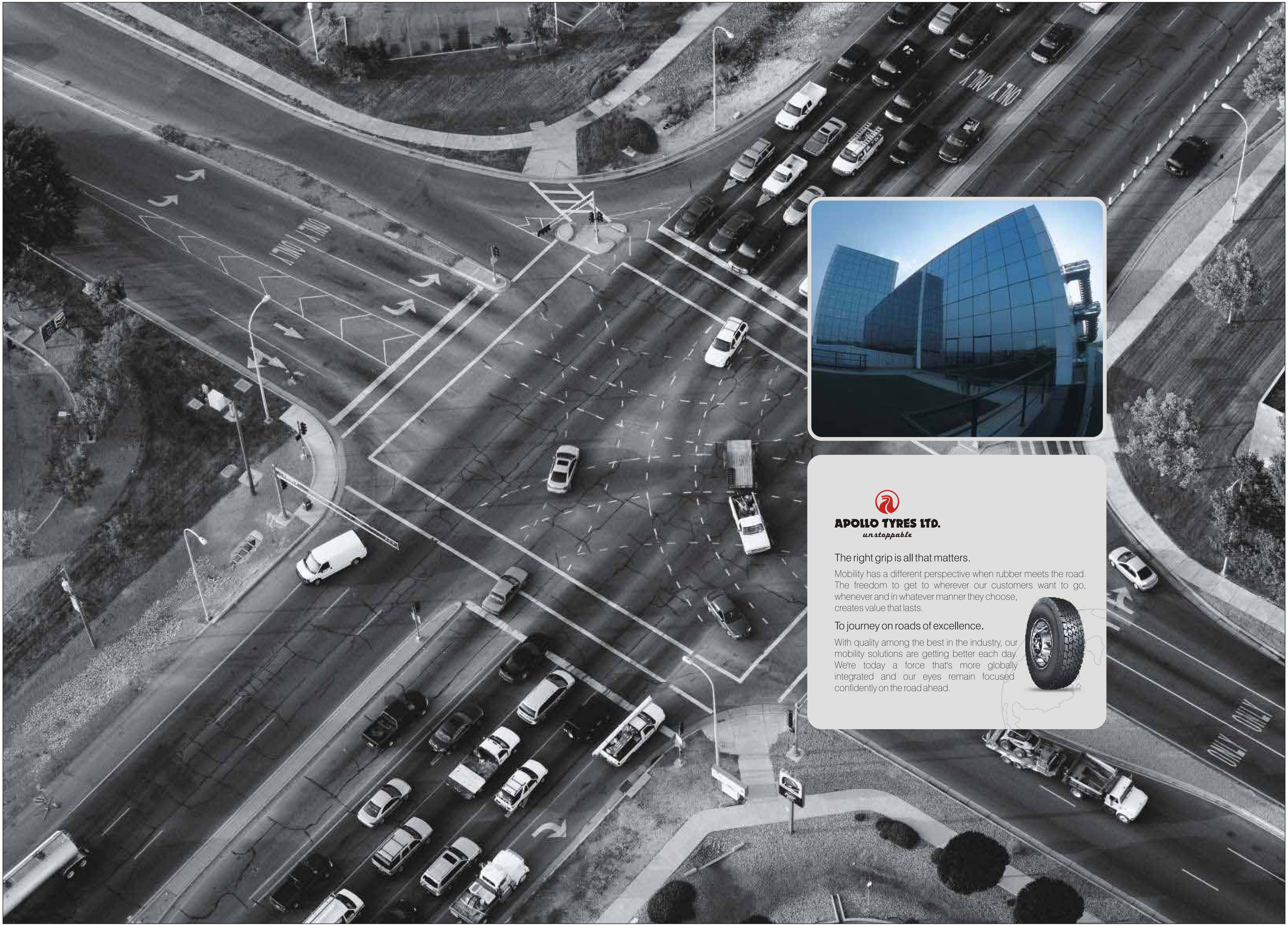
APOLLO TYRES LTD.
unstoppable

Apollo House
7, Institutional Area
Sector 32
Gurgaon - 122 001 (Haryana)
www.apollotyres.com

APOLLO TYRES LTD.
unstoppable

ON THE **GLOBAL**PATH

ANNUAL REVIEW 2006-07


ONLY ONLY
ONLY ONLY
ONLY ONLY
APOLLO TYRES LTD.
unstoppable
The right grip is all that matters.
Mobility has a different perspective when rubber meets the road. The freedom to get to wherever our customers want to go, whenever and in whatever manner they choose, creates value that lasts.
To journey on roads of excellence.
With quality among the best in the industry, our mobility solutions are getting better each day. We're today a force that's more globally integrated and our eyes remain focused confidently on the road ahead.

CONTENTS

THE ROAD AHEAD

CORPORATE PROFILE

Apollo Tyres is on a journey that is rife with possibilities. We're driving hard to reach our goal of becoming the best tyre manufacturer in the world. What started as a journey on a rough road 32 years back, has today reached a level where we are creating our own paths.

At ATL, creating new benchmarks in manufacturing, quality, profits or sales is but a way of life. In a little over three decades we have risen to being a major force to reckon with in the tyre arena. Our modern manufacturing facilities in Perambara, Pune, Kalamassery and Limda, have been consistently rolling out innovative products and delivering top performance in all key markets. Our acquisition of Dunlop Tyres, South Africa will act as a springboard and has ensured that our reach extends to a global platform including the key markets of Europe and USA. Apollo Tyres just hasn't acquired Dunlop as a brand in South Africa, what it has acquired is more than 100 years of history. With $240 million of net sales from South Africa & Zimbabwe and across the African continent, Apollo is now uniquely positioned across two of the most exciting continents. The company feels that this strategic acquisition would not only result in synergies on cost and manufacturing capabilities but will also add significantly to our exports & substantially increase our customer base worldwide.

"Our strategy has the goal of increasing corporate value through profitable growth"

VISION - VALUES

A leader in the Indian tyre industry and a significant global player, providing customer delight and enhancing shareholder value.

C | R | E | A | T | E

CREATE

Care for Customers

Respect for Associates

Excellence through Teamwork

Always Learning

Trust Mutually

Ethical Values

CORPORATE OBJECTIVES

Employee Satisfaction, Customer Delight, Revenue Growth, Operating Margin Improvements

MANY FIRSTS

First tyre company to launch exclusive shoppes "Apollo Tyre World" for truck tyres. First to segment the market on the basis of load and mileage requirements. First to introduce packaging for passenger car tyres and tubes. First to run a customer loyalty programme. First to introduce radial tyres for the farm category. First tyre company in India to obtain ISO Certification for all its operations. First to produce H- and V-speed rated tubeless tyres indigenously. First to launch exclusive retail outlets catering to the farm tyre market. First to run HIV-AIDS awareness and prevention clinics for the trucking community in tyre industry. First in the tyre industry to support the creation of an Emergency Medical Service in an Indian city. First tyre distribution depot started in Cape Town (by Dunlop Pneumatic Tyre Company (SA) Limited) for tyres manufactured in the United Kingdom. First tyre factory (Dunlop) officially opened in Durban. First manufacturer in South Africa (Samcol) to produce 100% polyester reinforced rubber conveyor belting for use in mining and other industries.

MILESTONES

1975 Inception | 1976 Registered as a company 1977 First plant commissioned (Perambra, Kerala) | 1986 The merger of Dunlop South Africa Limited with BTR South Africa Limited came into effect from 1 January 1986 and the name of the merged company was changed to BTR Dunlop Limited | 1991 Second plant commissioned (Baroda, Gujarat) | 1995 Acquired Premier Tyres, a third plant (Kalamassery, Kerala) | 1996 Exclusive tubes plant commissioned (Pune, Maharashtra) | 1996 In August, the Dunlop Slazenger Sports division was sold to Dunlop Slazenger International Limited | 1998 In March, BTR plc sold its 56.45% share of BTR Dunlop Limited to Dunlop Africa Holdings (Pty) Limited and in May, BTR Dunlop Limited changed its name to Dunlop Africa Limited | 1999 In June, the Dunlopillo consumer bedding business was sold | 2000 Exclusive radial capacity established in Limda (Baroda, Gujarat) | 2000 Apollo Tyres Health Care Clinic for awareness and prevention of HIV-AIDS amongst truckers in Sanjay Gandhi Transport Nagar, New Delhi | 2002 On 16 August, Grant van Schalkwyk powered the Dunlop commissioned V8 racer, the Spirit of Dunlop, to a new world and South African land speed record for standard production tyres of 388,538 km/hr - a car fitted with Dunlop's SP Sport 7000 DW-rated passenger tyres | 2003 Expansion of PCR capacity to 6,600 tyres/day | 2003 On 3 May the South African operation was awarded the ISO 14001 Environmental Management System Accreditation | 2004 Production of H-rated tubeless PCR tyres (India's first) 2004 Support towards setting up India's first Emergency Medical Service in Baroda, Gujarat | 2005 Apollo Tyres Health Care Clinics in Udaipur, Rajasthan and Kanpur, Uttar Pradesh | 2006 Expansion of PCR capacity to 10,000 tyres/day | 2006 Production of India's first V-rated tubeless PCR tyres | 2006 On 21 April Apollo Tyres, a listed India based multinational acquired 100% of the ordinary shares in Dunlop Tyres International (Pty) Limited

CMD'S MESSAGE

Dear Member,

The Indian Auto industry has finally come of age and recognition. With all major global automobile manufacturers as part of India's manufacturing arena, it is the tyre, that is driving India towards its global destiny. Today India is riding in the fast lane on the global highway. With an economy that is growing at a rate of more than 9%, we are a nation that is racing towards our rightful place in the sun. Your Company Apollo Tyres, I am glad to say, is well poised to take advantage of the current growth and in fact is contributing significantly to India's image.

As with all businesses, we too have our share of external factors influencing our journey during the year. High oil prices leading to higher input prices, foreign currency risks, competition from global manufacturers are but just some of the few issues that could have slowed our growth curve. However your management team has taken adequate measures to ensure that our trajectory is maintained. Our acquisition of Dunlop Tyres, South Africa is a step in this direction, for it not only gives us a global launch pad for our products but also leads to synergies in tapping new technologies and customers.

As we move forward, it is useful to pause and look back on the road that we have travelled. For everyone connected with the Company, it is indeed a moment of pride and joy at the success we have achieved. Success not only in achieving record sales or profits but also success in contributing to society – giving back to the people, who make us what we are. As a commitment towards this cause your company has spent considerable energies in educating people especially truckers on the prevention and treatment of AIDS. I am sure, in time our efforts will make a tangible difference to the lives of people around us.

On behalf of the Board Of Directors of Apollo Tyres, I wish to thank all our customers, investors and other stakeholders for the unstinting support and loyalty to the Apollo Brand.

Best Regards

Onkar S. Kanwar
Chairman & Managing Director

BOARD OF DIRECTORS

Names In Order From Left To Right Sitting

M.J. Hankinson

M.R.B. Punja

Onkar S. Kanwar
Chairman & Managing Director

Dr. S. Narayan

K. Jacob Thomas

Names In Order From Left To Right Standing

Shardul S. Shroff

T. Balakrishnan

K. Jose Cyriac

Robert Steinmetz

U.S. Oberoi
Chief, Corporate Affairs and Wholetime Director

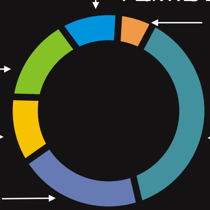
Nimesh N. Kampani

Neeraj Kanwar
Joint Managing Director

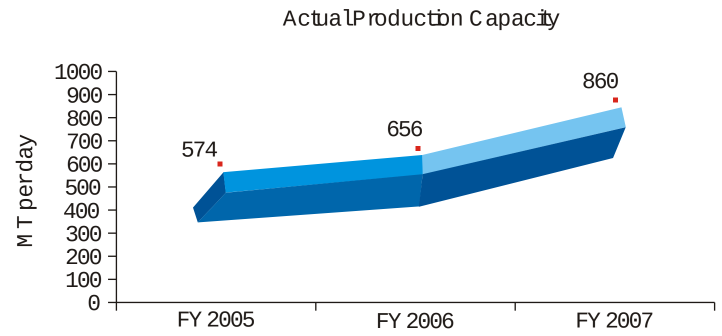
Sunam Sarkar
Chief, Corporate Strategy &
Marketing and Wholetime Director

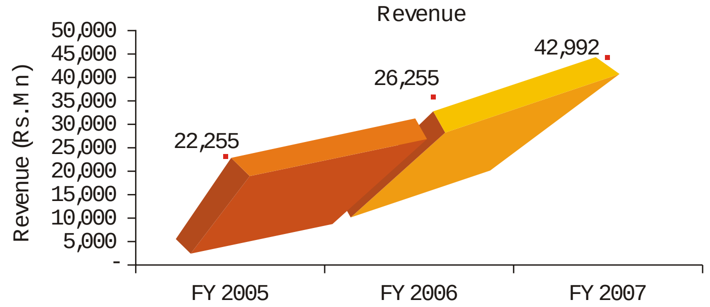
Raaja Kanwar

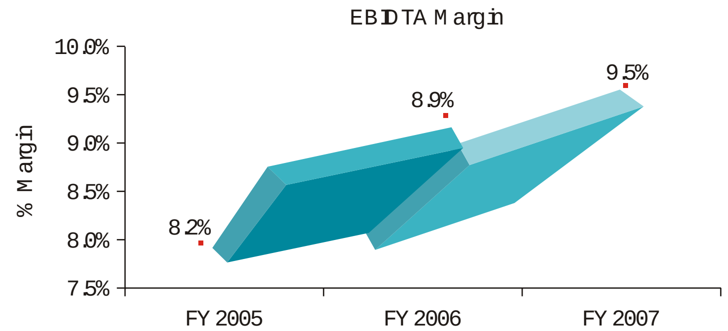
SHAREHOLDING PATTERN



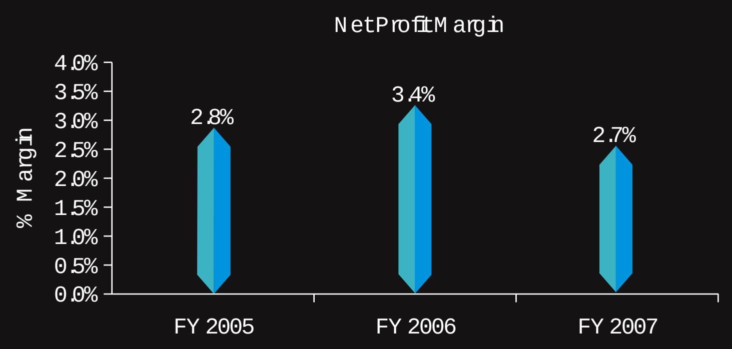
OPERATING & FINANCIAL HIGHLIGHTS*

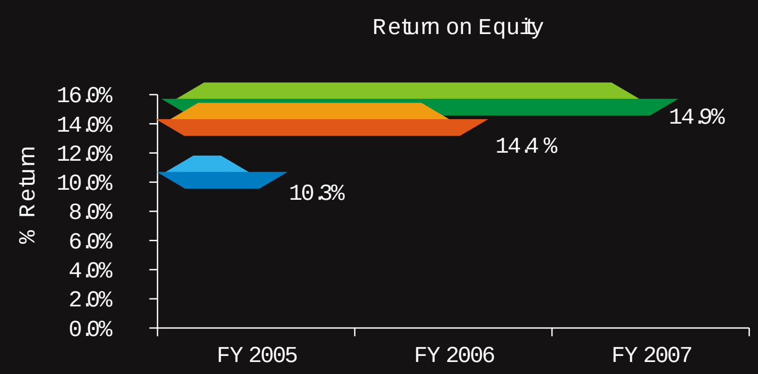


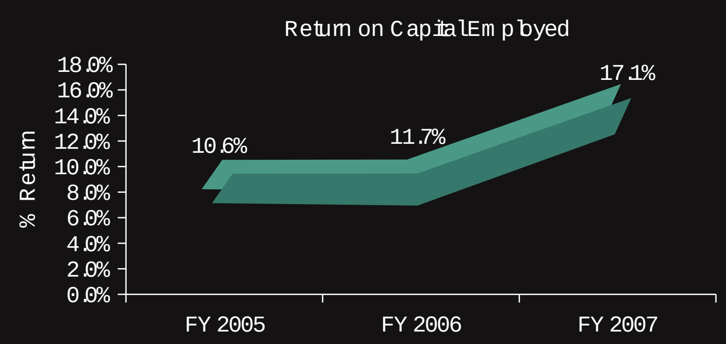


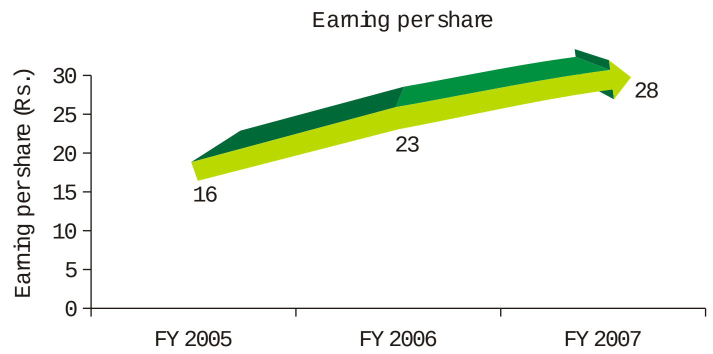


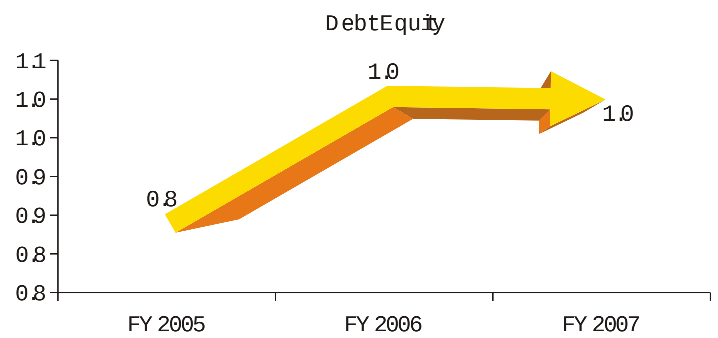
*Based on Consolidated Accounts

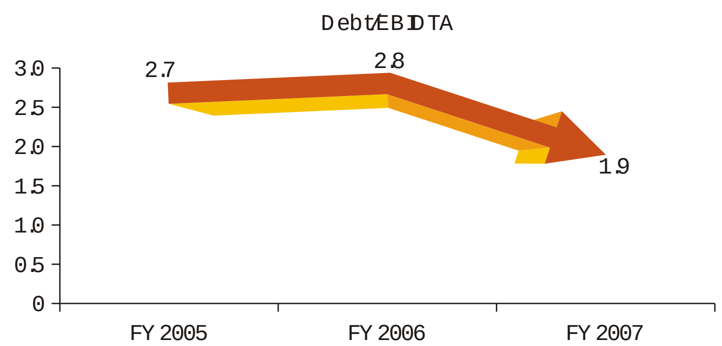

Net Profit Margin
% Margin
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
2.8%
3.4%
2.7%
FY 2005
FY 2006
FY 2007


Return on Equity
% Return
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
14.9%
14.4%
10.3%
FY 2005
FY 2006
FY 2007


Return on Capital Employed
% Return
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
10.6%
11.7%
17.1%
FY 2005
FY 2006
FY 2007


Earning per share
Earning per share (Rs.)
30
25
20
15
10
5
0
16
23
28
FY 2005
FY 2006
FY 2007


Debt Equity
1.1
1.0
1.0
0.9
0.9
0.8
0.8
0.8
1.0
1.0
FY 2005
FY 2006
FY 2007


Debt/EBIDTA
3.0
2.5
2.0
1.5
1.0
0.5
0
2.7
2.8
1.9
FY 2005
FY 2006
FY 2007

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

The performance of the tyre industry in India, was earlier inextricably linked to the fortunes of the Indian automobile industry. The Automotive industry in turn depended on the infrastructure sectors and the growth of the economy. Not anymore. Globalisation has blurred boundaries. However to add gleam to the shine, the Indian Auto Industry as also the Indian economy is also on a roll with a rapid scaling up of manufacturing capacity and infrastructure projects thus leading to a higher demand for mobility and hence a greater need for Tyres.

Today, the Indian tyre market is estimated to be a Rs. 14,500 crore industry. Although it faces huge competition, price & cost pressures and high entry barriers, the changing dynamics with the growing economy and the scale up by the auto industry, provides a fillip to the industry. The automotive sales have grown rapidly over the last five years, and have kept both the OEM and replacement demand buoyant.

With new roads, new vehicles and new destinations being charted out every day the projections for the industry look buoyant. This trend would gain more momentum once projects like the Golden Quadrilateral and NSEW Corridor project get implemented. There exists a vast potential both by view of the replacement demand as well as the requirement by new vehicles. India is being seen as a sourcing hub for worldwide sales by the auto industry which makes it the icing on the cake.

Further, the tyre markets in South Africa have remained highly competitive in the 15 month period (ending 31 March 2007) with the domestic market witnessing a progressive move from manufacturer owned distribution to independent dealers. The local market has proven less resistant to price increases as the currency has weakened progressively benefiting performance in the last 6 months.

The South African export market continues to provide opportunities and the company continues its focus on growing its existing niche ultra-high performance markets of Europe and new markets in Australia. Increase in the import demand (particularly from the Far East) has enabled Dunlop to grow its DAD base, resulting in market share growth relative to domestic manufacturers.

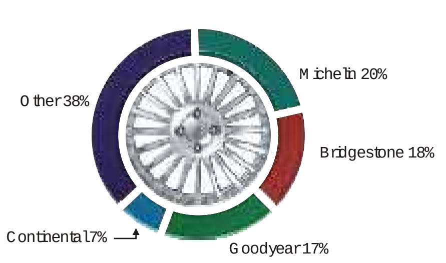
Dunlop Africa Marketing UK, continues to play an important role in servicing the raw material and engineering requirements of Dunlop Nigeria. This follows the management and installation of the truck radial project in Lagos in the prior year.

The tyre industry is highly raw material intensive with raw material costs accounting for over 70% of the cost of production. High oil prices, changing duty structures etc. will always remain a matter of concern but ensuring flexibility in manufacturing, an eye on costs and high product quality can offset many of the pressures faced in the market place.

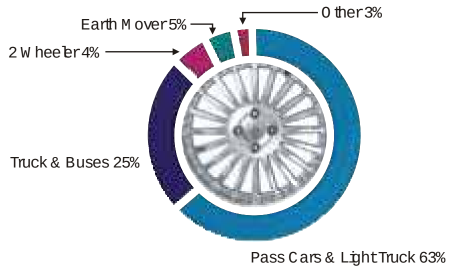
GLOBAL TYRE INDUSTRY

In CY 2005, the global tyre industry was estimated to be worth US$101 billion. In the last 5 years (2001-2005), the global tyre market has been growing at a CAGR of 10.2%. To be more specific, during the last 2 years (2004 and 2005) it has grown at a rate of 15.5% and 9.0% respectively. Apart from that, the tyre industry is highly concentrated and is characterised by the dominance of a few large companies. The top 3 players (Bridgestone, Michelin & Goodyear) account for 53% of the market share while the top 7 account for 70% of the market share. Moreover, if you look at the global tyre market, passenger cars and light trucks account for 63% of the tyre sales. Considering this statistic, many global manufacturers have entered developing & growing markets like China and India either through direct entry or joint ventures/technical collaborations.

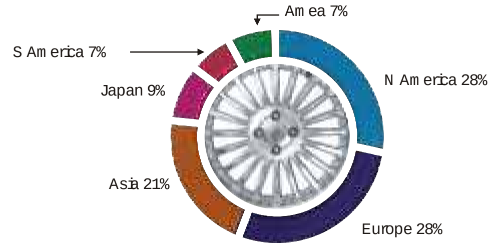
GLOBAL MARKET SHARE CY 2005



PRODUCT MIX CY 2005



GEOG MARKET DISTRIBUTION CY 2005



INDUSTRY STRUCTURE AND DEVELOPMENTS

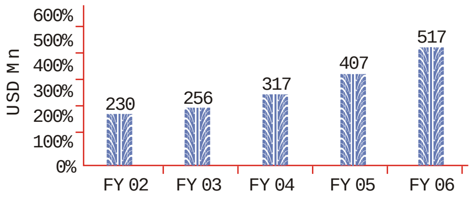
Indian tyre industry is worth US$ 3.2 billion and it comprises of over forty players in the organised and unorganised sectors. Growth trends indicate that the Indian tyre industry has grown at a CAGR of 11% in terms of volume in last 5 years (2002-06). Currently, the industry is concentrated and the top four companies control 78% of the total revenue. The commercial vehicle tyres (Truck & Bus and LCV) segment account for bulk of the sales at 70% of the industry revenues.

Unlike the global market where passenger car tyres dominate, in India a majority of the turnover is contributed by commercial vehicle tyre segment. Though the passenger car segment is growing faster than other tyre segments (CAGR 16%), a drastic shift towards a global structure is not expected in the next 3-5 years. Keeping in lieu the CY 2005 reports, several Indian tyre majors feature amongst top 25 in the global market, namely MRF (ranked 15th) and Apollo Tyres (ranked 18th), but after consolidating Dunlop's revenue, Apollo ranks 15 and MRF 16.

In the present scenario, the Indian tyre industry is two tiered. The Tier-I players account for around 85% of the industry's turnover with a well diversified product-mix and presence in all three major segments of the replacement market, original equipment manufacturers (OEMs) and exports.

Tier-II companies are smaller in size, with a focus only on one or two categories of tyres, plus tubes and flaps primarily for the replacement market. The demand and growth for the industry depends on primary factors like the overall GDP growth, agricultural & industrial production, growth in vehicle demand and secondary factors like infrastructure development, prevailing interest rates and financing options. The commercial vehicle tyres market is the largest segment of the industry accounting for approximately 70% of industry turnover in terms of value - a segment in which Apollo Tyres has maintained its leadership position amongst the industry players for the past decade. Steep rise in raw material prices, particularly natural rubber, impacted the profit margins of all the players. This was the fourth consecutive year of raw material cost-push, both for natural rubber which increased by approximately 24% as compared to 2005-06 and crude oil-linked raw material basket, particularly carbon black. Consistent rise in major raw materials costs (natural rubber, carbon black, synthetic rubber) have resulted in pressure on the margins of the tyre companies despite good top line growth. However the ability to pass on the increased cost to customers to some extent, facilitated by the tight demand-supply situation has resulted in margin improvement for the industry in the second half of the year. The year ahead looks tough with no significant respite in raw material prices. The cost-push continues and profitability would depend on the ability of the players to take large price increases. The story on the demand front though looks good in the medium term with the economy continuing to do well.

EXPORT TREND

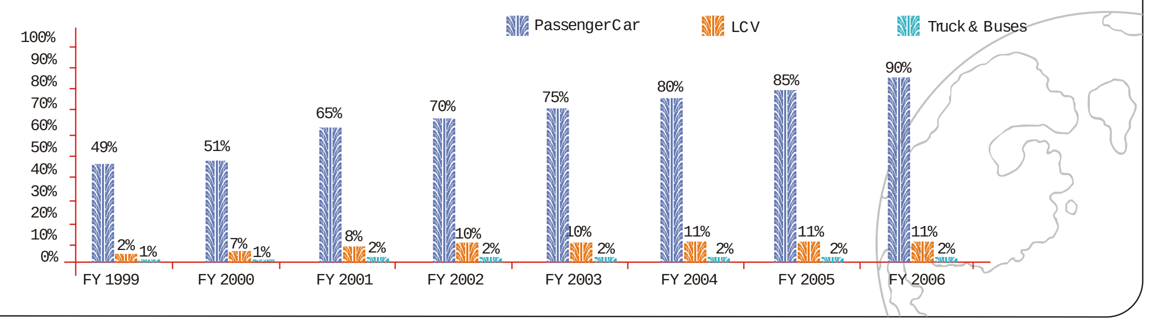


Share of industry turnover increased from 10% to 16%

RADIALISATION

Radialisation was an important innovation made in tyre technology in the 1950s. It has several advantages like additional mileage, fuel saving and improved driving especially at higher speeds. If we look at the Indian context, radialisation has not penetrated in the Indian tyre industry except in the passenger car tyres segment. Poor road conditions, practice of overloading and unwillingness on the part of consumers to upfront pay higher prices for radial tyres can be attributed as reasons for extremely low penetration in the commercial vehicle tyre segment.

A further introspection might lead to the fact that radial tyres cost - 40% more than cross-ply tyres and the world average for truck & bus tyre radialisation is 65% while in India it was only 2% till FY 06. Also, OEMs have not pushed for radialisation of commercial vehicle tyres as radial tyres would mean driving the initial cost of ownership up. However, with the thrust on infrastructural development, the radialisation levels in the commercial vehicle segment in India is expected to go up to 10% in FY 2010 - the estimated radialisation levels in FY 07 is 4%.



OPPORTUNITIES & THREATS | SWOT ANALYSIS OF APOLLO TYRES LTD.

STRENGTHS

Continued market leadership in the dominant industry segment of truck and bus tyres. Global presence with the acquisition of Dunlop Tyres International (Pty) Ltd. in South Africa. Extensive distribution network. Strong brand recall in a price sensitive market. Responsive to changes in market conditions and product profiles. Product innovation and technical superiority. Global quality standards and international process and system certifications. High usage of information technology systems to hasten the flow of information and leverage opportunities across 140 locations in India. Dynamic & progressive leadership, willing to implement change. Economies of transportation cost on account of closeness to natural rubber growing belt. Global sourcing of raw materials.

WEAKNESSES

No presence in two and three wheeler segments. Low profit margins due to raw material cost push and inability to pass on the higher cost to consumers.

OPPORTUNITIES

Continuous thrust in road infrastructure and construction of expressways and national highways. Creation of road infrastructure has given, and will increasingly give a tremendous fillip to surface transportation in the coming years. The tyre industry will continue to play an important role in this dynamic and evolving situation. Leadership position in the commercial vehicle segment will enable the Company to leverage new and related business opportunities. Positive growth in vehicle production in the immediate future, is expected to lead to growing demand. New product segments like retreading and allied automotive services. Growth in overseas markets like Europe

THREATS

Imports from neighbouring countries at competitive prices. Raw material price volatility.

SEGMENTWISE PERFORMANCE

The Company consolidated its leadership position in the truck & bus and light truck categories by registering growths that were in excess of the industry's growth rate. Your Company continues to be the dominant player in these categories, while progressing in its journey towards leadership in other key categories. In the truck and bus tyre segment, the focus was on offering high quality products which would bring down fuel costs while extending tyre life.

Given this, the Gold series of truck-bus tyres was promoted, resulting in higher market shares. The Champion-FS tyre, its key attribute being "fuel-saver", was launched to better serve the domestic crossply tyre user.

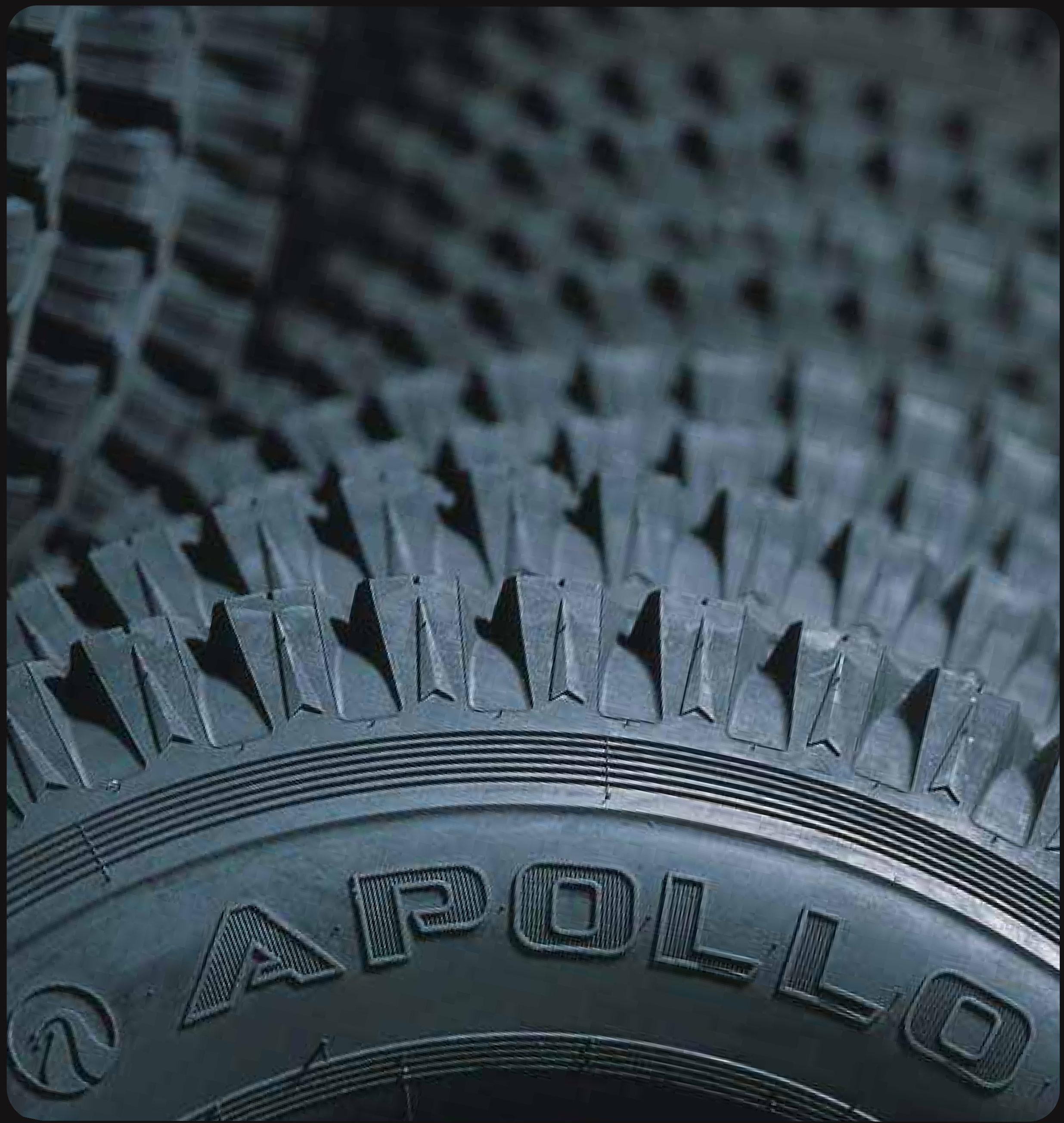
Leveraging on existing technology strengths of the newly acquired, Dunlop South Africa, the globally accepted brand of radial tyres – Regal Transport – was launched in India. In the light truck segment, all existing cross-ply products were further strengthened with the dual-bead technology to ensure optimum benefits under varying loading conditions. The focus for the coming year will be on serving the growing segment of the small and micro-commercial vehicles across the country, with better and more relevant products. Your Company continues to maintain its leadership position in the farm segment. Service to this group of customer has been further strengthened with tie-ups with the Haryali and Triveni groups and their exclusive farm dealerships in rural areas. Simultaneously, your Company has sought to increase its own chain of exclusive retail outlets for the farming community called Apollo Pragati Kendra. The most remarkable growth however has been in the passenger car segment. While the industry grew by 7%, your Company registered growth of above 15%. With the advent of high-end cars in India, your Company launched two exclusive and award-winning products for this segment. The asymmetrical V-speed rated Acelere Sportz was brought in to cater to the higher end of the tubeless market. At the same time the directional W-speed rated Aspire was also introduced for the car enthusiast and for the high-end export market. In January 2007 Aspire was declared as the Automotive Product of the Year 2006 by the NDTV Profit and Car & Bike magazine.

OUTLOOK

The Company continues its rapid strides in developing and producing the country's finest and most relevant tyres in each segment leading to customer delight and loyalty. The Gold Series in truck-bus cross-ply tyres, the expanded Acelere range and the newly launched V- and W-speed rated high-performance tyres for passenger cars and the dual-bead tyres for light trucks, stand testimony to the company's commitment to offer the customer technology most appropriate to Indian operating conditions. Our pioneering position in the field of radials for farm tyres was further enhanced by broadening the range during the course of the year. The Company has successfully launched the world-class Regal truck and bus radial tyres during the year under review and is rapidly moving towards the journey to expand its product range in this segment. Passenger car tyre sales would be the driver in garnering a larger share of the export market and would be supported by Apollo branded truck-bus radials, planned for launch in 2007-08. In order to serve the customer at every stage of the ownership cycle of a tyre, the Company has entered into the business of retreading material and retreaded tyres. A world-class range of retreading material under the brand DuraTread has been launched, while under the brand DuraTyres, completely retreaded tyres have been introduced into the market. There are plans of further expanding this portfolio over the course of the year. DuraTread and DuraTyre brings to the customer a high level of quality assurance, backed by the Apollo network, expertise and technology.

RISK AND CONCERNS

The growth of the tyre industry is dependent on growth in the automobile industry - which is cyclical in nature. Most of the raw materials are petroleum-based and their prices are linked to the movement in crude oil prices. Natural rubber which is one of the major components of the total raw material cost is an agricultural product and is subject to price and production volatility resulting from speculating activities and natural causes. The inverted duty structure between tyres and natural rubber puts further pressure on the industry's revenue and profitability.



INFORMATION TECHNOLOGY/INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company has proper and adequate systems for internal controls including Information Systems Security Controls to ensure and safeguard information assets from unauthorised use or transfer. These controls help in ensuring information confidentiality, availability and integrity. The company has adopted an information security framework and has deployed policies and procedures to ensure that data is protected. The Company continues to be certified for BS7799, which is a globally acclaimed standard for information security practices, developed by the British Standards Institution. The standard is now being migrated to ISO 27001. The Company has a robust risk management process which involves identification and quantification of various risks and setting out mitigation plans. IT is also used as a tool across your Company to enable data-based decision making.

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 judgements used therein. The estimates and judgements 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 reasonably present the Company's state of affairs and profit for the year.

Sl No		Particulars	Year ended 31.03.2007	Year ended 31.03.2006
1		Sales/Income from operations	37743.43	30021.19
2		Other Income	29.71	11.82
3		Total Expenditure	34650.21	27793.79
	a)	(Increase/Decrease in Work in Process & Finished Goods)	(313.61)	(768.01)
	b)	Consumption of Raw Materials	22580.31	18441.59
	c)	Staff Cost	1994.09	1635.06
	d)	Excise Duty	4820.15	3765.99
	e)	Other Expenses	5569.27	4719.16
4		Operating Profit	3122.93	2239.22
5		Interest	526.48	505.62
6		Depreciation	742.26	727.86
7		Profit before Tax & Exceptional Items	1854.19	1005.74
8		Provision for Tax - Current	445.56	217.90
		- Deferred	238.32	18.63
		- Fringe Benefit Tax	36.00	45.50
9		Profit after Tax before exceptional items	1134.22	723.71
10		Exceptional Items	0.00	57.98
11		Net Profit	1134.22	781.69

MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

The Company's HR statement signifies the people journey that Apollo Tyres seeks for itself. Human Resources at Apollo Tyres is a key growth driver and will contribute extensively to the company's overall journey. The year 2006-07 has seen numerous people-focussed initiatives which will continue to remain one of the strongest factors in propelling your Company towards the achievement of new challenges and milestones. evaluation-based behavioural competencies. The successful implementation of PACE has brought about greater objectivity in measuring performance with greater focus on people development. Post the acquisition of Dunlop South Africa, Human Resources has been actively involved in effectively realising that the key differentiator between a good and a great organisation is the development and personal growth of each individual. Apollo Tyres has invested in setting up relevant training and development initiatives to enable employees to be better equipped to face oncoming challenges and undertake risks with greater confidence and success. Leadership development for senior and middle management was a thrust area this year. The focus for junior management was extensive self-development modules in both interpersonal and functional areas. Your Company launched a new Performance Management System called PACE (Performance And Career Enhancement) as an online tool in April 2006. The focus is on linking individual Key Result Areas (KRA's) with the corporate goals and on developing managing the post-merger challenges. Integration of systems and processes saw a wide exchange of information across boundaries. Human Resource has grown in your Company with the wide exposure to management of people issues across cultures, keeping in mind geographical, religious and political difference and expectations. With healthy relations at the manufacturing and shop floor level already in existence, this year's focus has been on strengthening the integration of our blue collared workers. A gamut of welfare activities were undertaken to bring all employees under the one umbrella of Apollo One Family. Alongside, the Long-Term Settlement agreements have been signed with the Unions of both the Cochin Plants and the Pune Plant thus ensuring the smooth and uninterrupted functioning of the manufacturing facilities. As is the norm, various ongoing initiatives to bring together employees from across all levels were undertaken like the Apollo Unstoppable Cup, award of the Employee of the Year and the Apollo Roll of Honour, among others. The year 2006-07 has been an invigorating and an unstoppable journey for Apollo Tyres. With a strong talent pool combining youth and experience and best-in-class systems, your Company today stands tall in its industry with an enviable growth trajectory. The number of employees directly employed by the Company stood at 6364 on 31 March, 2007.

QUALITY

The year 2006-07 saw a concentrated focus on all Quality aspects of the Company, with the setting up of a Quality Department. The mantra is to have the best process and product quality. As a result, training was undertaken across functions alongside the implementation of a large number of Small Improvement Projects. These have resulted in major successes, leading to the launch of a company wide Six Sigma initiative. Going forward, Six Sigma will become your Company's preferred vehicle to delivering better products, services and returns to all stakeholders.

INTEGRATION BENEFITS BETWEEN APOLLO & DUNLOP TYRES

Key Apollo personnel have been deputed to South Africa to facilitate the integration of the two businesses. Manufacturing-led benefits as a result of the integration include:

- Due to centralised purchasing, lower raw material input costs for South African operations and strategic benefits to your Company
- Ability to secure off-shore funding at more competitive rates
- Engineering & factory technical support supplemented by skills transfer through on-the-job training
- Establishment of a Technical Competency Centre to service existing and new product requirements in South Africa and India
- Product outsourcing to capitalise on lower manufacturing costs

Future benefits include:

- Centralised international marketing
- Global brand positioning
- Product range rationalisation
- Synergy benefits of product development
- Increasing factory output and efficiencies

NOTE:

This report contains forward-looking statements that describe our objectives, plans or goals. All statements that address expectations or 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, Government action, local, political or economic 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 as they consider forward-looking statements


CARE FOR CUSTOMERS
The Great Customer Connect
The World Takes Note
Before you begin a journey, we are already thinking about making it safe.

THE GREAT CUSTOMER CONNECT

In the Indian marketplace, the "Apollo Tyres" brand has continued on the growth path that it has set upon itself. Apollo Tyres has benefited from the strong foundation created in the form of our industry-leading network spread and depth, our customer-centric activities and the relevance of our products to the Indian customer.

Globally, Apollo's acquisition of Dunlop Tyres, South Africa has led to many integration benefits that have positively impacted factory output, productivity and the customers at large. In addition, the introduction of ISO 18001 has commenced with the objective of aligning standards more closely to those of global manufacturers and OE accreditation simultaneously. In the larger context, the export market has constantly provided opportunities and the company continued its focus on growing its existing niche in ultra-high performance markets and targeting new markets & customers in Australia.

In view of the many newly launched initiatives at Dunlop, there exists an optimistic future outlook for both, the organisation and the country. One such is the Black Economic Empowerment. A strategic objective of the organisation, it recognises the need to broaden the scope of empowerment initiatives and the opportunities for BEE are being pursued in recruitment practices, training and development of staff and corporate social investment programmes.

Dunlop's holistic approach to wellness has produced encouraging results. Various wellness initiatives were instituted in 2006 with positive results being achieved as evidenced by an increase in confidential VCTs, consults to on-site EAP counsellors and voluntary tests for TB and other communicable diseases.

At Apollo Tyres, we have always believed that true customer focus goes beyond mere sales. It is a relationship that solidifies as time progresses. At Apollo Tyres, our customers are also a part of the family. Our constant endeavour is to participate in the lives of our customers. One such initiative is for our customers from the LCV community through our various programmes like Apollo Tyre Fit, Aap Bhi Fit', Apollo Azadi Ke Rang and Apollo Shiksha Abhiyan. These unique programmes have not only involved the Light Commercial Vehicle (LCV) owners but also their entire families, enabling them a secure future and a promising tomorrow.

We have continued our existing customer-centric activities, especially under the "Safe Drive" banner wherein clinics are set up on main highways where vehicles are checked for the condition of the tyres, irrespective of the brand. This is extended to the truck fleet under the "Tyre Pressure Check Day" banner. Both these activities have brought us tremendous goodwill and empathy with the vehicle owner on the road.

THE WORLD TAKES NOTE

At Apollo Tyres, awards and recognition lend inspiration to our unstoppable spirit. Throughout the year, we have been recognised and rewarded by the advertising and automotive fraternity for our continued innovations in communication and corporate properties. In November 2006, we launched the Aspire tyre on a concept car specially designed by India's leading automotive designer Mr. Dilip Chhabria, also called "Aspire" – a first in the Indian market. Also in the same year, our print communication on promoting tubeless tyres got us numerous international awards like the London International Statue 2006, the One Show 2006, the Cannes Lion Finalist 2006 and the AAAI Gold 2006. Following a similar trend, the Aspire was declared as the "Automotive Technology of the Year 2006" by the NDTV Profit Car & Bike India Awards jury in January 2007. We continued our patronage of Indian automotive styling and design through the "Apollo Tyres Top Gear Design Awards".

This industry recognition spurs us to continue to perform to higher benchmarks.

When you think of making a far reaching impact, make sure you tread on the right roads.

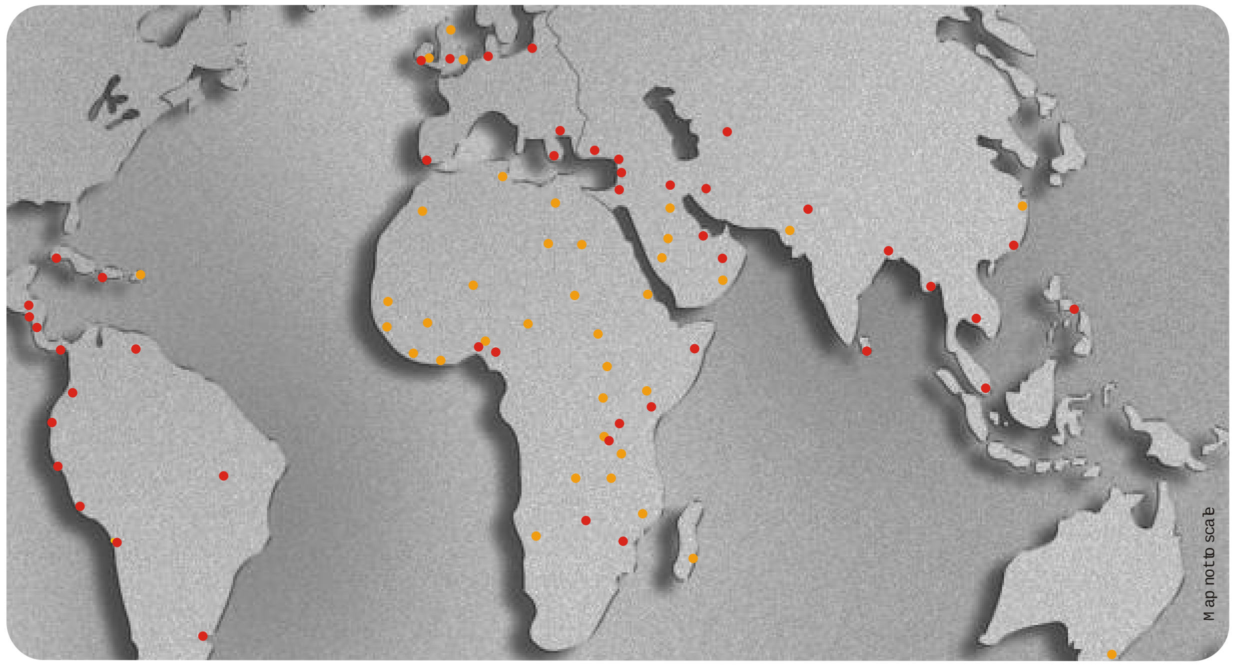
CULTURAL INTEGRATION

Respect for people who contribute to the success of "Brand Apollo" is a cornerstone of our existence. Be it our own employees, customers who buy our products, our shareholders or our technical collaborators, we as a philosophy make sure that every voice has a platform.

To maximise the potential of the diverse work-force and to maintain focus, the Employment Equity Programme at Dunlop has been deployed to integrate the performance objectives of supervisors and managers for 2007.

Diversity workshops for all staff has had a positive impact on culture. The seamless integration of professional management staff from Apollo's Indian operations clearly suggests that there is growing cultural tolerance and an increased understanding and insight into the value of diversity.

SOUTH AFRICA MARKET HIGHLIGHTS • Decline of Company owned distribution • Emergence of Independent distribution channels • 212 DAD's (Dunlop Accredited Dealer) • Growth estimated in current financial year - + 22 stores • Growth of Independents - + 80 Nos Strategic plan for IInd tier distribution channel • Direct accounts - Commercial segment (Truck and Mining segment) 200 Dealers for the Rugby World Cup in France and Mauritius (Reward for the annual scheme) • Market research survey highlighting Dunlop as the best in terms of providing timely deliveries to the dealers among all present competitors in SA market • Only local company to manufacture 17" and 18" tyres in SA • Only local company to manufacture "Super Singles" for Trucks • 23% Market share in PCR - After market • 22% Market share in Truck - After market • 22% Market share in OTR - After market



• ATL Locations: Pakistan, Philippines, Bangladesh, Cambodia, Singapore, Taiwan, Sri Lanka, Myanmar, Hong Kong, Kenya, Iran, Zambia, Oman, Qatar, Mozambique, Somalia, Iraq, Jordan, Ghana, Rwanda, Lebanon, Burundi, Nigeria, Syria, Lithuania, Greece, Turkey, Ireland, Netherlands, Bulgaria, Portugal, Turkmenistan, UK, Brazil, Peru, Honduras, Eucador, Guatemala, Nicaragua, Uruguay, Chile, Columbia, Haiti, El Salvador, Cuba, Panama, Venezuela

• DTL Locations: Holland, UK (Bristol, Telford), Singapore, Australia, New Zealand, Sri Lanka, Pakistan, China, Turkey, UAE, Lebanon, Iran, Oman, Kuwait, Qatar, Kenya, Uganda, Tanzania, Ethiopia, Eritrea, Malawi, Zambia, Mozambique, Seychelles, Mauritius, Madagascar, Burundi, Ivory Coast, Ghana, Guinea, Nigeria, Senegal, Gambia, Sierra Leone, Liberia, Mali, Angola, Libya, Egypt, Sudan, Morocco, Puerto Rico, Chile

BUSINESS PARTNERSHIPS

Our relationships with the key automakers have both expanded as well as improved over the year. We have added General Motors India to our list of customers. All the major automakers in India now actively look at Apollo Tyres Ltd. as a partner in their journeys. The last financial year has been a watershed year in ATL's march towards being a significant global player. The year 2006 witnessed many a milestones being created starting with Apollo Tyres strategic acquisition of Dunlop South Africa and becoming the first Indian tyre company to have a transnational footprint. A very important milestone was the initiation of direct exports by Apollo tyres to its International customers across Africa, Middle East, South America, Asia Pacific and Europe. With over a hundred thousand passenger car tyres exported in 06-07, Apollo Tyres retains its position as the country's highest exporter of passenger car tyres. A major fillip to ATL exports has been achieved last year, by breaking into the most sophisticated market of the world - Europe, with ATL's quality brands.

European market will be the strategic focus for the high quality premium brands of Apollo passenger car radials. Passenger car tyres sales would be the driver in Exports sales growth and would be supported suitably by Truck Bus Radials being planned for launch in this year. Last year, ATL also launched a slew of new patterns in high performance and ultra high performance passenger car radial segment with Acelere Sportz and Aspire. Critical emphasis has also been placed on enhancing the brand "Apollo" in the overseas markets through marketing initiatives like the Winning Edge and Apollo Vista, to result in committed business growth from the network partners.

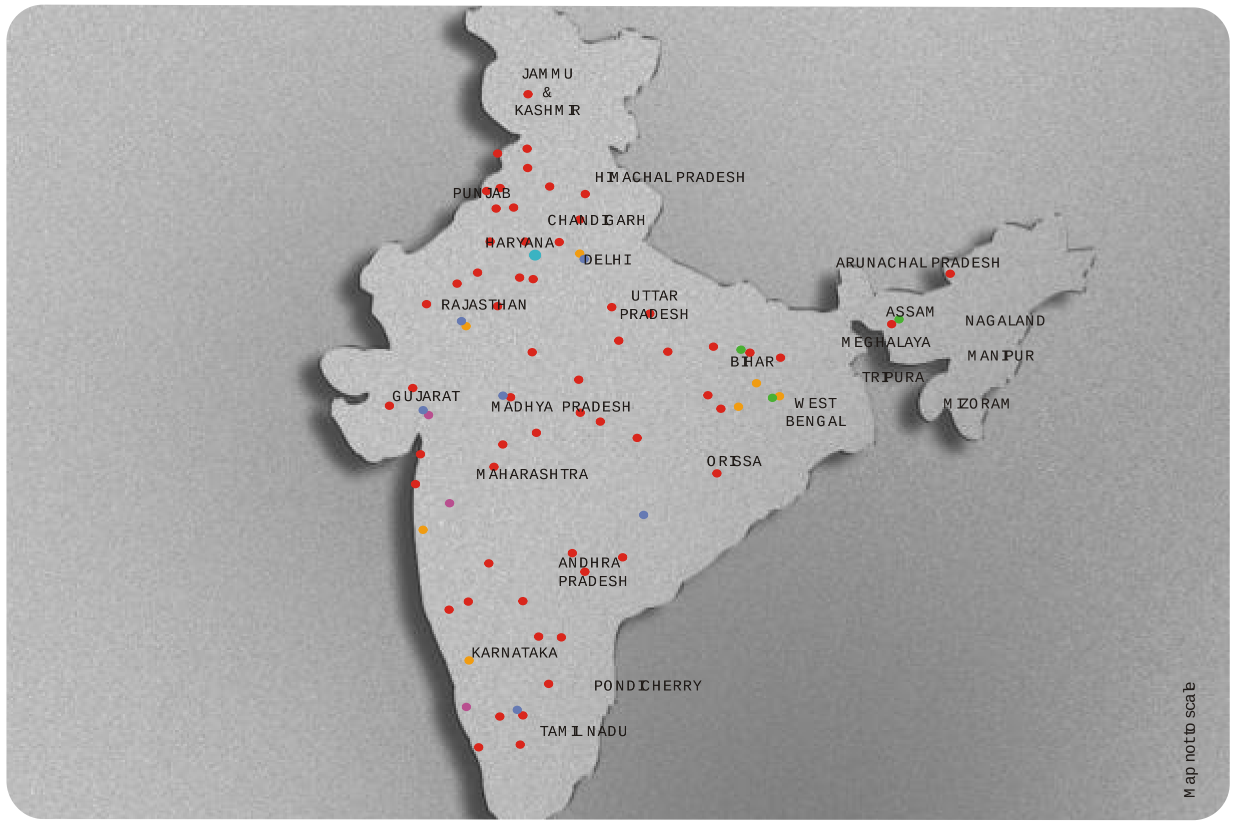
DISTRIBUTION NETWORK

Aiming to make the most of ongoing growth in the promising world tyre market, Apollo Tyres is expanding its operations by fortifying local production capacity, product line ups and depth into the market. With over 120 sales & service stock points, 5 zonal offices, 18 state offices and 11 redistribution centres, Apollo Tyres is poised to penetrate its presence to the farthest corners of the country. A 4,032 strong dealership network along with 2138 Apollo Tyre Worlds, 194 Apollo Radial Worlds and 61 Apollo Pragati Kendras, ensures that Apollo Tyres is never very far from its consumers.

The over 3000 exclusive Apollo Tyre World and Apollo Tyre Radial outlets have initiated a quick response mechanism by enabling prompt product delivery and after sales service to customers throughout the country. Carrying forward a similar spirit are the Apollo Pragati Kendras. This initiative not only provides the latest farm technologies to our customers through our tie-up with domain specialists in this area but also helps our customers to choose the best suited products for their applications.

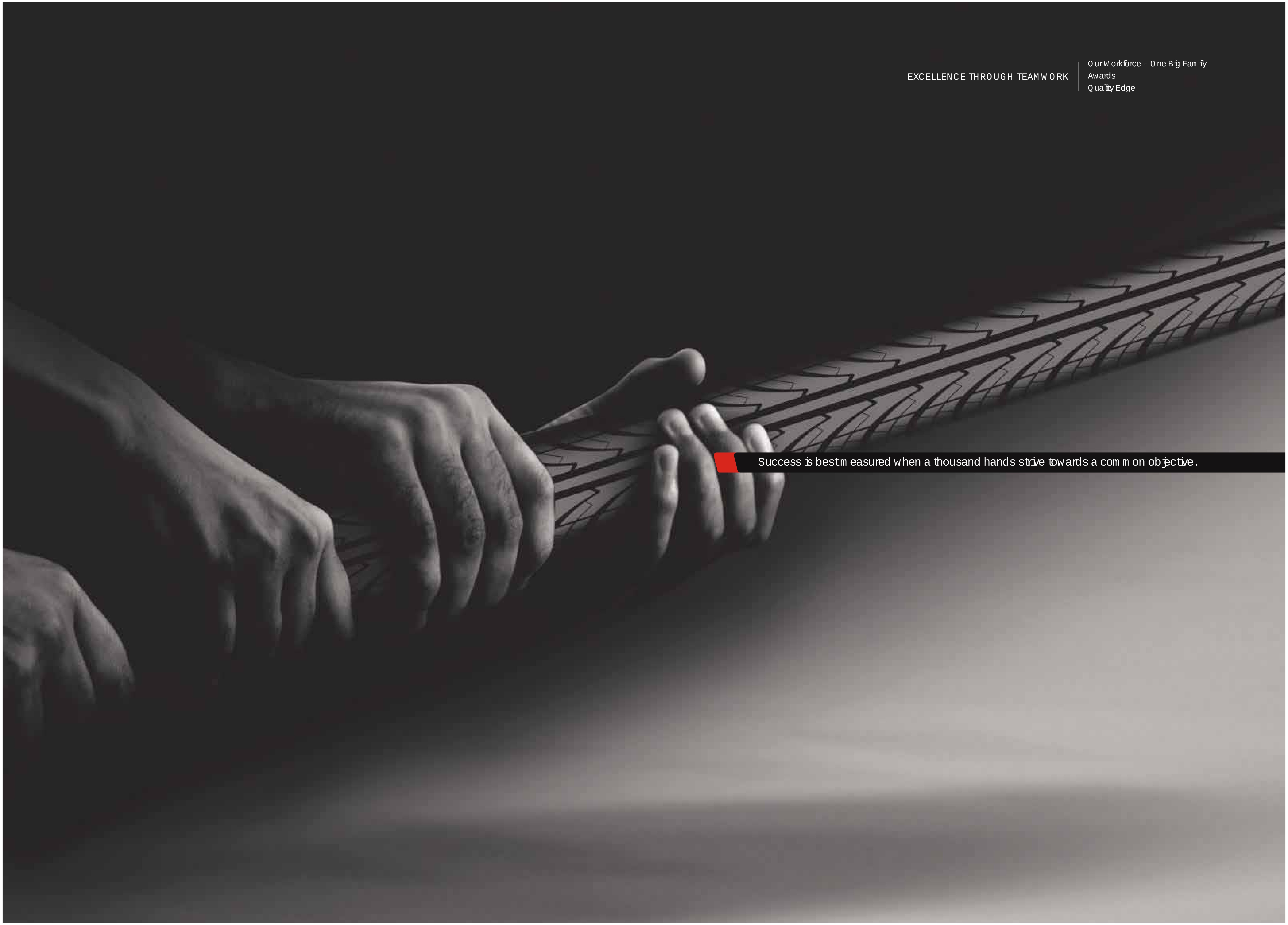
On the global forefront, Apollo Tyres has firmly grounded its feet in South Africa by integrating Dunlop's operations.

The manufacturing facilities at Durban, Ladysmith and Zimbabwe have helped Apollo Tyres in consolidating its position in the highly competitive tyre market. With 5 sales, service & branch offices, 9 regional offices and 3 distribution centres at Ladysmith, Durban and Jetpark (Johannesburg) the company is all set to meet the demands of a plethora of its international clients. In the current scenario, its total dealer count stands at 936 out of which 193 are Dunlop accredited dealers - making it perhaps the only company to have a chain of independent Dealers (DADs), retaining the flavour of entrepreneurship.



• Headquarter Gurgaon • Plants Baroda, Cochin (2), Pune • Zonal offices Bangalore, Calcutta, Delhi, Jaipur, Mumbai • Redistribution centres Baroda, Coimbatore, Delhi, Ichapuram, Indore, Jaipur • Hubs in Calcutta, Guwahati and Patna

120+ sales, service & stock points, 5 zonal offices, 18 state offices, 11 redistribution centres, 4,032 dealerships, 2138 Apollo Tyre Worlds, 194 Apollo Radial Worlds, 61 Apollo Pragati Kendras, 160 Apollo Tubeless Service Points


Success is best measured when a thousand hands strive towards a common objective.

OUR WORKFORCE - ONE BIG FAMILY

It's often said that people make organisations. In our thinking they form the edifice of its existence. In the achievement of sustainable growth, Apollo Tyres has always believed that its personnel are the most precious management resource. The organisation has firmly set its eyes on a goal of creating value by nurturing talent and developing human capital. Programmes like PACE (Performance and Career Enhancement), SVAGO (Fun@Work) and the Unstoppable Cup besides a host of other initiatives, are activities that have provided enrichment to individual employees to maximise their skills and contribute to operations. At Dunlop, the acquisition and implementation of the CRS HR management information and payroll systems was the start of an e-HR performance management solution which will provide a platform for best practice HR delivery. The performance management system is designed to ensure that the Apollo Group's business strategy is translated into measurable goals for employees. Our employee friendly policies and training programs have accentuated in building a culture that is replete with professionalism and instills a sense of ownership and pride.

HUMAN RESOURCES – JOINT MANAGEMENT / LABOUR

Even as our business expands geographically and our portfolio of businesses grows, we realise the need to train our workforce and keep them motivated and abreast of technology. Consequently we are implementing employee training programs to increase the diversity and skill set of our workforce. A case in point is the joint management/labour multi-skill initiative that is underway in the tyre plants with an aim to improve flexibility, efficiencies, productivity & labour motivation. A first line Management Programme is also underway in both plants and would address three levels of skills moving from Business Fundamentals to Supervisory Development to Manufacturing Management. In terms of operators, major focus is applied to operational certification. This ensures that Standard Operating Procedures, key process inputs and outputs, empowerment and accountability is taught at classroom and shop floor level. In order to multi-skill and cross pollinate at a high level the two S A Tyre Plant managers will swap roles, effective May 2007. In the first half of 2007, Dunlop Tyres International (Pty) Limited are appointing four expatriates from India in Planning, Production, Technical and Engineering functions. Just an example of how Apollo's approach fully brings out the talents of each employee in their respective sphere of expertise.

MANUFACTURING AND QUALITY EDGE

Great products are key to strong brands. For us, that means the ability to manufacture products that our customers want, in the regions where they want them, and at a cost that allows us to compete profitably. Through relentless production engineering, Apollo Tyres is building a lean system that allows the efficient manufacturing of high-quality tyres.

The quality awareness programmes are a key component of the integrated management system. In fact, a number of projects have been initiated by Apollo Tyres, to improve on our manufacturing processes, leading eventually to the satisfaction of our customers.

SETTING BENCHMARKS

Setting standards of excellence is a tradition at Apollo Tyres. And the accolades and recognition that follow, often act as milestones in our journey to perfection. A similar endeavour was initiated in letter and in spirit by Dunlop Tyres International, when it participated in the Annual South African Automotive Benchmarking Club exercise. The aim was to benchmark against other tyre and automotive component supply companies and highlighted areas of improvement so as to lift the performance of the Automotive Industry in South Africa. Dunlop has improved in many areas and has gained insight into new strategic areas which will assist in improving profitability.

Neeraj Kanwar
Joint Managing Director

AWARDS

- Automotive Product of the year Award for Acelere Sportz at NDTV Car & Bike Awards
- Apollo Safe Drive campaign won the IRTE Road Safety Award
- National Award for Excellence in Water Management 2006 - Awarded by CII to Limda, Gujarat
- Kerala State Energy Conservation Award 2006 to Apollo Tyres, Perambra Plant

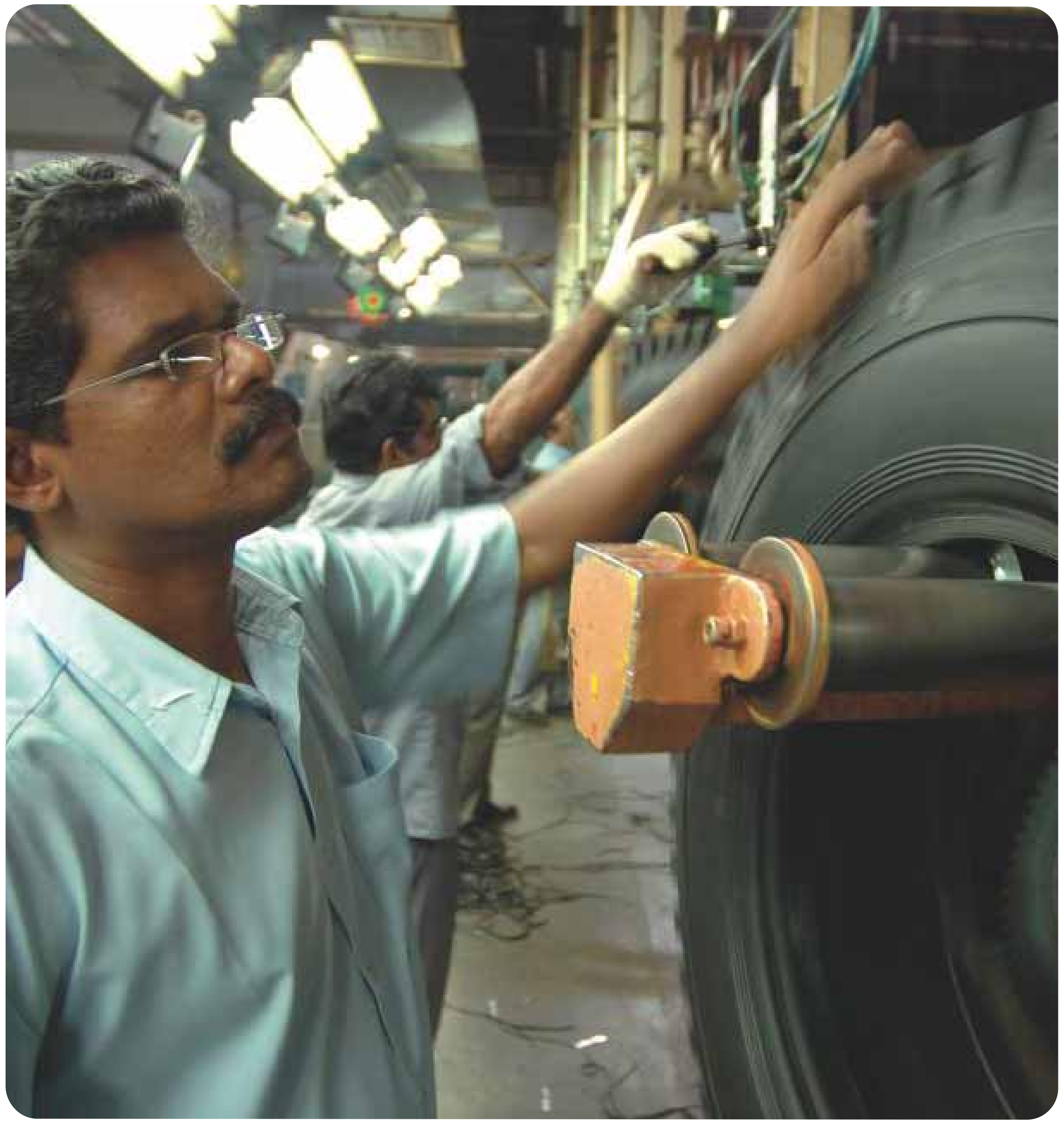
QUALITY STANDARDS

Today's competitive environment leaves no scope for mistakes. Organisations the world over are delighting customers and relentlessly looking for new ways to exceed their expectations. This is why Apollo Tyres has adopted Six Sigma methodology to initiate and sustain greater productivity, profitability and customer satisfaction rates. This methodology will help in arresting complacency and increasing accomplishments. The organisation hopes to achieve an almost defect free environment by adopting this methodology.

QUALITY EDGE

Quality initiatives are probably going to be the single most important differentiator for organisations and forming a part of our ongoing quality improvement programs is the Silica Tyres – the UHP range of our tyres is being converted to Silica. This Green tyre range will cover from 15" to 18" and the conversion is planned to be completed in the first half of 2007. The 18" range is now in full swing with two more sizes to be added in 2007/8. The latest addition to Ladysmith's arsenal, the VMI 248, has settled down nicely and has been industrialised to produce 16", 17" & 18" sizes.

Much appreciated assistance from the Apollo teams and Dr. Tim Pohl of Troester has seen a marked improvement in quality and output in the Ladysmith sidewall line. This timely and proven expertise will enable OTR production to increase from 12t/day to 17t/day followed by a R2Mill Capex spend and reorganisation. In addition, new technology is being employed to convert a range of Rock Mining products to Steel Belt, significantly lifting tyre hourages. TBR output is increasing in leaps and bounds and waste has reduced significantly despite imposition of tighter quality standards. The TBR inner liner process has been improved so as to enhance field performance and reduce costs. This is a major step forward in light of rising material costs.




ALWAYS LEARNING
Treading New Paths
Standards in excellence are attained when they are benchmarked to global needs.

TREADING NEW PATHS

To heighten its value in markets worldwide, Apollo Tyres puts into effect product and brand strategies that reflect local needs and market environments. Encapsulating this policy, it has moved ahead in developing tyres for the truck & bus customer that offer better mileage. By repositioning the "Gold" series of tyres and launching the "Champion FS", a tyre that ensures class-leading fuel savings for the trucker, Apollo has continued on their path of greater acceptance in the marketplace. For the light truck customer, the dual-bead technology in our product offer ensures optimum benefits under varying loading conditions. Special focus has also been put on the growing segment of the small and micro commercial vehicles across the country, best depicted by the success of the Tata Ace. Our journey in passenger vehicle tyres continues with increasing focus on the "tubeless" technology and the range we offer. We entered the "ultra high performance" tyre segment with the twin launches of the Acelere Sportz and the Aspire in November 2006.

The multi-brand strategy at Dunlop Tyres, has been instrumental in combating imports, with Regal, Novex and Mastersteel brands supporting the Dunlop brand in achieving market share objectives. Leveraging on the strengths of Dunlop South Africa, we made a formal announcement at the Busworld Expo in Mumbai in January 2007 and launched REGAL - the globally accepted brand of radial tyres - in India.

Today, the Apollo Tyres brand straddles all segments and customer-types in the passenger vehicle segment. In the farm segment we continue to focus on the radial technology for tractor rear tyres. Our designers and engineers are crafting compelling new products tailored to the demands and tastes of local markets. In short, we're operating like one company as it makes sense and enables us to bring better tyres for enhanced automotive mobility to market.

NEW PRODUCTS

The introduction of the Dunlop SP Racer, an ultra high performance tyre, in October 2006, was highly successful.

New generation truck radial products have been successfully developed including 'Supersingles.'

In addition, the development of the 465 drive axle to challenge high torque vehicle demand, currently serviced only by competition, is nearing completion.

In our quest to serve the customer at every stage of ownership, we realised that the Apollo Tyres brand had to extend to the businesses of retreading. As the act of retreading is a reality in the marketplace, we have reached out to the customer by providing with a world-class range of retreading material under the brand of "DuraTreads" and completely retreaded tyres under the brand "DuraTyres". Furthermore, we also bring to our customers "Alloy Wheelz", the wheel care that brings to light the Dos and Donts of tyre care. This ensures that the customer can be sure about the quality of the material used in the process, backed by Apollo's expertise and technology.

TRUCKS & BUS

Apollo Tyres is the undisputed king of truck tyres across the nation, sustaining more than 30% of market share. Apollo's XT 7 has sold more than one million tyres, becoming the largest selling truck tyre brand in India. Within a short span of time, "REGAL" has made a strong brand presence across geographies, owing to a chosen set of network partners to promote the product among fleet customers. Helping us sustain this leadership, year after year, is the unwavering trust of our customers in our superior product technology, features & long life. As responsible leaders, we pioneered the initiative to develop & segment specific tyres to suit varying needs of our customers such as the fuel-saving Champion FS and aim at only one objective: to provide even greater value for money to our discerning patrons.

LIGHT TRUCK

The saga of leadership continues, as Apollo Tyres has grown phenomenally stronger in the Light Truck tyre segment. Today, with around 24% of market share, we have witnessed more than 100% growth in last two years. Winning on the foundations of clear understanding customers' requirements and its quest to constantly offer the customer the best value for money, Apollo Tyres has also taken the initiative to aptly segment the Light Truck tyre market. Today Apollo Tyres Ltd. not only offers the widest range of Light Truck tyres, but also is the only Indian tyre company to offer complete range of Light Truck Radials.

FARM

From launching India's first radial farm tyre – Farm king, to other best-selling products like Krishak Premium, Krishak Super and Sarpanch, we have covered a long journey in farm tyre segment. With a market share of close to 30%, not only are we clear leaders in this segment, but have also set several benchmarks – being the first to bring segmentation; tie-up with organised rural retail stores and undertaking extensive customer awareness programs to enable our customers derive optimal benefits from their Apollo farm tyres.

PASSENGER CARS

Apollo Tyres today offers one of the widest and safest range of Passenger Car tyres. Besides offering standard fitments for all cars & SUVs, Apollo also provides a range of high performance car radials that enhance the driving experience and offer assurance of a safe ride. The only company to produce 17" and 18" ultra high performance passenger car tyres in South Africa, Apollo also holds a LANDSPEED on standard production passenger tyres.

Our range of pioneering products include the W-Speed rated 'Aspire", the V-Speed rated 'Acelere Sportz" and the high performance asymmetrical passenger tyre "SP Racer SA".


TRUST MUTUALLY
Technology That Builds Trust
Advanced technology can do more than just beating competition. It can beat time in its pace.

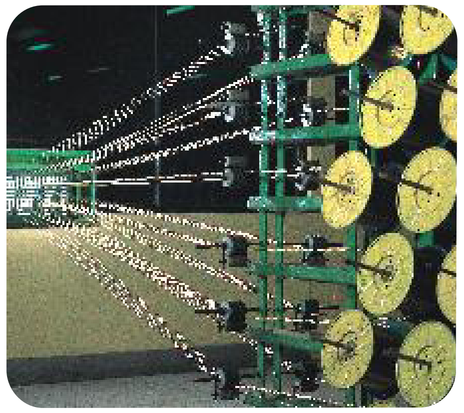
TECHNOLOGY THAT BUILDS TRUST

Our industry is changing more now than it has in the last century. Ever since Apollo Tyres was first set-up, the dynamics of innovation and the search for new technologies for the customer's benefit have been the core of Apollo Tyres strategy and success. New technologies help us craft more sophisticated safety systems in our tyres continuously allowing us to reduce the environmental impact of the tyres we build. At Apollo Tyres, we are taking advantage of this exciting new climate. After successfully launching its high performance tubeless passenger tyre 'Acelere', Apollo Tyres added more than a dozen sizes in this design, making it the largest high performance tyre range in the Indian tyre industry. We are exploring actions to position Apollo Tyres as a leader and efforts are on to develop ultra high performance tyres in asymmetrical and directional designs for the passenger car segment. Besides these initiatives, a team called the 'TBR Technology group', including well-known consultants, is working on a high quality truck and bus radial tyre. Several technological changes have been implemented in the bias tyre technology department that includes processes that have resulted in cost savings and improved Banbury, Calender and Extruder productivity. With a 'leadership through innovation' technique, Apollo Tyres intends to remain at the forefront of technology and mobility assistance by relying on the ability to innovate the quality of its offerings.

As far as Company's global forays are concerned, our novel technology is well and truly bridging the divide. From being the international supplier of technology to "Dunlop" Nigeria to the only tyre company to manufacture state-of-the-art technology product - "Super Singles Truck Tyres" in South Africa, our ambitions have started gathering momentum.

The key to consistent performance lies in creating strong systems and channels for communication. We have networked all four manufacturing locations and our sales office on a SAP platform ensuring flow of real time information across all touch points. As a result of this our efficiency levels have peaked and today Apollo is able to provide service in three days and updates to its dealers on their commercial status.

The state-of-the-art Research & Development Centre had its birth at Perambra, Cochin. It has now grown achieved considerable stature at its present location at Limda, Baroda. From the hour of inception, its goal has been to foster development and promote the evolution of new technologies in the field of Tyre Science & Technology. All the activities of the centre are extensively supported by a series of highly sophisticated equipment, which help the research scientists develop products as per customers' specific requirements.



We have the facilities and expertise for:

- Development of compounds for improved performance
- Raw material development
- Analytical research
- Reverse engineering
- Advanced design using CAD
- FEA modeling of tyres
- Simulation testing of the designed product
- Product validity & reliability studies

The best thing you can contribute to a life, is to add value to its existence.

TOUCHING LIVES

CORPORATE SOCIAL RESPONSIBILITY

Apollo Tyres outlook of corporate social responsibility stems from its vision statement. The organisation believes in contribution to robust economic growth while improving the lives of our key stakeholders. The focus is to have sustainable long term programmes which have a positive impact on business. We believe that stakeholders involvement is key to the success of our programmes. "At Apollo Tyres we believe in creating a brand that fosters social responsibility and goodwill among its key stakeholders and community at large". Not new to Corporate Social Responsibility, Apollo has been running welfare schemes for both dealers and consumers for years now. The comprehensive initiaives undertaken to educate and spread awareness about HIV-AIDS is a testament to our endeavour. Also, the Apollo Tyre Health Clinics, strategically located in Transport Nagars, further reflect our concern for the community. They focus on programmes like behaviour change communication, condom promotion, Sexually Transmitted Diseases and Infection identification and treatment, making people more aware about HIV-AIDS and its prevention. In addition, our workplace programme in partnership with ILO, emphasises on spreading awareness about HIV-AIDS witin the organisation. With a team of 22 master trainers and 472 peer educators, the programme covers 7500 employees across all our locations. In totality, the scope of our CSR activities encompass the communities directly linked with the business or the operations of the organisation.

CSR activities have been extended to integrate with our supply chain also. Apollo organised a day long conference on the strategic importance of CSR for sustainability of businesses. The organisation is taking forward the HIV-AIDS programme with its supply chain members.

OTHER INITIATIVES

At Apollo Tyres, humanity is a virtue we all practice with humility. As we grow, we are looking at ways in which we could create unique avenues of prosperity and entrepreneurship within the communities we serve. The organisation strongly believes in undertaking activities that will directly make a difference in the lives of our key stakeholders. It is with this objective that we at Apollo Tyres have undertaken various CSR initiatives: some of these include assisting and creating basic infrastructure, healthcare, education and empowering of local self employment.

The Emergency Medical Service (EMS) programmes, in association with Lifeline Foundation, is engaged in pioneering work in Highway Rescue and Evacuation Systems. Under this initiative all city hospitals and ambulances are being upgraded to ensure emergency preparedness, a common four-digit phone number along with a 24-hour emergency help will also be available for every Baroda resident.

Our War Wounded Foundation, helps restoring individual pride and esteem of soldiers wounded in war. Through this initiative, Apollo helps these soldiers in setting its dealerships at a highly subsidised cost.

Further, with the various Health Camps, undertaking of development of the village infrastructure and various customer care programmes for the LCV community, we have lived up to the commitment of improving the quality of the world around us.

GLOBAL PROGRAMMES

For Apollo Tyres, the world is a playground and it dreams of seeing all its inhabitants happy. After Dunlop's acquisition by Apollo Tyres in South Africa, the community initiatives have got a fresh impetus.

From sponsoring salaries at a care home in Kwazulu Natal to meeting the annual tyre requirements at Zululand Rhino Reserve and Global White Lion Protection Trust, the organisation continues its humble efforts with tireless zeal. Furthermore, Dunlop Tyres has also been assisting the Sterkfontein Vulture Feeding Project in providing safe, poison-free food that is important in the conservation of these magnificent birds. Without mention, such endeavours clearly demonstrate how our care and concern for individuals, society and environment transcends boundaries and borders.

> "Our initiatives are aimed at bringing unison in thoughts, words and deeds for the welfare of society as well as our nation"

PICTURE DESCRIPTION

- Dunlop sponsors the salary of a housemother at the Villa Esperanza safe house, in Kwazulu Natal, which provides care and support for abused women and children, HIV-AIDS sufferers and people with substance abuse problems. Villa Esperanza is a residential facility that creates a secure environment where people can rebuild their lives and regain their confidence.
- Dunlop sponsors the Zululand Rhino Reserve, an endangered species reserve, with tyres for their monitoring vehicles. The reserve monitors 21 black rhinos daily and travels vast distances over testing terrain in their 4x4 vehicles. Dunlop meets the annual tyre requirements for the reserve and arranges for free fitment and balancing of the tyres.
- Dunlop Tyres have been assisting the Sterkfontein Vulture Feeding Project in providing a safe, poison-free source of food that is important in the conservation of these magnificent birds. Dunlop Tyres ongoing involvement in the programme began in 1993 with the supply of tyres for their vehicles. The Sterkfontein project, a popular international tourist destination, includes two satellite feeding sites.
- Dunlop sponsors tyres for the monitoring vehicles for the Global White Lion Protection Trust, a ground-breaking conservation project to return lions back to the wild.


FINANCIALS

DIRECTORS' REPORT

Dear Member,

Your Directors have pleasure in presenting the Annual Report along with the audited statement of accounts of your Company for the financial year ended March 31, 2007.

FINANCIAL PERFORMANCE

	Year Ended 31.03.2007 (Rs. Million)	31.03.2006
Sales & other Income	37773.14	30033.01
Profit before Depreciation, Tax & Exceptional Items	2596.45	1733.60
Less: Depreciation	742.26	727.86
Provision for Tax – Current	445.56	217.90
Provision for Tax – Deferred	238.32	18.63
Fringe Benefit Tax	36.00	45.50
Profit after Tax Before Exceptional Items	1134.22	723.71
Exceptional Items:	0.00	57.98
Net Profit	1134.22	781.69
Add: Debenture Redemption Reserve Written back	16.70	61.10
Surplus Brought Forward From Previous Year	1259.30	1113.23
Profit available for Appropriations	2410.22	1956.02
Appropriations:		
Dividend to Equity Shareholders	208.81	172.52
Dividend Tax	29.29	24.20
General Reserve	500.00	500.00
Balance Carried Forward	1672.12	1259.30

OPERATIONS

During the financial year ended March 31, 2007, sales from operations recorded Rs 37743.43 million as against Rs 30021.19 million during the previous year, registering a growth of 25.72%.

Operating profit, before interest and depreciation, amounted to Rs 3122.93 million as against Rs 2239.22 million during the previous year. Net profit, after providing for interest, depreciation and tax amounted to Rs 1134.22 million as against Rs 781.69 million during the previous year, recording a growth of 45.10%.

Your Company has achieved remarkable growth in its operations supported by a motivated management team, aggressive marketing initiatives, better operating and financial efficiencies. A sharp focus on profitability and fiscal discipline in payment terms has resulted in significant financial gains. Cost management and better production efficiencies have helped in maintaining a profitable track record, despite a sharp increase in input costs, which we were able to pass to some extent to the customer.

PRODUCTION

During the year 2006-07, your Company has achieved 6.9% growth in production tonnage by registering production of 269,000 MT as against 252,000 MT in the previous year. All expansion programmes were implemented successfully as envisaged, by increasing total capacity across all plants to 736 MT/day from 704 MT/day.

DIVIDEND

Your Directors have paid an interim dividend of 45% (Rs 4.50 per share) for the financial year 2006-2007. The Directors recommend that the above interim dividend be confirmed and declared as final dividend for the year ended March 31, 2007.

SHARE CAPITAL

During the year, 8,064,500 equity shares of Rs 10 each at a premium of Rs 300 per share, were allotted to Qualified Institutional Buyers (QIB) aggregating to Rs 2500 million. Your Company's share capital has increased from Rs 383.4 million to Rs 464.0 million, after the above allotment. Your Company has also allotted 4 million warrants to the Promoters. Each warrant is convertible into one equity share of Rs 10 each at a premium of Rs 283 per share, at the option of the warrant holders. The last date of this conversion option is April 18, 2008.

In order to improve the liquidity of the Company's shares in the stock market and to make it affordable to small investors, your Directors have recommended for your approval sub-division of the nominal value of equity shares from Rs 10 each to Re.1/- each. In view of the interest of the Foreign Institutional Investors (FIIs) in the Company's shares, your Directors have also recommended for your approval for increasing the limit of FIIs holding from 24% to 30% of the paid up capital of the Company.

RAW MATERIALS

The year under review witnessed steep raw material price increases which included natural rubber, synthetic rubber and carbon black. Natural rubber prices touched an all-time peak in the international markets in 2006-07 due to weather disruptions in Thailand and Malaysia and insurgent activities in the rubber producing regions in Southern Thailand. Increased investor interest in commodities has also contributed to higher natural rubber prices during the year under review. Driven by international prices, in India too, natural rubber prices touched a high during this period. The inverted duty structure in our industry continues, where custom duty on imported natural rubber is 20% against 10% custom duty on the import of finished tyres. Prices of synthetic rubber have also increased in the year under review due to an adverse demand and supply situation and sharp increase in crude oil prices. Carbon black prices have escalated sharply due to a similar rise in feedstock prices combined with a tight supply position. The continuing anti-dumping duty on nylon tyre cord fabric and rubber chemicals have further added to raw material costs. Your Company continued to focus on strategic partnership with key suppliers of the above raw materials and in expanding the sourcing network across the world to leverage competitive prices.

DOMESTIC MARKETING

In India, the Apollo Tyres brand has continued on the growth path that it has set for itself, benefiting from the spread and depth of its dealer network, the Company's customer-focussed marketing initiatives and the launch of products relevant to the Indian consumer. Adding further impetus to this growth have been a carefully planned and executed series of activities in the realm of product development, customer education, building relationships with key automobile manufacturers and promotion of profiled marketing properties. On the product front, your Company has progressed further in bringing to the Indian customer tyres in every category, suited to the needs of Indian consumers, the country's rapidly expanding road infrastructure and the advent of new generation vehicles in all segments. In keeping with your Company's philosophy of continuously servicing the customer, a number of product launches took place over the course of the year. These include an expansion in the Gold series of commercial tyres, launch of the Champion FS – a class-leading fuel saver for the truck & bus segment, and the Regal Transport brand of truck & bus radial tyres. All light commercial vehicle tyres were further strengthened with the incorporation of a dual-bead technology, which allows for optimum benefits under varying load conditions. For the passenger segment, the ultra high performance tyres Acelere Sportz and Aspire were introduced, along with an expanded range of the 4x4 Hawkz tyres.

Your Company continues to add some of the world's best-known automobile manufacturers to its list of OE partners. This includes General Motors, their new vehicle Spark was launched riding exclusively on Apollo Acelere tyres. Two other new products included the entry of your Company into the retreading material arena with DuraTread and the retreaded tyres category with DuraTyres. Your Company continued on its existing platform of care for customer, under the Safe Drive banner, establishing temporary clinics on National Highways, where passenger car tyres were checked for condition and usage, and a report given to the driver for future reference, irrespective of the brand used. This was extended to the commercial vehicle segment under the "Tyre Pressure Check Day" banner. Both these activities have brought your Company tremendous goodwill and empathy with vehicle owner. The continuation of double digit growth while reinforcing the Apollo Tyres brand and maintaining Apollo Tyres' premium quality position is what makes your Company's leadership in the Indian market unique as well as enviable.

EXPORTS

The last financial year has been a watershed year in your Company's march towards becoming a significant global player, having undertaken extensive measures to strengthen the Company's exports to key countries across the world. As a result, your Company's share of total exports from India has gone up from 12% in 2003-04 to 18.6% in 2006-07. A major fillip to the Company's exports has been achieved by breaking into the most sophisticated tyre market in the world – Europe – high quality brands. Europe continues to remain the strategic focus for the Company's premium brands of Apollo passenger car radial tyres. With over 500,000 units, your Company has emerged as the highest exporter of passenger car tyres from India in 2006-07. Going forward, the focus would remain on export of passenger car radials, supported by truck and bus radials.

EXPANSION PROGRAMME/FUTURE OUTLOOK

Your Company's future outlook continues to remain strong and positive with a focus on exploring new growth opportunities both within India and overseas. Your Company's passenger car radial tyre manufacturing capacity was expanded to achieve 300,000 tyres per month from an earlier capacity of 210,000 at the beginning of the year. Light truck radial capacity has been augmented to 50,000 per month. In the coming year, expansion programmes will continue in both expanding existing capacity and range of products, identifying newer opportunities and continuing to bring to the customer base a better and higher range of existing and allied products. Manufacturing capacity of Dunlop Tyres, South Africa, which is now owned by your Company, was augmented by about 10% through debottlenecking and improved operational efficiencies. Your Company would continue its efforts on improving plant efficiency, thereby, releasing hidden capacity and bringing down conversion costs.

ACQUISITION OF DUNLOP TYRES INTERNATIONAL, SOUTH AFRICA

Your Company had completed its first international acquisition of Dunlop Tyres International (Pty) Ltd on April 21, 2006. Given the local domestic price and global raw material cost pressures in South Africa, the acquisition by your Company has benefited Dunlop Tyres International significantly. Certain key integration benefits have already been realised and further positive results are expected in the forthcoming year. There has been specific emphasis on improvement of efficiencies and output in truck radial and earthmover products in Durban and ultra high performance products in Ladysmith. These initiatives will positively impact Dunlop's competitive capability and favorably position the group for growth and improved profitability in the forthcoming financial year.

SUBSIDIARY COMPANIES

During the financial year 2006-07, your Company acquired Dunlop Tyres International (Pty) Ltd., South Africa w.e.f. April 21, 2006 along with some of its subsidiary/associate companies in Zimbabwe and United Kingdom. The members may refer to the statement under Section 212 of the Companies Act, 1956 for further information on Company's subsidiaries. The Central Government vide its letter No.47/122/2007-CL-III dated March 23, 2007 has accorded its approval under Section 212 (8) of the Companies Act, 1956, for not annexing the accounts of the subsidiary companies. The consolidated accounts are attached to the accounts of your Company. The copy of the annual report of the 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 office of your Company, and its subsidiary companies.

FIXED DEPOSITS

Your Company is not accepting fixed deposits from the public/shareholders. In respect of 101 matured deposits, cheques had been issued for the deposit amount and interest thereon amounting to Rs 1.81 million, which remained unencashed as on March 31, 2007. Out of this amount Rs 0.42 million had remained unclaimed for more than seven years, and had been transferred to Investor Education and Protection Fund on 11th May, 2005.

AUDITORS' REPORT

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

COST AUDIT

M/s. N. P. Gopalakrishnan & Co., cost accountants, have been appointed to conduct cost audit for the year ended March 31, 2007. They will submit their report to the Board of Directors before forwarding it to the Ministry of Company Affairs, Government of India.

BOARD OF DIRECTORS

Mr M J Hankinson, was appointed as an additional director on the Board w.e.f. January 25, 2007, and holds office upto the date of the forthcoming Annual General Meeting. He is eligible for reappointment. Mr Shardul S Shroff, Mr Nimesh N Kampani and Dr S Narayan will retire by rotation at the forthcoming Annual General Meeting. They are eligible for reappointment and offer themselves for reappointment.

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

The information as required u/s 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure-A* to this report.

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate governance is given in Annexure-B* to this report.

AUDITORS

M/S Deloitte Haskins & Sells, Chartered Accountants, the auditors of your Company, will retire at the forthcoming annual general meeting and are eligible for reappointment.

HUMAN RESOURCES

Human Resource at Apollo Tyres positions itself as a growth driver and seeks to contribute effectively in the overall journey of the Company. The year 2006-07 has been devoted to strengthening the Company's Human Resource processes and systems, resulting in this area emerging as one of the strongest factor in propelling the Company towards new challenges and milestones. During the year under review, industrial relations across the Company remained cordial. Long-term settlement has been signed with the workers unions in Perambra and Kalamassery plants. Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in Annexure-C* of this 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, 2007, 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, 2007, 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 Directors convey their grateful thanks to the Central Government and the State Governments of Kerala, Gujarat, Maharashtra and Haryana for their continued support in your Company's growth. Your Directors would also like to thank the bankers, financial institutions, customers, suppliers and stakeholders for the cooperation extended to the management. The Board places on record its appreciation for the continued support of people across the organisation.

For and on behalf of the Board of Directors

Onkar Kanwar

(Onkar S. Kanwar)
Chairman

Place: Gurgaon
Date : 1st May, 2007

* Annexures A, B and C are enclosed in the Annual Report circulated to Shareholders.

AUDITORS' REPORT

TO THE MEMBERS OF APOLLO TYRES LTD.

1. We have audited the attached Balance Sheet of Apollo Tyres Ltd as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 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 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 appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. 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;

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
      (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
      (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

-Sd-

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Gurgaon.
Date: 1st May, 2007

Annexure referred to in paragraph 3 of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Physical verification of fixed assets is carried out in a phased manner as determined by the management, which is considered reasonable having regard to the size of the Company and the nature of its assets and 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.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section; and

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public during the year.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of tyres and tubes, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess were in arrears as at 31st March 2007, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute, except the following:

Name of the statute	Nature of dues	Amount (Rs. in Million)	Period to which the amount relates	Forum where dispute is pending
Custom Act, 1982	Custom Duty	102.54	Assessment Years 1989-90 & 1994-95	Assistant/Deputy commissioner of Customs/Supreme Court
Sales Tax Act applicable to various States	Sales Tax	44.69**	Assessment Years 1990-91 to 2003-04	Various Appellate Authorities /Revenue Board/High Court
Central Excise Act, 1944	Excise Duty and Additional Excise Duty	540.33	1995-96	Various Appellate Authorities/High Court

** Net of deposits Rs. 14.44 Million

(x) In our opinion, the Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current and immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company was applied for the purpose for which these loans were raised.

(xvii) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.

(xix) The Company has created security in respect of debentures issued in earlier years and has not issued any debentures during the year.

(xx) We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS
-Sd-
Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Gurgaon.
Date: 1st May, 2007

BALANCE SHEET

AS AT 31st MARCH 2007

	Schedule	As at 31st March, 2007 Rs./Millions	As at 31st March, 2006 Rs./Millions
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	464.09	383.40
Equity Share Warrants (Note - B 5(b))		117.20	-
Reserves and Surplus	2	9,207.13	5,956.79
		9,788.42	6,340.19
Loans:	3		
Secured		4,737.63	3,810.03
Unsecured		1,449.40	3,690.00
		6,187.03	7,500.03
Deferred Tax Liability (Net) (Note - B 12)		1,290.57	1,052.25
TOTAL		17,266.02	14,892.47
APPLICATION OF FUNDS:			
Fixed Assets	4		
Gross Block		14,925.12	13,106.06
Less: Depreciation		5,416.57	4,699.36
Net Block		9,508.55	8,406.70
Capital Work in Progress		804.55	779.34
		10,313.10	9,186.04
Investments	5	2,581.14	5.30
Current Assets, Loans and Advances:	6		
Inventories		4,519.49	4,194.18
Sundry Debtors		2,030.55	1,751.44
Cash and Bank Balances		1,720.02	2,313.60
Other Current Assets		139.14	2.14
Loans and Advances		1,937.10	1,843.92
		10,346.30	10,105.28
Less: Current Liabilities and Provisions:	7		
Current Liabilities		5,422.01	3,886.25
Provisions		553.75	520.46
		5,975.76	4,406.71
Net Current Assets		4,370.54	5,698.57
Deferred Revenue Expenditure (Note - B 13)		1.24	2.56
TOTAL		17,266.02	14,892.47
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
1st May, 2007

ONKAR S. KANWAR
Chairman &
Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P. N. WAHAL
Head-Secretarial &
Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
M. R. B. PUNJA
M. J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U. S. OBEROI

Directors

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 2007

	Schedule		Year Ended 31st March, 2007 Rs./Millions		Year Ended 31st March, 2006 Rs./Millions
INCOME					
Gross Sales		37,743.43		30,021.19	
Less: Excise Duty		4,820.15	32,923.28	3,765.99	26,255.20
Other Income	8		29.71		11.82
			32,952.99		26,267.02
EXPENDITURE					
Manufacturing and Other Expenses	9		30,143.67		24,795.81
(Increase) / Decrease in Work in Process and Finished Goods	10		(313.61)		(768.01)
Interest	11		526.48		505.62
			30,356.54		24,533.42
Profit Before Depreciation, Tax & Exceptional Items			2,596.45		1,733.60
Depreciation		743.78		729.38	
Transfer from Revaluation Reserve		(1.52)	742.26	(1.52)	727.86
Profit Before Tax & Exceptional Items			1,854.19		1,005.74
Provision for Tax - Current		445.65		217.90	
- Deferred		238.32		18.63	
- Fringe Benefit Tax		36.00	719.97	45.50	282.03
Profit After Tax Before Exceptional items			1,134.22		723.71
Add: Exceptional Items	12		-		57.98
Net Profit			1,134.22		781.69
Add: Profit brought forward from previous year			1,259.30		1,113.23
Transfer from Debenture Redemption Reserve			16.70		61.10
			2,410.22		1,956.02
Deduct - Appropriations:					
General Reserve			500.00		500.00
Interim Dividend / (Proposed Dividend)			208.81		172.52
Dividend Tax			29.29		24.20
			738.10		696.72
Surplus Carried to Schedule 2			1,672.12		1,259.30
Basic Earnings Per Share (Face Value of Rs 10/- each) (Rs.)					
Before Exceptional Items			27.14		18.88
After Exceptional Items			27.14		20.39
Diluted Earnings Per Share (Face Value of Rs 10/- each) (Rs.)					
Before Exceptional Items			27.08		18.88
After Exceptional Items			27.08		20.39
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13				

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
1st May, 2007

ONKAR S. KANWAR
Chairman &
Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P. N. WAHAL
Head-Secretarial &
Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
M. R. B. PUNJA
M. J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U. S. OBEROI

Directors

CASH-FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH 2007

		Year Ended 31st March, 2007 Rs./Millions		Year Ended 31st March, 2006 Rs./Millions	
A	CASH FLOW FROM OPERATING ACTIVITIES				
(I)	PROFIT AFTER TAX & EXCEPTIONAL ITEMS		1,134.22		781.69
	ADD:-PROVISION FOR TAX		719.97		282.03
	NET PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL ITEMS		1,854.19		1,063.72
	ADD:-DEPRECIATION	742.26		727.86	
	-LEASE RENT ON LEASEHOLD LAND	0.21		0.20	
	-TRANSFER FROM INVESTMENT FLUCTUATION RESERVE	-		(8.40)	
	-(PROFIT)/LOSS ON SALE OF ASSETS	8.42		5.34	
	-(PROFIT)/LOSS ON SALE OF INVESTMENTS (NET)	-		(100.50)	
	-PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	2.40		2.59	
	-PROVISION/(REVERSAL) FOR DOUBTFUL DEBTS/ADVANCES	16.35		(14.20)	
	-DEFERRED REVENUE EXPENDITURE AMORTISED NET OF PAYMENT	1.32		1.20	
	-INTEREST	526.48		505.62	
	-FOREX FLUCTUATION ON REVALUATION	(5.48)		(2.38)	
			1,291.96		1,117.33
ii)	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		3,146.15		2,181.05
	ADJUSTMENT FOR				
	-TRADE & OTHER RECEIVABLE	(510.88)		(577.35)	
	-INVENTORIES	(325.31)		(892.92)	
	-TRADE PAYABLES	1,654.81	818.62	313.51	(1,156.76)
(iii)	CASH GENERATED FROM OPERATIONS		3,964.77		1,024.29
	-DIRECT TAXES PAID		(390.09)		(230.40)
(iv)	NET CASH FLOW FROM OPERATING ACTIVITIES		3,574.68		793.89
B	CASH FLOW FROM INVESTING ACTIVITIES				
	-PURCHASE OF FIXED ASSETS	(1,487.16)		(1,593.91)	
	-SALE OF FIXED ASSETS	7.69		17.62	
	-PURCHASE OF INVESTMENTS	(2,546.47)		(1.00)	
	-SALE OF INVESTMENTS			638.41	
	-INTEREST RECEIVED	27.26		26.43	
	NET CASH USED IN INVESTING ACTIVITIES		(3,998.68)		(912.45)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	-PROCEEDS FROM ISSUE OF SHARE WARRANTS	117.20		–	
	-PROCEEDS FROM ISSUE OF SHARE CAPITAL INCL. SHARE PREM.	2,436.43		–	
	-LONG TERM BORROWING RECEIVED	–		1,000.00	
	-REPAYMENTS OF LONG TERM BORROWING	(866.67)		(422.37)	
	-PAYMENTS OF PREMIUM ON REDUMPTION OF DEBENTURES	–		(2.30)	
	-BANK OVERDRAFT/SHORT TERM FUNDS	(846.52)		1,480.74	
	-DIVIDENDS PAID	(291.53)		(199.33)	
	-INTEREST PAID	(718.49)		(528.88)	
	NET CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES		(169.58)		1,327.86
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(593.58)		1,209.30
	CASH & CASH EQUIVALENTS AS ON 01.04.2006 (01.04.2005)		2,313.60		1,104.30
	CASH & CASH EQUIVALENTS AS ON 31.03.2007 (31.03.2006)		1,720.02		2,313.60

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
1st May, 2007

ONKAR S. KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P.N. WAHAL
Head-Secretarial & Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
M.R.B. PUNJA
M.J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U.S. OBEROI

Directors

SCHEDULES

ANNEXED TO THE ACCOUNTS

SCHEDULE 1 - SHARE CAPITAL

	As at 31st March, 2007 Rs./Millions	As at 31st March, 2006 Rs./Millions
AUTHORISED		
73,000,000 (48,000,000) Equity Shares of Rs.10/- each	730.00	480.00
200,000 Preference Shares of Rs.100/- each	20.00	20.00
	750.00	500.00
ISSUED, SUBSCRIBED AND PAID UP		
46,402,477 (38,337,977) Equity Shares of Rs.10/- each (Note B-5(a))	464.02	383.33
Add: Forfeited Shares	0.07	0.07
	464.09	383.40

SCHEDULE 2 - RESERVES & SURPLUS

	As at 31st March, 2007 Rs./Millions	As at 31st March, 2006 Rs./Millions
CAPITAL RESERVES		
Fixed Assets Revaluation Reserve		
As per last Balance Sheet	33.09	34.61
Less: Transfer to Profit & Loss Account	1.52	1.52
	31.57	33.09
Share Forfeiture (Rs.1375/-)	-	-
Capital Redemption		
As per last Balance Sheet	44.40	44.40
Debenture Redemption		
As per last Balance Sheet	38.40	99.50
Less: Transfer to Profit & Loss Account	16.70	61.10
	21.70	38.40
Securities Premium		
As per last Balance Sheet	2,171.97	2,174.27
Add: Received during the year	2,419.35	0.00
Less: Issue expenses written off	63.61	-
Less: Premium on Redemption of Debentures	-	2.30
	4,527.71	2,171.97
OTHER RESERVES		
Investment Fluctuation Reserve		
As per last Balance Sheet	-	8.38
Less: Transfer to Schedule 12	-	8.38
	-	-
Capital Subsidy		
As per last Balance Sheet	3.00	3.00
General		
As per last Balance Sheet	2,406.63	1,906.63
Add: Transfer from Profit & Loss Account	500.00	500.00
	2,906.63	2,406.63
Surplus as shown in the Profit & Loss Account	1,672.12	1,259.30
	9,207.13	5,956.79

SCHEDULE 3 - LOANS

		As at 31st March, 2007 Rs./Millions		As at 31st March, 2006 Rs./Millions
SECURED				
Debentures				
1,000,000 - 11.25% Non Convertible Debentures of Rs.100/- each		100.00		100.00
Less: Redeemed to date		66.67		33.33
		33.33		66.67
Term Loans				
From International Finance Corporation:				
- Foreign Currency	516.13		678.75	
- Rupee Loan	428.69	944.82	535.86	1,214.61
From Banks:				
ICICI - Foreign Currency		235.71		473.46
State Bank of India		752.93		1,000.00
From Institutions:				
GE Capital Services India		165.00		225.00
		2,098.46		2,913.07
Other Loans:				
Banks - Cash Credit		2,111.76		717.68
Deferred Payment Credit		400.00		0.00
Sales Tax Loan		94.08		112.61
		2,605.84		830.29
		4,737.63		3,810.03
UNSECURED				
Commercial Paper		-		700.00
Short term Loans				
- From Banks		1,449.40		2,240.00
- From Others		-		750.00
		1,449.40		3,690.00

NOTES: SECURED LOANS

1. 1,000,000 - 11.25% Non Convertible Debentures of Rs.100 each issued at par and allotted on 26th June, 2002 are redeemable in three equal annual instalments at the end of 3rd, 4th and 5th year from the date of allotment of debentures. The second instalment of Rs.33.33 Millions was paid during the current year. The above debentures and interest payable thereon are secured by a pari-passu first charge on the company's Land and premises at Chalakudy, Kerala State and at Village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

2. Loan from International Finance Corporation is secured by:
   - A pari-passu first charge along with other lenders on the company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A first and fixed charge on the Company's Land and premises situated at Gurgaon, Haryana State together with all existing and future buildings, erections and structures.
   - A pari-passu first charge on all the movable assets except current assets of the company.
   - A second charge on all the current assets of the company.

3. External Commercial Borrowing from ICICI Bank Limited, Singapore is secured by:
   - A pari-passu first charge along with other lenders on the Company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the factory buildings, Plant & Machinery and Equipments both present and future.
   - A paripassu first charge on all the movable assets except current assets at Chalakudy, Kerala State and at Village Limda, Gujarat State.

4. Loan from State Bank of India is secured by:
   - A pari-passu first charge along with other lenders on the company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.
   - A second charge on all the current assets of the company.

5. Loan from GE Capital Services India is secured by:
   - A pari-passu first charge along with other lenders on the Company's land at Chalakudy, Kerala State and at village Limda, Gujarat State together with the factory buildings, Plant & Machinery and Equipments, both present and future.
   - A pari-passu first charge on all the moveable assets except current assets at Chalakudy, Kerala State and at village Limda, Gujarat State.

6. Cash Credits and Guarantees from Banks are secured by Hypothecation of Raw Materials, Work-in-Process, Stocks, Stores and Book Debts ranking in priority to the charge created in respect of the IFC Loan and also by second charge on the Company's land at Chalakudy, Kerala State, at village Limda, Gujarat State and on part of the Land at Ranjangaon in the State of Maharashtra together with the Factory Buildings, Plant & Machinery and Equipments, both present and future.

7. Deferred payment credit is secured by specific assets purchased under the scheme and include Rs.14.08 Millions repayable within one year.

8. The company had availed interest free Sales Tax Loan from Gujarat State Government amounting to Rs.112.61 Millions. These loans are secured by a pari-passu charge on the entire fixed assets of the company, both present and future situated at village Limda in Gujarat State. The said loan is repayable in six equal annual instalments on the expiry of 14 years from the commencement of commercial production i.e., 31st May, 2006. Accordingly, a sum of Rs.18.53 Millions was paid during the year and a similar amount is repayable within one year.

9. Loans, other than debentures, include Rs.839.60 Millions (Rs.846.00 Millions) repayable within one year.

SCHEDULE 4 - FIXED ASSETS

Rs. Millions

Description of Assets	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 31st March, 2006	Additions	Deductions	As at 31st March, 2007	For the year	To date	As at 31st March, 2007	As at 31st March, 2006
Land	73.92 (b)	0.60	0.25	74.27 (b)			74.27	73.92
Leasehold Land	20.24		0.21 (a)	20.03			20.03	20.25
Buildings	1,641.52 (b)	73.05		1,714.57 (b)	45.51	394.57	1,320.00	1,292.46
Plant & Machinery	9,949.21 (b)	1,632.43	23.12	11,558.52 (b)	555.35	4,207.41	7,351.11	6,281.83
Electrical Installation	348.81	9.74	1.16	357.39	17.16	179.56	177.83	186.35
Furniture, Fixtures & Office Equipments	514.09	64.82	4.29	574.62	41.17	274.75	299.87	278.25
Vehicles	323.94	60.08	7.25	376.77	45.61	178.47	198.30	188.60
Intangible Assets	113.02	21.23		134.25	24.46	67.11	67.14	70.37
Assets under Hire Purchase acquired after 01.04.2001: - Vehicles	121.31		6.61	114.70	14.52	114.70	0.00	14.67
	13,106.06	1,861.95	42.89	14,925.12	743.78	5,416.57	9,508.55	8,406.70
Previous Year	11,484.26	1,657.91	36.11	13,106.06	729.38	4,699.36	8,406.70	7,501.28

(a) Represents proportionate lease premium Rs.0.21 Millions (Rs.0.21 Millions) written off.

(b) Includes amount added on revaluation in 1985-86 and 1986-87 - Rs.227.76 Millions

SCHEDULE 5 - INVESTMENTS

	As at 31st March, 2007 Rs. Millions	As at 31st March, 2006 Rs. Millions
LONG TERM :		
TRADE (FULLY PAID)		
QUOTED		
Equity Shares of Rs.10/- each in Companies :		
999,515 Shares in Raunaq Finance Ltd.	10.00	10.00
167,150 Shares in Apollo Tubes Ltd.	0.17	0.17
16,394 Shares in Bharat Gears Ltd.	0.36	0.36
Nil (5,180,000) Equity Shares in Gujarat Perstorp Electronics Ltd. of Re.1/- each	-	5.18
	10.53	15.71
UNQUOTED		
50,000 (50,000) Shares in Apollo Radial Tyres Ltd. - wholly owned subsidiary	0.50	0.50
50,000 (50,000) Shares in Apollo Automotive Tyres Ltd. - wholly owned subsidiary	0.50	0.50
5,568,188 (1) Equity shares in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary	249.01	-
43,451,679 9% Non-cumulative redeemable preference shares in Apollo (Mauritius) Holdings Pvt Ltd. - wholly owned subsidiary	2,329.23	-
5,000 Shares in Apollo Tyres Employees' Multipurpose Co-operative Society Limited of Rs.100/- each	0.50	0.50
NON TRADE (FULLY PAID)		
CURRENT:		
171,529 Units of "UTI Balanced Fund (erstwhile Unit Scheme 2002) - Income" of Unit Trust of India #	1.04	1.04
	2,591.31	18.25
Less : Provision for Diminution / Reduction in the Value of Investments	10.17	12.95
	2,581.14	5.30
Cost/Book value of Quoted Investments (Net of Provision for Diminution / Reduction in the Value of Investments)	0.36	2.76
Market Price of Quoted Investments	1.06	10.70
# Repurchase Price of Units	3.20	2.30

SCHEDULE 6 - CURRENT ASSETS, LOANS AND ADVANCES

		As at 31st March, 2007 Rs. Millions		As at 31st March, 2006 Rs. Millions
CURRENT ASSETS				
Inventories: @				
Raw Materials		1,863.31		1,921.24
Stores and Spares		261.36		272.24
Work-in-Process		270.46		294.06
Finished Goods		2,124.36		1,706.64
		4,519.49		4,194.18
Sundry Debtors - Unsecured				
Over Six Months				
Considered Good		13.41		30.50
Considered Doubtful		52.46		36.11
Others - Considered Good*		2,017.14		1,720.94
		2,083.01		1,787.55
Less: Provision for Doubtful Debts		52.46		36.11
		2,030.55		1,751.44
Cash and Bank Balances				
Cash and Cheques on hand		454.54		434.61
Remittances in Transit		272.87		252.51
With Scheduled Banks :				
Current Accounts		429.66		255.52
Dividend Accounts		159.92		16.51
Deposit Accounts**		403.03		1,354.45
		1,720.02		2,313.60
Other Current Assets				
Income Accrued on Investments***		139.14		2.14
		139.14		2.14

* Includes due from Subsidiary Company 20.39

** Includes Rs.146.38 Millions (Rs.139.01 Millions) pledged with a bank against which working capital loan has been availed by Apollo Finance Ltd.

*** Includes due from Subsidiary Company 137.75

@ Includes stock in transit

		As at 31st March, 2007 Rs. Millions		As at 31st March, 2006 Rs. Millions
LOANS AND ADVANCES - UNSECURED				
Advances recoverable in cash or in kind or for value to be received				
Considered Good*		1,698.42		1,518.20
Advance Tax	2,574.96		2,181.41	
Less: Provision for Taxation	(2,337.45)	237.51	(1,855.80)	325.61
Balance with Customs, Port Trust etc.		1.17		0.11
		1,937.10		1,843.92
		10,346.30		10,105.28
* Includes due from Subsidiary Company		8.42		31.77

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2007 Rs. Millions	As at 31st March, 2006 Rs. Millions
CURRENT LIABILITIES		
Sundry Creditors		
Due to Small Scale Industrial Undertakings/Small, Micro & Medium enterprises	16.01	6.40
Others*	4,016.92	3,123.14
Acceptances	1,178.43	664.87
Interest accrued but not due	45.23	69.19
**Investor Education and Protection Fund shall be credited by the following amounts namely:-		
Unpaid Debenture Redemption Amount	3.18	3.37
Unpaid Interest on Debentures	0.96	1.29
Unpaid Matured Deposits and Interest Thereon	1.36	1.36
Unpaid Dividend	159.92	16.63
	5,422.01	3,886.25
PROVISIONS		
Dividend Tax	-	24.20
Proposed Dividend on Equity Shares	-	172.52
Provision for Selling Expenses	410.69	270.94
Gratuity, Leave Encashment & Superannuation	143.06	52.80
	553.75	520.46
	5,975.76	4,406.71
* Includes Liability towards Hire Purchase / Financial Lease Rs. Nil (Rs. 5.00 Millions)		
* Includes due to Subsidiary Company	2.62	-

** 1. There are no amounts due and outstanding as at Balance Sheet Date to be credited to the Investor Education & Protection Fund.

2. Other unpaid amounts represent warrants / cheques issued to the Debentureholders / Depositors / Shareholders, as the case may be, which remain unpresented to the Bankers as on 31st March, 2007

SCHEDULE 8 - OTHER INCOME

	Year Ended 31st March, 2007 Rs. Millions	Year Ended 31st March, 2006 Rs. Millions
Miscellaneous Receipts *	29.71	11.82
	29.71	11.82
* Tax Deducted at Source	0.20	0.17

SCHEDULE 9 - MANUFACTURING & OTHER EXPENSES

		Year Ended 31st March, 2007 Rs. Millions		Year Ended 31st March, 2006 Rs. Millions
MATERIALS				
Raw Materials Consumed*		22,647.02		18,503.35
Less: Scrap Recoveries		66.71		61.76
		22,580.31		18,441.59
EMPLOYEES				
Salaries, Wages and Bonus**		1,639.42		1,299.92
Contribution to Provident and Other Funds		106.23		96.43
Welfare Expenses		248.44		238.71
MANUFACTURING, ADMINISTRATIVE AND SELLING				
Purchase of Finished Goods		851.70		787.68
Stores and Spares Consumed		259.43		247.50
Power and Fuel		1,326.76		1,218.19
Conversion Charges		64.74		23.85
Repairs and Maintenance				
- Machinery		62.95		49.48
- Buildings		17.13		9.67
- Others		108.85		87.72
Rent***		92.39		76.66
Insurance		86.91		74.97
Rates and Taxes		93.14		97.94
Directors' Sitting Fees		1.28		1.00
Loss on Sale of Assets (Net)		8.42		5.34
Travelling, Conveyance and Vehicle Expenses		349.07		262.14
Postage, Telex, Telephone and Stationery		62.05		65.93
Freight & Forwarding		749.92		621.54
Commission to Selling Agents		32.67		34.55
Sales Promotion Expenses		517.64		438.92
Advertisement & Publicity		205.96		100.78
Research and Development		82.48		83.29
Bank Charges		53.63		38.84
Provision for Doubtful Debts / Advances		16.35		-
Investments Written off	5.18			
Less: Transferred from Provision	5.18	-		-
Bad Debts/Advances Written off	-		14.22	
Less: Transferred from Provision	-	-	14.22	-
Lease Rent to PTL Enterprises Ltd.		150.00		100.00
Provision for Diminution in the Value of Investments		2.40		2.59
Legal & Professional Expenses		68.62		44.40
Miscellaneous Expenses****		304.78		246.18
		30,143.67		24,795.81

* Net of Foreign Exchange Fluctuation Gain of Rs 50.01 Millions (Rs 8.12 Millions)

** Includes VRS payments amortised during the year of Rs. 1.92 Millions (Rs 2.51 Millions)

*** Net of Rent Receipts of Rs. 11.70 Millions (TDS Rs. 2.60 Millions) (Rs 14.29 Millions, TDS Rs. 3.17 Millions)

**** Includes Foreign Exchange Fluctuation Loss of Rs 16.51 Millions (Net of Gain of Rs 1.79 Millions)

SCHEDULE 10 - (INCREASE)/DECREASE IN WORK IN PROCESS AND FINISHED GOODS

	Year Ended 31st March, 2007 Rs./Millions	Year Ended 31st March, 2006 Rs./Millions
OPENING STOCK		
Work in Process	294.06	233.46
Finished Goods	1,706.64	879.81
	2,000.70	1,113.27
Less:		
CLOSING STOCK		
Work in Process	270.46	294.06
Finished Goods	2,124.36	1,706.64
	2,394.82	2,000.70
	(394.12)	(887.43)
Excise Duty on Increase/(Decrease) of Finished Goods (Note B-8)	80.51	119.42
	(313.61)	(768.01)

SCHEDULE 11 - INTEREST

	Year Ended 31st March, 2007 Rs./Millions	Year Ended 31st March, 2006 Rs./Millions
Fixed Loans *	192.20	180.19
Debentures	4.64	12.42
Others # *	329.64	313.01
	526.48	505.62

Net of Interest Earned Rs.167.72 Millions (Rs.32.94 Millions)

Tax Deducted at source Rs.3.46 Millions (Rs.4.60 Millions)

* Including Foreign Exchange Fluctuation Loss of Rs.5.53 Millions (Rs.11.61 Millions)

SCHEDULE 12 - EXCEPTIONAL ITEMS

	Year Ended 31st March, 2007 Rs./Millions	Year Ended 31st March, 2006 Rs./Millions
Foreign Exchange Fluctuation attributable to investment in foreign subsidiary companies	-	(50.90)
Profit on Sale of Investments in Shares of Subsidiary Company PTL Enterprises Ltd	-	142.97
Loss on Sale of Investment in Shares of Joint Venture Company Michelin Apollo Tyres (P) Ltd (Net of transfer from Investment Fluctuation Reserve - Rs.8.38 Millions)	-	(34.09)
	-	57.98

SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The accounts are prepared on Historical Cost Convention with the exception of certain Plant and Machinery (which were revalued) based on Accrual method of Accounting and applicable Accounting Standards.

2. FIXED ASSETS

(a) Fixed Assets are stated at cost as adjusted by revaluation of certain Land, Buildings and 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 are capitalised and include finance cost on borrowed funds attributable to acquisition of fixed assets for the period up to the date of commencement of production, and adjustments arising from exchange rate variations relating to specific borrowing attributable to fixed assets acquired from outside India.

(c) Fixed Assets taken on Hire Purchase are capitalised and depreciation has been provided on such assets, while the hire charges have been charged to revenue.

(d) Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income attributable to the project is deducted from the total of the indirect expenditure

(e) Major spare parts that are of a standby or insurance nature are capitalised along with relevant fixed assets

3. DEPRECIATION

Depreciation on fixed assets is provided on the straight line basis at the rates specified in Schedule XIV of the Companies Act 1956, classifying certain Plant and Machinery as Continuous Process Plant on technical evaluation except that on certain vehicles depreciation is provided at 30%.

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 is amortised over the period of lease. In respect of assets impaired, the revised carrying value is depreciated over its remaining useful life.

4. BORROWING COSTS

Borrowing Costs are capitalised as part of qualifying asset when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

5. 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.

6. INVENTORIES

Inventories are valued at the lower of cost and net realisable value. 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.

In case of Raw materials and Stores and Spares, the cost (Net of Cenvat Credits where applicable) is determined on a moving weighted average basis.

7. FOREIGN CURRENCY TRANSACTIONS

Foreign Currency Transactions are recorded at rates of exchange prevailing on the date of transaction. The transaction outstanding at the year-end are translated at the rate of exchange prevailing at the year-end and profit or loss other than that relating to fixed assets acquired from outside India is recognised in Profit & Loss Account. The premium or discount arising at the inception of the foreign exchange contract are amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the Profit & Loss Account except in respect of those relating to fixed assets acquired from outside India.

8. REVENUE RECOGNITION

Revenue is recognised 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.

9. EXPORT INCENTIVE

Export Incentive in the form of Advance Licences / credit earned under Duty Entitlement Pass Book Scheme are treated as income in the year of export at the estimated realisable value / actual credit earned on exports made during the year and are credited to the Raw Material Consumption Account.

10. RETIREMENT BENEFITS

- 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 the contribution thereof paid / payable is absorbed in the Accounts.
- Liability for leave encashment benefit determined on the basis of actuarial valuation as on the balance sheet date is provided for in the Accounts.
- Fixed contributions to Provident Fund, Employees Pension Fund, Superannuation Fund and Cost of other benefits are recognised in the Accounts on actual cost to the Company.

11. DEFFERED REVENUE EXPENDITURE

Payments under Voluntary Retirement Scheme are being charged to Profit & Loss Account over a period of three years.

12. TAXES ON INCOME

Current year's tax is determined on the income for the year chargeable to tax in accordance with the Income Tax Act, 1961. Deferred Tax is recognised, subject to the consideration of prudence, on timing differences.

13. INTANGIBLE ASSETS

The expenditure incurred by the company on acquisition and implementation of Software System / Development cost up to the stage when the new product reaches technical feasibility have been recognised as an Intangible asset and are amortized over a period of five years based on their estimated useful life.

14. PROVISIONS

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best estimate 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.

15. IMPAIRMENT OF ASSETS

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

B. NOTES ON ACCOUNTS:

1. CONTINGENT LIABILITIES

PARTICULARS		2006-07 Rs./Million	2005-06 Rs./Million
Sales Tax		59.13	132.14
Income Tax-Disputed Demands under Appeal		167.20	211.00
Claims not acknowledged as debts	– Employee Related	17.40	-
	– Property Disputes	2.10	2.10
	– Others	1.40	0.60
Corporate Guarantee/Provision of Security		146.38	139.01
Guarantees given by bankers on behalf of the Company		649.60	198.59
Custom Duty		102.54	6.86
Land Acquisition Cases		-	-
Excise Duty*		7.02	7.02

* Excludes demands of Rs. 533.31 Million (Rs. 108.83 Million) raised on one of the Company's units relating to the issues which have been decided by the Appellate Authority in Company's favour in appeals pertaining to another unit of the Company.

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

		2006-07	2005-06
2.	Capital Expenditure Commitments not provided for	938.64	567.67

3. During the year, the Company formally concluded the process of acquiring 100% shareholding control of Dunlop Tyres International (Pty) Ltd. (DTIPL), South Africa along with some of its subsidiary/associate Companies in Zimbabwe and United Kingdom with effect from April 21, 2006. Out of total consideration of Rand 398 Million, Rand 338 Million was paid during the year and the balance deferred consideration of Rand 60 Million becomes payable on first anniversary of closing on 21st April 2007.

4. During the year the Company has entered into a "Business Purchase Agreement" dated 24th Jan 2007 for sale of its Tube Plant at Rajangaon, Pune for a total consideration of Rs 300 Millions. The sale is going to be effective from 1st May 2007 on completion of certain condition of sale by the parties. The Company is in the process of finalising an arrangement with the buyers for outsourcing its tube requirement on Job work basis

At March 31, 2007, the details of carrying amount of the assets and liabilities of the Pune factory held for sale has been given below:

		Rs./Million
a.	Gross Block of Fixed assets	543.25
	Less: Accumulated Depreciation	245.86
	Net Block of Fixed Assets	297.39
b.	Capital Work in Progress	7.15
c.	Other Current Assets	15.83
d.	Loans and Advances	5.23
e.	Current Liabilities	15.36
f.	Loss on assets held for sale	10.24

The above items have been included under appropriate heads except for item (f) which has been included under "Misc. Expenses", Manufacturing & Other Expenses - Schedule 9 of the profit and loss account for the year ended March 31, 2007.

5 a) Issue of shares to Qualified Institutional Buyers

The Company issued 8,064,500 Equity Share at Rs 310 per share (including securities premium of Rs 300 per share) to Qualified Institutional Buyers (QIB) on 27th October, 2006 for repayment of bridge Loans raised for the acquisition of Dunlop Tyres, South Africa and to meet normal capital expenditure and other general business needs of the Company.

b) Issues of share warrants to the promoter group

The Company has received Rs. 117.20 Millions towards 10% security deposit against preferential allotment of 4,000,000 Equity Share Warrants to the promoter group (in accordance with SEBI (DIP) guidelines, 2000) at Rs 293 each to be converted into 4,000,000 equity shares of Rs.10 each at a premium of Rs 283 per equity share on exercise of option by warrant holders before the expiry of 18 months from October 19, 2006. The share warrants are being issued for repayment of bridge Loans raised for the acquisition of Dunlop Tyres, South Africa and to meet normal capital expenditure and other general business needs of the Company.

6. The Company's operations comprise of only one segment – Tyres, Tubes & Flaps and therefore, there are no other business/geographical segment to be reported as required under Accounting Standard -17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

7. a) The names of Small Scale and ancillary Industrial undertakings (as identified by the management) to whom the Company owes a sum which is outstanding for more than 30 days as at 31st March, 2007 are given below:

Name of Undertaking	Name of Undertaking	Name of Undertaking
Bharati Enterprise	Jaishil Sulphur & Chemical Ind	Shri Mahakali Machinery Pvt Ltd
Coelho Engineering Works	Lakhotia Enterprise	Specific Ventil Fabrik
Desai Engineering Industries	Nav Bharat Metallic Oxide	Star Knives & Saws
Excell Engineering Industries	Omex Enterprises	Swami Samarth Enterprises
Foremost Industries	Perfect Charts Company	Thakar Dass & Co. P. Ltd
Hellflex Hydroaulics & Engg.	Rashmi Engineering Works	

b) The total amount payable to small & medium enterprises as identified by the management & relied upon by the auditors as at 31st March, 2007 is Rs.16.01 Millions. There were no overdue balances as at 31st March, 2007 on which interest was payable.

8. The total excise duty for the year excluding the excise duty related to difference between the closing stock and opening stock has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening has been disclosed in Schedule 10 "(Increase)/Decrease in Work in Process and Finished Goods.

9. The Company has taken, on operating lease, the plant of PTL Enterprises Ltd for a period of eight years, which is renewable. The lease rent of Rs 150 Million (Rs.100 Million) paid as per the lease agreement has been charged to Profit and Loss account.

10. Borrowing Costs capitalised during the year. 3.52 4.73

11. Research and Development Expenses comprise of the following:

PARTICULARS	2006-07 Rs./Million	2005-06 Rs./Million
Salary, Wages & Other Benefits	26.40	32.00
Travelling & Conveyance	6.40	9.10
Others	49.68	42.19
TOTAL	82.48	83.29

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

PARTICULARS	2006-07 Rs./Million	2005-06 Rs./Million
Deferred Tax Liability on timing differences arising on:		
Depreciation	1394.38	1,137.05
Sub Total (A)	1394.38	1,137.05
Deferred Tax Assets on timing differences arising on:		
Payment under Voluntary Retirement Scheme	0.61	1.41
Others	103.20	83.39
Sub Total (B)	103.81	84.80
Net Deferred Tax Liability (A-B)	1,290.57	1,052.25

13. Deferred Revenue Expenditure:

Payment Under VRS	2006-07 Rs./Million	2005-06 Rs./Million
Opening Balance	2.56	3.84
Add : Payment During the year	0.60	1.37
Total	3.16	5.21
Less : Amortised during the year	1.92	2.65
Closing Balance	1.24	2.56

14. (A) Computation of Profit for Managerial Remuneration

PARTICULARS	2006-07 Rs./Million	2005-06 Rs./Million
Net Profit as per Profit & Loss Account	1,134.22	781.69
Add: Provision for Tax	719.97	282.03
Remuneration to Managing / Wholetime Directors	126.34	71.73
Commission to Non-Whole Time Directors	4.00	4.00
Sitting Fees to Directors	1.28	1.00
Provision for Doubtful debts/advances	16.35	-
Provision for diminution in value of investment	2.40	2.59
Loss on sale of Assets at Pune Plant as per books	10.24	-
Loss on sale of assets as per books	8.42	5.34
Loss on sale of Investments	-	42.47
Less: Profit on sale of Investments	-	142.97
Transfer from Investment Fluctuation Reserve	-	8.38
Reversal from Provision for Doubtful Debts/Advances	-	14.22
Net Profit	2,023.22	1,025.28
1% Commission to Non-Wholetime Directors restricted to (Included under Miscellaneous Expenses)	4.00	4.00

(B) Remuneration to Managing / Wholetime Directors included under Employees Expenses:

i) Remuneration to Managing Director & Joint Managing Director

PARTICULARS	2006-07 Rs./Million	2005-06* Rs./Million
Salary	21.90	20.72
Commission	63.90	14.40
Contribution to Provident/Superannuation Funds	5.91	5.63
Money Value of Perquisites	20.58	19.90
TOTAL	112.29	60.65

*Includes salary paid to Joint Managing Director/Wholetime Director

ii) Remuneration to Wholetime Directors:

PARTICULARS	2006-07 Rs./Million	2005-06 Rs./Million
Salary	3.42	3.10
Commission/Performance Bonus	4.04	3.58
Contribution to Provident/Superannuation Funds	0.93	0.80
Money Value of Perquisites	5.66	3.60
TOTAL	14.05	11.08
TOTAL (i+ii)	126.34	71.73

15. Statutory Auditors' Remuneration included under Miscellaneous Expenses/Share issue expenses:

PARTICULARS	2006-07 Rs./Million	2005-06 Rs./Million
For Audit	1.50	1.50
For Certification & Other Service	3.33	0.20
Reimbursement of expenses	0.90	0.60
TOTAL	5.73	2.30

16. (A) Capacities and Production

PARTICULARS	UNIT	INSTALLED CAPACITY* PER ANNUM		PRODUCTION @	
		2006-2007	2005-2006	2006-2007	2005-2006
Automobile Tyres	No.	8,822,612	7,934,272	7,841,008	7,029,973
Automobile Tubes	No.	6,741,000	6,522,560	6,953,226	6,177,585
Automobile Flaps	No.	-	-	3,419,983	3,188,527
Alloy Wheels	No.	-	-	7,088	3,528
Camel Back/Pre-cured Tread Rubber	No.	220,000	3,000	66,246	-

*As certified by Management (Includes capacity under Lease agreement)

@ Includes Production under Lease Arrangement and purchases/conversion of Finished Goods by Conversion Agents:-

Tyres	952,401	Nos.	(914,083)
Tubes	453,759	Nos.	(755,288)
Flaps	3,419,983	Nos.	(3,188,527)
Alloy Wheels	7,088	Nos.	(3,528)

(B) Turnover and stock

PARTICULARS	Unit	Opening Stock		Turnover*		Closing Stock	
		2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
Automobile Tyres	No.	4,64,812	2,77,736	77,36,852	68,42,897	5,68,968	4,64,812
	Rs./Million	1,460.04	684.31	34,130.01	27,102.69	1839.78	1,460.04
Automobile Tubes	No.	7,02,761	6,92,832	70,03,564	61,67,656	6,52,423	7,02,761
	Rs./Million	205.90	170.20	2,879.29	2,373.00	220.95	205.90
Automobile Flaps	No.	2,70,198	1,97,694	34,47,118	31,16,023	2,43,063	2,70,198
	Rs./Million	38.00	25.30	658.13	541.70	43.03	38.00
Pre-cured Tread Rubber	No.	-	-	51,871	-	14,375	-
	Rs./Million	-	-	65.36	-	17.67	-
Alloy Wheels	No.	1,704	-	4,593	1,824	4,199	1,704
	Rs./Million	2.70	-	10.64	3.80	2.93	2.70
TOTAL	Rs./Million	1,706.64	879.81	37,743.43	30,021.19	2,124.36	1,706.64

* Includes quantities relating to claims and own consumption.

(C) Raw Material Consumed

PARTICULARS	2006-2007		2005-2006	
	Tonnes	Rs./Million	Tonnes	Rs./Million
Fabric	23,840.50	4,354.54	22,045.61	4,512.04
Rubber	130,385.26	12,315.09	122,351.53	9,269.80
Chemicals	19,880.68	1,916.78	18,561.15	1,552.52
Carbon Black	64,923.07	2,751.32	59,384.96	2,044.25
Others	-	1,309.29	-	1,124.74
		22,647.02		18,503.35

(D) Break-up of Consumption

PARTICULARS	2006-2007		2005-2006	
	%	Rs./Million	%	Rs./Million
Raw Material - Imported	31.18	7,061.73	33.53	6,203.81
- Indigenous	68.82	15,585.29	66.47	12,299.54
	100.00	22,647.02	100.00	18,503.35
Stores & Spares - Imported	8.14	21.13	5.92	14.66
- Indigenous	91.86	238.30	94.08	232.84
	100.00	259.43	100.00	247.50

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

PARTICULARS	2006-2007 Rs./Million	2005-2006 Rs./Million
Raw Material	8,007.61	4,530.80
Stores & Spares	37.07	24.75
Finished Goods	25.09	5.55
Capital Goods	1,067.53	422.32

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

PARTICULARS	2006-2007 Rs./Million	2005-2006 Rs./Million
Interest	126.18	90.26
Dividend *	26.65	26.68
Royalty	-	-
Others	162.77	93.53

* Number of non-resident Shareholders – 37 (42), Number of Shares held by non-resident Shareholders – 5,922,950 (5,928,350)

17. Earnings in Foreign Exchange:

PARTICULARS	2006-2007 Rs./Million	2005-2006 Rs./Million
FOB value of Exports	416.95	8.83

18. The following Forward Exchange Contracts entered into by the company are outstanding as on 31st March, 2007:

Currency	Amount	Buy/Sell	Cross Currency
US Dollar	US$ 6,000,000/-	Buy	Rupees
South African Rands	ZAR 60,000,000	Buy	Rupees

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

(A) Before Exceptional Items:

PARTICULARS	2006-2007	2005-2006
a) Basic		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	1,134.22	723.71
The weighted average number of equity shares outstanding during the year used as denominator - (B)	41,784,722	38,337,977
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Rs. 10 each)	27.14	18.88
b) Diluted		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	1,134.22	723.71
The weighted average number of equity shares outstanding during the year used as denominator - (B)	41,883,282	38,337,977
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Rs. 10 each)	27.08	18.88

(B) After Exceptional Items:

PARTICULARS	2006-2007	2005-2006
a) Basic		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	1,134.22	781.69
The weighted average number of equity shares outstanding during the year used as denominator - (B)	41,784,722	38,337,977
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Rs. 10 each)	27.14	20.39
b) Diluted		
Profit attributable to the equity shareholders used as numerator (Rs. Million) - (A)	1,134.22	781.69
The weighted average number of equity shares outstanding during the year used as denominator - (B)	41,883,282	38,337,977
Basic / Diluted earning per share (Rs.) – (A) / (B) (Face Value of Rs. 10 each)	27.08	20.39

20. Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

a) Name of the Related Parties:

PARTICULARS	2006-2007	2005-2006
Subsidiaries	Apollo Automotive Tyres Ltd. Apollo Radial Tyres Ltd. Apollo (Mauritius) Holding Pvt. Ltd. (AMHPL) Apollo (South Africa) Holding Pty. Ltd. (ASHPL) (Subsidiary through AMHPL) Dunlop Tyres International (Pty.) Ltd. (DTIPL) (Subsidiary through AMHPL) Dunlop Africa Marketing (UK) Ltd. (DAMUK) (Subsidiary through DTIPL) Dunlop Zimbabwe Ltd. (DZL) (Subsidiary through DAMUK) Radun Investment (Pvt.) Ltd. (Subsidiary through DAMUK) AFS Mining (Pvt.) Ltd. (Subsidiary through DZL)	Apollo Automotive Tyres Ltd. (Subsidiary) Apollo Radial Tyres Ltd. (Subsidiary) Apollo (Mauritius) Holding Pvt. Ltd. (Subsidiary) Apollo (South Africa) Holding Pty. Ltd. (Sub Subsidiary) PTL Enterprises Limited (ceased to be a Subsidiary during the year)
Associates	Apollo International Ltd. Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation)* Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd. PTL Enterprises Ltd. National Tyre Services, Zimbabwe Pressurite (Pty) Ltd, South Africa	Apollo International Ltd. Encorp E Services Ltd. Gujarat Perstorp Electronics Ltd. (Under Liquidation) Landmark Farms & Housing (P) Ltd. Sunlife Tradelinks (P) Ltd. Travel Tracks (P) Ltd.
Key Management Personnel	Mr. O.S. Kanwar Mr. Neeraj Kanwar Mr. U.S. Oberoi Mr. Sunam Sarkar	Mr. O.S. Kanwar Mr. Neeraj Kanwar Mr. U.S. Oberoi Mr. Sunam Sarkar
Relative of Key Managerial Personnel	Mr. Raaja Kanwar	Mr. Raaja Kanwar

* ceased to exist during the year

b) Transactions with Related Parties

2006-07

Particulars	Subsidiaries	Associates	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	Rs./Million	Rs./Million	Rs./Million	Rs./Million	Rs./Million	Rs./Million
Volume of Transactions:						
Sales	28.92	2,781.96				2,810.88
Investments made in Equity Shares	249.01					249.01
Loans given & converted to Preference Shares	2,329.23					2,329.23
Reimbursement of Expenses	(11.99)	350.17				338.18
Lease /Service Charges		153.60				153.60
Managerial Remuneration				126.34		126.34
Rent Paid		34.50				34.50
Purchases	18.84					18.84
Purchase of Capital Items	23.93	80.00				103.93
Traveling Expenses		95.73				95.73
Rent Received		(0.84)				(0.84)
Conference Expenses		26.36				26.36
Investments written off		5.18				5.18
Interest Received	137.75	(0.40)				137.35
Interest paid						
Security Deposit Paid		150.00				150.00
Consultancy fees paid						
Dividend Paid		15.78				15.78
Claims Accepted		0.03				0.03
Total	2,775.69	3,692.07	-	126.34	-	6,594.10
Amount Outstanding Dr./(Cr.)	163.94	582.31	-	-	-	746.25

2005-06

Particulars	Subsidiary	Associates	Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	Rs./Million	Rs./Million	Rs./Million	Rs./Million	Rs./Million	Rs./Million
Volume of Transactions:						
Sales		2,685.80				2,685.80
Investment Made	1.00					1.00
Loans Given	31.80					31.80
Reimbursement of Expenses	312.40	(0.30)	(15.00)			297.10
Lease/Service Charges	100.00					100.00
Managerial Remuneration				71.73		71.73
Rent Paid		22.40				22.40
Purchases		0.10				0.10
Traveling Expenses		46.90				46.90
Rent Received		(0.80)	(2.50)			(3.30)
Conference Expenses		52.00				52.00
Provision for Diminution in value of Investment		2.60				2.60
Interest Received	(0.50)					(0.50)
Interest Paid	0.70					0.70
Security Deposit Paid		18.00				18.00
Consultancy Fees paid			11.00			11.00
Dividend Paid		7.90	25.70			33.60
Claims Accepted		4.60				4.60
Total	445.40	2,839.20	19.20	71.73	-	3,375.53
Amount Outstanding Dr./(Cr.)	31.80	376.00	-	-	-	407.80

21. Disclosures relating to assets taken on Hire purchase / Financial Lease after 1-4-2001:

a) The Company has acquired vehicles under Hire Purchase with respective underlying assets as security.

b) Reconciliation between total minimum lease payments and their present value:

PARTICULARS	2006-2007 Rs./Million	2005-2006 Rs./Million
Total minimum lease payments	NIL	5.10
Less: Future liability on interest account	NIL	0.10
Present value of lease payments	NIL	5.00

c) Year-wise future minimum lease rental payments:

PARTICULARS	2006-2007 Rs./Million		2005-2006 Rs./Million	
	Total Minimum HP Payment	Present Value of HP Payment	Total Minimum HP Payment	Present Value of HP Payment
Not later than one year	NIL	NIL	5.10	5.00
Later than one year and not later than five years	NIL	NIL	Nil	Nil
Later than five years	NIL	NIL	Nil	Nil

22. Previous year's figures have been regrouped wherever necessary to conform to the classifications for the current year. Previous year's figures are given in brackets.

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
1st May, 2007

ONKAR S. KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P.N. WAHAL
Head-Secretarial & Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
M.R.B. PUNJA
M.J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U.S. OBEROI

Directors

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

	NAME OF THE SUBSIDIARY	APOLLO RADIAL TYRES LTD	APOLLO AUTOMOTIVE TYRES LTD	*APOLLO (MAURITIUS) HOLDINGS PVT LTD (AMHPL)	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD (ASHPL)	DUNLOP TYRES INTERNATIONAL (PTY) LTD (DTIPL)	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD (DAMUK)
1	NUMBER OF SHARES HELD IN THE SUBSIDIARY COMPANY	50,000 EQUITY SHARES OF Rs.10/- EACH FULLY PAID	50,000 EQUITY SHARES OF Rs.10/- EACH FULLY PAID	5,568,188 EQUITY SHARE OF US$ 1/- FULLY PAID & 43,451,679 9% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF US$ 1/- FULLY PAID	200 ORDINARY SHARES OF ZAR 1 EACH FULLY PAID (SUBSIDIARY THROUGH AMHPL)	2,487,818 ORDINARY SHARES OF ZAR 0,0001 EACH FULLY PAID (SUBSIDIARY THROUGH ASHPL)	103 ORDINARY SHARES OF GBP 1 EACH FULLY PAID (SUBSIDIARY THROUGH DTIPL)
2	PERCENTAGE OF HOLDING IN THE SUBSIDIARY COMPANY	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
3	FINANCIAL YEAR ENDED	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007	31st March, 2007
4	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 31ST MARCH, 2007 **						
	FOR THE YEAR	(Rs.0.01 Millions)	(Rs.0.01 Millions)	(Rs.0.64 Millions)	(Rs.131.38 Millions)	Rs.111.50 Millions	(Rs.10.37 Millions)
	FOR THE PREVIOUS FINANCIAL YEAR	(Rs.0.04 Millions)	(Rs.0.04 Millions)	(Rs.0.31 Millions)	-	-	-
	TOTAL ACCUMULATED UPTO THE YEAR	(Rs.0.05 Millions)	(Rs.0.05 Millions)	(Rs.0.95 Millions)	(Rs.131.38 Millions)	Rs.111.50 Millions	(Rs.10.37 Millions)
5	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 31ST MARCH, 2007						
	FOR THE YEAR	–	–	–	–	–	–
	FOR THE PREVIOUS FINANCIAL YEAR	–	–	–	–	–	–
	TOTAL ACCUMULATED UPTO THE YEAR	–	–	–	–	–	–

* Exchange rates conversion as on the year end

** 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 parent has not been disclosed

ONKAR S. KANWAR
Chairman & Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P.N. WAHAL
Head-Secretarial & Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
M.R.B. PUNJA
M.J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U.S. OBEROI

Directors

Gurgaon
1st May, 2007

CONSOLIDATED BALANCE SHEET

AS AT 31st MARCH 2007

	Schedule	As at 31st March, 2007 Rs./Millions	As at 31st March, 2006 Rs./Millions
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	464.09	383.40
Equity Share Warrants (Note - B 4(b))		117.20	–
Reserves and Surplus	2	8,766.74	5,956.48
		9,348.03	6,339.88
Loans:	3		
Secured		6,500.14	3,810.03
Unsecured		1,731.73	3,690.00
		8,231.87	7,500.03
Deferred Tax Liability (Net) (Note - B 9)		1,701.11	1,052.25
TOTAL		19,281.01	14,892.16
APPLICATION OF FUNDS:			
Fixed Assets	4		
Gross Block		19,474.63	13,106.06
Less: Depreciation		6,812.78	4,699.36
Net Block		12,661.85	8,406.70
Capital Work in Progress		800.99	779.34
		13,462.84	9,186.04
Goodwill on Consolidation		260.40	-
Investments	5	54.05	4.30
Current Assets, Loans and Advances:	6		
Inventories		6,386.74	4,194.10
Sundry Debtors		3,673.90	1,751.57
Cash and Bank Balances		1,935.09	2,314.67
Other Current Assets		1.39	2.14
Loans and Advances		2,133.00	1,843.69
		14,130.12	10,106.17
Less: Current Liabilities and Provisions:	7		
Current Liabilities		7.939.16	3,886.45
Provisions		688.48	520.46
		8,627.64	4,406.91
Net Current Assets		5,502.48	5,699.26
Deferred Revenue Expenditure (Note - B 10)		1.24	2.56
TOTAL		19,281.01	14,892.16
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13		

As per our Report attached For DELOITTE HASKINS & SELLS Chartered Accountants	ONKAR S. KANWAR Chairman & Managing Director	NEERAJ KANWAR Joint Managing Director	K. JACOB THOMAS K. JOSE CYRIAC M.R.B. PUNJA M.J. HANKINSON RAAJA KANWAR SUNAM SARKAR
GEETHA SURYANARAYANAN Partner Gurgaon 1st May, 2007	PRAKASH C. BISHT Head-Accounts	P.N. WAHAL Head-Secretarial & Company Secretary	DR. S. NARAYAN U.S. OBEROI Directors

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH 2007

	Schedule		Year Ended 31st March, 2007 Rs./Millions		Year Ended 31st March, 2006 Rs./Millions
INCOME					
Gross Sales		47,812.15		30,021.19	
Less: Excise Duty		4,820.15	42,992.00	3,765.99	26,255.20
Add: Share in Joint Venture			-		45.83
Other Income	8		157.26		19.48
			43,149.26		26,320.51
EXPENDITURE					
Manufacturing and Other Expenses	9		39,132.11		24,737.97
(Increase) / Decrease in Work in Process and Finished Goods	10		(80.96)		(748.87)
Interest	11		962.26		505.10
			40,013.41		24,494.20
Profit Before Depreciation, Tax & Exceptional Items			3,135.85		1,826.31
Depreciation		1,173.88		731.45	
Transfer from Revaluation Reserve		(1.52)	1,172.36	(1.52)	729.93
Profit Before Tax & Exceptional Items			1,963.49		1,096.38
Provision for Tax - Current		446.40		252.38	
- Deferred		310.45		18.34	
- Fringe Benefit Tax		36.00	792.85	46.00	316.72
Profit After Tax Before Exceptional items			1,170.64		779.66
Add: Exceptional Items	12		-		125.29
Profit After Tax & Exceptional items			1,170.64		904.95
Less: Minority Interest			-		15.61
Net Profit (Including Share in Joint Venture Rs. Nil (Rs. -5.40 Millions)			1,170.64		889.34
Add: Profit brought forward from previous year			1,264.16		1,355.04
Transfer from Debenture Redemption Reserve			16.70		61.10
			2,451.50		2,305.48
Deduct - Appropriations:					
General Reserve			500.00		500.00
Interim Dividend / (Proposed Dividend)			208.81		172.52
Dividend Tax			29.29		24.20
			738.10		696.72
Surplus Carried to Schedule 2			1,713.40		1,608.76
Basic Earnings Per Share (Face Value of Rs.10/- each) (Rs.)					
Before Exceptional Items			28.02		19.93
After Exceptional Items			28.02		23.20
Diluted Earnings Per Share (Face Value of Rs.10/- each) (Rs.)					
Before Exceptional Items			27.95		19.93
After Exceptional Items			27.95		23.20
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	13				

As per our Report attached For DELOITTE HASKINS & SELLS Chartered Accountants	ONKAR S. KANWAR Chairman & Managing Director	NEERAJ KANWAR Joint Managing Director	K. JACOB THOMAS K. JOSE CYRIAC M.R.B. PUNJA M.J. HANKINSON RAAJA KANWAR SUNAM SARKAR
GEETHA SURYANARAYANAN Partner Gurgaon 1st May, 2007	PRAKASH C. BISHT Head-Accounts	P.N. WAHAL Head-Secretarial & Company Secretary	DR. S. NARAYAN U.S. OBEROI Directors

CONSOLIDATED CASH-FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2007

		Year Ended 31st March, 2007 Rs./Millions		Year Ended 31st March, 2006 Rs./Millions
A CASH FLOW FROM OPERATING ACTIVITIES				
(i) PROFIT AFTER TAX & EXCEPTIONAL ITEMS		1,170.64		889.34
ADD:-PROVISION FOR TAX		792.85		316.72
-MINORITY INTEREST		-		15.61
NET PROFIT BEFORE TAX BUT AFTER EXCEPTIONAL ITEMS		1,963.49		1,221.67
ADD:-DEPRECIATION	1,172.36		729.93	
-LEASE RENT ON LEASEHOLD LAND	0.21		0.21	
-TRANSFER FROM GENERAL RESERVE	-		(7.00)	
-(PROFIT)/LOSS ON SALE OF ASSETS	8.42		6.60	
-(PROFIT)/LOSS ON SALE OF INVESTMENTS (NET)	-		(167.80)	
-PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS	2.40		-	
-PROVISION/(REVERSAL) FOR DOUBTFUL DEBTS/ADVANCES	16.57		(14.20)	
-DEFERRED REVENUE EXPENDITURE AMORTISED NET OF PAYMENT	1.32		1.20	
-INTEREST	962.26		497.60	
-FOREX FLUCTUATION ON REVALUATION	(5.48)		-	
-TRANSFER FROM INVESTMENT FLUCTUATION RESERVE	-		(8.40)	
		2,158.06		1,038.14
(ii) OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4,121.55		2,259.81
ADJUSTMENT FOR				
-TRADE & OTHER RECEIVABLE	(778.61)		(557.60)	
-INVENTORIES	(79.85)		(778.80)	
-TRADE PAYABLES	2,411.42	1,552.96	230.00	(1,106.40)
(iii) CASH GENERATED FROM OPERATIONS		5,674.51		1,153.41
-DIRECT TAXES PAID		(393.28)		(136.20)
-ADJUSTMENT ARISING ON DISINVESTMENT OF SUBSIDIARY & JOINT VENTURE (NOTE)		-		(140.70)
(iv) NET CASH FLOW FROM OPERATING ACTIVITIES		5,281.23		876.51
B CASH FLOW FROM INVESTING ACTIVITIES				
-PURCHASE OF FIXED ASSETS	(1,687.64)		(1,471.50)	
-SALE OF FIXED ASSETS	7.69		39.10	
-SALE OF INVESTMENT IN SUBSIDIARY & JOINT VENTURE	-		638.40	
-ADJUSTMENT ARISING ON DISINVESTMENT OF SUBSIDIARY	-		(210.60)	
-ACQUISITION OF SUBSIDIARY	(2,639.17)		-	
-INTEREST RECEIVED	27.26		39.50	
NET CASH USED IN INVESTING ACTIVITIES		(4,291.86)		(965.10)
C CASH FLOW FROM FINANCING ACTIVITIES				
-PROCEEDS FROM ISSUE OF SHARE WARRANTS	117.20		1,000.00	
-PROCEEDS FROM ISSUE OF SHARE CAPITAL INCL. SHARE PREM.	2,436.43		-	
-LONG TERM BORROWING RECEIVED	1,235.11		-	
-DEFERRED CREDIT ON ACQUISITION	393.43		-	
-REPAYMENTS OF LONG TERM BORROWING	(866.67)		(422.40)	
-PAYMENTS OF PREMIUM ON REDEMPTION OF DEBENTURES	-		(2.30)	
-BANK OVERDRAFT/SHORT TERM FUNDS	(3,030.57)		1,480.10	
-DIVIDENDS PAID	(291.53)		(199.30)	
-INTEREST PAID	(1,016.16)		(528.84)	
-ADJUSTMENT ARISING ON DISINVESTMENT OF SUBSIDIARY	-		0.60	
NET CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES		(1,022.76)		1,327.86
ADJUSTMENT ARISING ON DISINVESTMENT OF SUBSIDIARY & JOINT VENTURE		-		(244.40)
FOREX FLUCTUATION DIFFERENCE ARISING OUT OF CONSOLIDATION		(346.19)		-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		(379.58)		994.87
CASH & CASH EQUIVALENTS AS ON 01.04.2006 (01.04.2005)		2,314.67		1,319.80
CASH & CASH EQUIVALENTS AS ON 31.03.2007 (31.03.2006)		1,935.09		2,314.67

As per our Report attached
For DELOITTE HASKINS & SELLS
Chartered Accountants

GEETHA SURYANARAYANAN
Partner
Gurgaon
1st May, 2007

ONKAR S. KANWAR
Chairman &
Managing Director

PRAKASH C. BISHT
Head-Accounts

NEERAJ KANWAR
Joint Managing Director

P.N. WAHAL
Head-Secretarial &
Company Secretary

K. JACOB THOMAS
K. JOSE CYRIAC
MR. B. PUNJA
M. J. HANKINSON
RAAJA KANWAR
SUNAM SARKAR
DR. S. NARAYAN
U. S. OBEROI
Directors

Information pertaining to Subsidiary Companies u/s 212 (8) of the Companies Act, 1956

Rs./Million

Contents	APOLLO RADIAL TYRES LTD	APOLLO AUTOMOTIVE TYRES LTD	APOLLO (MAURITIUS) HOLDINGS PVT LTD (AMHPL)	APOLLO (SOUTH AFRICA) HOLDINGS (PTY) LTD (ASHPL)	DUNLOP TYRES INTERNATIONAL (PTY) LTD (DTIPL)	DUNLOP AFRICA MARKETING (UNITED KINGDOM) LTD (DAMUK)*
Share Capital	0.50	0.50	2,129.51	240.87	246.04	251.19
Reserves	(0.05)	(0.05)	374.59	(131.38)	2,279.41	(122.28)
Total Assets	0.45	0.45	2,642.07	2,089.47	4,980.82	128.92
Total Liabilities	0.45	0.45	2,642.07	2,089.47	4,980.82	128.92
Detail of Investments (other than investment in subsidiary companies)	-	-	-	-	-	41.65
Turnover (including other income)	-	-	-	5.98	9,412.99	544.00
Profit/(Loss) Before Taxation	(0.01)	(0.01)	(0.78)	(131.38)	246.71	(11.00)
Provision for Taxation	-	-	-	-	71.43	0.64
Profit/(Loss) after taxation	(0.01)	(0.01)	(0.78)	(131.38)	175.28	(10.37)
Proposed dividend	-	-	-	-	-	-

*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 parent has not been disclosed