "The effect of changes in Foreign Exchange Rates".

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Apollo Tyres Ltd. (the company) and the following companies of Apollo Tyres Group.

A. Subsidiaries

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31.03.2012	Proportion of Ownership 31.03.2011	Remarks
Apollo (Mauritius) Holdings Pvt. Ltd. (AMHPL)	Subsidiary	Mauritius	100%	100%	
Apollo (South Africa) Holdings (Pty.) Ltd. (ASHPL)	Subsidiary through AMHPL	South Africa	100%	100%	

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31.03.2012	Proportion of Ownership 31.03.2011	Remarks
Apollo Tyres South Africa (Pty) Ltd.(ATSA)	Subsidiary through ASHPL	South Africa	100%	100%	
Dunlop Africa Marketing (UK) Ltd. (DAMUK)	Subsidiary through ATSA	United Kingdom	100%	100%	
Pollock & Aitken (Pty) Ltd.	Subsidiary through ATSA	South Africa	NIL	100%	Note (a)
Apollo Tyres (Cyprus) Pvt. Ltd. (ATCPL)	Subsidiary through AMHPL	Cyprus	100%	100%	
Apollo Tyres AG (AT AG)	Subsidiary through ATCPL	Switzerland	100%	100%	
Apollo Tyres Holdings (Singapore) Pte Ltd. (ATHS)	Subsidiary through AMHPL	Singapore	100%	100%	
Apollo Tyres (LAO) Co., Ltd.	Subsidiary through ATHS	Lao, PDR	95%	95%	
Apollo Tyres (Nigeria) Limited	Subsidiary through AMHPL	Nigeria	100%	100%	Note (b)
Apollo Tyres Middle East FZE (ATFZE)	Subsidiary through AMHPL	Dubai	100%	100%	
Apollo Tyres Co-operatief U.A. (Apollo Coop)	Subsidiary through AMHPL	Netherlands	100%	100%	
Apollo Tyres (Brasil) Ltda	Subsidiary through Apollo Coop	Brazil	100%	NIL	Note (c)
Apollo Tyres B.V.	Subsidiary through Apollo Coop	Netherlands	100%	NIL	Note (c)
Apollo Tyres (U.K.) Pvt. Ltd.	Subsidiary through Apollo Tyres B.V.	United Kingdom	100%	NIL	Note (c)
Apollo Vredestein B.V. (AVBV)	Subsidiary through Apollo Coop	Netherlands	100%	100%	
Vredestein GmbH	Subsidiary through AVBV	Germany	100%	100%	
Vredestein Marketing Agentur B.V. & co. KG	Subsidiary through Vredestein GmbH	Germany	100%	100%	
Vredestein Norge A.S.	Subsidiary through AVBV	Norway	100%	100%	
Vredestein U.K. Ltd.	Subsidiary through AVBV	United Kingdom	100%	100%	
N.V. Vredestein S.A.	Subsidiary through AVBV	Belgium	100%	100%	
Vredestein GesmbH	Subsidiary through AVBV	Austria	100%	100%	
Vredestein Schweiz AG	Subsidiary through AVBV	Switzerland	100%	100%	
Vredestein Deck AB	Subsidiary through AVBV	Sweden	100%	100%	
Vredestein Italia Srl	Subsidiary through AVBV	Italy	100%	100%	
Vredestein Iberica S.A.	Subsidiary through AVBV	Spain	100%	100%	

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31.03.2012	Proportion of Ownership 31.03.2011	Remarks
Vredestein Tyres North America Inc.	Subsidiary through AVBV	USA	100%	100%	
Vredestein Kft	Subsidiary through AVBV	Hungary	100%	100%	
Vredesetin R.O. Srl	Subsidiary through Vredestein Kft	Romania	100%	100%	
Vredestein Polska Sp. Z.o.o	Subsidiary through AVBV	Poland	100%	100%	
Vredestein France S.A.	Subsidiary through AVBV	France	100%	100%	
Vredestein consulting B.V.	Subsidiary through AVBV	Netherlands	100%	100%	
Finlo B.V.	Subsidiary through AVBV	Netherlands	100%	100%	
Vredestein Marketing B.V.	Subsidiary through AVBV	Netherlands	100%	100%	

Notes :

- The management had initiated the deregistration of Pollock and Aitken (Pty.) Ltd. during the last financial year. The deregistration process was completed during the year with effect from April 17, 2011 after 2 months from the publication of notice of deregistration received on February 17, 2011.
- The management had initiated the voluntary winding-up process for Apollo Tyres (Nigeria) Ltd. during the last financial year. Corporate Affairs Commission of Nigeria has registered the winding-up on March 26, 2012 and the company shall be deemed to be dissolved after three months from this date.
- Incorporated during the year.

B. Associates

Name of the Company	Relationship	Country of Incorporation	Proportion of Ownership 31.03.2012	Proportion of Ownership 31.03.2011
National Tyre Service, Zimbabwe	Associate through DAMUK	Zimbabwe	46.72%	46.72%
Pan Aridus LLC	Associate through Apollo Co op.	USA	41.92%	30.40%

- C. Foreign subsidiaries**, which operate under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair its ability to transfer funds to parent are not consolidated.

In view of the current political situation in Zimbabwe and the long term restriction on financial repatriation the accounts of Zimbabwe based entities have not been consolidated under accounting standard (AS 21) "Consolidated Financial Statements" and have been considered as detailed below:

Subsidiaries	Treatment in Consolidated Financials
Radun Investment (Private) Ltd. (RADUN), Zimbabwe	Not consolidated Cost of investment included under investment.
Dunlop Zimbabwe (Private) Ltd.	The cost of investment has been impaired.
ASF Mining (Pvt.) Ltd., Zimbabwe	The cost of investment has been impaired.
Associates	Treatment in Consolidated Financials
National Tyre Service Zimbabwe (NTS)	Investment is accounted for on equity basis to the extent of actual receipt of share of profit, if any, in the form of dividend.

2.5 INVENTORIES

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

For Indian companies, in case of raw materials, stores & spares and traded goods cost (net of CENVAT/VAT credits wherever applicable) is determined on a moving weighted average basis and in case of work in process and finished goods, cost is determined on a First in First Out basis, whereas in case of subsidiary companies incorporated outside India, the cost is determined on the basis of "First-in First-Out" and consumable stores are stated at actual cost by reference to latest purchases.

2.6 CASH AND CASH EQUIVALENTS

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

2.7 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.8 DEPRECIATION AND AMORTISATION

Depreciation on fixed assets is provided using straight line method over the estimated useful life of the assets at the rates specified in the table below.

Additional depreciation consequent to the enhancement in the value of fixed assets on the revaluation is adjusted in the fixed assets revaluation reserve account.

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

In respect of fixed assets whose useful life has been revised, the unamortised depreciable amount is charged over the revised remaining useful life.

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

In case of a subsidiary company incorporated outside India, depreciation is provided for on a straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The rates of depreciation considered for the major assets are as under.

Assets Class	Rates of Depreciation
Buildings	3.33% - 5%
Plant & Equipments	9% - 12.5%
Moulds	20% - 25%
Material Handling Equipments	15% - 33.33%
Computer Hardware	20% - 33.33%
Computer Software	20% - 33.33%
Motor Vehicles	20% - 33.33%
Furniture & Fixtures and Office Equipments	10% - 20%
Continuous Process Plant	5% - 10%

2.9 REVENUE RECOGNITION

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Gross sales are inclusive of excise duty and Sales of the consolidated entity include sales to external customers and non-consolidated subsidiaries.

2.10 OTHER INCOME

Interest income is accounted on accrual basis. Dividend income on investments is accounted for when the right to receive the payment is established.

2.11 TANGIBLE FIXED ASSETS

- (a) Fixed assets are stated at cost, as adjusted by revaluation of certain land, buildings, plant and machineries based on the then replacement cost as determined by approved independent valuer in 1986 and 1987, less depreciation.
- (b) All costs relating to the acquisition and installation of fixed assets (net of Cenvat /VAT credits wherever applicable) are capitalized and include finance cost on borrowed funds attributable to acquisition of qualifying fixed assets for the period up to the date when the asset is ready for its intended use, and adjustments arising from foreign exchange differences arising on foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other incidental expenditure attributable to bringing the fixed assets to their working condition for intended use are 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.
- (c) Fixed assets taken on finance lease are capitalised and depreciation is provided on such assets, while the interest is charged to the Statement of profit and loss.
- (d) Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the Balance Sheet.
- (e) **Capital work-in-progress:** Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.12 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

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

The Company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract (other than for a firm commitment or a highly probable forecast) or similar instrument, which are not intended for trading or speculation purposes, is amortized as expense or income over the life of the contract. Exchange difference on such contracts is recognized in the Statement of profit and loss in the year in which the exchange rates change.

Exchange difference arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of net investment, at which time they would be recognized as income or as expense.

The financial statements of consolidated foreign subsidiaries are translated into Indian Rupees, which is the functional currency of the Company, as follows:

- Assets and liabilities at rates of exchange ruling at year end.
- Income and expense items at the average rate for the year.

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

Hedge Accounting

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

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

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

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

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

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

2.13 GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

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

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

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

2.14 INVESTMENTS

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. Current investments are stated at lower of cost and fair value determined on the basis of each category of investments.

2.15 EMPLOYEE BENEFITS

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences.

Liability for gratuity to employees determined on the basis of actuarial valuation as on balance sheet date is funded with the Life Insurance Corporation of India and is recognized as an expense in the year incurred.

Liability for short term compensated absences is recognized as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.

Contributions to defined contribution schemes such as provident fund, employees' pension fund and superannuation fund and cost of other benefits are recognized as an expense in the year incurred.

Actuarial gains and losses arising from experience adjustments and effects of changes in actuarial assumptions are immediately recognized in the Statement of profit and loss as income or expense.

The employer's liability for post employment medical benefits, in respect of past service, is provided for and adjusted in response to actuarial assessments when necessary.

2.16 EMPLOYEE SHARE BASED PAYMENTS

Accounting value of stock appreciation rights (Phantom stock units) granted to employees under the Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) is recognized based on intrinsic value method. Intrinsic value of the phantom stock unit is determined as excess of closing market price on the reporting date over the exercise price of the unit and is charged as employee benefit over the vesting period in accordance with "Guidance Note on Accounting for Employee Share-based payments" issued by Institute of Chartered Accountants of India.

2.17 BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.18 SEGMENT REPORTING

- 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".

2.19 LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating Lease payments are recognized as an expense in the revenue account as per the lease terms.

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

2.20 EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income 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.

2.21 TAXES ON INCOME

Current tax is determined in accordance with the applicable income tax laws of the country in which the respective entities in the group are incorporated.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that assets can be realized in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

2.22 INTANGIBLE ASSETS

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

2.23 RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be

directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

2.24 IMPAIRMENT OF ASSETS

The carrying amounts of assets / cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the pre tax weighted average cost of capital.

2.25 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.26 PROVISION FOR SALES RELATED OBLIGATIONS

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflows will vary as and when the obligation will arise - being typically upto three years.

2.27 DERIVATIVE CONTRACTS

The Company enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign Currency Transactions and Translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.28 INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.29 SERVICE TAX INPUT CREDITS

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

B. NOTES FORMING AN INTEGRAL PART OF THE ACCOUNTS

B1 - SHARE CAPITAL

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) AUTHORISED		
730,000,000 Nos. (730,000,000 Nos.) Equity Shares of Re.1 each	730.00	730.00
200,000 Nos. (200,000 Nos.) Cumulative Redeemable Preference Shares of Rs.100 each	20.00	20.00
	750.00	750.00
(b) ISSUED, SUBSCRIBED, CALLED AND FULLY PAID UP		
Equity Shares of Re 1 each:		
504,024,770 Equity Shares Outstanding at the beginning and at the end of the year	504.02	504.02
Add: Forfeited Shares	0.07	0.07
	504.09	504.09
(c) Equity Shares of Rs.10 each have been sub-divided into ten equity shares of Re.1 each pursuant to the resolution passed by the shareholders at the Annual General Meeting held on July 26, 2007.		

(d) Details of Shareholders holding more than 5% of the Paid Up Equity Share Capital of the Company with Voting Rights:

S.No.	Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
		No. of Shares	%	No. of Shares	%
1	Sunrays Properties & Investment Co. Pvt. Ltd.	44,725,648	8.87%	41,841,629	8.30%
2	Neeraj Consultants Ltd.	42,508,141	8.43%	36,201,963	7.18%
3	Constructive Finance Pvt. Ltd.	38,619,357	7.66%	37,924,357	7.52%
4	Apollo Finance Ltd.	36,759,650	7.29%	36,759,650	7.29%

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

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

B 2 - RESERVES & SURPLUS

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) Capital Subsidy	3.00	3.00
(b) Capital Redemption Reserve	44.40	44.40
(c) Securities Premium Reserve	5,659.71	5,659.71
(d) Debenture Redemption Reserve		
Opening Balance	237.50	125.00
Add: Transfer from Surplus in Statement of Profit & Loss	279.17	112.50
	516.67	237.50
(e) Revaluation Reserve	31.22	31.22
(f) Share Forfeiture Rs. 1,375/- (Rs. 1375/-)	-	-
(g) General Reserve		
Opening Balance	6,001.43	5,001.43
Add: Transfer from Surplus in Statement of Profit & Loss	1,000.00	1,000.00
	7,001.43	6,001.43
(h) Surplus in Statement of Profit & Loss		
Opening Balance	12,114.27	9,110.23
Effect of dissolution of subsidiary/associates	-	7.80
Reclassification to Foreign Currency Translation Reserve	(21.83)	-
Net Profit for the year	4,098.96	4,401.63
Balance available for Appropriation	16,191.40	13,519.66
Less: Appropriations made during the year		
General Reserve	1,000.00	1,000.00
Debenture Redemption Reserve	279.17	112.50
Proposed Dividend	252.01	252.01
Dividend Tax	40.88	40.88
	1,572.06	1,405.39
Closing Balance	14,619.34	12,114.27
(i) Foreign Currency Translation Reserve		
Opening Balance	(414.96)	(789.25)
Add: Reclassification From Surplus in Statement of Profit & Loss	21.83	-
Movement during the year	370.24	374.29
	(22.89)	(414.96)
(j) Cash Flow Hedge Reserve		
Opening Balance	(55.39)	(11.59)
Movement during the year	26.11	(43.80)
	(29.28)	(55.39)
Total Reserves & Surplus	27,823.60	23,621.18

B 3 - NON - CURRENT LIABILITIES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
LONG TERM BORROWINGS		
(a) SECURED: *		
(i) Debentures		
1,000 - 9.40% Non Convertible Debentures of Rs. 1 Million each	1,000.00	1,000.00
1,000 - 10.15% Non Convertible Debentures of Rs. 1 Million each	1,000.00	-
1,000 - 10.15% Non Convertible Debentures of Rs. 1 Million each	1,000.00	-
1,250 - 11.50% Non Convertible Debentures of Rs. 1 Million each	1,250.00	1,250.00
	<u>4,250.00</u>	<u>2,250.00</u>
(ii) Term Loans		
From Banks:		
External Commercial borrowings (ECB)	4,782.15	2,624.48
Rupee Term Loans	500.00	1,508.33
Other Term Loans	3,537.95	3,699.27
Buyers Credit - Capex	-	116.65
	<u>8,820.10</u>	<u>7,948.73</u>
From Others:		
International Finance Corporation - Loan A	1,354.12	684.07
International Finance Corporation - Loan B	898.06	451.10
Bharat Earthmovers Ltd. (BEML)	577.43	659.92
	<u>2,829.61</u>	<u>1,795.09</u>
(iii) Deferred Payment Liabilities:		
Deferred Payment Credit I	241.36	279.58
Deferred Payment Credit II	16.76	7.61
	<u>258.12</u>	<u>287.19</u>
	<u><u>16,157.83</u></u>	<u><u>12,281.01</u></u>
(b) UNSECURED:		
(i) OTHER LONG TERM LIABILITIES:		
Security Deposits Received from Dealers	8.43	6.26
Security Deposits Received from Employees	105.94	99.41
Lease Escalation	79.52	84.78
Employee Related Payables	9.24	15.51
Others	250.97	-
	<u>454.10</u>	<u>205.96</u>
(ii) LONG TERM PROVISIONS:		
Provision for Employee Benefits		
Pension Liability	670.97	819.28
Jubilee Benefits	95.59	88.65
Post Retirement Medical Benefits	172.50	166.13
	<u>939.06</u>	<u>1,074.06</u>

* For Nature of Security on Long Term Borrowings, Refer Note B 3(a).

NOTE B 3 (a)

DEBENTURES:

Nature of Borrowing	Particulars	Amount outstanding as at March 31, 2012		Rate of Interest	Terms of Repayment	Details of Security Offered
		Long Term Borrowings	Current Maturities of Long Term Borrowings			
	DEBENTURES					
	1,000 - 9.40 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	9.40%	Bullet repayment on 10-11-2017	Refer Note A2, B2 & B4 below
	1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	10.15%	Bullet Repayment on 16-04-2015	Refer Note A3 & B4 below
	1,000 - 10.15 % Non Convertible Debentures of Rs. 1 Million each	1,000.00	-	10.15%	Bullet Repayment on 29-03-2015	Refer Note A3 & B4 below
	1,250 - 11.50 % Non Convertible Debentures of Rs. 1 Million each	1,250.00	-	11.50%	Redemption in 3 equal instalments of Rs. 416.67 Million on 02-02-14 02-02-15 & 02-02-16 respectively.	Refer Note A2, B2 & B4 below
	Total Debentures	4,250.00	-			

EXTERNAL COMMERCIAL BORROWINGS FROM BANKS:

Bank 1	ECB I	183.19	183.19	9-10%	Repayment in 8 equal instalments of USD 1.875 Million half yearly started from 19-04-10	Refer Note A1 & B1 below
	ECB II	392.87	56.13	9-10%	Repayment in 8 equal instalments of USD 1.25 Million half yearly starting from 17-12-12	Refer Note A1 & B1 below
Bank 2	ECB I	133.47	266.93	9-10%	Repayment in 15 equal quarterly instalments of USD 13.33 million started from 31-03-10	Refer Note A1 & B3 below

	ECB II	699.98	233.32	9-10%	Repayment in 1 half-yearly instalment of USD 1.25 Million and then 5 half-yearly instalments of USD 3.75 Million from 16-07-12	Refer Note A1 & B3 below
	ECB III	899.00	-	9-10%	Repayment in 2 quarterly instalments of USD 2.50 Million and then 5 quarterly instalments of USD 3.00 Million from 27-06-13	Refer Note A1 & B3 below
Bank 3	ECB I	693.30	231.10	7-8%	Repayment in 5 equal annual instalments of USD 4 Million starting from 03-08-12	Refer Note A1 & B3 below
	ECB II	556.75	-	9-10%	Repayment in 4 equal annual instalments of USD 3.125 Million starting from 16-07-13	Refer Note A1 & B3 below
Bank 4	ECB I	300.00	-	7-8%	Repayment in 3 equal annual instalments in USD equivalent to Rs. 100 Million starting from 29-09-15	Refer Note A1 & B1 below
	ECB II	432.39	-	8-9%	Repayment in 3 equal annual instalments of USD 2.90 Million starting from 26-10-15	Refer Note A4 & B1 below
Bank 5	ECB I	491.20	-	10-11%	Repayment in 3 equal annual instalments of USD 3.33 Million starting from 28-09-15	Refer Note A1 & B1 below
Total External Commercial Borrowings		4,782.15	970.67			

RUPEE TERM LOANS FROM BANKS:

Bank 1	Rupee Term Loans	500.00	-	12%	Repayment in 3 equal annual instalments starting from 21-06-14	Refer Note A1 & B1 below
Total Rupee Term Loans		500.00	-			

OTHER TERM LOANS FROM BANKS:

Bank 1	Other Term Loan, South Africa	1,393.16	321.50	3-months US LIBOR + 3.75 %	Repayment in 16 equal Quarterly Instalments starting from July 2012	Refer Note E below
Bank 2	Other Term Loan, South Africa	474.39	165.53	Prime Lending Rate	Repayment in equal monthly instalments until September 2016	Refer Note E below
Bank 3	Other Term Loan, The Netherlands	205.71	558.49	3-months EURIBOR + 2.5%	Repayment in half yearly instalments	Refer Note F below
Bank 4	Other Term Loan, The Netherlands	1,215.77	312.63	3-months EURIBOR + 3.0%	Repayment in half yearly instalments	Refer Note F below
Bank 5	Other Term Loan, The Netherlands	248.92	515.28	3-months EURIBOR + 2.5%	Repayment in half yearly instalments	Refer Note F below
Total Other Term Loans from banks		3,537.95	1,873.43			

TERM LOANS FROM OTHERS:

IFC	Loan A	1,354.12	-	9-10%	Repayment in 12 instalments of USD2.50 Million each commencing from 17- 06-13	Refer Note A1 & B3 below
IFC	Loan B	898.06	-	9-10%	Repayment in 9 instalments of USD 2.22 Million each commencing from 16- 12-13	Refer Note A1 & B3 below
BEML	Loan 1	577.43	82.49	2.25% Lower than prevailing SBI PLR	40 equal quarterly instalments of Rs. 20.62 Million each starting from 30- 06-10	Note C
Total Term Loans from Others		2,829.61	82.49			

DEFERRED PAYMENT CREDIT:

Others	Deferred Payment Credit I	241.36	38.23	7-8%	Repayment along with Interest in 240 monthly instalments starting from 15-05-07	Wind Mills purchased under the scheme.
	Deferred Payment Credit II	16.76	4.26	8-9%	Repayment along with Interest in 20 equal quarterly instalments.	Engineering materials purchased under the scheme
Total Deferred Payment credit		258.12	42.49			

BUYERS CREDIT FROM BANKS:

Bank 1	Buyers Credit I	-	116.56	6-8%	Within one year & B3 below	Refer Note A1
	Buyers Credit II	-	136.20	6-8%	Within one year & B3 below	Refer Note A1
Total Buyers Credit		-	252.76			

Details of Security Offered

- Note A1 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at Village Limda in Gujarat, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A2 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala and at Village Limda in Gujarat together with the factory buildings, Plant & machinery & Equipments, both present & future.
- Note A3 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at SIPCOT Industrial Growth Centre at Oragadam near Chennai together with the factory buildings, Plant & machinery & Equipments, both present & future (under process)
- Note A4 A pari passu first charge along with other lenders created by way of mortgage on the Company's Land & Premises at Village Kodakara in Kerala, at SIPCOT Industrial Growth Centre at Oragadam near Chennai, and at Head Office in Gurgaon, Haryana together with the factory buildings, Plant & machinery & Equipments, both present & future (under process)
- Note B1 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company, both present and future (except stocks & book debts).
- Note B2 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company at Village Kodakara in Kerala and at Village Limda in Gujarat and pari passu second charge on the current assets of the company.
- Note B3 A pari passu first charge on the movable assets and pari passu second charge on the current assets of the company.
- Note B4 A pari passu first charge along with other lenders by way of hypothecation over the movable assets of the company at SIPCOT Industrial Growth Centre at Oragadam near Chennai, both present and future (except stocks & book debts) - under process
- Note C A charge to be created by way of hypothecation on the assets at Village Limda in Gujarat acquired out of the proceeds of loan taken from BEML.
- Note D Sales Tax Loan is secured by a pari passu charge on the entire fixed assets of the company, both present & future situated at Village Limda in Gujarat.

Note E Inter-creditor agreement , South Africa

In terms of the original Inter-creditor agreement dated April 14,2005, as amended in terms of the First Addendum, the Reinstatement of the First Addendum, the Second Addendum, the Third Addendum and the Fourth Addendum between the Company, Lenders and a Security SPV, Micawber 362 Proprietary Limited, security has been given to the Security SPV as security for the obligations of the Company. The Company issued the counter indemnity and cession in security to the Security SPV for all amounts which may become payable to the Lenders for the present and future obligations.

The Lenders agreed for the original Inter-creditor Agreement to be amended and restated in order to take account of the fact that inter alia:

- the current facility providers are different to those stated under the original Inter-creditor Agreement;
- the terms and conditions of the current facilities have been amended;
- the relationship between the facility providers has changed;
- the facility providers wished to amend how decisions are taken under the original Inter-creditor Agreement; and
- the facility providers wished to regulate the terms and conditions on how new funding is made available to the Company.

The Amended & Restated Inter-creditor Agreement between the Company, ICICI Bank Limited (Bahrain Branch)(as Lender), The Standard Bank of South Africa Limited (as Lender), State Bank of India (as Lender), The Standard Bank of South Africa Limited (as Agent), Micawber 362 (Proprietary) Limited (as Security SPV) and Micawber 362 Security Company Owner (as Owner Trust) was signed on 7 March 2012 replacing the Original Inter-creditor Agreement.

It was specifically recorded and agreed that any claim that a Party has or may have arising from the original Inter-creditor Agreement (as amended in terms of the First Addendum, the Reinstatement of the First Addendum, the Second Addendum, the Third Addendum and the Fourth Addendum) shall remain valid and be enforceable by each Party, its successors & cessionaries.

The security held by the Security SPV is as follows:

- a covering mortgage bond over freehold property.
- a collateral mortgage bond over freehold property.
- a general notarial bond over all movable property and effects, including debtors, rights, plant, equipments and furniture and fittings.
- a special notarial bond over certain specified assets.
- a cession in security of the company's rights, title and interest in and to a trademark licence agreement with BTR Industries Ltd. dated 30/04/1998, as amended and a trademark assignment agreement with Dunlop International Limited.

Other Security:

- a letter of support by Apollo Tyres Limited (India) on behalf of Apollo Tyres South Africa (Pty) Limited.

Note F Credit Facility Agreement , The Netherlands

A credit facility agreement with ABN AMRO, Cooperative Rabobank and Standard Chartered Bank was signed by Apollo Vredestein B.V. in November 2010 as part of the refinancing of the company. The final maturity date of the loans borrowed from ABN AMRO and Cooperative Rabobank before extension is March 31 , 2014. The final maturity date of the loans borrowed from ABN AMRO and Cooperative Rabobank (after extension) is March 31 , 2015. The final maturity date of the loan borrowed from Standard Chartered Bank is September 30 , 2015. The interest rate is based on the 3-months EURIBOR figure plus a margin. The company provided securities for these debts in the form of mortgages, bank accounts, movable assets, insurances, intellectual property rights and licences. Apollo Vredestein B.V. minimizes liquidity risk with the help of an accurate liquidity forecast. This way treasury department maintains sufficient cash available for future commitments associated to financial instruments.

B 4 - CURRENT LIABILITIES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
SHORT TERM BORROWINGS		
Secured		
Buyer's Credit - RM*	753.08	-
Banks - Cash Credit (Repayable on Demand)*	114.14	213.96
Banks Overdraft	849.97	622.86
ICICI Bank Ltd, South Africa	-	503.52
State Bank of India, South Africa	-	166.13
Mortgage, Switzerland	95.72	81.80
Unsecured		
Commercial Paper	2,200.00	1,050.00
Buyer's Credit - RM	2,095.30	836.15
Banks Overdraft	813.09	7.99
Loan from Others	67.73	194.62
Short Term Loan from banks	2,350.00	6,260.55
	9,339.03	9,937.58
TRADE PAYABLES		
Payable to Micro, Small & Medium Enterprises	41.12	57.25
Acceptances	2,249.16	2,091.01
Accounts Payable - Raw Materials & Services	9,686.77	8,849.69
Freight, Port Charges, CHA Charges Payable	364.14	295.62
Employee Related Payables **	515.95	492.34
Trade Discounts Payable	66.17	199.83
Payable to Related Parties	11.42	12.10
	12,934.73	11,997.84
OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt***		
Secured Term Loan from Banks:		
External Commercial borrowings (ECB)	970.67	450.12
Rupee Term Loans	-	1,201.67
Buyer's Credit-Capex	252.76	349.99
Other Term Loans	1,873.43	446.27
	3,096.86	2,448.05
Term Loan from Others		
Bharat Earthmovers Ltd. (BEML)	82.49	82.49
Deferred Payment Liabilities		
Deferred Payment Credit I	38.23	31.19
Deferred Payment Credit II	4.26	1.87
Sales Tax Loan	1.43	19.97
	43.92	53.03
	3,223.27	2,583.57
Trade Payables Include due to Related Parties (Note - C 16)		
Companies in which Directors are interested	11.42	12.10

*Cash Credits and Secured Buyers Credit for Raw Materials are secured by a first charge on Raw materials, Work-in-Process, Stocks, Stores and Book Debts and by a second charge on the Company's land at Village Kodakara in Kerala, at Oragadam and Mathur Village in Tamil Nadu and at Head Office in Gurgaon, Haryana together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

**Employee Related Payables include commission on net profits payable to whole-time directors Rs.74 Million (Rs 75 Million).

*** For Nature of Security on Current Maturities of Long Term Debts, Refer Note B 3(a).

B 4 - CURRENT LIABILITIES (CONTINUED)

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Interest accrued but not due on borrowings	269.38	158.97
Unpaid Dividends	30.74	30.04
Unpaid Matured Deposits & Interest accrued thereon	-	1.31
Premium on Forward Contracts	-	-
Payable to Micro, Small & Medium Enterprises - Capex Vendors	3.61	9.35
Interest payable to Micro, Small & Medium Enterprises	10.53	9.97
Other payables: *		
Accounts Payable - Capital	421.48	586.59
Excise Duty Payable	1.94	0.08
Excise Duty on closing stock	230.92	206.41
Payable to Related Parties	0.23	0.03
Payable to Statutory Authorities	780.55	1,250.00
Export Obligations - Advance Licence Benefit	663.48	606.07
Security Deposits Received	81.83	60.95
Expenses Payable	143.42	95.72
Financial Liabilities	19.01	35.13
Others	1,686.79	1,314.69
Gratuity Payable	78.02	81.91
	4,421.93	4,447.22
	7,645.20	7,030.79
SHORT TERM PROVISIONS:		
Provision for Employee Benefits:		
Provision for Compensated Absences	734.50	636.80
Social Premium Payable	735.22	66.09
	1,469.72	702.89
Others:		
Proposed Dividend on Equity Shares	252.01	252.01
Dividend Tax	40.88	40.88
Provision for Taxation	7,135.89	6,617.71
Less: Advance Tax	6,399.11	5,889.24
Provision for Wealth Tax	15.00	10.50
Provision for Sales related obligations	1,575.02	1,502.71
	2,619.69	2,534.57
	4,089.41	3,237.46
*Other Payables Include due to Related Parties (Note C-16)		
Companies in which Directors are interested	0.23	0.03

B 5 - FIXED ASSETS

Rs. Million

Description of Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	As at March 31, 2011	Additions	Deductions	Exchange Rate Adjustment (f)	As at March 31, 2012	As at March 31, 2011	Additions	Deductions	Exchange Rate Adjustment (f)	As at March 31, 2012	As at March 31, 2011
A. TANGIBLE ASSETS:											
Land											
Freehold Land	1,366.67	67.33	-	102.05	1,536.05	77.00	10.61	-	7.01	94.62	1,289.67
Leasehold Land*	330.28	-	-	25.06	355.34	7.06	7.38	-	0.50	14.94	323.22
Buildings	9,438.83	831.92	9.90	228.36	10,489.21	2,406.58	272.76	0.71	141.07	2,819.70	7,032.25
Plant & Machinery**	53,354.09	7,276.77	191.38	2,205.05	62,644.53	30,552.52	2,482.78	23.00	1,834.63	34,846.93	22,801.57
Electrical Installation	1,064.53	169.29	-	0.01	1,233.83	265.13	50.44	-	0.01	315.58	799.40
Furniture & Fixtures	1,286.76	210.62	87.94	17.68	1,427.12	626.75	84.35	54.93	7.14	663.31	660.01
Office Equipments	17.58	12.45	0.65	0.02	29.40	10.78	1.41	0.40	-	11.79	6.80
Vehicles	308.48	111.78	75.35	(3.40)	341.51	126.39	40.49	26.67	1.66	141.87	182.09
Plantation Development	-	29.79	-	2.18	31.97	-	-	-	-	-	-
Total	67,167.22	8,709.95	365.22	2,577.01	78,088.96	34,072.21	2,950.22	105.71	1,992.02	38,908.74	33,095.01
Previous Year	54,186.00	11,486.00	470.98	1,966.20	67,167.22	30,578.18	2,453.74	358.53	1,398.82	34,072.21	23,607.82

B. INTANGIBLE ASSETS:											
Computer Software	538.06	326.33	-	39.26	903.65	182.48	112.99	(47.72)	7.99	351.18	552.46
Trademarks	372.15	2.62	153.66	3.59	224.70	150.88	38.41	153.66	(2.98)	32.65	192.05
Research & Development	872.34	172.88	-	81.55	1,126.77	601.27	154.33	-	57.65	813.25	313.53
Total	1,782.55	501.83	153.66	124.40	2,255.12	934.63	305.73	105.94	62.66	1,197.08	847.92
Previous Year	1,441.95	246.31	-	94.29	1,782.55	624.56	265.70	0.33	44.70	934.63	847.92

*Leasehold Land is Net of Rs. 9.59 Million (Rs. 9.59 Million) subleased to a group company, Classic Auto Tubes Ltd. during the year 2009-10.

**Plant & Machinery includes Fixed Assets Held for Sale with a Gross Book Value of Rs. 61.05 Million (Rs. 36.52 Million) and a Net Book Value of Rs. 20.01 Million (Rs. 24.85 Million).

(a) Represents proportionate lease premium Rs. 1.81 Million (Rs. 1.74 Million) amortised.

(b) Includes Rs. 42.80 Million (Rs. 29.53 Million) for capital expenditure on Research & Development (Note C 8).

(c) Includes directly attributable expenses capitalized to the extent of Rs. 215.48 Million (Rs. 247.95 Million) including Rs. 11.74 Million capitalized from CWIP of previous year (Note C 10) & Borrowing Cost capitalized to the extent of Rs. 380.66 Million (Rs. 241.39 Million) including Rs. 9.89 Million capitalized from CWIP of previous year (Note C 7).

(d) Includes Impairment Loss amounting to Rs. 10 Million (Rs. 16.30 Million) on certain items of Plant & Machinery charged during the year.

(e) Buildings include Buildings constructed on Leasehold Land with a Gross Book Value of Rs. 5,785.30 Million (Rs. 5,387.65 Million) and Net Book Value of Rs. 5,131.94 Million (Rs. 4,906.14 Million).

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

B 6 - NON CURRENT INVESTMENTS (AT COST)

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
TRADE INVESTMENTS		
Investment in Equity Instruments (Quoted):*		
16,394 (16,394) Equity Shares of Rs. 10/- each in Bharat Gears Ltd.	0.36	0.36
86,867,731 (86,867,731) Ordinary Shares in National Tyre Service, Zimbabwe	40.99	35.46
	41.35	35.82
OTHER NON CURRENT INVESTMENTS (NON TRADE):		
(a) Investment in Mutual Funds:		
Units of UTI Balanced Fund - Dividend Plan - Reinvestment** (Face Value of Rs. 10/- each)		
147,252 (138,469) Units as at the beginning of the year	1.80	1.59
Add: 7,448 (8,783) Units on reinvestment of dividend during the year	0.15	0.21
154,700 (147,252) Units as at the close of the year	1.95	1.80
(b) 5,000 (5,000) Equity Shares of Rs. 100/- each in Apollo Tyres Employees' Multipurpose Co-operative Society Limited	0.50	0.50
(c) 500,000 (500,000) Ordinary Shares in RADUN Investment (Private) Ltd, Zimbabwe	10.33	8.94
(d) 6892 (4171) units of USD 382.58/- each in PanAridus LLC, USA		
Cost of Investment in PanAridus (Includes Rs. 111.57 Million (Rs. 65.74 Million) representing Goodwill on Acquisition)	131.50	71.17
Less: Post acquisition share of loss	29.52	6.42
	101.98	64.75
(e) Rubber Resources Pte - Share application money pending allotment	2.11	-
	158.22	111.81
* Aggregate amount of quoted investments	41.35	35.82
Aggregate market value of listed and quoted investments	127.20	162.54
** Repurchase price of units	3.24	3.37

B7 - LONG TERM LOANS AND ADVANCES

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
Long-Term Loans & Advances:		
Unsecured, Considered Good		
Capital Advances - Others	742.60	1,263.86
Capital Advances to Related Parties	177.24	161.40
Considered Doubtful	214.18	214.18
Less: Provision for Doubtful Advances	214.18	214.18
	<u>919.84</u>	<u>1,425.26</u>
MAT Credit Entitlement	475.22	315.93
Security Deposits	252.96	342.30
Security Deposits to Related Parties	450.70	450.70
Other Deposit	95.11	87.62
Employee Advances - Salary Loan	10.28	12.08
Other Loans and Advances	2.57	2.57
	<u>2,206.68</u>	<u>2,636.46</u>
Includes Advances given to Related Parties (Note C-16)		
Companies in which Directors are interested	627.94	612.10

B 8 - CURRENT ASSETS

	As at March 31, 2012 Rs. Million	As at March 31, 2011 Rs. Million
(a) INVENTORIES: (valued at lower of cost and net realizable value)		
(i) Raw Materials:		
Raw Materials in Hand	4,769.24	4,211.16
Raw Materials in Transit	328.91	1,262.02
	<u>5,098.15</u>	<u>5,473.18</u>
(ii) Work-in-Process #	1,204.31	1,202.29
(iii) Finished Goods:		
Finished Goods in Hand	9,322.40	8,086.75
Finished Goods in Transit	1,148.38	919.46
	<u>10,470.78</u>	<u>9,006.21</u>
(iv) Stock in Trade		
Stock in Trade in Hand	2,025.93	909.36
Stock in Trade in Transit	132.88	57.33
	<u>2,158.81</u>	<u>966.69</u>
(v) Stores and Spares	1,059.00	889.15
	<u>19,991.05</u>	<u>17,537.52</u>
(b) TRADE RECEIVABLES - UNSECURED		
Outstanding for a period exceeding six months:		
Considered Good	12.41	12.22
Considered Doubtful	430.20	659.80
Others - Considered Good*	11,445.62	9,504.43
	<u>11,888.23</u>	<u>10,176.45</u>
Less: Provision for Doubtful Receivables	430.20	659.81
	<u>11,458.03</u>	<u>9,516.64</u>
(c) CASH AND CASH EQUIVALENTS		
(i) Balances with Banks:		
Current Accounts	735.83	1,021.63
(ii) Cheques on hand	567.13	569.11
(iii) Cash on hand	10.04	4.50
(iv) Remittances in Transit	321.53	210.11
(v) Other Bank Balances:		
Unpaid Dividend Accounts	28.26	27.40
Unclaimed Deposits Accounts	1.07	1.21
Deposits with Maturity exceeding 3 Months**	66.49	74.90
	<u>1,730.35</u>	<u>1,908.86</u>
* Trade Receivables Include due from Related Parties (Note C-16)		
Companies in which Directors are interested	159.95	274.53

** Includes Deposit of **Rs. 63.50 Million** (Rs.73.30 Million) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd, a company in which directors are interested.

B 9 - SHORT TERM LOANS & ADVANCES

	As at March 31, 2012 <u>Rs. Million</u>	As at March 31, 2011 <u>Rs. Million</u>
Short-Term Loans & Advances: Unsecured, Considered Good		
Advances given to Related Parties	32.68	33.32
Others:		
Trade Advances	1,269.18	1,161.28
Employee Advances	68.13	62.71
CENVAT Recoverable	298.42	310.13
VAT Recoverable	489.61	177.47
Service Tax Recoverable	33.24	203.73
Export Incentives Recoverable	136.43	155.04
Prepaid Expenses	309.04	289.36
Sales Tax Recoverable	17.79	16.36
Others	544.93	169.44
	<u>3,199.45</u>	<u>2,578.84</u>
Considered Doubtful	20.50	20.50
	<u>3,219.95</u>	<u>2,599.34</u>
Less: Provision for Doubtful Advances	20.50	20.50
	<u>3,199.45</u>	<u>2,578.84</u>
MAT Credit Entitlement	142.00	-
	<u>3,341.45</u>	<u>2,578.84</u>

B 10 - OTHER CURRENT ASSETS

Derivative Financial Assets	152.94	-
	<u>152.94</u>	<u>-</u>
Advances given to Related Parties (Note C-16)		
Advances to Companies in which Directors are interested	32.68	33.32

B 11 - OTHER INCOME

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
(a) Interest Income *	66.48	47.30
(b) Dividend Income from Long Term Investments:		
From Others	0.18	0.23
(c) Other Non-Operating Income:		
Unclaimed Credit Balances / Provisions no longer required written back	33.22	43.61
Profit on Sale of Tangible Fixed Assets (Net)	-	149.58
Profit on Sale of Investment (Net)	-	0.97
Technical Aid Fees	16.32	14.13
Gain on Foreign Exchange Fluctuation (Net)	159.80	211.95
Miscellaneous Receipts	50.39	41.24
	259.73	461.48
	326.39	509.01

* Interest Income of **Rs. 66.48 Million** (Rs. 47.30 Million) comprises of the following:

- (a) Interest Earned on Deposits **Rs.21.33 Million** (Rs. 39.22 Million).
- (b) Interest Earned on Trade Balances **Rs. 2.32 Million** (Rs. 2.77 Million).
- (c) Interest on Income Tax Refund **Rs. 39.64 Million** (Rs. 2.16 Million).
- (d) Interest Earned - Others **Rs. 3.19 Million** (Rs. 3.15 Million).

B 12 - MANUFACTURING AND OTHER EXPENSES

	Year Ended March 31, 2012 Rs. Million	Year Ended March 31, 2011 Rs. Million
Cost of Materials Consumed		
Raw Materials Consumed	76,649.07	53,407.05
Less: Scrap Recoveries (Net of Excise Duty)	<u>297.62</u>	<u>258.83</u>
	76,351.45	53,148.22
Purchase of Stock-in-Trade		
Purchase of Traded Goods	6,576.07	4,810.37
Employee Benefit Expenses		
Salaries, Wages and Bonus	11,106.82	10,207.02
Contribution to Provident and Other Funds	1,506.10	505.00
Welfare expenses	707.27	617.03
Employees Share Based Payments (Note C-11A)	<u>29.92</u>	<u>12.17</u>
	13,350.11	11,341.22
Other Expenses		
Consumption of stores and spare parts ¹	1,055.46	852.80
Power and Fuel ²	3,332.67	2,588.96
Conversion Charges	832.65	792.12
Repairs and Maintenance		
- Machinery	794.44	776.61
- Buildings	39.64	37.00
- Others	457.37	350.04
Rent ³	211.21	184.02
Lease Rent / Service Charges	903.54	877.65
Insurance	238.66	202.23
Rates and Taxes	178.70	156.05
Directors' Sitting Fees	4.53	2.90
Loss on Sale of Assets (Net)	13.42	-
Travelling, Conveyance and Vehicle Expenses	962.09	845.25
Postage, Telex, Telephone and Stationery	241.46	220.98
Freight & Forwarding	3,219.19	2,586.32
Commission to Selling Agents	79.66	49.18
Sales Promotion Expenses	85.99	655.50
Advertisement & Publicity	1,415.56	1,322.01
Research and Development	867.36	653.13
Bank Charges	94.07	72.13
Provision for Doubtful Advances	-	37.43
Bad Debts / Advances Written off	270.80	56.84
Less: Transferred from Provision	<u>229.61</u>	<u>5.25</u>
Legal & Professional Expenses	435.94	299.52
Miscellaneous Expenses	646.99	849.77
	16,151.79	14,463.19
	<u>112,429.42</u>	<u>83,763.00</u>

Notes:

- 1 Stores & Spares Consumed includes stores issued for repairs **Rs.3.96 Million** (Rs. 6.23 Million).
- 2 Power and Fuel includes Stores Consumed **Rs. 744.55 Million** (Rs. 602.74 Million).
- 3 Net of Rent Received **Rs. 0.90 Million, TDS Rs. 0.07 Million** (Rs.9.88 Million, TDS Rs. 0.97 Million).

B 13 - CHANGES IN INVENTORIES OF WORK IN PROCESS, FINISHED GOODS AND STOCK IN TRADE

	Year Ended March 31, 2012 <u>Rs. Million</u>	Year Ended March 31, 2011 <u>Rs. Million</u>
OPENING STOCK		
Work in Process	1,202.29	805.46
Finished Goods	9,006.21	5,221.23
Stock in Trade	966.69	70.80
	<u>11,175.19</u>	<u>6,097.49</u>
Less:		
CLOSING STOCK		
Work in Process	1,204.31	1,202.29
Finished Goods	10,470.78	9,006.21
Stock in Trade	2,158.81	966.69
	<u>13,833.90</u>	<u>11,175.19</u>
Decrease / (Increase)	(2,658.71)	(5,077.70)
Excise Duty on Increase / (Decrease) of Finished Goods (Note C - 6)	101.20	340.57
	<u>(2,557.51)</u>	<u>(4,737.13)</u>

B 14 - FINANCE COST

	Year Ended March 31, 2012 <u>Rs. Million</u>	Year Ended March 31, 2011 <u>Rs. Million</u>
(a) Interest Expense		
Interest on Fixed Term Loans	858.33	694.94
Interest on Debentures	243.59	183.27
Interest on Other Loans	1,688.31	1,003.58
(b) Other Borrowing Costs	82.67	87.80
	<u>2,872.90</u>	<u>1,969.59</u>

C. OTHER NOTES ON ACCOUNTS:

1 CONTINGENT LIABILITIES

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Sales Tax	153.37	110.26
Claims not acknowledged as debts		
Employee Related	26.97	23.90
Property Disputes	-	2.60
Others	19.83	8.83
Provision of Security (Bank Deposits pledged with a Bank against which working capital loan has been availed by Apollo Finance Ltd., an Associate Company)	63.49	73.30
Guarantee given by Company for the loan taken by Sub-Subsidiary Companies	-	2,570.40
Custom Duty	-	23.50
Excise Duty*	253.12	177.30

*Excludes demand of **Rs. 532.12 Million** (Rs. 532.12 Million) raised on one of the Company's units relating to issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company. Show-cause notices received from various Government Agencies pending formal demand notices have not been considered as contingent liabilities.

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

2 COMMITMENTS

PARTICULARS	As at 31.03.2012 Rs. Million	As at 31.03.2011 Rs. Million
Estimated amount of contracts remaining to be executed on capital account & not provided for	3,839.75	6,041.89
Lease Commitments	2,593.66	2,952.96
TOTAL	6,433.41	8,994.85

3 Exceptional Item

Exceptional item represents the impact of administrative penalty of **ZAR 45 Million** ((to be paid in instalments of 3 years) on account of company's South African subsidiary Apollo Tyres South Africa (Pty) Ltd. (ATSA) entering into settlement agreement with the Competition Commission. The anti-competitive conduct as identified by the Competitive Commission was made during the period before Apollo Tyres acquisition of Dunlop and the current management had no involvement in or knowledge of the said act.

4 MAT Credit Entitlement

- In view of the consistent profits over the years and also considering the future profit projections, the management believes that there is convincing evidence with regard to the earning of future taxable income and payment of tax under normal tax within the specified period. Accordingly, MAT Credit Entitlement of **Rs. 301.29 Million** (Rs. 315.93 Million) has been recognized during the year.
- The Company has international transactions with related parties. For the current year, the management confirms that it maintains documents as prescribed by the Income tax Act, 1961 to prove that these international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

5 Minority Interest

Minority Interest represents Share of minority holding 5% of Share Capital of Apollo Tyres (LAO) Co., Ltd., a subsidiary of Singapore entity Apollo Tyres (Holdings) Singapore Pte Ltd.

6 Excise duty relating to sales has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening stock has been disclosed in Note B 13 "Changes in Inventories of Work in Process, Finished Goods & Stock in Trade".

7 Borrowing costs capitalized/transferred to capital work in progress during the year is **Rs. 370.77 Million** (Rs.251.28 Million). This includes **Rs. 48.36 Million** (Rs. 69.90 Million) towards loan processing fees and **Nil** (Rs. 14.71 Million) towards Bank Charges.

8 Research and development comprises of the following:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
A) Revenue Expenditure		
Materials	23.93	12.21
Employee Benefit Expenses	429.62	390.26
Travelling Expenses	23.29	12.87
Others	390.52	237.79
SUB- TOTAL	867.36	653.13
(B) Capital Expenditure	215.68	171.60
TOTAL (A+B)	1,083.04	824.73

9 Statutory Auditors' Remuneration included under Miscellaneous Expenses:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
For Audit	36.44	43.97
For Taxation matters	0.10	0.10
For Company Law matters	0.30	0.30
For Other Services	9.06	3.59
Reimbursement of expenses	-	0.23
TOTAL	45.90	48.19

10 Directly attributable expenses capitalised / included in capital work in progress during the year :

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Raw Material Consumed	78.44	106.99
Salaries, Wages and Bonus	71.14	51.19
Contribution to Provident and Other Funds	4.45	3.82
Welfare Expenses	13.12	22.88
Rent	2.12	3.10
Travelling, Conveyance and Vehicle expenses	11.05	18.64
Postage, Telex, Telephone and Stationery	0.24	0.41
Power Expenses	17.91	7.26
Insurance Expenses	6.80	0.51
Legal & Professional Expenses	2.47	9.50
Miscellaneous Expenses	9.05	35.38
Total*	216.79	259.68

*Out of the above **Rs. 13.05 Million** (Rs 11.73 Million) is included in capital work in progress as on March 31, 2012.

11 Employee Benefits

A. Indian Operations

Defined Contribution Plans:

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

b. Provident Fund: Contributions are made to the Company's Employees Provident Fund Trust / Regional Provident Fund in accordance with the fund rules. The interest rate payable to the beneficiaries every year is being notified by the Government.

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

Defined Benefit Plans:

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service receives gratuity on leaving the Company at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plan:

Statement of Profit and Loss:

Net employee benefit expenses

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Current service cost	40.13	32.25
Interest cost on benefit obligation	38.98	33.58
Expected return on plan assets	(41.37)	(34.19)
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial loss recognized in the year	40.28	50.27
Expense recognized in the Statement of Profit and Loss	78.02	81.91

Balance Sheet:

Net Asset / (Liability) recognised in the Balance Sheet including experience adjustment impact

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million	2009-10 Rs. Million	2008-09 Rs. Million	2007-08 Rs. Million
Present value of defined benefit obligation at the end of the year	603.76	519.73	447.74	393.04	339.69
Fair value of plan assets at the end of the year	525.74	437.82	361.79	311.03	248.14
Asset/(Liability) recognized in the balance sheet	(78.02)	(81.91)	(85.95)	(82.01)	(91.55)
Experience Adjustment of obligation - (Gain) / Loss*	42.04	51.03	27.67	22.31	-
Experience Adjustment of plan assets - Gain / (Loss)*	1.75	2.36	1.21	1.92	-

* Details disclosed to the extent information provided by the actuary.

Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Present value of obligations as at the beginning of the year	519.73	447.74
Interest cost	38.98	33.58
Current service cost	40.13	32.25
Benefits paid	(37.12)	(46.47)
Actuarial loss on obligation	42.04	52.63
Present value of obligations as at the end of the year	603.76	519.73

Changes in the fair value of plan assets are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Fair value of plan assets at beginning of the year	437.82	361.79
Expected return on plan assets	41.37	34.19
Contributions	81.92	85.95
Benefits paid	(37.12)	(46.47)
Actuarial gain on plan assets	1.75	2.36
Fair value of plan assets as at the end of the year	525.74	437.82

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

Principal actuarial assumptions for Employee Benefits:

PARTICULARS	2011-12 Rate (%)	2010-11 (Rate %)
a) Discount rate	7.50	7.50
b) Future salary increase*	5.00	5.00
c) Expected rate of return on plan assets	9.45	9.45

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

Demographic Assumptions for Employee Benefits:

PARTICULARS	2011-12	2010-11
a) Retirement Age (Years)	58	58
b) Mortality Table	LIC (1994-96)	LIC (1994-96)
c) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3.00	3.00
From 30 to 44 Years	2.00	2.00
Above 44 Years	1.00	1.00

Employees Phantom Stock Plan 2010

- a) During 2010-11, the company had announced Cash-settled Employee Share-based Payment Plan (Phantom Stock Plan) for the eligible employees of the Company. Under the scheme, 12 Lacs phantom stock units have been granted on April 1, 2010 and 9 Lacs Phantom stock units have been granted on April 1, 2011 by the board appointed committee. Both of them will be vested as per the following schedule:

Percentage of Grant	Vesting Schedule
25%	On 1st anniversary of respective grant date
25%	On 2nd anniversary of respective grant date
25%	On 3rd anniversary of respective grant date
25%	On 4th anniversary of respective grant date

Pursuant to the above scheme, the eligible employees are entitled to get cash compensation upon exercise of the phantom stock units within seven years of the vesting date.

- b) Details of the expense recognized during the year and outstanding phantom stock units of the company under the Phantom Stock Plan 2010 are as under:

Date of Grant	01.04.2010	01.04.2011
Numbers Outstanding as on 31.03.2012	1,130,000	900,000
Numbers Vested as on 31.03.2012	70,000	-
Exercise Price per Phantom Stock Unit (Rs.)	50.00	50.00
Market Price of Share on 31.03.2012 (Rs.)	79.65	79.65
Fair Value Phantom Stock Unit (Rs.)	45.12	46.90
Amount charged to Statement of Profit and Loss (Included in Note - B 12 - Employee Benefit Expense)	Rs. 16.04 Million	Rs. 13.88 Million
Liability as on 31.03.2012 (Included in Note - B4 - Trade Payables)	Rs. 26.12 Million	Rs. 13.88 Million

Phantom Stock outstanding units summary sheet is as follows :

PARTICULARS	2011-12	2010-11
Opening Phantom Stock Units	1,200,000	Nil
Number of Units issued during the year	900,000	1,200,000
Number of Units Vested during the year	70,000	Nil
Closing Phantom Stock units	2,030,000	1,200,000

The details of Variables used for Fair Valuation are given in the table below:

Grant date	1-Apr-10			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-March-12	1-Apr-11	1-Apr-12	1-Apr-13	1-Apr-14
Variables				
Stock Price (Rs.)	79.65	79.65	79.65	79.65
Volatility	47.30%	50.36%	51.56%	48.96%
Risk-Free Rate	8.52%	8.53%	8.55%	8.57%
Exercise Price (Rs.)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.00	3.50	4.51	5.51
Dividend yield	1.74%	1.74%	1.74%	1.74%
Fair Value per vest (Rs.)	41.81	44.02	46.76	47.91
Vesting %	25.00%	25.00%	25.00%	25.00%
Option Fair Value (Rs.)	45.12			

Grant date	1-Apr-11			
Remeasurement date	Vest1	Vest 2	Vest 3	Vest 4
31-March 12	1-Apr-12	1-Apr-13	1-Apr-14	1-Apr-15
Variables				
Stock Price (Rs.)	79.65	79.65	79.65	79.65
Volatility	50.36%	51.56%	48.96%	47.31%
Risk-Free Rate	8.53%	8.55%	8.57%	8.59%
Exercise Price (Rs.)	50.00	50.00	50.00	50.00
Time To Maturity (In Years)	3.50	4.51	5.51	6.51
Dividend yield	1.74%	1.74%	1.74%	1.74%
Fair Value per vest (Rs.)	44.02	46.76	47.91	48.91
Vesting %	25.00%	25.00%	25.00%	25.00%
Option Fair Value (Rs.)	46.90			

Phantom Stock Scheme - Proforma Statement of Profit & Loss and EPS

Had compensation cost for the Phantom Stock units granted under the Scheme been determined based on fair value approach, the Company's net profit and earnings per share would have been as per the proforma amounts indicated below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Impact on Net Profit (Rs. Million)		
Net Profit (As reported)	4,098.96	4,401.63
Add:- Cash based employee compensation expense included in net profit	29.92	12.17
Less:- Cash based compensation expense determined under fair value based method (Proforma)	41.46	22.33
Net Profit (Proforma)	4,087.42	4,391.47
Impact on Earnings per Share (Rs.)		
Basic and Diluted Earnings per Share of Re. 1 Each (As reported)	8.13	8.73
Basic and Diluted Earnings per Share of Re. 1 Each (Proforma)	8.11	8.71

The Fair Value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grants using Black-Scholes model by an independent consultant.

B. South Africa Operations

Apollo Tyres South Africa (Pty) Ltd.

Employees are members of an umbrella fund of one of three active retirement benefit funds which are defined contribution provident funds. These are governed by the Pensions Funds Act, 1956. The assets of these funds are independent of the company.

The Retirement On-Line Provident Fund is an umbrella fund which is managed and controlled by an external board of trustees. Members of the Dunlop Staff Provident Fund were transferred to this fund with effect from 1 September 2007. The name of the fund was changed to reflect the change in Company name. It is now called Apollo Tyres: Retirement-on-Line Provident Fund.

The Dunlop Tyres Operatives Provident Fund is valued in three year intervals. The fund's last formal actuarial valuation was independently performed in 2009. The fund is judged to be in a sound financial position.

The New Tyre Manufacturing Industry Provident Fund was established in 2005 and the majority of weekly paid employees are members of this fund. Interim valuations are performed by an actuary, the most recent being performed in 2009. The fund is judged to be in a sound financial position.

The Dunlop Staff Provident Fund is in liquidation and 92.5% of employer surplus was received by the Group on 10 Feb 2010. The realisation of the balance of the employer surplus amount (7.5%) is still conditional upon several activities/approval. The amount will be paid to the company on the finalisation of the liquidation, which we anticipate will take place during the next financial year.

The contribution holiday in the current period amounted to **Nil** (2009: R19.3m) which is used to the fund retirement on-line provident fund. This is derived from the surplus status of the Dunlop Staff Provident Fund.

Certain management are members of an umbrella fund which is managed and controlled by an external board of trustees.

There is a single defined benefit fund, the Dunlop Africa Pension Fund. The liquidation of the Fund is in its final stage. Liquidation accounts have been submitted to the Financial Services Board for approval. There is no surplus in the Fund.

Post-employment medical obligation

Apollo Tyres South Africa (Pty) Ltd.

Prior to 1998, it was the group's policy to provide post-employment medical benefits for its employees, by the way of subsidies. These subsidies have been funded by means of pensions purchased from insurers. Each year additional amounts are paid in line with the increases in medical aid subscriptions.

The company's liability in respect of the post-employment medical obligation has been actuarially valued at **Rs. 172.50 Million** (Rs. 166.13 Million) at March 31, 2012. The actuarial valuation performed has been based on the following assumptions:

- a health care cost inflation rate of **6.10% p.a.** (6.75% p.a)
- a discount rate of **8% p.a.** (9% p.a)

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Opening Balance	166.13	149.36
Interest cost recognized in income statement in current period	14.78	12.82
Health care cost inflation	3.95	14.10
Actuarial loss (gain) recognized in income statement in current period	(0.81)	3.60
Miscellaneous (including basis and data changes)	(11.55)	(13.75)
Closing balance	172.50	166.13

Sensitivity of healthcare cost

For every 1% strengthening/weakness of investment returns, relative to medical aid inflation, the liability is calculated to decrease/increase by **Rs. 11.53/13.56 Million** (Rs. 12.63 Million) from the reported level of **Rs. 172.50 Million** (Rs. 166.13 Million). Similarly for every 1% increase/decrease in medical aid inflation, relative to investment returns, the liability is calculated to increase/decrease by **Rs.12.21/14.24 Million** (Rs. 18.61 Million).

C. European Operations

Apollo Vredestein B.V has as at March 31, 2012 two defined benefit plans. The pension provision as recorded in the balance sheet relates primarily to Apollo Vredestein B.V. and Vredestein GmbH. The actuarial calculations pursuant to IAS 19 were performed by actuaries of certified actuarial firms.

Extracts of latest balance sheet of the funds are as follows :

PARTICULARS	YEAR ENDED	
	2011-12	2010-11
Assumptions Apollo Vredestein B.V.		
Active employee members	-	-
Number	1,265	1,237
Average age	44.70	44.30
Average future service	19.30	19.70
Inflation	2.00%	2.00%
Indexation active members	1.00%	1.13%
Indexation non-active members	1.00%	0.50%
Individual salary increase (dependent on age)	2.00%	2.50%
Employee turnover (dependent on age)	0%-7%	0%-7%
Discount rate	4.30%	5.00%
Expected return on assets	4.75%	4.75%

PARTICULARS	YEAR ENDED	
	2011-12	2010-11
Assumptions Apollo Vredestein GmbH		
Active employee members	-	-
Number	40	41
Average age	43.70	43.20
Average future service	15.50	16.00
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Individual salary increase (dependent on age)	-	-
Employee turnover (dependent on age)	0%-5%	0%-5%
Discount rate	4.30%	4.90%

Statement of Profit and Loss:

PARTICULARS	YEAR ENDED	
	2011-12 Rs. Million	2010-11 Rs. Million
Net employee benefit expenses (recognized in employee cost)		
Current service cost	183.30	197.86
Interest cost on benefit obligation	505.03	399.73
Expected return on plan assets	(445.16)	(346.30)
Net actuarial (gain)/loss recognized in the year	7.74	(619.02)
Administration Cost	26.03	42.50
Net benefit expense	276.94	(325.23)

Balance Sheet:

PARTICULARS	YEAR ENDED	
	2011-12 Rs. Million	2010-11 Rs. Million
Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of funded obligation at the end of the year	13,073.35	8,996.00
Fair value of plan assets at the end of the year	12,402.38	8,261.93
Asset/(Liability) recognized in the balance sheet	670.97	734.07
Experience Adjustment of obligation - (Gain) / Loss	1781.77	1774.02
Experience Adjustment of obligation - (Gain) / Loss	(331.12)	287.90

Changes in the present value of the defined benefit obligation are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Present value of obligations as at the beginning of the year	8,996.00	8,503.02
Interest cost	525.63	421.42
Current service cost	190.77	208.60
Contribution by employees	291.44	257.05
Benefits paid	(73.57)	(45.00)
Actuarial (gain)/loss on obligation	3,143.08	(349.09)
Present value of obligations as at the end of the year	13,073.35	8,996.00

Changes in the fair value of plan assets are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Fair value of plan assets at beginning of the year	8,261.93	6,990.44
Expected return on plan assets	463.31	365.09
Contributions	784.21	679.49
Benefits paid	(59.82)	(31.81)
Administration Cost	(27.09)	(44.80)
Actuarial gain on plan assets	2,979.85	303.52
Fair value of plan assets as at the end of the year	12,402.39	8,261.93

Principal Assumptions:

PARTICULARS	YEAR ENDED	
	2011-12	2010-11
Assumptions Apollo Vredestein B.V.		
Active employee members	-	-
Number	1,265	1,237
Average age	44.70	44.30
Average future service	19.30	19.70
Inflation	2.00%	2.00%
Indexation active members	1.00%	1.13%
Indexation non-active members	1.00%	0.50%
Individual salary increase (dependent on age)	2.00%	2.50%
Employee turnover (dependent on age)	0%-7%	0%-7%
Discount Rate	4.30%	5.00%
Expected return on assets	4.75%	4.75%

PARTICULARS	YEAR ENDED	
	2011-12	2010-11
Assumptions Vredestein GmbH		
Active employee members	-	-
Number	40	41
Average age	43.70	43.20
Average future service	15.50	16.00
Inflation	1.75%	1.75%
Indexation non-active members	1.75%	1.75%
Individual salary increase (dependent on age)	-	-
Employee turnover (dependent on age)	0%-5%	0%-5%
Discount rate	4.30%	4.90%

12. The components of Deferred Tax Liabilities (Net) are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Deferred Tax Liabilities on timing differences arising on:		
Depreciation	4,402.24	3,398.99
Others	-	11.35
Sub Total (A)	4,402.24	3,410.34
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	0.56	0.35
Provision for Gratuity and Leave Encashment	56.60	50.94
Provision for Doubtful Debts / Advances	25.62	25.62
Other Provisions	132.76	138.46
Trade receivables	9.22	-
Assessed loss	126.95	-
Others	-	-
Sub Total (B)	351.71	215.37
Net Deferred Tax Liabilities (A-B)	4,050.53	3,194.97

The components of Deferred Tax Assets (Net) are as follows:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Deferred Tax Assets on timing differences arising on:		
Others	25.08	32.96

13. Provision for Sales Related Obligations represent estimates for payments to be made in future. Major portion of these costs is estimated to be paid in the next financial year and will be paid within a maximum of 3 years from the balance sheet date.

Rs. Million

Opening Balance as at 01.04.2011	Additional provision made during the year	Incurred against provision during the year	Closing Balance as at 31.03.2012
1,502.72	3,032.29	2,959.99	1,575.02

14. The following forward exchange contracts entered into by the Company are outstanding as on March 31, 2012:

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	54,946,185	Buy	INR
Euro	EURO	2,373,735	Buy	INR
SUBSIDIARIES				
United States Dollar	USD	3,818,232	Buy	ZAR
Euro	EURO	567,620	Buy	ZAR
United States Dollar	USD	3,817,000	Buy	GBP
Great British Sterling	GBP	2,421,954	Buy	USD
Swedish krona	SEK	42,099,000	Buy	Euro
Swiss Francs	CHF	2,064,000	Buy	Euro
Norwegian kroner	NOK	5,995,000	Buy	Euro
Polish Zlotych	PLZ	10,485,000	Buy	Euro
Hungarian forint	HUF	363,367,000	Buy	Euro

Currency		Amount	Buy/Sell	Cross Currency
United States Dollar	USD	16,500,448	Buy	INR
United States Dollar	USD	2,223,950	Buy	INR
SUBSIDIARIES				
United States Dollar	USD	8,878,000	Buy	ZAR
Euro	EURO	950,000	Sell	ZAR
United States Dollar	USD	5,857,350	Buy	EURO
Great British Sterling	GBP	3,674,667	Buy	EURO
Swedish krona	SEK	2,072,500	Buy	EURO
Swiss Francs	CHF	1,711,500	Buy	EURO
Norwegian kroner	NOK	1,303,000	Buy	EURO
Polish Zlotych	PLZ	658,000	Buy	EURO
Hungarian forint	HUF	342,000	Buy	EURO

The mark to market losses of **Nil** (Rs. 0.03 Million) relating to undesignated / ineffective forward contracts / derivatives have been recognized in the Statement of Profit and Loss.

- b) Cross Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate: No. of contracts: **23** (9).

15 Segmental Reporting

a. Geographical Segments

The Company has considered geographic segments as the primary segments for disclosure. The Geographic Segments are India, South Africa, Europe on the basis of Organisation Structure and Operating Locations. Indian segment includes manufacturing and sales operations through India, South Africa and Europe segments include manufacturing and sales operations through South Africa and Europe along with its subsidiaries located in South Africa and Europe respectively.

b. Business Segments

The Company has considered business segment as the secondary segment for disclosure. The Company's operations comprise of only one segment - Tyres, Tubes & Flaps and therefore, there are no other business segments to be reported as required under accounting standard (AS-17) - "Segment Reporting".

c. Segmental assets include all operating assets used by respective segment and consists principally of operating cash, debtors, inventories and fixed assets net of allowances and provisions. Segmental liabilities include all operating liabilities and consist primarily of creditors and accrued liabilities. Segment assets and liabilities do not include income tax assets and liabilities.

PARTICULARS	India		South Africa		Europe		Others		Other Corp		Eliminations		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1. REVENUE														
Total Sales	81,578.75	54,904.86	13,048.79	11,830.92	28,498.73	22,343.72	1,048.73	-	-	-	-	-	124,175.00	89,079.50
Inter segment Sales	(2,642.13)	(342.16)	-	(59.99)	-	(0.17)	-	-	-	-	-	-	(2,642.13)	(402.32)
External Sales	78,936.62	54,562.70	13,048.79	11,770.93	28,498.73	22,343.55	1,048.73	-	-	-	-	-	121,532.87	88,677.18
2. RESULT														
Segment result	4,988.14	4,225.02	(433.15)	324.74	3,840.60	2,985.73	14.28	(30.43)	111.75	93.82	(106.26)	(164.39)	8,415.36	7,434.49
Interest expense	(2,413.01)	(1,589.54)	(262.94)	(287.30)	(197.65)	(223.24)	-	-	-	-	0.70	130.49	(2,872.90)	(1,969.59)
Income Taxes	(761.80)	(652.95)	112.07	(32.18)	(793.18)	(377.51)	-	-	(0.59)	(0.63)	-	-	(1,443.50)	(1,063.27)
Net profit	1,813.33	1,982.53	(584.02)	5.26	2,849.77	2,384.98	14.28	(30.43)	111.16	93.19	(105.56)	(33.90)	4,098.96	4,401.63
3. OTHER INFORMATION														
Segment assets	57,694.84	52,486.56	10,648.98	10,076.79	21,438.00	16,044.00	900.66	253.37	6,621.46	5,590.33	(13,358.72)	(11,357.59)	83,945.22	73,093.46
Segment liabilities	33,980.40	30,759.45	6,960.93	5,748.37	10,537.07	8,812.86	538.08	5.14	4,934.47	4,096.14	(1,341.04)	(462.28)	55,609.91	48,959.68
Capital Expenditure	6,121.12	8,979.17	1,297.08	883.86	1,475.10	1,364.99	46.19	-	-	172.11	-	-	8,939.49	11,400.13
Depreciation	1,856.92	1,473.54	443.20	409.43	945.59	833.31	10.24	3.16	-	-	-	-	3,255.95	2,719.44

16 Disclosure of Related Party Transactions in accordance with the mandatory accounting standard AS-18 "Related Party Disclosures":

Name of the Related Parties

PARTICULARS	2011-12	2010-11
Companies in which Directors are interested	Apollo International Ltd. (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd. UFO Moviez India Ltd. Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks Ltd. Dusk Valley Technologies Ltd. Classic Auto Tubes Ltd. PTL Enterprises Ltd. (PTL) Apollo Finance Ltd. Artemis Medicare Services Ltd. Artemis Health Sciences Ltd. Regent Properties CLS Logistics Pvt. Ltd. Swaranganga Consultants Pvt. Ltd. J & S Systems Corporation, UK	Apollo International Ltd. (AIL) Apollo International Trading LLC, Middle East Encorp E Services Ltd. UFO Moviez India Ltd. Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks Ltd. Dusk Valley Technologies Ltd. Classic Auto Tubes Ltd. PTL Enterprises Ltd. (PTL) Apollo Finance Ltd. Artemis Medicare Services Ltd. Artemis Health Sciences Ltd. Regent Properties CLS Logistics Pvt Ltd. Swaranganga Consultants Pvt. Ltd. J&S Systems Corporation, UK
Key Management Personnel	Mr. Onkar S Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar	Mr. Onkar S Kanwar Mr. Neeraj Kanwar Mr. U. S. Oberoi Mr. Sunam Sarkar
Relatives of Key Managerial Personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

Note: Related Parties and their relationships are as identified by the management and relied upon by the Auditors.

Transactions with Related Parties:

FY 2011-12

PARTICULARS	Companies in which Directors are interested Rs. Million	Key Management Personnel Rs. Million	Total Rs. Million
Description of Transactions:			
Sales:			
Apollo Intl. Trading LLC, Dubai	1,350.65		1,350.65
Cross Charges Received:			
Included in Miscellaneous Receipts			
PTL Enterprises Ltd.	3.44		3.44
Classic Auto Tubes Ltd.	1.80		1.80
	5.24		5.24
Rent Received:			
PTL Enterprises Ltd.	0.12		0.12
Travel Tracks Ltd.	0.65		0.65
Classic Auto Tubes Ltd.	0.12		0.12
Others	0.08		0.08
	0.97		0.97
Interest Received:			
PTL Enterprises Ltd.	2.32		2.32
Reimbursement of Expenses Received:			
Classic Auto Tubes Ltd.	6.89		6.89
Others	3.08		3.08
	9.97		9.97
Clearing Charges:			
CLS Logistics Ltd.	393.59		393.59
Reimbursement of Expenses paid:			
PTL Enterprises Ltd.	388.51		388.51
Others	0.81		0.81
	389.32		389.32
Service Charges paid:			
Artemis Medicare Services Ltd.	9.89		9.89
Lease Rent paid:			
PTL Enterprises Ltd.	400.00		400.00
Rent Paid:			
Sunlife Tradelinks	21.30		21.30
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Others	0.12		0.12
	67.02		67.02
Conversion charges:			
Classic Auto Tubes Ltd.	956.72		956.72
Travelling Expenses:			
Travel Tracks Ltd.	136.95		136.95
Conference Expenses			
Travel Tracks Ltd.	83.17		83.17
Other Expenses:			
Swaranganga Consultants	8.50		8.50
Others	0.43		0.43
	8.93		8.93
Managerial Remuneration			
Mr. Onkar S. Kanwar		139.59	139.59
Mr. Neeraj Kanwar		92.80	92.80
Mr. U.S. Oberoi		9.62	9.62
Mr. Sunam Sarkar		24.05	24.05
		266.06	266.06

Purchase of Fixed Assets: Classic Auto Tubes Ltd.	221.86		221.86
Amount Outstanding Dr./ (Cr.)			
Trade Payable:			
Travel Tracks Ltd.	8.22		
Classic Auto Tubes Ltd.	3.20		
	11.42		
Other Current Liabilities:			
Others	0.23		
	0.23		
Long Term Loans & Advances:			
PTL Enterprises Ltd.	250.00		
Sunlife Tradelinks	63.90		
Land Mark Farms & Housing	72.00		
Regent Properties	64.80		
Classic Auto Tubes Ltd.	177.24		
	627.94		
Trade Receivable:			
Classic Auto Tubes Ltd.	1.00		
Apollo International Ltd.	158.95		
	159.95		
Short Term Loans & Advances:			
PTL Enterprises Ltd.	9.32		
Travel Tracks Ltd.	18.79		
Classic Auto Tubes Ltd.	3.44		
CLS Logistics Ltd.	1.13		
	32.68		

Transactions with Related Parties:

FY 2010-11

PARTICULARS	Companies in which Directors are interested Rs. Million	Key Management Personnel Rs. Million	Total Rs. Million
Sales:			
Apollo Intl. Trading LLC, Dubai	1,150.01		1,150.01
Others	0.05		0.05
	1,150.06		1,150.06
Cross Charges Received: Included in Miscellaneous Receipts			
PTL Enterprises Ltd.	3.45		3.45
Rent Received:			
Apollo International Ltd.	0.55		0.55
Encorp E Services	0.15		0.15
Others	0.09		0.09
	0.79		0.79
Reimbursement of Expenses Received:			
Others	0.54		0.54
Interest Received:			
PTL Enterprises Ltd.	2.74		2.74
Sale of fixed asset:			
Swaranganga Consultants Pvt. Ltd.	141.33		141.33
Reimbursement of Expenses paid:			
PTL Enterprises Ltd.	414.85		414.85
Others	0.50		0.50
Classic Auto Tubes Ltd.	3.31		3.31
	418.66		418.66

Clearing Charges: CLS Logistics Ltd.	234.01		234.01
Service Charges paid: Artemis Medicare Services Ltd.	9.84		9.84
Lease Rent paid: PTL Enterprises Ltd.	400.00		400.00
Rent paid: Sunlife Tradelinks	21.30		21.30
Land Mark Farms & Housing	24.00		24.00
Regent Properties	21.60		21.60
Others	0.12		0.12
	67.02		67.02
Managerial Remuneration Mr. Onkar S. Kanwar		140.74	140.74
Mr. Neeraj Kanwar		76.31	76.31
Mr. U.S. Oberoi		10.69	10.69
Mr. Sunam Sarkar		18.98	18.98
		246.72	246.72
Conversion charges: Classic Auto Tubes Ltd.	865.02		865.02
Travelling Expenses: Travel Tracks Ltd.	136.23		136.23
Conference Expenses Travel Tracks Ltd.	228.85		228.85
Other Expenses: Travel Tracks Ltd.	38.32		38.32
Advance for Purchase of Fixed Assets: Classic Auto Tubes Ltd.	161.40		161.40
Sale of Fixed Assets: Classic Auto Tubes Ltd.	0.74		0.74
Swaranganga Consultants Pvt. Ltd.	141.33		141.33
	142.07		142.07
Amount Outstanding Dr./ (Cr.)			
Trade Payable: Travel Tracks Ltd.	0.31		
Classic Auto Tubes Ltd.	10.18		
CLS Logistics Pvt Ltd.	1.61		
	12.10		
Other Current Liabilities: Apollo International Ltd.	0.03		
Long Term Loans & Advances: PTL Enterprises Ltd.	250.00		
Sunlife Trade Links	63.90		
Landmark Farms & Housing	72.00		
Regent Properties	64.80		
Classic Auto Tubes Ltd.	161.40		
	612.10		
Trade Receivable: Classic Auto Tubes Ltd.	0.05		
Apollo International Ltd.	274.48		
	274.53		
Short Term Loans & Advances: PTL Enterprises Ltd.	10.84		
Apollo International Ltd.	0.39		
Travel Tracks Ltd.	4.55		
Classic Auto Tubes Ltd.	0.42		
CLS Logistics Ltd.	9.22		
Encorp E Services Pvt. Ltd.	0.08		
Swaranganga Consultants Pvt. Ltd.	7.82		
	33.32		

17 Operating Lease

A. Indian Operations

The Company has acquired assets under the operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. Rental expenses under those leases were **Rs. 400 Million** (Rs. 400 Million).

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Within One year of the balance sheet date	400.00	400.00
Due in a period between One year and Five years	400.00	800.00
Due after Five years	-	-

B. South African Operations

Apollo Tyres South Africa (Pty) Ltd.

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Within One year of the balance sheet date	74.50	70.22
Due in a period between one year and Five years	288.79	313.70
Due after Five years	-	42.19

The lease escalation liability relates to rental and lease contracts with fixed escalation clause. Rental payables under the contracts are charged to Statement of profit and loss on a straight-line basis over the term of relevant lease.

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Long term	79.52	84.78
Short term (due within a year)	7.02	0.95
Total lease escalation	86.54	85.73

C. European Operations

The schedule of future minimum lease payments in respect of non-cancellable operating leases is set out below:

PARTICULARS	2011-12 Rs. Million	2010-11 Rs. Million
Within One year of the Balance Sheet Date	266.22	306.72
Due in a period between One year and Five years	844.51	693.70
Due after Five years	319.64	326.43

The Company has operational lease contracts for cars and IT hardware. Rental obligations relate to various warehouse and office buildings with contracts up to 10 years. The rental arrangements include adjustments depending upon benchmark inflation indices.

18 Finance Lease - Deferred Payment Credit

The Company has entered into finance lease arrangements for certain Assets. The schedule of future minimum lease payments in respect of non-cancellable Finance leases is set out below:

Rs. Million

PARTICULARS	Total Minimum Lease Payments		Present Value of Lease Payments	
	2011-12	2010-11	2011-12	2010-11
Within One year of the balance sheet date	65.65	57.11	42.49	33.06
Due in a period between One year and Five years	254.17	242.73	201.99	179.70
Due after Five Years	79.15	137.06	56.10	107.49
Total	398.97	436.90	300.58	320.25
Less: Future Finance Charges	98.39	116.65	-	-
Present Value of Minimum Lease Payments	300.58	320.25	-	-

19. Earnings Per Share (EPS) – The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

PARTICULARS	2011-12	2010-11
a) Basic & Diluted (Before Exceptional Items)*		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	4,392.76	4,401.63
The weighted average number of equity shares outstanding during the year used as denominator -(B)	504,024,770	504,024,770
Basic / Diluted earnings per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	8.72	8.73
b) Basic & Diluted (After Exceptional Items)*		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	4,392.76	4,401.63
Less: Exceptional Items	293.80	-
Profit attributable to the equity shareholders used as numerator (after Exceptional itmes) (Rs. Million) - (A)	4,098.96	4,401.63
The weighted average number of equity shares outstanding during the year used as denominator -(B)	504,024,770	504,024,770
Basic / Diluted earnings per share (Rs.) – (A) / (B) (Face Value of Re. 1 each)	8.13	8.73

*The Company does not have any Potential Equity Shares.

20 The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly changed the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

ONKAR S KANWAR
Chairman &
Managing Director

NEERAJ KANWAR
Vice Chairman &
Managing Director

S NARAYAN
Director

Gurgaon
May 10, 2012

SUNAM SARKAR
Chief Financial Officer &
Whole Time Director

P N WAHAL
Head (Sectt. & Legal) &
Company Secretary

Information pertaining to Subsidiary Companies u/s 212 (8) of the Companies Act, 1956

CONTENTS	Rs. Million												
	APOLLO (MAURITIUS) HOLDINGS PVT LTD	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD	APOLLO TYRES SOUTH AFRICA (PTY) LTD.	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD	APOLLO TYRES COOPERATIEF, U.A. NETHERLANDS	APOLLO VREDESTEIN B.V. NETHERLANDS	APOLLO TYRES (CYPRUS) PVT. LTD.	APOLLO TYRES AG, SWITZERLAND	APOLLO TYRES (NIGERIA) LTD., NIGERIA	APOLLO TYRES HOLDINGS (SINGAPORE) PTE LTD, SINGAPORE	APOLLO TYRES MIDDLE EAST FZE, DUBAI	APOLLO TYRES (LAO) CO. LTD. NETHERLANDS	APOLLO TYRES B.V. NETHERLANDS
	(AMHPL)	(ASHPL)	(ATSA)	(DAMUK)*	(AT COOP)	(AVBV)**	(AT CPL)	(AT AG)	(AT NGR)	(AT HS)	(AT FZE)	(AT LAO)	(AT BV)
Share Capital	5,359.23	2,634.04	269.48	-	2,483.58	2.87	0.04	206.40	0.78	114.28	26.43	117.73	1.20
Reserves / (Accumulated Loss)	457.04	(157.28)	3,173.15	50.90	427.54	10,182.63	(1.52)	(93.39)	(0.24)	(2.82)	(10.55)	86.77	-
Total Assets	5,819.08	2,681.94	10,132.76	51.41	2,943.82	22,603.27	131.08	114.35	0.54	242.37	562.46	225.44	1.23
Total Liabilities	5,819.08	2,681.94	10,132.76	51.41	2,943.82	22,603.27	131.08	114.35	0.54	242.37	562.46	225.44	1.23
Detail of Investments (other than investment in subsidiary companies)	-	-	-	33.59	126.36	-	-	-	-	1.97	-	-	-
Turnover (including other income)	103.25	-	13,150.97	-	-	28,498.73	-	48.26	-	-	-	-	-
Profit / (Loss) Before Taxation	72.48	0.13	(686.32)	(0.50)	(4.34)	3,232.52	(0.51)	8.12	(0.38)	1.88	(8.05)	(17.16)	-
Income Tax Expense / (Income)	-	0.03	(112.10)	-	-	793.19	-	0.58	-	-	-	-	-
Profit / (Loss) after taxation	72.48	0.10	(574.22)	(0.50)	(4.34)	2,439.33	(0.51)	7.54	(0.38)	1.88	(8.05)	(17.16)	-
Proposed dividend	-	-	-	-	-	267.00	-	-	-	-	-	-	-

Note : Exchange rates conversion on average rates during the year.

*The information in respect of subsidiaries in Zimbabwe through DAMUK, which operate under severe political and economic uncertainty that significantly diminishes control or which operates under severe long term restrictions which significantly impair its ability to transfer funds to the parent has not been disclosed.

** Includes 18 subsidiaries under AVBV.

apollo



APOLLO TYRES LTD
Apollo House, 7 Institutional Area, Sector 32, Gurgaon, Haryana 122001, India



APOLLO TYRES LTD

ANNEXURE - C

Information as per section 217(2A) of the Companies Act,1956, read with Companies (particulars of employees) Rules, 1975, and forming part of the Directors Report for the year ended March 31, 2012

Name	Designation	Qualification	D.O.J.	Age	Exp.	Remuneration	Previous Employment	Last Designation
						(Rs Million)		
Employed throughout the year								
1. Mr Anil Chopra	Group Head, Corporate Accounts	B Com, ACA	18-Aug-92	57	31	8.00	Altos India Ltd.	Manager Finance
2. Mr S Asoka Iyer	Chief, Group Advisory Services	B Tech	1-May-98	63	42	8.07	Harrison Aquaculture Ltd.	President
3. Mr Dheeraj Prasad Sinha	Head, Corporate Management Services	BE	9-Feb-04	41	19	7.92	Infovergix Technologies Ltd.	GM, E-business Services
4. Mr Gaurav Kumar	Group Head, Corporate Strategy & Finance	B Tech, MBA	1-Mar-04	42	19	11.33	HCL Technologies Ltd.	AVP, Mergers & Acquisitions
5. Mr Harish Bahadur	Head, Corporate Investments	B Com (H)	2-Feb-75	60	37	8.83	-	
6. Mr K Prabhakar	Chief, Projects	B Tech, PGD Ind. Engg. ICWA	6-Nov-89	56	34	21.10	SRF Ltd.	Deputy Mgr (IE) & EA to Sr.GM
7. Mr Kaushik Roy	Group Head, Corporate Purchase & Project Commercial	M Tech, Dip. in Management	5-Nov-97	47	22	11.02	DLF Cement Ltd.	Manager, Purchase
8. Mr M K Jain	Head, Corporate Technology (Radial)	BE	11-Feb-03	49	28	7.32	Goodyear Tyres	Manager, Quality & Technology
9. Mr Neeraj Kanwar	Vice Chairman and Managing Director	B Sc, ACMS	24-Feb-97	40	17	88.59	Apollo Finance Ltd.	Joint President
10. Mr Onkar S Kanwar	Chairman & Managing Director	B Sc, Bach. of Admn.	1-Feb-88	69	51	137.85	BST Manufacturing Ltd.	Managing Director
11. Mr P K Mohamed	Chief Advisor, Research & Development	B Sc LPRI	19-Feb-01	71	48	14.96	Ceat Ltd.	Executive Director, Technical
12. Mr P N Wahal	Head, Legal & Secretarial and Company Secretary	B Com (H), FCA, FCS	1-Apr-90	62	40	8.39	Apollo Tubes Ltd.	Company Secretary
13. Mr Rajesh Dahiya	Group Head, Sales & Marketing (India Operation)	B Com (H), MBA,	20-Aug-90	46	23	8.12	Indian Express	Business Executive
14. Mr S K Agrawal	Chief, Manufacturing	B Sc(Engg.)	17-Nov-00	61	42	12.95	Samtel Colour Ltd.	GM, Operations
15. Mr S K Mahajan	Head, Finance	B Com (H), ACA	19-Feb-91	52	26	6.73	Kelvinator India Ltd.	Dy. Manager, Finance
16. Mr Satish Sharma	Chief, Indian Operations	BE, PGDBM	15-Oct-97	44	23	19.74	JK Industries Ltd.	Manager
17. Mr Sunam Sarkar	Chief Financial Officer	B Com (H), IMPM	1-Jul-99	46	25	23.41	Modi Xerox Ltd.	GM
18. Mr Tapan Mitra	Chief, Human Resources	B Sc (H), MA Sociology	1-Feb-05	57	36	14.83	Ballarpur Industries Ltd.	VP, People Development & Communications
19. Mr T R Gopalakrishnan	Head, Corporate Technology (Projects)	B Sc, BE	16-Jun-80	58	31	7.54	JK Industries Ltd.	Asst. Technical Officer
20. Mr U S Oberoi	Chief, Corporate Affairs	B Com (H)	15-Jul-80	68	49	9.49	JK Industries Ltd.	Sr. District Manager - Sales
Employed for part of the year								
1. Ms Shahana Basu	Chief Legal Officer	M A, LLM	1-Feb-12	44	12	1.70	Edward Wildman Palmer LLP	Partner, Business Law & Chair, South Asia Practice Group

Note :

1 None of the above is related to any Director of the Company except Mr Onkar S Kanwar & Mr Neeraj Kanwar being father and son.

2 All appointments are contractual.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

Item No.3

Mr V P Joy, aged about 49 years, has been nominated on the Board by Govt. of Kerala with effect from February 9, 2012. He is the Secretary (Finance) with Kerala Govt. and a senior bureaucrat with vast experience in civil services. Mr V P Joy holds directorships in PTL Enterprises Ltd., Kerala State Electricity Board Ltd., Kerala State Industrial Development Corporation Ltd., Kerala State Industrial Infrastructure Development Corporation Ltd. and Kannur International Airport Ltd.

He is not holding any shares of the Company.

Item No. 4

Mr K Jacob Thomas, aged about 76 years is the managing director of Vaniampara Rubber Co. Ltd. and Comfoam Ltd. He is also on the board of PTL Enterprises Ltd. and Vanrub Pvt. Ltd. and holds chairmanship of audit committee of PTL Enterprises Ltd. He has vast experience in rubber plantation business. He is on the Board of Apollo Tyres Ltd since incorporation of the Company.

He is holding 4,42,050 equity shares of the Company.

Item No. 5

Mr M R B Punja, aged about 86 years, is on the board of your Company since 1987. Mr M R B Punja is a former chairman of Industrial Development Bank of India (IDBI). He is not holding any shares of the Company.

He is the chairman of Andhra Petrochemicals Ltd. and Delite Engineering Pvt. Ltd. and he is on the board of other companies which includes Deepak Nitrite Ltd., Sushruta Medical Aid & Research Hospital Ltd. and Mac Charles (India) Ltd. He has vast experience in banking, finance and corporate affairs.

Mr Punja also holds chairmanship of audit committee of Deepak Nitrite Ltd.

Item No. 7

Mr Onkar S Kanwar is the chief architect of the Company's vision and value-driven business strategy. Under his able leadership, Apollo became a professionally managed and a globally recognised tyre manufacturer. As a visionary entrepreneur, he plays a critical role in the articulation of Company's business philosophy.

Modernisation, excellence and quality are his guiding principals. Registered in 1972, Apollo Tyres under his guidance transformed itself from an Indian manufacturer of commercial vehicle tyres, to a global entity with a full-fledged product portfolio, spanning 3 continents. Mr Kanwar is highly regarded for his constant emphasis on bettering the lives of people, be it employees, customers, business partners, shareholders or any other stakeholder, and responsiveness to change and continuous learning.

He is the past President of the Federation of Indian Chambers of Commerce and Industry (FICCI) and a former chairman of the Automotive Tyre Manufacturers' Association. Currently, apart from being a member of the Trade Advisory Committee to the Government of India and the President of Indian Rubber Manufacturers Research Association (IRMRA), he is also a member of the Board of Governors for the Indian Institute of Management (Kozhikode) and the Indian Institute of Information Technology Design & Manufacturing (IIITDM).

Mr Kanwar is the chairman of PTL Enterprises Ltd., Apollo International Ltd., Artemis Health Sciences Ltd., Artemis Medicare Services Ltd., PTL Projects Ltd., Athena Eduspark Ltd. and director of Apollo Vredestein B V Fortune Mauritius Pvt Ltd. and Leto Realtors Pvt. Ltd.

Mr Kanwar is also the chairman of "Shareholders'/Investors' Transfer/Grievance Committee" of PTL Enterprises Ltd. and chairman of audit committee of Artemis Health Sciences Ltd.

Mr Kanwar has a keen interest in the field of educations and health care. Artemis Health Sciences, promoted by him, is an enterprise focusing on state-of-the-art medical care and runs a cutting edge multi-specialty medical facility which focuses on holistic treatment. An initiative close to his heart is Apollo Tyres' HIV-AIDS awareness and prevention programme for the commercial vehicle driver community, implemented through Apollo Tyres Foundation's Health Care Centres located in large transshipment hubs across India.

A Science and Administration graduate from the University of California, Mr Kanwar is a widely travelled individual. He devotes a large part of his time to reading and is passionate about learning modern management practices and their successful application in business.

He is holding 49,06,781 equity shares of the Company.

By Order of the Board
For **Apollo Tyres Ltd**



(P N Wahal)

Company Secretary

Place: Gurgaon

Date: May 10, 2012

NOTICE

APOLLO TYRES LTD

Regd. Office: 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi 682 031 (Kerala), India

NOTICE is hereby given that the 39th Annual General Meeting of the members of APOLLO TYRES LTD will be held as under: -

DAY	:	Thursday
DATE	:	August 9, 2012
TIME	:	10.00 am
PLACE	:	Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi (Kerala), India

to transact the following businesses:-

ORDINARY BUSINESS:

- To receive, consider and adopt the audited accounts of the Company for the year ended March 31, 2012 and the report of the Directors and of the Auditors thereon.
- To declare dividend on equity shares.
- To appoint a Director in place of Mr V P Joy, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr K Jacob Thomas, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr M R B Punja, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint Auditors and to fix their remuneration by passing the following resolution as an ordinary resolution with or without modification(s):-

"RESOLVED THAT M/s Deloitte Haskins & Sells, Chartered Accountants (Registration No.008072S), the retiring auditors, be and are hereby re-appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company for auditing the accounts of the Company for the financial year 2012-13 and the Board of Directors/Committee of the Board be and is hereby authorised to fix their remuneration plus travelling and other out of pocket expenses incurred by them in connection with statutory audit and/or continuous audit and also such other remuneration, as may be decided to be paid by the Board/Committee of the Board, for performing duties other than those referred to herein above."

SPECIAL BUSINESS:


- To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "Act" including any modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval, as may be required of the financial institutions and other lenders who have granted term loans to the Company, Mr Onkar S Kanwar, Managing Director be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from February 1, 2013 on the terms and conditions as set out in the explanatory statement attached to this notice.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution) be and is hereby authorized to vary and/or modify the terms and conditions of re-appointment including remuneration and perquisites payable to Mr Onkar S Kanwar in such manner as may be agreed to between the Board and Mr Onkar S Kanwar within and in accordance with the limits prescribed in Schedule XIII to the Act or in accordance with any change that may be effected in Schedule XIII of the Act and/or any amendments and/or modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Act.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, Mr Onkar S Kanwar will be paid the salary and perquisites as minimum remuneration not exceeding the limits specified under Section II of Part II of Schedule XIII of the Act by making such compliances as provided in the Schedule.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and execute all such documents, instruments, writings as, in its absolute discretion, it may be considered necessary, expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit".

By Order of the Board
For **Apollo Tyres Ltd**



(P N Wahal)

Company Secretary

Place: Gurgaon

Date: May 10, 2012

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The enclosed proxy form, if intended to be used, should reach the registered office of the Company duly completed not less than forty eight hours before the scheduled time of the meeting.**
2. The Register of Members and Share Transfer Books shall remain closed from August 1, 2012 to August 9, 2012 (both days inclusive) for payment of dividend on equity shares. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the respective depositories for this purpose.
3. Please bring your copy of the annual report to the meeting.
4. The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the special business set out above is annexed hereto.
5. All documents referred to in the notice are open for inspection at the registered office of the Company between 11.00 am to 5.00 pm on any working day prior to the date of the meeting and will also be available at the meeting venue on the date of the meeting.
6. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least ten days in advance of the annual general meeting.
7. Information under clause 49 of the listing agreement with the stock exchanges in respect of Directors seeking appointment/re-appointment at the annual general meeting (Item Nos.3 to 5&7 of the notice) is given hereinafter.
8. The shares of the Company are under compulsory demat list of Securities & Exchange Board of India w.e.f. November 11, 1999. The trading in equity shares can now be only in demat form. In case you do not hold shares in demat form, you may do so by opening an account with a depository participant and complete dematerialization formalities.
9. Members holding shares in dematerialized mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.
10. Members holding shares in physical form are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. immediately to the Company.
11. Those members who have so far not encashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the "Investor Education and Protection Fund" of the Central Government pursuant to Section 205C of the Companies Act, 1956 on the respective dates mentioned there against. Kindly note that after such transfer, the members will not be entitled to claim such dividend.

Financial Year Ended	Due date of Transfer
31.03.2005	27.07.2012
31.03.2006	30.08.2013
31.03.2007	30.03.2014
31.03.2008	19.08.2015
31.03.2009	23.08.2016
31.03.2010	29.08.2017
31.03.2011	11.09.2018

12. The Company has implemented the "Green Initiative" as per Circular Nos.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under section 219 of the Companies Act, 1956. The notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.apollotyres.com of the Company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the the Company quoting their folio number(s).
13. As per the provisions of clause 5AII of the listing agreement (SEBI circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010) the unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. In compliance with the said amendment, the Company has sent two letters to such shareholders whose share certificates are in undelivered form and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company will be sending third & final reminder letters in due course. Shareholders who have not yet claimed their shares are requested to immediately approach the Company by forwarding a request letter duly signed by all the shareholders furnishing aforesaid details to enable the Company to dispatch the said share certificate(s) to the rightful owner.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Company.

15. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or staying abroad or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No.7**

At the annual general meeting held on July 26, 2007, Mr Onkar S Kanwar was re-appointed as Managing Director of the Company for a period of 5 years effective from February 1, 2008. The present tenure of Mr Onkar S Kanwar as Managing Director expires on January 31, 2013.

As per the provisions of Sections 198, 269 and 309 read with Schedule XIII to the Companies Act, 1956, a Company having profits in a financial year, may pay any remuneration to the managerial person(s) by way of salary, perquisites, commission and other allowances which shall not exceed 5% of its net profit for one such managerial person and if there are more than one such managerial person, 10% of its net profits for all of them together.

As recommended by the Remuneration Committee of the Board of Directors, in recognition of the extensive knowledge, business skills, managerial experience and capabilities of Mr Onkar S Kanwar, the Board of Directors in its meeting held on February 9, 2012, re-appointed Mr Onkar S Kanwar as Managing Director (designated as Chairman & Managing Director) of the Company for a further period of 5 years w.e.f. February 1, 2013, subject to the approval of the shareholders of the Company, on the terms and conditions, including minimum remuneration, as detailed hereunder:

1. Salary: Rs 30 lac per month with suitable increases as may be determined by the Board of Directors of the Company (which expression shall include a committee thereof) from time to time, not exceeding 50% increase in salary by way of annual increment each year.
2. Commission: 3% of the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956.
3. Perquisites, Allowances & other Benefits: Mr Onkar S Kanwar shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, reimbursement of expenses of allowances for gas, electricity, water, furnishings, repairs, society charges and property tax, servant salary, medical reimbursement, leave travel concession for himself and his family, club fee, medical/accident insurance and such other perquisites and allowances as may be allowed under the Company's rules/schemes and restricted to an amount not exceeding 300% of annual salary.
The above perquisites shall be allowed in addition to the salary, to be evaluated as per Income Tax rules wherever applicable, and in the absence of any such rule, perquisites shall be evaluated at actual cost.
4. Other benefits:
 - a) Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these, whether singly or put together, are not taxable under the Income Tax Act, 1961. Gratuity payable shall be in accordance with the rules of the Company.
 - b) Earned Leave: On full pay and allowances as per the rules of the Company.
 - c) Encashment of leave at the end of the tenure, in accordance with the rules of the Company, if any, will not be included in the computation of the ceiling on perquisites.
 - d) Provision of car(s) for use on Company's business and telephones at residence.
5. The appointee shall also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company.
6. The above remuneration payable to Mr Onkar S Kanwar is subject to the condition that the total remuneration including Commission and all the perquisites as mentioned above shall not exceed 5% (five percent) of the net profits individually and 10% (ten percent) of the net profits collectively payable to all the Managing Directors/Whole Time Directors as calculated in accordance with Section 198 and 309 of the Act, or any amendment thereto or any other provisions as may be applicable.
7. Notwithstanding anything to the contrary contained herein, where in any financial year, during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites and allowances as specified in Schedule XIII to Mr Onkar S Kanwar as minimum remuneration, subject to other compliances of Schedule XIII of the Act.
8. The appointee shall, subject to the applicable provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), also be eligible for housing, education and medical loan and other loans or facilities as applicable in accordance with the rules of the Company.

A copy each of the resolutions passed by the shareholders at the annual general meeting held on July 26, 2007, the resolutions passed by the Remuneration Committee of the Board of Directors and the resolution passed by the Board of Directors in their meeting held on February 9, 2012, are open for inspection of the members, during business hours between 11.00 am to 5.00 pm on all working days of the Company, upto the date of the meeting, at the registered office of the Company.

Mr Onkar S Kanwar is concerned or interested in his re-appointment as Whole-time Director. Further, Mr Neeraj Kanwar being related to him may also be deemed to be concerned or interested in the resolutions as set out above in the notice. Save and except as above, none of the Directors, is in any way concerned or interested in the said resolution.

APOLLO TYRES LTD



Registered Office : 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi-682 031 (Kerala)

ATTENDANCE SLIP

Folio No/Client ID* DP ID*	No. of Shares held
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I hereby record my presence at the 39th Annual General Meeting of the Company at Kerala Fine Arts Theatre, Fine Arts Avenue, Foreshore Road, Ernakulam, Kochi-(Kerala) on Thursday, August 9, 2012 at 10.00 am.

Signature of the Shareholder/Proxy present

- 1. Please hand over the attendance slip at the entrance of the meeting venue.
 - 2. This attendance is valid only in case shares are held on the date of meeting.
- * Applicable for Investors holding Shares in Electronic Form.

APOLLO TYRES LTD



Registered Office : 6th Floor, Cherupushpam Building, Shanmugham Road, Kochi-682 031 (Kerala)

PROXY FORM

I/we.....of
being a member/members of Apollo
 Tyres Ltd hereby appoint
 of..... or
 failing him / her of
 as my / our proxy to attend
 and vote for me / us and on my / our behalf at the 39th Annual General Meeting of the Company to be
 held on Thursday, August 9, 2012 at 10.00 am.

Signed this day of 2012.

Signature(s)

Affix Revenue Stamp.

Note :The form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. The proxy need not be a member of the Company.