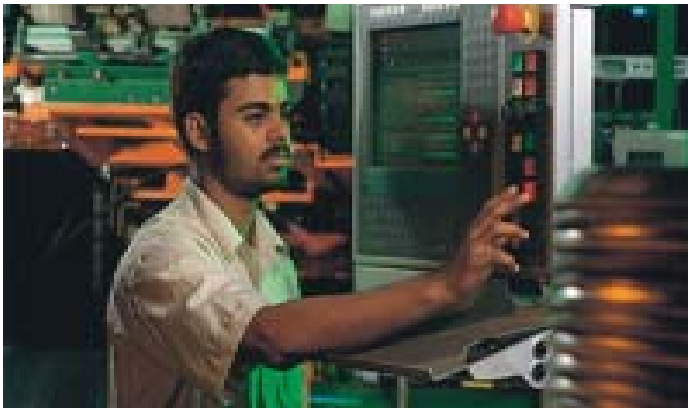


Apollo Tyres: the Business Case for Social Responsibility in India

Apollo Tyres is India's second-largest tire manufacturing company and a local business success story. Its revenues have doubled since 2002, and the company is expanding on a global scale, completing a major acquisition in South Africa and Zimbabwe and preparing to export high-quality car tires to Europe. An ongoing partnership with IFC has helped the company manage its business risk and expand its innovative HIV/AIDS program, targeting long-distance truck drivers, a high-risk group in India. Apollo's strong commitment to social responsibility parallels its strong corporate growth, and demonstrates the business case for sustainability.



Apollo Tyres: India's market leader

About Apollo Tyres

- Founded in 1972 by local entrepreneurs with a vision of using India's abundant sources of rubber and other key raw materials to produce car tires locally.
- Today, Apollo Tyres manufactures over 860 tons per day of truck, bus, and car tires and has India's largest tire distribution network, with 4,200 dealerships.
- HIV/AIDS awareness program launched in 2000 at a central transportation hub in New Delhi, with support from U.K. donor agency DFID. It targets India's long-distance truckers, who are highly vulnerable to sexually transmitted diseases.

Apollo Tyres: Triple Bottom Line as Corporate Mission

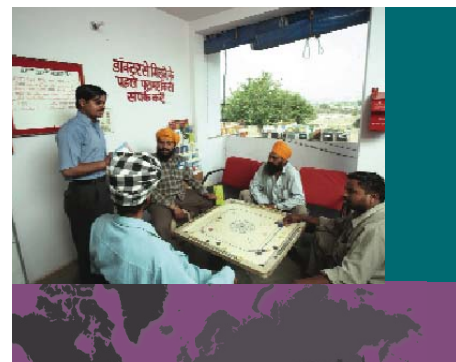
The company's strong growth, combined with its expanding commitment to social responsibility, environmental stewardship, and corporate governance, demonstrates, that sustainability isn't just the right thing to do: it's also good business.

People

- Financing growth in India's tire industry to create more jobs in a country where 35% of citizens live on less than \$1 a day
- Reducing high rate of infection from sexually transmitted diseases among long distance truckers
- Serving as a role model for corporate social responsibility in India
- Committing to company-sponsored Customer Social Responsibility initiatives, including upgrading village transportation infrastructure near factories, sponsoring adult literacy programs for village women, and offering career opportunities for disabled war veterans
- Taking its social initiatives to its supply chain and encouraging its business partners and key raw material supplier to undertake similar employee and community level initiatives. Toward this aim, the first strategic workshop with over 60 business partners has already taken place

Profit

- With the lowest raw materials costs and highest profits of the four top competitors in the marketplace, Apollo is well positioned for rapid growth as India's commercial vehicle sales expand. Purchasing Dunlop's South African tire factory for \$62 million in 2006 marked its first manufacturing venture outside the country, creating new export opportunities
- More than 25% revenue growth, and improved margins—from 2.5 percent to 4.1 percent—in third quarter 2006-07
- Improved risk mitigation through HIV/AIDS awareness program enhances productivity and improves the efficiency of the company's supply chain
- Risk management by ensuring key business partners mitigate further uncertainties and losses by actively working on social and environmental issues



Truckers waiting for their turn with the doctor

Planet

- IFC's involvement helps Apollo set an environmental example to other local manufacturers by implementing strict pollution control measures to reduce AOX emissions and to reduce, re-use, and recycle waste. IFC is also actively moving toward less/non-polluting sources of fuel like gas, steam, and wind power.
- On-going efforts for ISO14001 certification upgrade environmental profile of plants
- Promoting use of radial tires in India enhances vehicle fuel efficiency, reducing greenhouse gas emissions

Partnership with IFC

- Two rounds of long-term, local currency IFC financing totaling \$50 million since 2003 have helped Apollo increase revenue from approximately \$300 million to \$600 million, supporting expanded manufacturing capacity and modernization of existing plants.
- Support from the IFC Against AIDS team brings an added value beyond the financing by helping Apollo increase its HIV/AIDS programs for truck drivers and employees since 2005, resulting in improved productivity and enhanced community relations.

Scaling up HIV-AIDS Education and Outreach



India has more people living with HIV today than any other country, according to the latest UNAIDS data. Among those most at risk are truckers, with their nomadic life-style and frequent use of commercial sex workers. There are an estimated 500,000 truckers living with HIV/AIDS in India today. Their sex partners and unborn children are also highly susceptible to infection.

In this grim environment, Apollo Tyres understands that HIV/AIDS is more than a social issue. High rates of illness and absenteeism in the trucking industry—a key Apollo market—threatened its bottom line.

A pilot AIDS awareness program launched with DFID support in 2000 brought prevention and awareness to truckers at the vast Sanjay Gandhi Transport Nagar outside New Delhi, a transportation hub that serves more than 4,000 trucks per day.

A \$72,000 IFC grant matched by Apollo's own funds has helped the company scale up these efforts since 2005. The project highlights IFC's value added role, beyond financing, that can be played in partnering with client companies to mitigate the business risks associated with the uncontrolled spread of HIV/AIDS.

Today, Apollo's program encompasses four components:

- Worksite awareness and prevention for its own factory workers
- Training for factory medical officers on HIV/AIDS in the workplace and other issues
- Addressing HIV/AIDS in the trucking community with new clinics in key transportation hubs
- Initiatives to take similar programs down the supply chain
- IFC's support has helped Apollo open clinics in three additional transportation hubs across India, where truckers and other community members can obtain condoms as well as prevention and awareness advice

"For us this was not just a case of what is usually called corporate social responsibility. It was a corporate social opportunity."

Onkar S. Kanwar, Chairman and Managing Director of Apollo Tyres