



**FINANCIAL  
ACCOUNTS  
2009-10**

# NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Company will be held on Thursday, the 30th December, 2010 at 12.30 P.M. at Hotel Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore 570 016 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th September, 2010 and the Profit and Loss Account for the period ended on the said date, along with the Report of Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint Director in the place of Mr. Ambuj Kumar Jain, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Director in the place of Mr. K.N. Prithviraj, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint M/S K.N.Gutgutia & Co. Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Ordinary Resolutions:  
"RESOLVED THAT Mr. Vijay Vaid, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th August 2010 and holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and under Article 96 of Articles of Association of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation".

7. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Special Resolution:

"RESOLVED THAT in partial modification to the Resolution passed by the Members in the Extra Ordinary General Meeting held on 10th September, 2009 approving the appointment and terms of remuneration of Mr. Sunil Bhansali as Executive Director, the Company hereby approves, in accordance with the provisions of Sections 198, 269, 309, 310 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the increase in the remuneration of Mr. Sunil Bhansali for the remaining period of his tenure of office, w.e.f. 1st April, 2010, as set out in the explanatory statement annexed to the notice conveying this Meeting. RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Sunil Bhansali as approved earlier by the Members, shall remain unchanged. RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution".

By the order of the Board

Kolkata

12th November, 2010

M.C.Bhansali

Company Secretary

## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY FILLED AND SIGNED MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. The relative explanatory statement pursuant to section 173(2) of the Companies Act 1956, in respect of the business under item No.6 and 7 as setout above are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th December, 2010 to 30th December, 2010 (both days inclusive).
4. Members/ Proxie's are requested to bring their copies of the attendance slip duly filled in along with Annual Report and the Admission slip to the meeting. Annual Reports will not be distributed at the meeting.
5. Members are requested to furnish bank details, change of address, if any to the Company's Registrars and share transfer Agent Integrated Enterprise Limited( formerly known as Alpha Systems Pvt. Ltd.) Bengaluru, so as to reach them latest by 27th December, 2010 in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the depositories as at the close of the aforesaid date will be considered by the Company/ Company's Registrars and Share Transfer Agents.
6. All documents referred to in the notice and accompanying the Explanatory statement are open for inspection at the Registered office of the Company on all working days, except Saturdays, between 11.00 A.M and 1.00 P M, upto the date of the Annual General Meeting.
7. Pursuant to Section 205A(5) of the Companies Act, 1956, the unpaid/unclaimed dividends for the year 2002-03 was transferred to the Investor Education and Protection Fund.  
Shareholders who have not yet encashed their dividend warrants for the year 2003-04 to 2008-09 may approach the Company/ Company's Registrars and Share Transfer Agents for revalidation, issue of duplicate warrants etc., Dividend which remains unpaid / unclaimed over a period of 7 years from the date of declaration shall be transferred to the Investor Education and Protection Fund.

## ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956.

### ITEM NO.6

The Board of Directors have appointed Mr. Vijay Vaid, as Additional Director on 14.08.2010. As per Section 260 of the Companies Act, 1956, the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company had received a notice in writing from a member proposing the candidature of Mr. Vijay Vaid, for the office of Director under the provisions of Sec.257 of the Companies Act, 1956. Mr. Vijay Vaid is a B.Com graduate from Sydnahem college, Mumbai having 35 years of experience of running a medium scale Rubber Auto Components manufacturing company. He was an independent Director in Indusind Bank Ltd. for 8 years.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors, except Mr. Vijay Vaid, is interested in the above said resolution.

### ITEM No. 7

The Members of the Company at the Extra Ordinary General Meeting held on 10th September, 2009 approved the appointment of Mr. Sunil Bhansali as Executive Director, for the period of three years w.e.f. 30th September, 2008.

The compensation packages of the staff and executives of the Company have been increased w.e.f. 1st April 2010. This was done taking into consideration the prevailing trends in the industries in terms of compensation packages. It is proposed to revise the salary of Mr. Sunil

Bhansali by increasing in remuneration by present amount of Rs 30 Lacs to Rs 34 Lacs per annum w.e.f. 1st April 2010, which was approved by the Board of Directors at their Meeting held on 12th November, 2010. However, all other terms and condition of the appointment will remain unchanged. The increased remuneration will be subject to the overall limits as provided under section 198, 269, 309, 310 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Directors of the Company on recommendation made by the Remuneration Committee have approved the proposal of increase in his remuneration, subject to the approval of the members. Your Directors recommend the resolution for approval by the members of the Company. The above variation in the terms of remuneration of Mr. Sunil Bhansali as mentioned in Item No. 7 of the Notice will be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Sunil Bhansali, is in any way concerned or interested in this resolution.

The Members are requested to consider and approve the above proposal for increase in the salary of Mr. Sunil Bhansali.

By the order of the Board

Kolkata  
12th November, 2010

M.C.Bhansali  
Company Secretary

## DIRECTORS' REPORT

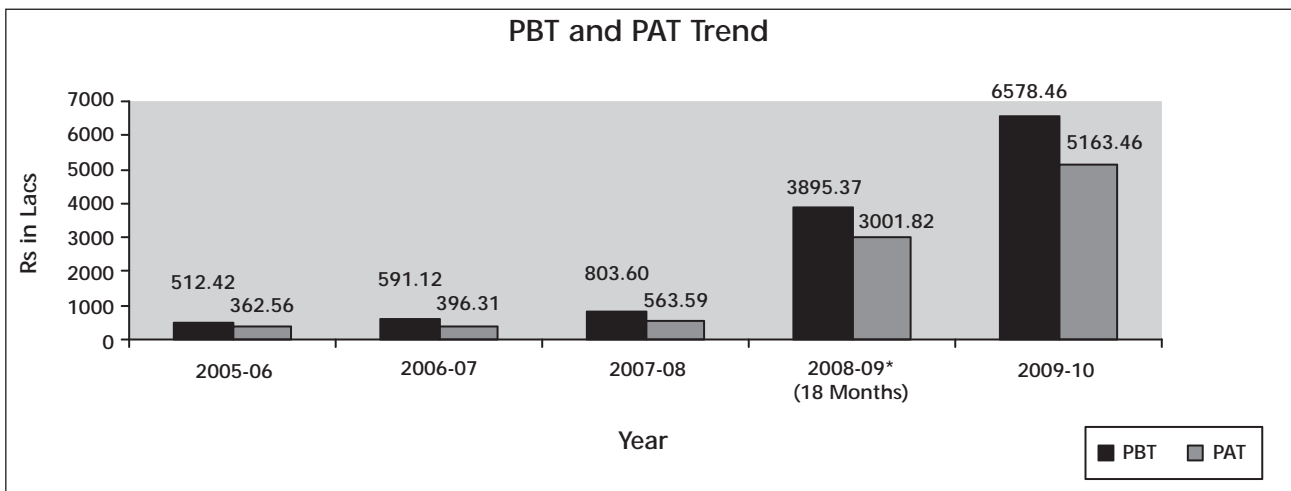
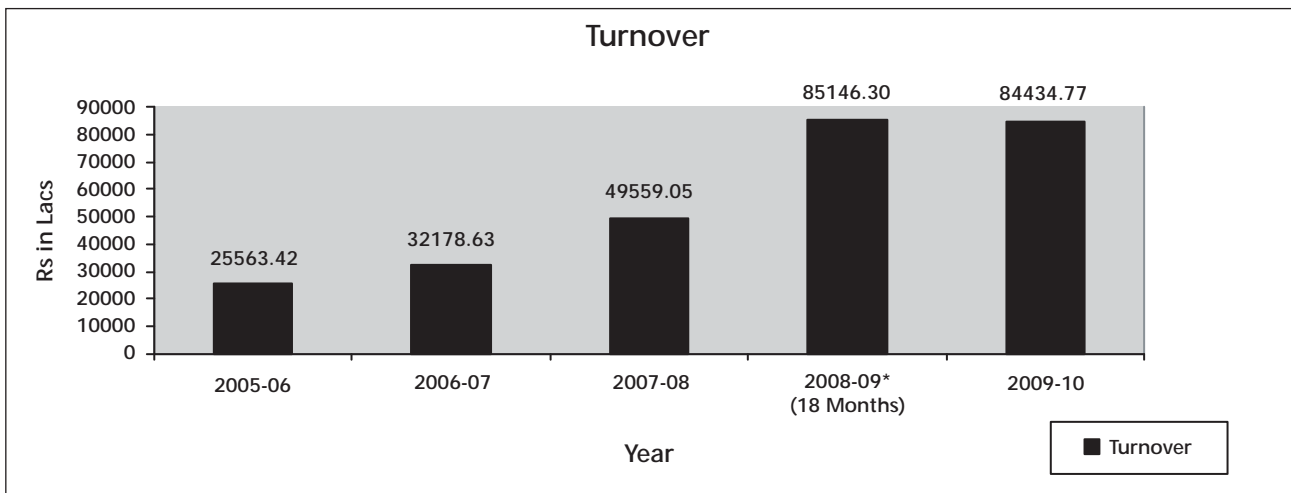
Your Directors have pleasure in presenting the 34th Annual Report and Audited Accounts of the Company for the year ended 30th September, 2010.

Your Company has achieved the highest ever Turnover of Rs. 844.35 Crores with highest ever Profit before Tax at Rs. 65.79 Crores and Profit after Tax at Rs. 51.64 Crores.

The Year under review was best ever year in the history of the Company. The Company has significantly improved in all

parameters like production, sales and profitability. This was possible due to better operating efficiencies, higher productivity, all round cost reduction measures and richer product mix.

Your Company has achieved significant improvement in the period under review on account of better operating efficiencies, higher productivity, all round cost reduction measures and richer product mix.



**FINANCIAL RESULT - STANDALONE**

(Rs. in Lacs)

Sl No.	Particulars	2009-10 (12 Months)	2008-09 (18 Months)
i)	Gross Turnover	84434.77	85146.30
ii)	Net Turnover	78810.41	78386.17
iii)	Other Income	566.33	341.49
iv)	<b>Total Revenue</b>	<b>79376.74</b>	<b>78727.66</b>
v)	<b>Profit before Interest, Depreciation &amp; Taxation (EBIDTA)</b>	<b>9008.23</b>	<b>6744.39</b>
vi)	Interest	1652.11	2004.57
vii)	Depreciation	777.66	844.45
viii)	<b>Profit before Taxation &amp; Exceptional Item</b>	<b>6578.46</b>	<b>3895.37</b>
ix)	Exceptional Items	--	--
x)	Profit before Taxation (PBT)	6578.46	3895.37
xi)	<b>Tax including Deferred Tax and Fringe Benefit Tax</b>	<b>1415.00</b>	<b>896.13</b>
xii)	Excess Provision of Earlier Year Written Back (Net) – Income Tax + FBT	--	-2.58
xiii)	<b>Profit after Taxation (PAT)</b>	<b>5163.46</b>	<b>3001.82</b>
xiv)	Profit brought forward from previous year	205.90	169.33
xv)	Amount available for Appropriation	5369.36	3171.15
xvi)	<b>Appropriations</b>		
	Transfer to General Reserve	3500.00	2500.00
	Interim Dividend	--	142.02
	Proposed Final Dividend	852.14	255.64
	Corporate Dividend Tax	144.82	67.59
	<b>Total</b>		
xvii)	<b>Balance carried to Balance Sheet</b>	<b>872.40</b>	<b>205.90</b>

Some of the Key Performance ratios on standalone basis are furnished below:

Description	UOM	2009-10 (12 Months)	2008-09 (18 Months)
EBITDA/ Gross Turnover	%	10.7	7.90
Profit Before Tax / Gross Turnover	%	7.8	4.6
Profit After Tax / Gross Turnover	%	6.1	3.5
Return On Capital Employed	%	15.7	8.5
Earnings Per Share at a Face Value of Rs. 5/- Per Share	Rs.	15.15	8.81

**STANDALONE PERFORMANCE**

Your Company's turnover for the year under review at Rs. 844.35 Crores represents an annualized increase of 49% over the previous period (18 months) turnover at Rs. 851.46 Crores. Profit before Interest, Depreciation and Taxes at Rs. 90.08 Crores represented an annualized increase of 100% over the previous period (18 Months) figure of Rs. 67.44 Crores. The Profit before Tax at Rs. 65.78 Crores represented an annualized increase of 153% over the previous period (18 Months) figure of Rs. 38.95 Crores. Profit after Tax at Rs. 51.64 Crores represented an annualized increase of 158% over the previous period (18 months) figure of Rs. 30.02 Crores.

Production of Tyres and Tubes, during the year under review stood at 37660 M.T. with an annualized increase of 28% over previous period. The Company has partnered with Original Equipment Manufacturers and has kept pace by developing Tyres for newer models in a short span of time.

Your Company has made its presence felt in a big way in OE, Replacement and Export Segments in the Current year. Concerted efforts towards an ambitious plan bore fruitful results in these segments.

**CO-GEN PLANT / EXPANSION**

Your Directors are happy to inform you that the benefit of Co-Gen Power Plant has started flowing to the Company. The

power produced by Co-Gen has not only helped in improving the productivity but also it's by-product Steam was available free of cost to the plant. The uninterrupted power supply through Co-Gen plant has helped in reducing the scrap and improving the quality of the product.

Your Company has already started work on 5 Lacs Tyres expansion plant at Mysore. Your Company is further planning to put additional 5 Lacs Tyres expansion at Haridwar & actively considering foraying into 4-wheeler segment

## CUSTOMERS FIRST

Your Company is having a policy of "Customers First" and due to this we have been able to continue to be associated with major Automobile Companies (OE's) and enjoying the privileged position with all the OE's. The most conservative OE's also recognize our Services and Quality and we are becoming, a significant suppliers for them.

## SUBSIDIARY

During the year under review, Monotona Tyres Limited (MTL) become subsidiary of the Company. w.e.f. 21st of May' 2010 where your Company holds 54 Lacs shares out of 72 Lacs shares i.e. 75% of the paid up and subscribed capital of the Company. The synergy between the two Companies having similar kind of products will bore fruitful results in the year to come.

Pursuant to Accounting Standard (AS – 21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include financial information of its subsidiary.

## APPROPRIATIONS

### DIVIDEND

Your Directors recommend a Dividend of Rs. 2.50 per equity share (i.e. 50%) for the financial year ended 30th September, 2010. The proposed dividend together with Corporate Dividend Tax will absorb Rs. 9.97 Crores. The dividend if approved, shall be payable to shareholders registered in the books of the Company and to the beneficial owners furnished by the depositories as determined with reference to the book closure from 25th December, 2010 to 30th December, 2010 (both days inclusive).

The total outflow on account of Equity Dividend together with Corporate Dividend Tax will be Rs. 9.97 Crores, vis a vis Rs. 4.65 Crores paid for fiscal 2008-09 (18 Months).

### TRANSFER TO GENERAL RESERVE

The Board has recommended a transfer of Rs. 35 Crores to the General Reserve.

## QUALITY MANAGEMENT SYSTEM

Your Company has been conforming with certifications by M/s TUV, SUDD, South Asia Pvt. Ltd., with respect to ISO 9001:2008 & ISO / TS16949: 2009 for Quality Management System were re-certified in Feb 2010 and ISO 14001:2004 & OHSAS 18001:2007 for Environment, Occupational Health & Safety Assessment Series Management Systems, which already certified. Up-gradation of ISO 9001:2000 was upgraded to ISO 9001:2008 and ISO/TS16949:2002 to ISO/TS16949:2009 during the year.

## DIRECTORS

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Ambuj K Jain & Mr. K.N. Prithiviraj, Directors of the Company will retire by rotation at this meeting and being eligible offers themselves for re-appointment.

During the year under review Mr. Vijay Vaid was appointed w.e.f. 14th August, 2010

Your Board recommends the above re-appointment / appointment.

## AUDITORS

M/s. K.N. Gutgutia & Co., Chartered Accountants auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to act as auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act. The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

## COST AUDIT

The Board of Directors have appointed Mr. T.L.Sangameswaran, Cost Accountant, Mysore to carry out Audit of the Cost Accounts of the Company relating to the manufacture of Tyres & Tubes for the period ended 30th September 2010 in compliance with the Central Government Order in this regard.

## FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public.

## PARTICULARS OF EMPLOYMENT

As required under the provisions of Sec. 217(2A) of the Companies Act, 1956, read with the Rules framed thereunder, a statement of particulars of the employees has been annexed to this report and included as Annexure-I.

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

Information pursuant to Sec. 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is furnished in Annexure-II.

## INDUSTRIAL RELATIONS

During the year your Company has finalized 3.3 years long term wage agreement with union. The Company maintained harmonious and cordial Industrial Relations during the period under review. A regular system of holding bi-partite discussion with the recognized Union regarding the issue of common interest of all employees was adopted.

## SAFETY

Your Company has a well-defined Safety Management System. Continuous endeavor is made to create safety awareness among the employees. As part of this forums like Works Committee, Plant Safety Committee are functioning for taking up necessary preventive/ corrective actions wherever required and to create awareness among the employees on Safety and Health. Your Company has also appointed a team headed by AGM Safety for the purpose. Safety Day has been observed in the Company.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is pro-active to it's Corporate Social Responsibility. The following are few of the activities organized by your Company during the period under review:

- i) Ganesh Festival: The Company has joined hand with the employees to celebrate the Ganesh Festival, which is one of the biggest festival in Karnataka and observed ritual and festivity with equal fervor.
- ii) May Day Celebration: 1st May of the year is being observed as workers day in the whole world. Your Company also joins hands with Employees and their family in observing the day where Company sponsored various sports and cultural activities are performed. Winner of the sports event are rewarded with the prizes and sweets were distributed.
- iii) Green Revolution: The Company has developed a green belt in and around the Company premises for better environment. During the year the Company has planted more than 3000 plants.
- iv) Training to School/ College Students: Your Company is regularly providing training to engineering students and management trainees of various institutes and colleges.

In addition to this your Company had sponsored the Factory visit of College students.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sec. 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 30th September, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care 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;
- (iv) That the Directors have prepared the accounts for the financial period ended 30th September, 2010 on a going concern basis.

## CORPORATE GOVERNANCE

Pursuant to the provisions contained in the Listing agreement, a Management Discussion and Analysis Report, a report on Corporate Governance together with the Auditor's Certificate on the compliance of conditions of Corporate Governance is furnished as Annexure forming part of this Directors' Report.

## APPRECIATION & ACKNOWLEDGMENT

Your Directors acknowledge the continued support and co-operation from the Financial Institutions, Banks, Customers, Vendors, Dealers and Government Authorities during the year under review. Further your Directors thank the Shareholders for their continued confidence in the Company. The Board also places on record its appreciation for the devoted and dedicated contribution made by the employees at all levels in achieving these results.

**On behalf of the Board of Directors**

Place: Kolkata

**Sunil Bhansali**

**S. Ravi**

Date: 12th November, 2010

Executive Director

Director



## ANNEXURE - I

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the period ended September 30, 2010

Sl.No	Name of the Employee	Designation	Remuneration (Rs.)	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment held
1	Mr. Pawan Kumar Ruia	Executive Chairman	4,07,80,000	B.Com(Hons), AICWA, FCA, LL.B, AASM, MIIA (USA) 25 Years	01.04.2007	51	

## ANNEXURE - II

Statement Pursuant to Sec.217 (1) (e) of the Companies Act, 1956

### A. CONSERVATION OF ENERGY

#### a) Energy conservation / Modification measures taken

- 1) Up-gradation of Devon Bead Winding machine for higher productivity
- 2) Additional capacitor banks incorporated to improve the power factor
- 3) Water & Energy Management

#### b) Impact of measures taken

- 1) Reduction in scrap
- 2) Consistency in quality of products

#### c) Additional investments / modifications proposed

- 1) Rain Water Harvesting
- 2) Generation of Bio Gas by using waste

#### d) Impact of proposed measures

- 1) Savings in Power, water and fuel Cost
- 2) Increase in productivity with quality

## FORM-A

### Disclosure of Particulars with respect to Conservation of Energy: POWER AND FUEL CONSUMPTION

Description	2009-2010 (12 Months)	2008-2009 (18 Months)
1. Electricity		
a. Purchased:		
- Total Units	2371880	16066000
- Total Amount (Rs.in lakhs)	178.65	794.12
- Rate per unit (Rs.)	7.53	4.94
b. Own Generation:		
- Units Generated	15420366	7004017
- Total Biomass, Coal/Diesel Cost (Rs.Lacs)	667.75	403.27
- Cost per unit (Rs.)	4.33	5.76
2. Fuel :		
a) Furnace oil :		
- Quantity (K.L.)	----	111.00
- Total Cost (Rs. Lacs)	----	29.85
- Rate per Ltr. (Rs.)	----	26.94
b) Biomass, Coal & Others -Quantity (M.T.)	19931	20338
- Total Cost (Rs. lacs)	807.18	820.44
- Rate per Kg. (Rs.)	4.05	4.03
Total Fuel Details:-		
c) Total Fuel Cost (Rs.in lakhs)	807.18	850.29
d) Fuel Cost/Kg. on Production (Rs.)	2.20	2.09
3. Consumption per Kg.of -		
- Production of Tyre & Tube:-		
- Electricity (Units/Kg.)	0.486	0.566
- Biomass, Coal & Other Fuels (Kgs../Kg.)	0.544	0.502

## FORM-B

### A. TECHNOLOGY ABSORPTION:

#### 1. Research & Development:

- Developed tubeless tyres for Scooters / Motor Cycles
- Developed low rolling resistance tread compound with Silica base.
- Added new patterns and designs for increased market requirements
- Introduction of new products and sizes to improve the product mix
- Developed low profile Scooter tyres exclusively for OE segment.
- Development of FEM Analysis model for predicting the actual Tyre Dimensions.

#### 2. Benefits derived as a result of the above R & D

- Optimization of the installed capacity of tyres and tubes resulted in increased productivity and

savings on energy front.

- Consistency in quality of the finished goods

#### 3. Future Plan of action:

- To develop wide range of tyres and tubes in two, three, four wheeler and industrial segments for export market.
- To develop hi-tech low cost tyres in scooter & motor cycle segments
- High Powered Motorcycles are developed by OEMs, for which, 60 aspect ratio Motorcycle tyres are being developed.

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, adoption and innovation:
  - New Products and new patterns developed and are approved by OEMs
  - During the period under review, the TAA (Technical

Aid Agreement) with SRI (Sumitomo Rubber Industries), Japan has been renewed and relevant audit and development assurance with SRI was transacted.

- c) Building Machine modified to produce tubeless tyres.
- 2) Benefits derived as a result of the above efforts
- a) Enhanced market share with OEMs and exports
- 3) In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) the following information may be furnished.
- a) Technology imported  Not Applicable
- b) Year of Import  Not Applicable
- c) Has technology been fully absorbed  Not Applicable

- d) If Not fully absorbed, areas where this has not been taken place, reasons therefore and future plans for action  Not Applicable

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and used:

Particulars	(Rs. in Lacs)	
	2009-10 (12 Months)	2008-09 (18 Months)
i) Foreign Exchange Earned	1315.66	3828.35
ii) Foreign Exchange Used	7600.79	6774.06

## Statement pursuant to Section 212 of the Companies Act, 1956 relating to Holding Company's interest in the Subsidiary Companies

Financial year of the Subsidiary ended on	March 31, 2010
1. (a) Number of shares held by Falcon Tyres Limited at the end of the above date	NIL
(b) Extent of Interest on above date	NIL
2. Net aggregate amount of the Subsidiary Company's Profit/ (Loss) so far it concerns members of the Holding Company and	Rs. in Lacs
(a) is not dealt in the Company's account	
(i) for the financial year ended March 31, 2010	Not Applicable*
(ii) for the previous financial year since it become a subsidiary	Not Applicable*
(b) is dealt in the Company's account	
(i) for the financial year ended March 31, 2010	Not Applicable *
(ii) for the previous financial year since it become a subsidiary	Not Applicable*
Change in the interest of Falcon Tyres Limited between the end of the subsidiary's financial year March 31, 2010 and September 30, 2010	
- Number of shares acquired	5,399,600
Material changes between the end of the subsidiary's financial year March 31, 2010 and September 30, 2010	Rs.in Lacs
(i) Fixed Assets (net additions)	9094.79
(ii) Investments	NIL
(iii) Moneys lent by the subsidiary	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current laibilities	NIL

\* As Monotona Tyres Limited has become subsidiary of Falcon Tyres Limited w.e.f. 21st of May, 2010, where Falcon has acquired 53,99,600 Nos. of shares out of 72,00,000 Nos. i.e. 75% of the subscribed and paid up capital of Monotona Tyres Limited, the same is not applicable.

## ANNEXURE - III

### Management Discussion and Analysis Report

The Indian tyre industry growth in the current year has been fuelled by the growth in 2-3 wheeler segment. The Indian tyre Industry with a total production number of 971.37 Lacs has grown up by 18% in comparison to previous period number of 821.07 Lacs. Out of the above Number, 2-3 wheeler tyre production number at 492.22 Lacs has grown by 20% in comparison to previous period number of 410.31 Lacs. [Source: ATMA]

Although, Indian 2-3 wheeler tyre industry has consolidated to a great extent with 5 leading players controlling a large chunk of the production capacity, the balance capacity is still fragmented.

After 2 years of low growth, in 2009-10 the 2 & 3 wheeler industry has shown a remarkable growth. Early recovery of the economy from the financial crisis and resurgence in domestic demand aided by fiscal stimulus resulted in exceptional growth of 33% and 40% in third and fourth quarters of 2009-10 respectively in 2 wheeler industry, resulting in an annual growth rate of 24% for the year in 2 wheeler industry, which helped tyre industry to substantially increase tyres production. 2-3 wheeler Tyre production in 2009-10 has been increased to 492.22 Lacs in Nos. from 410.31 Lacs in Nos. showing an increase of 20%. 2-3 wheeler industries have witnessed a capacity addition by all the major players in the last year.

### Industry structure and Developments:

The Automotive sector was a great beneficiary of the overall recovery during 2009-10 and registered a healthy growth. Due to this 2-3 wheeler tyre industry also has shown a very impressive growth of 20%. With buoyancy in 2-3 wheeler market, 2-3 wheeler tyre industry is expected to perform well.

On the other hand Raw Materials prices are a cause of concern with Natural Rubber prices continuously increased due to short supply and prices reached to historical high of Rs. 200 per kg. Synthetic rubber and other input prices also witnessed a significant increase.

### Business Outlook And Overview

Year 2009-10 has witnessed extraordinary demand for products of the Company and industry due to higher 2-3 wheeler production and increased demand from replacement market. Driven by economical improvements and around 30 % year on year growth by OEMs in new Vehicle manufacturing, the 2-3 wheeler tyre market has witnessed tremendous demand for products and this has generated need of expansion and increased productivity for all tyres Companies.

The increased 2-3 Vehicle Population will lead to much higher Tyres demand from replacement markets and it is much likely that all 2-3 tyres Companies are expected to do well.

### Company Performance

#### Domestic Segment

In motorcycle category, the Company achieved a sales growth of 26.1% during 2009-10. Sales in the replacement segment grew by an impressive 45.6% and in OE segment it grew by 12.8%. The Company has launched the Challenger series of "High End Tyres", which is expected to contribute significantly in the coming years. Overall growth in the Domestic segment is very impressive.

#### Export Segment

During the year, the Company has Directly/ Indirectly sold 3.81 Lacs tyres in comparison to 5.06 Lacs tyres sold during the last period. Although there is slight decline in volume, the same is because of very high demand in Domestic Segment.

### Opportunity And Threats

Growth in two-wheeler demand is mainly coming from youth and lower middle class population. Urbanization of smaller town also fuels the demand in 2-3 wheeler segment. Smaller towns are expected to contribute significantly to our segment.

The Company has tested few Radial Tyres also during the last year and the responses to the same are positive.

Moreover the challenger series of Tyres has also got very good response.

High inflation and rising Interest cost is always a threat to the Industry. Another threat to the industry is the volatility in the prices of Raw Materials specially Natural Rubber. Low cost tyre import from China is also a threat to the industry.

## Operation Review

### Operational Performance:

The production of Tyres and Tubes at 37660 MT in the current year (12 months) was highest ever in the history of the Company. On an annualized basis production has increased by about 28% in comparison to last period (18 months) production of 43967 MT of tyres and tubes.

### Financial Performance:

The Company achieved a turnover of Rs.84435 Lacs for the year ended 30th September 2010, as against previous period (18 months) turnover of Rs. 85146 Lacs with an annualized increase of 49%. These results were achieved despite severe competition in the Industry. The PBT for the year under review at Rs. 6578 Lacs was highest ever as against previous period (18 months) PBT of Rs. 3895 Lacs.

The Company's sales in various market segment are as given below:

Description	UOM	2009-10 (12 Months)	2008-09 (18 Months)
OEM's	Rs. in Lacs	31,693.64	32,347.83
Replacement	Rs. in Lacs	49,112.31	48,970.12
Exports	Rs. in Lacs	3,226.90	3,828.35
Others	Rs. in Lacs	401.92	--
<b>Total</b>	<b>Rs. in Lacs</b>	<b>84,434.77</b>	<b>85,146.30</b>

## Risks & Concern

The constant rise in prices of Natural Rubber and major Raw Materials is a big challenge for our industry. Any failure of monsoon could trigger a significant rise in inflation and interest rates thus squeezing the disposable income of the customers.

## Internal Controls And Their Adequacy

The Company has proper and adequate internal control system to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the

transactions are properly authorized, recorded and reported. The Company has effective internal control systems across the Manufacturing locations, marketing locations and other offices to maintain the Operational efficiencies and to comply with all financial policies and applicable laws and regulations. The Company has full-fledged Internal Audit department, which covers all the areas of the Organization to ensure conformance to internal checks and controls. Internal Audit department carries out audit throughout the year and their reports, along with the action taken are reviewed by Senior Management and placed before Audit Committee of the Board of Directors.

## Human Resource Development

Human Resource Development is focused and aligned to business needs towards improved performance and business results through the HR roadmap evolved over the years. The key components of the roadmap are – Employee engagement, Resourcing, Performance & compensation management, Competency based development, Career & succession planning and Organization building. The Company continues to be an employees choice in the region.

The Company continued to have cordial and harmonious relations with its employees. In line with the changing business environment, your Company is imparting training aimed at nurturing the Human Resources.

Career planning and succession plans are in place for all critical roles. Towards Leadership development key competencies have been identified and executive assessment and development programs are run.

Some of the key activities carried out to make the success story happen are summarized below:

- = Involving the Field Marketing Personnel on the Strategic Decision Making and planning the route map for the Future,
- = Recognizing the Outstanding Performers in the Annual Sales Meet etc ensured the motivation of the Personnel.
- = Identifying the Right people with the right attitude for the key jobs.

## Environment, Health & Safety (EHS)

Several training programs, structured to the needs of individual employees and also to meet the requirements

of ISO / TS 16949: 2009, EMS & OHSAS systems, were conducted during the year. Competent professionals do regular audits on safety and environment and the recommendations are implemented to provide a safe and healthy work environment. Regular training programs on safety are conducted to increase awareness and commitment for safety. Effective training to all new recruits has further improved the safety standards in the Company.

#### Cautionary Statement

Statements in the management discussion and analysis report describing the Company's objectives, projections,

estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, economic conditions affecting demand/supply and price conditions in the domestic and overseas market in which Company operates, changes in the government regulations, tax laws and other statutes and incidental factors.

## ANNEXURE - IV

### CORPORATE GOVERNANCE REPORT

#### A) The Company's Corporate Governance Philosophy

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasizes the need for full transparency and accountability in all its operations, in order to protect the interests of its stakeholders. It is believed that the imperative for good corporate governance lies not merely in drafting a code of corporate governance but in practicing it.

#### B) Board of Directors

In terms of the Company's Corporate Governance Policy, all statutory and other significant and material information mentioned in Clause 49 of the Listing Agreement are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the Company and as trustees of stakeholders.

#### Composition of the Board & Directorship held:

As the Company has an Executive Chairman viz., Mr. Pawan K Ruia the Board is required, in terms of clause 49 of the Listing Agreement, to have fifty percent of its Directors as Independent Directors.

As on 30th September, 2010 the Company has 8 Directors on its Board, of which 5 Directors are Independent Directors. Thus, the composition of the Company's board is in conformity with the Listing Agreement. None of the Directors on the Board is a Member on more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other Companies are given below:

Name of the Director	Category	* No. of Directorship in other Companies	No. Of membership / chairmanship in Committees of other companies		
			Membership	Chairmanship	Total
Mr. Pawan Kumar Ruia	Executive Chairman	4	--	--	--
Mr. Tarun Gandhi	Independent	3	--	--	--
Mr. A.K. Jain	Independent	1	--	--	--
Mr. K.N. Prithviraj	Independent	6	5	3	8
Mr. Prakash P. Mallya	Independent	3	4	5	9
Mr. Vijay Vaid	Independent	1	-	-	-
Mr. S. Ravi	Non-Executive	2	3	1	4
Mr. Sunil Bhansali	Executive	Nil	Nil	Nil	Nil

\* Does not include Directorships in Private Limited Companies

The Board meets atleast once in a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact other business.

Attendance of each Director at Board Meetings, last Annual General Meeting and Extra Ordinary General Meeting:

**Eight** Board Meetings were held during the year 2009-10 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held were as follows:

24th October, 2009	29th January, 2010	6th July, 2010
12th November, 2009	3rd March, 2010	14th August, 2010
29th December, 2009	22nd April, 2010	

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The last Annual General Meeting of the Company was held on 29th December, 2009 and Extra Ordinary General Meeting was held on 9th November, 2009 and 3rd March, 2010.

The following are the details of attendance of Directors at Board Meeting and at the Annual General Meeting and Extra Ordinary General Meeting held during the year:

#### Attendance of the Directors for BOD, AGM & EGM

Name of Directors	No. of Board Meetings held during the tenure of the Director in 2009-10*	No. of Board Meetings attended	Attendance at Last AGM	Attendance at Two EGM	
				09.11.2009	03.03.2010
Mr. Pawan Kumar Ruia	8	7	Yes	No	No
Mr. Tarun Gandhi	8	2	No	No	No
Mr. A. K. Jain	8	5	No	Yes	Yes
Mr. K. N. Prithviraj	8	4	No	No	Yes
Mr. Prakash P. Mallya	8	6	Yes	Yes	No
Mr. S. Ravi	8	8	Yes	Yes	Yes
Mr. Sunil Bhansali	8	8	Yes	Yes	Yes
<b>Part of the Year</b>					
Mr. Vijay Vaid (Appointed as Additional Director w.e.f. 14/08/2010)	1	1	--	--	--

\* Number of Board Meetings indicated is with reference to date of appointment / resignation of the Directors.



## C) Audit Committee

The terms of reference of the Audit Committee is based on Clause 49 of the Listing Agreement and the applicable provisions of the Companies Act, 1956.

The Audit Committee comprises of five Directors, all of them being Non-Executive Directors.

Mr. A.K. Jain	-	Chairman
Mr. Tarun Gandhi	-	Member
Mr. K.N. Prithviraj	-	Member
Mr. Prakash P. Mallya	-	Member
Mr. S. Ravi	-	Member

All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent and Non-Executive Director nominated by the Board. The Company Secretary, Statutory Auditors, Internal Auditors are permanent invitees at the meetings of the Committee.

The gist of terms of reference is given below:

- Review of Company's financial reporting process.
- Review of Quarterly and Annual Financial Statements, before submission to the Board.
- Review with External Auditors, on areas of concern.
- Recommending appointment of External Auditor and fixation of audit fees.
- To Review the projects performance of the company

- To ensure compliance of internal control system and action taken on internal audit report.
- Review of findings etc., of internal investigations by Internal Auditors and reporting thereof to the Board.
- To hold periodical discussion with statutory auditors on the scope and content of audit.
- To review the Company's Financial and Risk Management Policies.
- To appraise the Board on the impact of accounting policies, accounting standards and legislation.
- Review of reasons for defaults if any in payment to shareholders / creditors etc.
- Review of adequacy of internal audit function.

During the period ended 30th September, 2010 the Committee met 5 (five) times from 1st October 2009 to 30th September, 2010, i.e.

Sl. No.	Date of the Audit Committee Meeting
1	24th October, 2009
2	12th November 2009
3	29th January, 2010
4	22nd April, 2010
5	14th August, 2010

## Attendance at Audit Committee Meetings.

Name of Directors	No. of Audit Meetings held during the tenure of the Director in 2009-10 *	No. of Meetings attended
Mr. A.K. Jain	5	4
Mr. Tarun Gandhi	5	2
Mr. K.N. Prithviraj	5	3
Mr. Prakash P. Mallya	5	5
Mr. S. Ravi	5	5

\*No. of Audit Committee Meetings indicated is with reference to date of appointment/resignations of the Directors.

## D) Remuneration Committee

The Remuneration Committee is composing of 4 (four) Directors, which is as follows.

Mr. K.N. Prithviraj	Chairman
Mr. A.K. Jain	Independent Director
Mr. Tarun Gandhi	Independent Director
Mr. S. Ravi	Independent Director

The remuneration Committee met on 29th January, 2009 in which the remuneration to the Executive Chairman had been increased considering the relevant remuneration for managerial personnel in the industry of similar size and nature. This remuneration was approved by the Board of Directors in their Meeting held on 29th January, 2010 and the shareholders in the Extra Ordinary General Meeting dated 3rd March, 2010 subject to the approval of Central Government.

(Rs. in Lacs)

Name	Designation	Salary	Other allowance /Re-imburement	Provident Fund & Other Fund	Retirement
Mr. Pawan Kumar Ruia	Executive Chairman	360.00	192.00	97.20	Gratuity & Medi-claim as per rules of the Company

**Details of Service Contract with the Directors: -**

For any termination of service contract, either the Company or the Executive Chairman is required to give a notice of not less than forty five days.

**Equity share held by the Non Executive Directors:** Nil

The Non-Executive Directors do not draw any remuneration from the Company, except sitting fees for attending the Board Meetings. The details of sitting fees paid to the Non-Executive Directors are as follows:

Name of the Directors	Sitting Fees Paid during the Year (Rs.)
Mr. Tarun Gandhi	20,000
Mr. A.K. Jain	50,000
Mr. K.N. Prithviraj	40,000
Mr. Prakash P. Mallya	60,000
Mr. Vijay Vaid	10,000
Mr. S. Ravi	60,000
<b>TOTAL</b>	<b>2,40,000</b>

**E) Investors' / Shareholders' Grievances Committee**

As of 30th September, 2010, the Committee consists of four Directors, namely,

Mr. K.N. Prithviraj	Chairman (Independent Director)
Mr. Tarun Gandhi	Member (Independent Director)
Mr. S. Ravi	Member (Non-executive Director)
Mr. Sunil Bhansali	Member (Executive Director)

Mr. M.C.Bhansali Company Secretary, has been designated as Compliance Officer. The Committee looks into redressing of grievances of the investors namely shareholders. The Committee deals with grievances pertaining to transfer of shares, non-receipt of Balance Sheet, non-receipt of dividend, dematerialization of shares, complaint letters received from Stock Exchanges, SEBI etc.

During the period, five complaints were received from shareholders and the same were resolved.

## F) General Body Meetings

Location and time where last three Annual General Meetings of the Company were held are given below:

Financial Year	Date of Meeting	Location of the Meeting	Time
2006-2007	28/09/2007	Hotel Woodlands (Pvt.) Ltd. No.5, Raja Ram mohan Roy Road, Bengaluru – 560 025	11.30 a.m.
2007-2008	30/09/2008	Hotel Woodlands (Pvt.) Ltd. No.5, Raja Ram mohan Roy Road, Bengaluru – 560 025	11.30 a.m.
2008-2009	29/12/2009	Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.30 a.m.

## Extra Ordinary General Meetings

Financial Year	Date of the Meeting	Location	Time
2008-2009	09/11/2009	Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.30 p.m.
2008-2009	03/03/2010	Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	11.45 a.m.

## G) Disclosures

i) During the year, there were no transactions of material nature with the Promoters, Directors or the management, their subsidiaries or relatives that had potential conflict with the interest of the Company. Register of Contract containing the transactions in which Directors are interested is placed before the Board regularly for signature of Directors. Transactions with related parties are disclosed in Note No.20B (13) to the Accounts in the Annual Report.

ii) The Company has complied with the requirements of the regulatory authorities on Capital Markets and no non-compliances, penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority during the last three years.

iii) The Non-Mandatory requirements have been adopted as stated in this report against the relevant items.

## H) Means of Communication

Quarterly results of the Company are published in English daily news paper having nation wide circulation and in one daily regional language news paper. Quarterly reports are not mailed to the shareholders. However, all the quarterly results and the audited annual results are displayed in the Company's website ([www.falcontyres.com](http://www.falcontyres.com)), apart from providing to Stock Exchanges and Press.

No presentations made to institutional investors or to analyst, other than the published information / press releases.

The Management Discussion of Analysis Report forms part of this Annual Report, and is attached to the Director's Report.

## I) General Shareholders information

### Annual General Meeting

The Annual General Meeting is proposed to be held on 30th December, 2010 at 12.30 p.m. at Hotel Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570016

Financial Period	1st October, 2009 to 30th September, 2010
Date of Book Closure	25th December, 2010 to 30th December, 2010 (Both days inclusive)
Dividend Payment Date	The Dividend Warrants will be dispatched within the statutory time limit.

### Listing on Stock Exchanges

The Equity Shares of the Company are listed on Mumbai and Chennai Stock Exchanges. During the year your company has been delisted from the Bangalore Stock Exchange.

Listing fee has been paid to the above Stock Exchanges for and up to the year 2010-11

### Stock Code

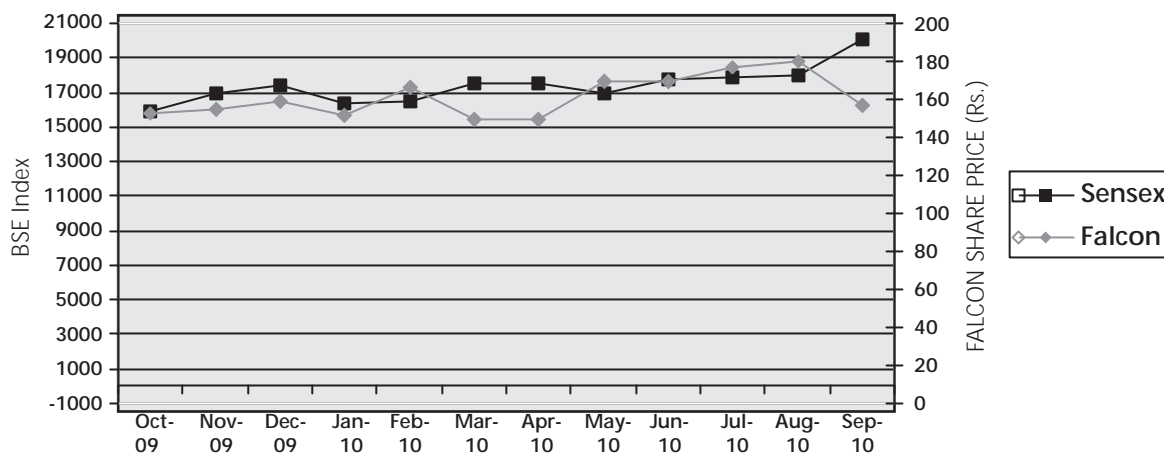
Bombay Stock Exchange	509527
Chennai Stock Exchange	FALCOTYR
Demat ISIN	INE511B01024

### Market Price Movement

The Monthly high and low quotations of the shares regularly traded on the Bombay Stock Exchange is as follows:

MONTH	High (Rs.)	Low (Rs.)
October, 2009	161.00	127.20
November, 2009	163.30	141.00
December, 2009	193.85	146.75
January, 2010	199.00	142.00
February, 2010	233.95	156.00
March, 2010	179.90	128.25
April, 2010	183.95	144.60
May, 2010	188.00	150.00
June, 2010	190.00	151.50
July, 2010	191.00	168.65
August, 2010	195.00	165.25
September, 2010	187.00	155.80

Stock performance in comparison to Broad based indices such as BSE Sensex



Price of shares which are mentioned are at the end of the each month.

= Source: BSE official website

## Registrar and Transfer Agents

Integrated Enterprises (India) Ltd.(formerly known as Alpha Systems Private Limited)

30, Ramana Residency, 4th Cross

Sampige Road, Malleswaram

Bengaluru – 560 003

Tel: 080-23460815

Fax: 080-23460819

## Share Transfer System

97.75 % of shares of the Company are in the electronic form. Transfer of these shares are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Integrated Enterprises (India) Ltd. at the above mentioned address.

The transfer of shares in physical form are normally processed within 15 days from the date of receipt, if the documents are complete in all respects. The Directors, and the Company Secretary are jointly empowered to approve transfers.

## Distribution of Shareholding as on 30th September, 2010

No. of equity shares	Holders No. of holders	Holders %	Holding No. of shares held	Holdings %
Upto 1000	1943	80.76	367103	1.08
1001 - 2500	260	10.81	441169	1.29
2501 - 5000	132	5.49	440212	1.29
5001 - 10000	39	1.62	265099	0.78
10001 and above	32	1.33	32571949	95.56
<b>TOTAL</b>	<b>2406</b>	<b>100.00</b>	<b>34085532</b>	<b>100.00</b>

## Shareholding pattern as on 30th September, 2010

Shares Holders	No. of equity Shares Held	Percentage of Shareholding
<b>A. Promoters Holding</b>		
1. Promoters		
Indian Promoters	54,25,980	15.92
Foreign Promoters	2,35,13,100	68.98
2. Persons acting in concert	--	-
<b>Sub-Total</b>	<b>2,89,39,080</b>	<b>84.90</b>
<b>B. Non Promoters Holding</b>		
3. Institutional Investors		
a. Mutual Fund and UTI	--	--
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions)	2,75,678	0.81
c. FIs	--	--
<b>Sub-Total</b>	<b>2,75,678</b>	<b>0.81</b>
4. Others		
a. Private Corporate Bodies	28,83,638	8.46
b. Indian Public	19,62,669	5.76
c. NRIs/OBCs	13,826	0.03
d. Any other(Clearing Member)	10,641	0.04
<b>Sub-Total</b>	<b>48,70,774</b>	<b>14.29</b>
<b>Grand Total</b>	<b>3,40,85,532</b>	<b>100.00</b>

Dematerialization of Shares and Liquidity the Company's shares are compulsory traded in dematerialized form and are traded on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 97.75% of the Company's Share Capital are dematerialized as on 30th September 2010. The Company's shares are regularly traded on Bombay Stock Exchange Limited in electronic form.

### Investors Protection Fund

Shareholders who have not yet encashed their dividend warrants for the year 2003-04 to 2008-09 may approach the Company/Company's Registrars and Share Transfer agents for revalidation, issue of duplicate warrants etc., Dividend which remains unpaid/ unclaimed over a period of 7 years from the date of declaration shall be transferred to the Investor Education and Protection Fund.

### Plant Location

K.R.S. Road, Metagalli, Mysore – 570 016

### Outstanding GDRs / ADRs / Warrants or any convertible instruments

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments

### Address for Correspondence

K.R.S. Road, Metagalli, Mysore-570 016 Tel : 0821-2582055/2582041 Fax : 0821-2582321 Email: secretary@falcontyres.com

# DECLARATION

It is hereby declared that all the members of the Board and Senior Management personnel have affirmed compliance with the "Code of Conduct for Members of the Board and Senior Management of Falcon Tyres Limited" during the Financial Year ended 30th September, 2010.

Kolkata  
12th November, 2010

**Sunil Bhansali**  
Executive Director

# AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of  
FALCON TYRES LIMITED

1. We have examined the compliance of the conditions of Corporate Governance by Falcon Tyres Limited for the year ended 30th September, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accounts of India and limited to the procedures of implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kolkata  
12th November, 2010

**For K.N. Gutgutia & Co.**  
Chartered Accountants

**Subhasish Pore**  
Partner  
Membership No: 055862



## Auditors' Report

To the members of  
FALCON TYRES LIMITED

We have audited the attached Balance Sheet of Falcon Tyres Limited ('the Company') as at 30th September, 2010, the annexed Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date which we have signed this day under reference to this report. 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.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Order 2004 ('the Order'), issued by the Central Government in exercise of the power conferred by section 227 (4A) of the Companies Act, 1956 ("the Act") and according to the information and explanation given to us and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. Further to the above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) 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;
  - c) The Company's balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the profit and loss account balance sheet and cash flow statement comply with the accounting standards referred to in sub section (3C) of section 211 of the Act.;
  - e) On the basis of written representations received from the Directors and taken on record by the Board, none of such Directors is disqualified as on 30th September, 2010 from being appointed as a Director of the Company under clause (g) of sub section (1) of section 274 of the Act.
  - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the accounting policies and notes thereon give the information required by the Act in the manner so required and give a true and fair view –
    - (i) in the case of the Balance sheet, of the state of affairs of the Company as at 30th September, 2010;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date .

**For K.N. Gutgutia & Co.**  
Chartered Accountants

Kolkata  
12th November, 2010

**Subhasish Pore**  
Partner  
Membership No.055862

**ANNEXURE (referred to in paragraph 1 of our report of even date)**

- i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets.
- b) These fixed assets have been physically verified by the management in a phased manner at reasonable intervals. No material discrepancies were noticed on such verification.
- c) No substantial part of fixed assets has been disposed off during the year.
- ii) a) Physical verification of inventory has been conducted at reasonable intervals by the management
- b) The procedure 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 record of inventory and no material discrepancies were noticed on physical verification.
- iii) The Company has neither granted nor taken any loan secured or unsecured from Companies, firms or other Parties covered in the register maintained under section 301 of the Act.
- iv) There is an 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. There is not major weakness in internal control system.
- v) a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) The transactions made in pursuance of such contract or arrangement have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted deposits from the public.
- vii) The Company has an in-house internal audit system generally commensurate with its size and nature of its business.
- viii) The maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, and such accounts and records have been made and maintained. We have broadly reviewed such books of accounts.
- ix) a) The Company is generally regular in depositing un-disputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
- x) The Company has no accumulated Losses at the end of the financial year and has not incurred Cash Losses in such financial year and in the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to Banks.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- xiii) The Company is not a Chit fund or a Nidhi/Mutual benefit fund/Society.

- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) The Company has given a corporate guarantee and the terms and conditions whereof are not prejudicial to the Company.
- xvi) Term Loans were applied for the purpose for which the loans were obtained.
- xvii) The funds raised on short term basis have not been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) The Company has not issued any debentures.
- xx) The Company has not raised money by public issue.
- xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any fraud on or by the Company nor have we been informed of any such case by the management.

Kolkata  
12th November, 2010

**For K.N. Gutgutia & Co.**  
Chartered Accountants

**Subhasish Pore**  
Partner  
Membership No.055862

BALANCE SHEET AS AT 30TH SEPTEMBER, 2010

(Rs. In Lacs)

	Schedule No.	As at 30th September, 2010		As at 30th September, 2009	
<b>I Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
(a) Share Capital	1	1704.27		1704.27	
(b) Reserves & Surplus	2	16110.62	17814.89	12196.27	13900.54
<b>2. Loan Funds</b>					
(a) Secured	3	15022.60		13798.62	
(b) Unsecured	4	8171.80	23194.40	6954.80	20753.42
<b>3. Deferred Taxtion - Net Total</b>					
			726.95		794.16
		<b>41736.24</b>		<b>35448.12</b>	
<b>II Application of Funds</b>					
<b>1. Fixed Assets</b>					
Gross Block	5	25015.45		23783.46	
Less: Depreciation		6516.52		5386.71	
Net Block		18498.93		18396.75	
Capital Work - in - Progress		3863.68	22362.61	440.97	18837.72
<b>2. Investments</b>					
	6		8863.00		5.97
<b>3. Current Assets, Loans &amp; Advances</b>					
(a) Inventories	7	7218.21		3445.79	
(b) Sundry Debtors	8	11236.94		9716.30	
(c) Cash & Bank balances	9	3218.55		2098.80	
(d) Loans & Advances	10	4829.60		10891.80	
		26503.30		26152.69	
Less:					
<b>4. Current Liabilities &amp; Provisions</b>					
(a) Liabilities	11	12250.85		8283.87	
(b) Provisions	12	3741.82		1264.74	
		15992.67		9548.61	
<b>Net Current Assets</b>					
Miscellaneous Expenditure (to the extent not written off)	13		10510.63		16604.08
<b>Total</b>			<b>41736.24</b>		<b>35448.12</b>
Significant Accounting Policies and Notes on Accounts	20				

Schedules annexed are an integral part of this Balance Sheet and should be read in conjunction therewith.

As per our report of even date attached

For and on behalf of the Board

For and on behalf of  
K.N.Gutgutia & Co.

Chartered Accountants

**Subhasish Pore**

Partner

Membership No.: 055862

Kolkata, 12th November, 2010

**M.C. Bhansali**  
Company Secretary

**Sunil Bhansali**  
Executive Director

**S. Ravi**  
Director

# FALCON TYRES LTD

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2010

(Rs. In Lacs)

	Schedule No.	30th September, 2010 (12 Months)		30th September, 2009 (18 Months)	
<b>Income</b>					
Gross Sales (net of returns & discounts)		84434.77		85146.30	
Less: Excise Duty		5624.36	78810.41	6760.13	78386.17
Other Income	14		566.33		341.49
			<b>79376.74</b>		<b>78727.66</b>
<b>Expenditure</b>					
Raw Materials Consumed	15		42031.91		40569.21
Increase(-)/Decrease(+) in stock	16		-1,593.61		1207.11
Factored Goods Consumption	17		11388.94		13215.87
Manufacturing, Administrative, Selling & Distribution Expenses	18		18541.27		16991.08
Interest (Net)	19		1652.11		2004.57
Depreciation		1129.81		1386.16	
Less: Transfer to Revaluation Reserve		352.15	777.66	541.71	844.45
			<b>72798.28</b>		<b>74832.29</b>
<b>Profit Before Taxation</b>			<b>6578.46</b>		<b>3895.37</b>
Provision for Taxation:					
For Current Year - Current Tax		1482.21		599.00	
- Fringe Benefit Tax		-		18.27	
- Deferred Tax		-67.21		278.86	
		1415.00		896.13	
Excess Provision of Income Tax of Earlier Year Written Back		-		-2.58	
			1415.00		893.55
<b>Profit After Taxation</b>			5163.46		3001.82
Profit Brought forward from Previous Year			205.90		169.33
<b>Profit Available for Appropriation</b>			5369.36		3171.15
<b>Appropriations:</b>					
Less:					
Transfer to General Reserve		3500.00		2500.00	
Interim Dividend		-		142.02	
Proposed Dividend		852.14		255.64	
Corporate Dividend Tax		144.82	4496.96	67.59	2965.25
<b>Balance carried to Balance Sheet</b>			<b>872.40</b>		<b>205.90</b>
Basic & Diluted Earning Per Share			15.15		8.81
Significant Accounting Policies and Notes on Accounts	20				

2009-10

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FINANCIALS

Schedules annexed are an integral part of this Profit & Loss Account and should be read in conjunction therewith.

As per our report of even date attached

For and on behalf of the Board

For and on behalf of  
K.N.Gutgutia & Co.

Chartered Accountants

Subhasish Pore

Partner

Membership No.: 055862

Kolkata, 12th November, 2010

M.C. Bhansali  
Company Secretary

Sunil Bhansali  
Executive Director

S. Ravi  
Director

SCHEDULE FORMING PART OF THE ACCOUNTS

	As at 30th September, 2010 (Rs. in Lacs)	As at 30th September, 2009 (Rs. in Lacs)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL:</b>		
<b>Authorised :</b>		
20,00,00,000 equity shares of Rs. 5/- each	10000.00	2350.00
<b>Issued, Subscribed and Paid up</b>		
340,85,532 (340,85,532) Equity Shares of Rs.5/- each fully paid (294,60,744 Equity Shares of Rs.5/- each held by DIL Rim and Wheel Corporation Ltd., Mauritius the holding Company and it's subsidiaries)	1704.27	1704.27
<b>TOTAL</b>	<b>1704.27</b>	<b>1704.27</b>

**SCHEDULE 2**

**RESERVES & SURPLUS:**

**Revaluation Reserve**

As per last Balance Sheet	8008.01	8549.72
Less: Transferred to Profit & Loss Account	352.15	541.71
	<u>7655.86</u>	<u>8008.01</u>

**Share Premium**

As per last Balance Sheet	165.87	165.87
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**Capital Reserve**

(Capital Subsidy Received from Government through MNRE)	100.00	-
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**General Reserve**

As per last Balance Sheet	3816.49	2452.67
Less: Transfer to Share Capital Account consequent to issue of Bonus shares	-	1136.18
Add: Transferred from Profit & Loss Account	3500.00	2500.00
	<u>7316.49</u>	<u>3816.49</u>
Surplus as per Profit & Loss Account	872.40	205.90

<b>TOTAL</b>	<b>16110.62</b>	<b>12196.27</b>
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SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2010 (Rs. in Lacs)	As at 30th September, 2009 (Rs. in Lacs)
<b>SCHEDULE 3</b>		
<b>SECURED LOANS:</b>		
<b>Cash Credit from Banks</b> (Secured by hypothecation of Company's present and future fixed assets, current assets, stock and book debts and pari-passu charge on Company's present and future fixed assets)	7713.37	7264.78
<b>Term Loan - Syndicate Bank</b> (Secured by hypothecation of Company's Plant & Machinery and Immovable Properties situated at Mysore and pari-passu first charge on the Current assets and fixed assets of the Company)	2615.81	3674.75
<b>Term Loan - Yes Bank</b> (Secured by subservient charge on current assets and fixed assets, Corporate gurantee of Monotona Tyres Limited a subsidiary Company. This is to be further secured by first pari-passu charge on assets and pledge of shares of said subsidiary Company)	2186.36	2859.09
<b>Term Loan - Central Bank of India</b> (Secured by exclusive first charge by way of hypothecation of Plant & Machinery & Civil works, etc. arising out of the Term Loan. Second charge on all other existing fixed assets)	2507.06	-
<b>TOTAL</b>	<b>15022.60</b>	<b>13798.62</b>

## SCHEDULE 4

### UNSECURED LOANS:

#### Short term loan

Interest free loan from body corporates

Loan from Customers

#### TOTAL

5771.80	5654.80
2400.00	1300.00
<b>8171.80</b>	<b>6954.80</b>

## SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

**SCHEDULE 5**  
**FIXED ASSETS:**

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 30.09.2009	Additions	Sale of Asset	As at 30.09.2010	Up To 30.09.2009	For the Period	Sale of Asset For the Period	Up To 30.09.2010	As at 30.09.2010	As at 30.09.2009
Land	4625.00	-	-	4625.00	-	-	-	0.00	4625.00	4625.00
Buildings	2761.73	980.05	-	3741.78	591.07	89.13	-	680.20	3061.58	2170.66
Plant & Machinery	15543.34	242.72	-	15786.06	4364.37	958.38	-	5322.75	10463.31	11178.97
Computers	153.14	4.39	-	157.53	116.64	13.97	-	130.61	26.92	36.50
Electrical Installation	458.70	-	-	458.70	195.99	18.09	-	214.08	244.62	262.71
Office & Lab Equipment	30.83	2.01	-	32.84	17.40	1.48	-	18.88	13.96	13.43
Furniture & Fixtures	73.61	0.21	-	73.82	51.91	3.13	-	55.04	18.78	21.70
Vehicles	39.78	3.05	0.44	42.39	16.14	3.65	0.22	19.57	22.82	23.64
Low Value Assets	9.73	-	-	9.73	8.62	0.08	-	8.70	1.03	1.11
Technical Know-how	87.60	-	-	87.60	24.57	42.12	-	66.69	20.91	63.03
<b>TOTAL</b>	<b>23783.46</b>	<b>1232.43</b>	<b>0.44</b>	<b>25015.45</b>	<b>5386.71</b>	<b>1130.03</b>	<b>0.22</b>	<b>6516.52</b>	<b>18498.93</b>	<b>18396.75</b>
Previous year figures as at 30.09.2009	17369.13	6414.80	0.47	23783.46	4000.70	1386.16	0.15	5386.71	18396.75	13368.43



SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2010 (Rs. in Lacs)	As at 30th September, 2009 (Rs. in Lacs)
<b>SCHEDULE 6</b>		
<b>INVESTMENTS (AT COST):</b>		
<b>Long term: Other than trade</b>		
<b>Equity share fully Paid up - Un-quoted</b>		
1 Share of Rs.1000/- in FTL House Building Co-operative Society	0.01	0.01
5000 Shares of GBP 1 each in Global Finvest Ltd.	4.00	4.00
53,99,400 shares of Rs.10/-each in Monotona Tyres Limited	8857.03	-
<b>Equity share fully Paid up - Quoted</b>		
11,500 Equity Shares of Rs. 10/- each in Union Bank of India	1.84	1.84
200 Equity Shares of Rs. 10/- each in UCO Bank	0.02	0.02
400 Equity Shares of Rs. 10/- each in Indian Overseas Bank	0.10	0.10
Aggregate Market Value of quoted investments as on 30.09.2010 Rs. 45.41 lacs (Rs. 28.21 lacs)		
<b>TOTAL</b>	<b>8863.00</b>	<b>5.97</b>
<b>SCHEDULE 7</b>		
<b>INVENTORIES:</b>		
(As per stocks taken, valued and certified by Management)		
Raw Materials	3050.47	1925.81
Stores & Spares	257.62	209.30
Work - in - Process	369.26	219.28
Finished Goods (Including Factored Goods)	3540.86	1091.40
<b>TOTAL</b>	<b>7218.21</b>	<b>3445.79</b>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS:</b>		
<b>Debts Outstanding for a period exceeding six months</b>		
- considered good	4.32	0.60
- considered doubtful	-	-
	4.32	0.60
<b>Other debts - considered good</b>	<b>11232.62</b>	<b>9715.70</b>
<b>TOTAL</b>	<b>11236.94</b>	<b>9716.30</b>

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

**SCHEDULE 9**

**CASH & BANK BALANCES:**

	As at 30th September, 2010 (Rs. in Lacs)	As at 30th September, 2009 (Rs. in Lacs)
Cash in hand	6.10	7.24
Cheques in Transit	1658.20	827.78
Balances with Scheduled Banks :		
In Current Accounts	625.66	597.78
In Unpaid Dividend Accounts	6.58	6.50
In Unpaid Debenture Account	9.10	9.10
In Deposit Accounts	912.91	650.40
(Under lien to various Banks against Letter of Credits, Bank Guarantees and borrowings)		
<b>TOTAL</b>	<b>3218.55</b>	<b>2098.80</b>

**SCHEDULE 10**

**LOANS & ADVANCES:**

(Unsecured, considered good, unless otherwise stated)

Advances Recoverable in cash or in kind or for value to be received	3241.00	1462.48
Advance for Purchase of Shares	-	8857.03
Other Deposits	167.93	143.77
Advance Payment:		
- Taxation	1420.67	428.52
<b>TOTAL</b>	<b>4829.60</b>	<b>10891.80</b>

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2010 (Rs. in Lacs)	As at 30th September, 2009 (Rs. in Lacs)
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES:</b>		
Acceptance	2206.55	2190.26
Sundry Creditors	3325.22	1940.30
Unclaimed Dividend *	6.58	6.50
Unclaimed Debenture *	9.10	9.10
Balance with Central Excise & Customs Authorities	218.14	124.46
Deposits from Dealer	2040.19	1578.35
Other liabilities	4401.42	2337.41
Interest accrued but not due on loan	43.65	97.49
* Does not include any amounts due for deposit to the Investor Education & Protection Fund		
<b>TOTAL</b>	<b><u>12250.85</u></b>	<b><u>8283.87</u></b>

## SCHEDULE 12

**PROVISIONS FOR:**

- Taxation	2307.99	825.78
- Fringe Benefit Tax	42.87	42.87
- Proposed Dividend	852.14	255.64
- Corporate Dividend Tax	144.82	43.45
- Warranty	394.00	97.00
<b>TOTAL</b>	<b><u>3741.82</u></b>	<b><u>1264.74</u></b>

## SCHEDULE 13

**MISCELLANEOUS EXPENDITURE (To the extent not written off):**

- Payments under Voluntary Retirement Scheme	0.35	17.54
- Less: Amortised during the year (included under staff cost)	0.35	17.19
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>0.35</u></b>

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

30th September, 2010  
(12 Months)  
(Rs. in Lacs)

30th September, 2009  
(18 months)  
(Rs. in Lacs)

**SCHEDULE 14**

**OTHER INCOME:**

Sale of Scrap	324.79	161.65
Exchange difference (Net)	6.68	-
Export Incentives	193.55	176.94
Dividend from long term, other than trade investments	35.36	1.06
Miscellaneous Income	5.95	1.84
<b>TOTAL</b>	<b>566.33</b>	<b>341.49</b>

**SCHEDULE 15**

**RAW MATERIAL CONSUMED:**

Opening Stock	1925.81	1865.29
Add: Purchases	43156.57	40629.73
	45082.38	42495.02
Less: Closing Stock	3050.47	1925.81
<b>TOTAL</b>	<b>42031.91</b>	<b>40569.21</b>

**SCHEDULE 16**

**(INCREASE)/DECREASE IN STOCK:**

Opening Stock		
Work in process	219.28	662.36
Finished Goods	942.42	1706.45
	<b>1161.70</b>	<b>2368.81</b>
Less: Closing Stock		
Work in process (WIP)	369.26	219.28
Finished Goods	2386.05	942.42
	<b>2755.31</b>	<b>1161.70</b>
<b>TOTAL Increase (-)/ Decrease(+) In Stock</b>	<b>-1593.61</b>	<b>1207.11</b>

**SCHEDULE 17**

**CONSUMPTION OF TRADED GOODS:**

Opening Stock	148.98	172.35
Add: Purchases	12394.77	13192.50
Less: Closing Stock	1154.81	148.98
<b>TOTAL</b>	<b>11388.94</b>	<b>13215.87</b>

## SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

30th September, 2010  
(12 months)  
(Rs. in Lacs)

30th September, 2009  
(18 months)  
(Rs. in Lacs)

### SCHEDULE 18

#### MANUFACTURING, ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES:

Stores Consumed	185.77	218.01
Power , Fuel and Water Charges	2182.67	2126.33
Mixing & Conversion Charges	1837.34	2201.88
Increase / Decrease in Excise Duty Provision	223.59	-148.09
Salaries , Wages and Bonus etc.	3703.67	3909.47
Contribution to Provident, Gratuity & Other Funds	639.40	488.95
Staff Welfare Expenses	235.66	254.69
Repairs - Plant & Machinery	565.43	519.33
Repairs - Buildings	16.76	36.76
Repairs - Others	40.84	92.39
Rent	28.20	29.00
Rates & Taxes	67.29	29.53
Insurance	25.41	32.38
Directors Sitting Fees	2.40	3.10
Selling & Distribution Expenses	2990.99	2495.07
Commission	481.30	385.50
Discount	2387.75	1941.72
Provision for Bad & Doubtful Debts	-1.09	6.27
Royalty	1501.28	937.65
Printing & Stationery	44.01	45.70
Communication	44.76	64.18
Travelling & Conveyance	273.00	246.40
Bank Charges	207.19	316.06
Donation	0.31	5.17
Miscellaneous Expenses	857.34	753.63
<b>TOTAL</b>	<b>18541.27</b>	<b>16991.08</b>

### SCHEDULE 19

#### INTEREST & FINANCE CHARGES:

Interest on		
Term Loan	707.55	678.71
Cash Credit Account	914.13	997.26
Other Finance Charges	70.08	384.47
	1691.76	2060.44
Less: Interest Received (Gross)	39.65	55.87
[Includes TDS Rs. 17.64 lacs (Rs.15.49 lacs)]		
<b>TOTAL</b>	<b>1652.11</b>	<b>2004.57</b>

NOTES FORMING PART OF ACCOUNTS

## SCHEDULE 20

### A. SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Accounts

The accounts have been prepared according to historical cost convention, adjusted by revaluation of fixed assets. All expenses and income to the extent considered payable and receivable, unless stated otherwise, have been accounted for on accrual basis.

#### Use of Estimates

The preparation of financial statement require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Provision for contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialised.

#### Sales

Sales are accounted for on passing of title to the customers. Returns and rebates and discounts against goods sold are recognised as and when ascertained and deducted from sales. Sales includes excise duty.

#### Export Benefits

Export benefits arising on account of entitlement for duty free imports are accounted for at the time of receipt of material. Other export benefits are accounted for as and when accrued.

#### Fixed Assets

Fixed Assets are stated at cost of acquisition / construction (net of CENVAT/VAT and other credits) or at revalued amount as the case may be and inclusive of incidental expenses, erection / commissioning expenses, revamping expenses, pre-operative expenses, interest, etc. upto the date the asset is put to use.

#### Depreciation / Amortisation

- a) The classification of Plant & Machinery into continuous and non-continuous is carried as per technical certification and depreciation thereon, is provided accordingly, on straight-line method at the rates prescribed in schedule XIV of the Companies Act, 1956.
- b) Additional depreciation attributable to the increase in the value of assets on account of revaluation is transferred from Revaluation Reserve to the Profit and Loss account.
- c) Computer software, Intangible assets are amortised over the period of six years.

#### Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flow from the use of the assets is discounted to their present value at appropriate rate. An impairment loss is reversed if there has been a change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof, which in case of CGU, are allocated to its assets on a pro rata basis, is adjusted to carrying value of its respective assets.

#### Investments

Long Term Investments are valued "at cost" except where there is a diminution in value, other than temporary, in which case, adequate provision is made against such shortfall.

## NOTES FORMING PART OF ACCOUNTS (CONTD.)

### Inventory

Inventories are valued at lower of cost or estimated net realisable value. Cost of inventories has been computed on weighted average basis. In case of work in progress and finished goods cost represents materials, direct labour and appropriate portion of factory overheads. Adequate provision for defective, slow/non moving, obsolete stocks are made on the basis of technical evaluation.

### Transactions in Foreign Currency

Transaction in foreign currency is accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year-end are translated using the closing exchange rates whereas non-monetary assets are translated at the rate on the date of the transaction. The gain and loss thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are adjusted to the profit and loss account.

### Employee Benefits

Employee benefits are accrued in the year in which the employees have rendered services.

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognized as and when incurred.

Long-term employee benefits under defined benefit scheme such as gratuity, leave etc. are determined at the end of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gain and losses are recognized in the year when they arise.

### Research and development expenditure

Research and development expenditure of revenue nature are charged to the profit & loss account, while capital expenditures are added to fixed assets in the year in which they are incurred.

### Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of Notes to the Accounts.

### Borrowing costs

Borrowing costs incurred in relation to the acquisition, construction of assets are capitalised as part of the costs of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

### Taxes on Income

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods, is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

### Warranties

Warranty costs are accrued in the year of sale, based on past experience.

### Miscellaneous Expenditure

Expenses incurred under voluntary retirement scheme are amortized over a period of five years unless required to be amortized over a shorter period by the relevant accounting standard.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

**B. NOTES ON ACCOUNTS**

1. Contingent liabilities not provided for

(Rs. In Lacs)

Sl. No.	Particulars	Amount as on 30.09.2010	Amount as on 30.09 .2009
1	Claims not acknowledged as debt	39.53	38.12
2	Input Tax Credit on Sales Tax	--	132.99
3	Corporate Guarantee	4800.00	4800.00

2. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs. 5025.03 Lacs (Rs. 233.56 Lacs)

3. a) Pursuant to an agreement dated 20th December 2006 with Blessing Commercial Private Limited (BCPL), a Group Company, the Company has agreed to purchase 54 Lacs of equity shares of Monotona Tyres Limited (MTL) held by BCPL and Rs. 7500 Lacs has been paid towards the same. 53,99,400 shares are transferred in the name of Falcon Tyres Limited as on 21st May 2010.

b) Finance charges aggregating to Rs. 1357.03 Lacs on term loan taken for acquiring the shares, have been shown as Investment along with above Rs.7500 Lacs.

4. a) Major expansion projects undertaken by the company inter-alia includes installation of various tyres curing presses.

b) Capital work in progress includes capital advances of Rs.2919.64 Lacs (Rs. 30.39 Lacs).

5. Micro, Small and Medium Enterprise

(Rs. In Lacs)

Particulars	For the Period ended 30.09.2010	
	Principal	Interest
Amount due to vendors	18.01	Nil
Principal amount and interest paid beyond the appointment date	Nil	Nil
Interest accrued and remaining unpaid beyond the appointment date (other than interest specified u/s 18 of the Act)	Nil	Nil
Interest accrued and remaining unpaid as at the end of the year (As per the Act)	Nil	0.22

6. Provisions of Accounting Standard 29 on 'Provision, Contingent Liabilities and Contingent Assets:- Disclosures in this respect as required in terms of the said Accounting Standard are as follows:

(Rs. in Lacs)

Nature of Item	Warranty	
	2009-10 (12 months)	2008-09 (18 months)
Opening Provision	97.00	92.00
Provided during the Year	902.95	348.75
Amount Utilized	605.95	343.75
Closing Provision	394.00	97.00

The above Warranty Cost represents the expected cost of free replacement as estimated in terms of the stipulation for sales / industry practice, on the basis of the past experience in respect of the goods sold during the last two years. Liability against such provision is expected to occur in the next financial year.



## NOTES FORMING PART OF ACCOUNTS (CONTD.)

7. Salary, Wages and bonus include retainer-ship fees amounting to Rs.69.60 Lacs (Rs. 33.43 Lacs).
8. The disclosures required under Accounting Standard 15 " Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

### Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognised for the year are as under:

(Rs. in Lacs)

	As at 30.09.2010	As at 30.09.2009
i Employer's Contribution to Provident Fund	206.31	238.78
ii. Employer's Contribution to Superannuation Fund	61.87	58.40

### Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Rs. in Lacs)

	Gratuity (Funded)	
	As at 30.09.2010	As at 30.09.2009
<b>i Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>		
Liability at the beginning of the year	660.32	529.87
Interest Cost	71.91	44.24
Current Cost	52.07	31.08
Actuarial ( gain) / loss on obligations	271.76	129.76
Past Service Cost	10.73	-
Benefits paid	(75.70)	(74.63)
Liability at the end of the year	991.09	660.32
<b>ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:</b>		
Fair value of Plan Assets at the beginning of the year	431.65	386.20
Expected Return on Plan Assets	45.13	29.87
Contributions by the Company	35.69	85.64
Benefits paid	(75.70)	(74.63)
Actuarial gain/(loss) on the Plan Assets	7.30	4.57
Fair Value of Plan Assets at the end of the year	444.07	431.65
Total actuarial gain/(loss) to be Recognised	264.59	125.19
<b>iii. Actual return on Plan Assets</b>		
Expected return on Plan Assets	45.13	29.87
Actual gain/(loss) on Plan Assets	7.30	4.57
Actual Return on Plan Assets	52.43	34.44

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(Rs. in Lacs)

	Gratuity (Funded)	
	As at 30.09.2010	As at 30.09.2009
<b>iv. Amount Recognised in Balance Sheet</b>		
Liability at the end of the year	991.09	660.32
Fair value of Plan Assets at the end of the year	444.07	431.65
Unrecognised Past service Cost	3.93	-
Amount Recognised in the Balance Sheet	543.09	228.67
<b>v. Expenses Recognised in the Income Statement</b>		
Current Service Cost	52.07	31.08
Interest Cost	71.91	44.24
Expected Return on Plan Assets	(45.13)	(29.87)
Net Actuarial (gain)/loss to be Recognised	264.59	125.19
Past Service Cost	6.67	-
Expenses Recognised in Profits & Loss Account	350.11	170.64
<b>vi. Balance Sheet Reconciliation</b>		
Opening Net Liability	228.67	143.67
Expenses as above	350.11	170.64
Employers Contribution	(35.69)	(85.64)
Amount Recognised in Balance Sheet	543.09	228.67
<b>vii. Principal Actuarial assumptions at the Balance Sheet</b>		
Discount Rate	7.95%	7.05%
Rate of Return on Plan Assets	7.50%	7.50%
<b>viii. Experience Adjustment</b>		
Experience adjustments on Plan liabilities	72.55	39.61
Experience adjustments on Plan Assets	(7.30)	(4.57)
	65.25	35.04

**Compensated Absences**

The obligations for compensated absences is recognised in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged, sick and casual leaves of the employees of the Company as at 30th September 2010 is given below:

(Rs. in Lacs)

Particulars	Amount as at 30.09.2010	Amount as at 30.09.2009
Privileged Leave	187.42	133.35
Sick Leave	19.93	18.72
Casual Leave	21.59	18.39
<b>Total</b>	<b>228.94</b>	<b>170.46</b>

NOTES FORMING PART OF ACCOUNTS (CONTD.)

9. The break up of deferred tax Assets and Liabilities are as under:

(Rs. in Lacs)

Provision for Deferred Tax	Opening as at 01.10.2009	Charge / (Credit)	Closing as at 30.09.2010
<b>Deferred Tax Assets</b>			
Expenses allowable on Payment basis:			
- Retirement benefits	107.36	18.81	126.17
- Unabsorbed Depreciation	361.48	(361.48)	--
- Amount Inadmissible under Sec 43B	--	--	--
<b>Sub Total</b>	<b>468.84</b>	<b>(342.67)</b>	<b>126.17</b>
<b>Deferred Tax Liabilities</b>			
Depreciation	1263.00	(409.88)	853.12
<b>Net Deferred Tax Liability</b>	<b>794.16</b>	<b>(67.21)</b>	<b>726.95</b>

10. Earning per share has been calculated on the basis of number of equity shares outstanding during the period ended 30th September, 2010 in accordance with the provisions of Accounting Standard-20 "Earning Per Share".

	30.09.2010 (12 months)	30.09.2009 18 months
Profit attributable to Equity Shareholders (Rs. in lacs)	5163.46	3001.82
No. of shares @ basic value Rs.5/- each	34085532	34085532
Basic and diluted earning per share (in Rs.)	15.15	8.81

11. Remuneration paid to Executive Chairman & Executive Director

(Rs. in Lacs)

	30.09.2010 12 months	30.09.2009 18 months
Salary	318.86	305.08
Perquisites	43.02	42.32
Contribution to PF & other funds	67.30	52.16
<b>Total</b>	<b>429.18</b>	<b>399.56</b>

12. Auditors' Remuneration (included in Miscellaneous expenses) –

(Rs. in Lacs)

	30.09.2010 12 months	30.09.2009 18 months
Audit Fees	3.50	5.25
In other Capacity (excluding service tax )	1.75	2.62
<b>Total</b>	<b>5.25</b>	<b>7.87</b>

NOTES FORMING PART OF ACCOUNTS (CONTD.)

13. Related party disclosures as required as per Accounting Standard (AS-18) on "Related Party Disclosures" are as below:

- a) All the Companies in the group as discussed below are directly / indirectly controlled by the Ruia Group of Companies under the Leadership of Sri Pawan Kumar Ruia and its various Subsidiary / Associate Companies which held the controlling stake in the Company during the year ended 30th September 2010.
- b) Holding company: Wealth Sea Pte. Ltd., (Singapore) through DIL Rim and Wheel Corporation Limited, Mauritius.
- c) Associates / Group Companies
  - i. With whom the Company has transaction  
Anoush Traders Pvt. Ltd., Dunlop India Limited, Dunlop Polymers Pvt. Ltd., Falcon Tyres & Rubber Pvt. Ltd., Falcon Tyres Impex Pvt. Ltd., Global Finvest Ltd., Jessop & Co. Ltd., Manali Properties & Finance Pvt. Ltd., Ruia Sons Pvt. Ltd., Ruia Corporate Services Pvt. Ltd., Sanjose Polymers Pvt.Ltd., Suryamani Financing Company Ltd., Tulip Machineries Pvt Ltd., Vidyuth Petrochem Pvt. Ltd., Walker Properties Pvt. Ltd.
  - ii. Subsidiary : Monotona Tyres Limited
  - iii. Others

Aparupa Properties Pvt. Ltd.; Alpha Airways Pvt. Ltd. ; Acurate Traders Pvt. Ltd. ; American Merchandising Ltd. ; Aakashdeep Properties Pvt. Ltd. ; Ayodhya Properties & Finance Pvt. Ltd. ; Always Properties & Finance Pvt. Ltd. ; Anchita Commercials Pvt. Ltd. ; Angan Properties Private Limited; Ajit Commercials Pvt. Ltd. ; Anish Traders Pvt. Ltd. ; Aniket Traders Pvt. Ltd. ; Anumala Traders Pvt. Ltd. ; Adhishwar Nivesh Pvt. Ltd. ; Brawany Nivesh Pvt. Ltd. ; Blackstone Holdings Private Ltd. ; Bhartiya Hotels Limited; Borneo Traders Pvt. Ltd. ; Banalata Traders Pvt. Ltd. ; Beadon Traders Pvt. Ltd. ; Bandana Commercials Pvt. Ltd. ; Bipul Commercials Pvt. Ltd. ; Ballard Commercials Pvt Ltd. ; Bharat Vidyut Co. Ltd. ; .. Blessings Commercials Pvt. Ltd. ; Bengal Institute of Neurosciences Ltd. ; Bloom Billions Sdn Bhd-Malaysia; BTR Sealing System UL Ltd. - UK; Chinsurah Chemicals Pvt. Ltd. ; Climber Properties Pvt. Ltd. ; Chemical Corporation of India Ltd. ; Chaman Trade Links Pvt. Ltd. ; Chorus Trade Links Pvt. Ltd. ; Chambal Marketing Pvt. Ltd. ; Chaity Commercials Pvt. Ltd. ; Camac Traders Pvt. Ltd. ; Dunlop Latex Foam Europe Ltd. ; Draftex Automitive , GMBH; Dunlop UK Ltd. - ..Mauritius; Dunlop Tyres Limited; Dunlop Rubbers Limited; Dunlop Investments Limited; Dunlop Estates Private Limited; Dunlop Infrastructure Private Limited; Dunlop Properties Pvt. Ltd. ; Deblok Traders Pvt. Ltd. ; Dadar Properties & Finance Pvt. Ltd. ; Deoghar Properties & Finance Pvt. Ltd. ; Durg Properties & Finance Pvt. Ltd. ; Dipti Commercials Pvt. Ltd. ; Divya Mercantile Ltd. ; Dhan E Commerce Pvt. Ltd. Double Plus Software (P) Ltd.; D K Properties Pvt. Ltd.; Eco Traders Pte Ltd.; Elloit Mercantile Pvt. Ltd.; Enormous Nivesh Pvt. Ltd. ; Edina Marketing Pvt. Ltd. ; Empire Minerals Pvt. Ltd. ; Eyelid Mercantile Pvt. Ltd. ; Electric Corporation of India Ltd. ; Ebony Commercials Pvt. Ltd. ; eMotions Media Pvt. Ltd. ; Fiber Foam (Bombay) Pvt. Ltd. ; Fabulous Nivesh Pvt. Ltd. ; Fragment Nivesh Pvt. Ltd. ; Gain Dot Com Pvt. Ltd. ; Gain E-Commerce Pvt. Ltd. ; Gyan Website Pvt. Ltd. ; Global Fin Pro Ltd. ; Globe Sugar Refinery Ltd. ; Goldman Securities Ltd. ; Goldman Stocks & Share Brokers Pvt. Ltd. ; Hardcore Viniyog Pvt. Ltd. ; Himadri Properties Pvt Ltd. ; Hirakud Industrial Works Ltd. ; Hirakud Rolling Mills Ltd. ; Hiland Traders Pvt. Ltd. ; Hiker Properties Pvt. Ltd. ; Hriday Commercials Pvt. Ltd. ; Herald Investments Pvt. Ltd. ; Hindustan Texknit Pvt. Ltd. ; Hindustan Bauxite Ltd. ; India Tyre & Rubber Co. (India) Ltd. ; Indo Wagon Engineering Ltd. ; Ibcon(Calcutta) Pvt. Ltd. ; India Finance Ltd. ; Jessop Infotech Pvt. Ltd. ; Jessop Shipyard Limited; Jessop Estates Pvt. Ltd. ; Jessop Properties Pvt. Ltd. ; Jessop Infrastructure Pvt. Ltd. ; Jessop Wagons & Coaches Ltd. ; Jai Gokul Towers Pvt. Ltd. ; Jai Brijmohan Niketan Pvt. Ltd. ; Jai Badrinath Niketan Pvt. Ltd. ; Jai Raghuvir Enclave Pvt. Ltd. ; Jai Vaibhav Niketan Pvt. Ltd. ; Jai Tridev Vihar Pvt. Ltd. ; Jai Ganga Nirman Pvt. Ltd. ; Jai Harihor Tower Pvt. Ltd. ; Janaki Marketing Pvt. Ltd. ; Kailash Enterprises(ND) Pvt. Ltd. ; Kulu Properties & Finance Pvt. Ltd. ; Kothi Lefin Pvt. Ltd. ; Kamlapur Alcohol Limited; Kamlapur Sugar & Industries Ltd; Kanti Commercials Pvt. Ltd. ; Lona Commercials Pvt. Ltd. ; ..Liluah Ceramics Pvt. Ltd. ; Manavendra Commercials Pvt. Ltd. ; Mayank Services Ltd. ; Mandhatri Traders Pvt. Ltd. ; Metropole Hills Hotels Pvt. Ltd. ; Mudrika Commercials Pvt. Ltd. ; Mugdha Properties Pvt. Ltd. ; Malini Properties Pvt. Ltd. ; Manjari Properties Pvt. Ltd. ; Manidipa

## NOTES FORMING PART OF ACCOUNTS (CONTD.)

Properties Pvt. Ltd. ; Metro Developers Ltd. ; Mahant Merchandise Pvt. Ltd. ; Moulishree Electricals & Electronics Ltd. ; Monarch Exim Pvt. Ltd. ; Mridula Marketing Pvt. Ltd. ; Nivedita Properties Pvt. Ltd. ; Nandini Properties Pvt. Ltd. ; Nandan Suppliers & Contractors Pvt. Ltd. ; Onix Business Services Ltd. ; Ocean Cement Limited; Ocean Constructions Pte Ltd. ; Our Films Productions Pvt. Ltd. ; OM Cotex Ltd. (Formerly Ruia Cotex Ltd.) ; Olivia Tours & Travels Pvt. Ltd.; Pacific Website Pvt. Ltd. ; Pacific Apparels Ltd. ; Pawan Herbals Pvt. Ltd. ; Parnika Marketing Private Ltd. ; P.K. Constructions Pvt. Ltd. ; Payneganga Sugars & Chemicals Ltd. ; Power Corporation of India Ltd. ; Pallavi Manufacturers Pvt. Ltd. ; Rose E-Commerce Pvt. Ltd. ; Radiant Investment Ltd.-Mauritius; Raghav Industries Ltd. ; Rapid Investment Ltd.-Mauritius; Ruia Agro Products Pvt. Ltd. ; Ruia Hospital & Educational Research Institution; Ryham Pte Ltd. - Singapore; Rose Investment Ltd.- Mauritius; Ruia Hotels Pvt. Ltd. ; Ruia Electronics Pvt. Ltd. ; Renuka Resorts Pvt. Ltd. ; Resource Cement Ltd. ; Ruia Iron & Steel Co. Pvt. Ltd. ; Ruia Overseas Private Limited; Ruia Technologies Ltd. ; Ruia Marketing Ltd. ; Satarupa Properties Pvt. Ltd. ; Shalini Properties & Developers Pvt. Ltd. ; Sheetal Exports Ltd. ; SPR Resorts Ltd. ; Securities Brokers of India Ltd. ; Sagarika Properties Pvt. Ltd. ; Shakambari Communications Pvt. Ltd. ; Shankar Traders & Dealers Ltd. ; Sarvan Commercials Pvt. Ltd. ; Shresth (India) Pvt. Ltd. ; Skypak Properties & Finance Pvt. Ltd. ; Subhlaxmi Compusis Pvt. Ltd. ; Sayaji Marketing Pvt. Ltd. ; Stephen Financial Services Pvt. Ltd. ; SPR Sugar & Chemicals Ltd. ; Sterling Share Brokers (P) Ltd. ; Shalimar Towers Pvt. Ltd. ; Sugandha Industries Pvt. Ltd. ; Schlegal Automative Europe Ltd. - U.K. ; Schlegal Automative India Pvt. Ltd. ; Spices Valley Estates Ltd. ; SPR Textiles Pvt. Ltd., Subhra Marketing Ltd., Sukaram Marketing Ltd., Surag Commercial Pvt. Ltd. Tribhuban Marketing (p) Ltd., Udbav Commercials Pvt. Ltd., U. P. Hydro Projects Ltd., U. P. Bio Chem Ltd., vantage Project Pvt Ltd., Vilas Marketing Private Limited., Wealth sea Ltd., Mauritius Wealth Overseas Ptc Ltd., Singapore Wealth Ocen Ptc Ltd., Singapore Wizer Advertising Pvt. Ltd., Yamuna Website Pvt. Ltd., Zipco Industrial Finance Pvt. Ltd., Zeal Infotech Pvt. Ltd.,

- d) Key Management Personnel:
- Mr. Pawan Kumar Ruia (Executive Chairman)
  - Mr. Sunil Bhansali (Executive Director)

NOTES FORMING PART OF ACCOUNTS (CONTD.)

RELATED PARTY TRANSACTION:

(Rs.in Lacs)

Nature of Transaction	Subsidiary		Associates		Key Management Personnel		Total	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009
<b>Income</b>								
<b>Sale of Finished Goods</b>								
Falcon Tyres Impex Pvt. Ltd.	-	-	1791.54	542.55	-	-	1,791.54	542.55
<b>Sale of Materials</b>								
Dunlop India Ltd.	-	-	6.15	-	-	-	6.15	-
Dunlop Polymers Pvt. Ltd.	-	-	4447.49	-	-	-	4,447.49	-
<b>Debit note on RM Purchases</b>								
Dunlop India Ltd.	-	-	28.96	84.43	-	-	28.96	84.43
<b>Others</b>								
Dunlop India Ltd.	-	-	0.31	-	-	-	0.31	-
Dunlop Polymers Pvt. Ltd.	-	-	33.31	-	-	-	33.31	-
Monotona Tyres Limited	120.88	-	-	-	-	-	120.88	-
<b>Expenses</b>								
<b>Royalty</b>								
Ruia Sons Pvt. Ltd.	-	-	1193.89	775.01	-	-	1,193.89	775.01
<b>Purchase of Traded Goods</b>								
Dunlop India Ltd.	-	-	15.30	-	-	-	15.30	-
Dunlop Polymers Pvt. Ltd.	-	-	4227.04	-	-	-	4,227.04	-
Monotona Tyre Limited	7,017.91	-	-	5,834.71	-	-	7,017.91	5,834.71
<b>Remuneration</b>								
Pawan Kumar Ruia	-	-	-	-	437.80	339.60	437.80	339.60
Sunil Bhansali	-	-	-	-	32.00	30.00	32.00	30.00
A. Sadasivam	-	-	-	-	-	12.00	-	12.00
Umesh Bhargava	-	-	-	-	-	17.96	-	17.96
<b>Mixing Charges</b>								
Dunlop India Ltd.	-	-	577.42	-	-	-	577.42	-
<b>Others</b>								
Anoush Traders Pvt. Ltd.	-	-	-	4.00	-	-	-	4.00
Falcon Tyres Impex Pvt. Ltd.	-	-	69.44	8.13	-	-	69.44	8.13
Jessop & Co. Ltd.	-	-	-	1.54	-	-	-	1.54
Ruia Corporate Services Pvt. Ltd.	-	-	21.85	-	-	-	21.85	-
Ruia Sons Pvt. Ltd.	-	-	76.41	28.57	-	-	76.41	28.57
<b>Misc Management Charges</b>								
Ruia Sons Pvt. Ltd.	-	-	431.96	518.58	-	-	431.96	518.58
<b>Assets</b>								
<b>Advance Paid</b>								
Dunlop India Ltd.	-	-	2289.94	50.00	-	-	2,289.94	50.00
Falcon Tyres Impex Pvt. Ltd.	-	-	3.15	2.37	-	-	3.15	2.37
Falcon Tyres Rubbers Pvt. Ltd.	-	-	0.38	0.36	-	-	0.38	0.36
Jessop & Co. Ltd.	-	-	16.00	-	-	-	16.00	-
Tulip Machineries Pvt. Ltd.	-	-	1,067.52	-	-	-	1,067.52	-
Vidyuth Petrochem Pvt. Ltd.	-	-	62.50	-	-	-	62.50	-
Walker Properties Pvt. Ltd.	-	-	-	80.00	-	-	-	80.00
<b>Advance given for purchase of shares</b>								
Blessing Commercials Pvt. Ltd.	-	-	-	652.52	-	-	-	652.52
<b>Assignments Transfer</b>								
Manali Properties & Finance Pvt. Ltd.	-	-	-	1,373.51	-	-	-	1,373.51
Sanjose Polymers Pvt. Ltd.	-	-	-	140.00	-	-	-	140.00
Suryamani Financing Co. Ltd.	-	-	-	375.00	-	-	-	375.00

## NOTES FORMING PART OF ACCOUNTS (CONTD.)

### RELATED PARTY TRANSACTION (CONTD.):

(Rs.in Lacs)

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009	30.09.2010	30.09.2009
<b>Investments</b>								
<b>Invested in shares</b>								
Global Finvest Limited	-	-	-	4.00	-	-	-	4.00
Monotona Tyres Limited	8,857.03	-	-	-	-	-	8,857.03	-
<b>Liabilities</b>								
<b>Unsecured Loan Taken</b>								
Manali Properties & Finance Pvt. Ltd.	-	-	-	1,000.00	-	-	-	1,000.00
<b>Transfer of C &amp; F Deposits</b>								
Dunlop India Ltd.	-	-	48.39	112.90	-	-	48.39	112.90
<b>Assignments Transfer</b>								
Walker Properties Pvt. Ltd.	-	-	-	80.00	-	-	-	80.00
Manali Properties & Finance Pvt. Ltd.	-	-	-	3,428.31	-	-	-	3,428.31
Sanjose Polymers Pvt. Ltd.	-	-	-	140.00	-	-	-	140.00
<b>Balance as on 30.09.2010</b>								
<b>Loans and Advances</b>								
Dunlop India Ltd.	-	-	2289.94	-	-	-	2,289.94	-
Jessop & Co. Ltd.	-	-	16.00	-	-	-	16.00	-
Falcon Tyres Impex Pvt. Ltd.	-	-	4.78	2.37	-	-	4.78	2.37
Ruia Sons Pvt. Ltd.	-	-	144.42	-	-	-	144.42	-
Ruia Corporate Services Pvt. Ltd.	-	-	2.90	0.36	-	-	2.90	0.36
Tulip Machineires Pvt. Ltd.	-	-	1067.52	-	-	-	1,067.52	-
Vidyuth Petrochem Pvt. Ltd.	-	-	62.50	-	-	-	62.50	-
<b>Creditor Balance</b>								
Dunlop Polymers Pvt. Ltd.	-	-	242.34	-	-	-	242.34	-
Falcon Tyres Impex Pvt. Ltd.	-	-	1.34	2.33	-	-	1.34	2.33
Falcon Tyres Rubbers Pvt. Ltd.	-	-	0.63	190.83	-	-	0.63	190.83
Monotona Tyres Limited	842.36	-	-	288.52	-	-	842.36	288.52
<b>Current liabilities</b>								
Dunlop India Ltd.	-	-	-	4.45	-	-	-	4.45
Manali Properties & Finance Pvt. Ltd.	-	-	5,696.80	5,654.80	-	-	5,696.80	5,654.80
Suryamani Financing Co. Ltd.	-	-	75.00	-	-	-	75.00	-
<b>Receivable</b>								
Falcon Tyres Impex Pvt. Ltd.	-	-	149.23	76.11	-	-	149.23	76.11

\* Sales, Purchase & Other expenses are inclusive of Taxes

The above related party information have been disclosed to the extent such parties have been identified by the management on the basis of information available. This has been relied upon by the auditors.

#### 14. Particulars in terms of disclosure required as per Clause 32 of the Listing Agreement:

Amount of loans and advances in nature of loan to subsidiaries and associates as on 30th September 2010

(Rs.in Lacs)

Party Name	Maximum Outstanding	Closing Outstanding
Dunlop India Limited	2289.94	2289.94

NOTES FORMING PART OF ACCOUNTS (CONTD.)

15. The Company's operations predominantly of only one product segment, Tyres and Tubes. The export sales of the Company are insignificant as compared to total sales during the year so as to constitute a geographical segment. Therefore, separate segment information as required in terms of Accounting Standard (AS 17) on Segment Reporting has not been considered. Further as income from Co-Gen is less than 10% of the total segment the same has not been considered to be a separate segment.

**16. Quantitative & Other Information**

	TYRES		TUBES		FLAPS		TOTAL
	Qty Nos	Value Rs. in lacs	Qty Nos	Value Rs. in lacs	Qty Nos	Value Rs. in lacs	Value Rs. in lacs
Installed Capacity ( Per annum ) *	10800000 (10200000)		5400000 (5400000)				
Production **	10211634 (11341202)		7255101 (12817718)				
Purchases-Factored Goods	565632 (1174611)	4,395.25 (11,315.59)	6186489 (1469946)	7997.65 (1870.26)	1237 (6216)	1.87 (6.65)	12,394.77 (13,192.50)
Opening Stock	173065 (352020)	617.90 (1410.61)	577711 (504632)	471.26 (467.70)	2211 (1238)	2.24 (0.49)	1,091.40 (1,878.80)
Sales	10523463 (12694768)	66418.14 (68306.17)	12952018 (14214585)	17613.46 (16834.31)	866 (5243)	1.21 (5.82)	84,032.81 (85,146.30)
Closing Stock	426868 (173065)	2318.08 (617.90)	1067283 (577711)	1219.63 (471.26)	2582 (2211)	3.15 (2.24)	3,540.86 (1,091.40)

**Tonnage Information (Metric Ton)**

	Tyres	Tubes
Installed Capacity ( Per annum)	36183	2566
	(33528)	(2495)
Production	34212	3448
	(37980)	(5987)

\* The installed capacity is as certified by the management, and being a technical matter reliance has been placed by the auditors.

\*\* Production includes, Production on Job Work basis.

Previous year's figures are not comparable as current year figures are for 12 months and previous year figures are for 18 months.



NOTES FORMING PART OF ACCOUNTS (CONTD.)

## 17. Raw materials, stores and spares consumed:

Particulars	30.09.2010 (12 months)		30.09.2009 (18 months)	
	QTY. In M.T.	VALUE Rs. in lacs	QTY. In M.T.	VALUE Rs. in lacs
Rubber and Rubber products	21198	24743.79	23293	21982.65
Fabric	2330	5606.57	2699	5702.32
Carbon Black	10388	5812.58	11433	6150.87
Chemicals	4826	3709.21	5677	4238.68
Others	2109	2159.76	2337	2494.69
<b>Total - Raw Materials</b>	<b>40851</b>	<b>42031.91</b>	<b>45439</b>	<b>40569.21</b>
Stores and Spares		185.77		218.01
<b>Total</b>		<b>42217.68</b>		<b>40787.22</b>

Note: Consumption of Raw Materials includes sale of Raw Materials

## 18. Expenditure in foreign currency

- Travelling - Rs. 26.75 Lacs (Rs. 4.38 Lacs)
- Royalty - Rs. 141.44 Lacs (Rs. 57.92 Lacs)
- Others - Rs. Nil (Rs. 0.71 Lacs)

## 19. Remittances in foreign currency for Dividends

The Company has remitted the Dividend in foreign currency for the year ended 30.09.2010 is as follows:

(Rs.in Lacs)

Particulars	No. of Non-Resident Shareholders	No. of Equity Shares held	Gross amount of Dividend
Final Dividend for the period ended 30.09.2009	1	23513100	214.93

20. Research and Development Expenditure (charged to Profit and Loss Account) - Rs.17.58 Lacs (Rs. 15.02 Lacs)

## 21. CIF Value of imports during the period

Particulars	30.09.2010 (12 months)		30.09.2009 (18 months)	
	QTY. In M.T.	VALUE Rs. in Lacs	QTY. In M.T.	VALUE Rs. in Lacs
Raw Materials	6242.50	7215.19	6121.40	6597.74
Capital Goods	--	2.48	--	15.00
Stores & Spares	--	--	--	0.34
<b>Total</b>		<b>7217.67</b>		<b>6613.08</b>

NOTES FORMING PART OF ACCOUNTS (CONTD.)

**22. Value of Raw Materials, Spares and Components consumed**

Particulars	30.09.2010 (12 months)		30.09.2009 (18 months)	
	VALUE	% of Total	VALUE	% of Total
	Rs. in Lacs	consumption	Rs. in Lacs	consumption
<b>Raw materials</b>				
a) Imported	6917.56	16.46%	6562.45	16.20%
b) Indigenous	35114.35	83.54%	34006.76	83.80%
<b>Total</b>	<b>42031.91</b>	<b>100.00%</b>	<b>40569.21</b>	<b>100.00%</b>
<b>Stores &amp; Spares</b>				
a) Imported	-	-	0.34	0.20%
b) Indigenous	185.77	100.00%	217.67	99.80%
<b>Total</b>	<b>185.77</b>	<b>100.00%</b>	<b>218.01</b>	<b>100.00%</b>

23. Earnings in Foreign Exchange on account of export of goods calculated on FOB basis Rs. 1315.66 Lacs (Rs.3828.35 Lacs)
24. a) The Previous year's figures have been re-grouped / re-arranged wherever considered necessary.  
 b) Figures in brackets relates to the previous year.  
 c) Previous year's figures are not comparable as current year figures are for 12 months and previous year figures are for 18 months.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. 

0	0	2	4	5	5
---	---	---	---	---	---

 State code 

0	8
---	---

Balance Sheet Date 

3	0
---	---

 Day 

0	9
---	---

 Month 

2	0	1	0
---	---	---	---

 Year

### II. Capital Raised during the year (Amount in Rs.Thousands)

Public Issue 

			N	I	L
--	--	--	---	---	---

 Rights Issue (Pref. Allotment) 

			N	I	L
--	--	--	---	---	---

Bonus Issue 

			N	I	L
--	--	--	---	---	---

 Private Placement 

			N	I	L
--	--	--	---	---	---

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands).

Total Liabilities 

4	1	7	3	6	2	4
---	---	---	---	---	---	---

 Total Assets 

4	1	7	3	6	2	4
---	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital 

1	7	0	4	2	7
---	---	---	---	---	---

 Reserves & Surplus 

1	6	1	1	0	6	2
---	---	---	---	---	---	---

Secured Loans 

1	5	0	2	2	6	0
---	---	---	---	---	---	---

 Unsecured Loans 

8	1	7	1	8	0
---	---	---	---	---	---

Deferred Tax 

	7	2	6	9	5
--	---	---	---	---	---

#### Application of funds

Net fixed assets 

2	2	3	6	2	6	1
---	---	---	---	---	---	---

 Investments 

		8	8	6	3
--	--	---	---	---	---

Net current assets 

1	0	5	1	0	6	3
---	---	---	---	---	---	---

 Misc. Expenditure 

			N	I	L
--	--	--	---	---	---

Accumulated losses 

			N	I	L
--	--	--	---	---	---

**IV. Performance of Company (Amount In Rs.Thousands)**

Turnover

	8	4	4	3	4	7	7
--	---	---	---	---	---	---	---

+ Profit / - Loss before tax

+		6	5	7	8	4	6
---	--	---	---	---	---	---	---

Earning per share in Rs.

			1	5	.	1	5
--	--	--	---	---	---	---	---

Total expenditure

	7	2	7	9	8	2	8
--	---	---	---	---	---	---	---

+ Profit / - Loss after tax

+		5	1	6	3	4	6
---	--	---	---	---	---	---	---

Dividend @ %

	5	0
--	---	---

**V. Generic names of three principal products / service of company (as per monetary terms)**

Item Code No. (ITC Code)

4	0	1	1
---	---	---	---

Product Description

N	E	W		P	N	E	U	M	A	T	I	C
T	Y	R	E	S		O	F					
R	U	B	B	E	R							

Item Code No. (ITC Code)

4	0	1	3
---	---	---	---

Product Description

I	N	N	E	R		T	U	B	E	S	
O	F		R	U	B	B	E	R			

Item Code No. (ITC Code)

4	0	1	2
---	---	---	---

Product Description

T	Y	R	E		F	L	A	P	S
---	---	---	---	--	---	---	---	---	---

As per our report of even date attached

**For and on behalf of**  
**K.N.Gutgutia & Co.**  
 Chartered Accountants

**For and on behalf of the Board**

**Subhasish Pore**  
 Partner

**M. C. Bhansali**  
 Company Secretary

**Sunil Bhansali**  
 Executive Director

**S. Ravi**  
 Director

Membership No.: 055862  
 Kolkata, 12th November, 2010

## CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2010

(Rs. in Lacs)

Particulars	Period ended 30.09.2010 (12 Months)	Year ended 30.09.2009 (18 Months)
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	6578.46	3895.37
<b>Adjustment for:</b>		
Depreciation	777.66	844.45
Interest Income	(39.65)	( 55.87)
Interest Expense	1691.76	2060.44
Dividend Received	(35.36)	(1.06)
Miscellaneous Expenditure written off	0.35	17.19
(Profit) /Loss from Sale of Fixed Assets	0.01	0.11
<b>Operating profit before working capital change</b>	<b>8973.23</b>	<b>6760.63</b>
<b>Adjustment for Change in Working Capital:</b>		
(Increase)/ Decrease in Sundry debtors	(1520.64)	(6565.33)
(Increase)/ Decrease in Inventories	(3772.42)	1093.62
(Increase)/ Decrease in Loans & Advances	(1714.35)	303.91
Increase/ (Decrease) in Current Liabilities	1913.12	1264.81
Increase/ (Decrease) in Provisions	297.00	5.00
<b>Cash Generated from Operations</b>	<b>4175.94</b>	<b>2862.64</b>
Direct taxes paid	(992.15)	(340.78)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3183.79</b>	<b>2521.86</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to Fixed assets (Including capital work - in - progress)	(2694.60)	(1423.90)
Sale of Fixed Assets	(0.01)	(0.21)
Purchase of investment	(8857.03)	(4.00)
Advance given for purchase of Investment	8857.03	(652.52)
Capital Subsidy Received	100.00	
Interest Received	45.00	101.41
Dividend Received	35.36	1.06
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2514.25)</b>	<b>( 1978.16)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Un-secured loans received	1,217.00	3,979.80
Borrowings from Banks	1,277.82	(976.15)
Interest / Finance Charges paid	(1745.60)	(1993.05)
Debenture Paid	0.00	( 0.01)
Dividend paid	(255.56)	(342.36)
Corporate Dividend Tax Paid	(43.45)	(57.93)
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	<b>450.21</b>	<b>610.30</b>
<b>NET CASH FLOWS DURING THE YEAR (A+B+C)</b>	<b>1119.75</b>	<b>1154.00</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>2098.80</b>	<b>944.80</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>3218.55</b>	<b>2098.80</b>

Previous year figures have been re-grouped / re-arranged, wherever considered necessary.

As per our report of even date attached

For and on behalf of  
K.N.Gutgia & Co.  
Chartered Accountants

For and on behalf of the Board

Subhasish Pore  
Partner

M. C. Bhansali  
Company Secretary

Sunil Bhansali  
Executive Director

S. Ravi  
Director

Membership No.: 055862  
Kolkata, 12th November, 2010

## Consolidated Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FALCON TYRES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDING ITS SUBSIDIARY FOR THE YEAR ENDED 30TH SEPTEMBER, 2010

1. We have audited the attached consolidated balance sheet of Messrs. FALCON TYRES LIMITED and its subsidiary company as at 30th September, 2010 the consolidated profit and loss account for the year ended on that date annexed thereto and the consolidated cash flow statement for the year ended on that date. The consolidated profit and loss account and the consolidated cash flow statement comprises yearly results of Falcon Tyres Limited and result from 21st May, 2010 to 30th September, 2010 of the subsidiary company. These consolidated financial statements are the responsibility of Falcon Tyres Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for expressing our opinion.
3. We did not audit the financial statements of subsidiary Messrs. Monotona Tyres Limited, whose financial statements reflect total assets of Rs. 22017.84 Lacs as on 30th September, 2010 and total revenue of Rs. 6629.87 Lacs and net cash inflow amounting to Rs. 52.05 Lacs for the aforesaid period ended on that date. These financial statements and other information of the subsidiary has been audited by the other auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) on Consolidated Financial Statements as per section 211(3C) of the Companies Act 1956, on the basis of the individual financial statements of Falcon Tyres Limited and its subsidiary included in the consolidated financial statements.
5. On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of Falcon Tyres Limited and its subsidiary in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:–
  - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of Falcon Tyres Limited and its subsidiary as at 30th September, 2010;
  - b) in case of the consolidated profit and loss account, of the profit for the year ended on that date; and
  - c) in the case of the consolidated cash flow, of the cash flows for the year ended on that date.

Kolkata  
12th November, 2010

**For K.N. Gutgutia & Co.**  
Chartered Accountants

**Subhasish Pore**  
Partner  
Membership No. 055862

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2010

(Rs. In Lacs)

	Schedule No.	As at 30th September, 2010	
<b>I Sources of Funds</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	1	1704.27	
b) Reserves & Surplus	2	20429.34	22133.61
<b>2. Loan Funds</b>			
a) Secured	3	20160.41	
b) Unsecured	4	12795.67	32956.08
<b>3. Minority Interest</b>			664.58
<b>4. Deferred Taxation (Net)</b>			1020.87
<b>TOTAL</b>			<b>56775.14</b>
<b>II Application of Funds</b>			
<b>1. Fixed Assets</b>	5		
Gross Block		47996.94	
Less: Depreciation		11941.18	
Net Block		36055.76	
Capital Work - in - Progress		3878.33	39934.09
<b>1a. Goodwill on acquisition of Monotona Tyres Limited</b>			6631.93
<b>2. Investments</b>	6		5.97
<b>3. Current Assets, Loans &amp; Advances</b>			
a) Inventories	7	9411.23	
b) Sundry Debtors	8	12966.92	
c) Cash & Bank balances	9	3329.92	
d) Loans & Advances	10	5147.41	
		30855.48	
<b>Less:</b>			
<b>4. Current Liabilities &amp; Provisions</b>			
a) Liabilities	11	16727.58	
b) Provisions	12	3924.75	
		20652.33	
<b>Net Current Assets</b>			10203.15
Miscellaneous Expenditure (to the extent not written off)	13		-
<b>TOTAL</b>			<b>56775.14</b>
Significant Accounting Policies and Notes on Accounts	20		

Schedules annexed are an integral part of this Consolidated Balance Sheet and should be read in conjunction therewith. Previous Year Consolidated figures are not applicable since Monotona Tyres Limited has become subsidiary in the Current Year i.e. w.e.f. 21st May 2010

As per our report of even date attached

**For and on behalf of**

**K. N. Gutgutia & Co.**

Chartered Accountants

Subhasish Pore

Partner

Membership No.: 055862

Kolkata, 12th November, 2010

**For and on behalf of the Board**

**M.C. Bhansali**  
Company Secretary

**Sunil Bhansali**  
Executive Director

**S. Ravi**  
Director

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2010

(Rs. In Lacs)

	Schedule No.	Year Ended 30th September, 2010	
<b>Income</b>			
Sales (net of returns & discounts)		88251.06	
Less: Excise Duty		6218.61	82032.45
Other Income	14		600.60
			<u>82633.05</u>
<b>Expenditure</b>			
Raw Materials Consumed	15		46159.06
Increase(-)/Decrease(+) in stock	16		-1442.06
Factored Goods Consumption	17		8258.35
Manufacturing, Administrative, Selling & Distribution Expenses	18		20179.67
Interest (Net)	19		2088.45
Depreciation		1898.35	
Less: Transfer to Revaluation Reserve		534.60	1363.75
			<u>76607.21</u>
<b>Profit Before Taxation</b>			<u>6025.84</u>
Provision for Taxation:			
For Current Year - Current Tax		1482.21	
- Fringe Benefit Tax		-	
- Deferred Tax		-67.21	
		<u>1415.00</u>	
Excess Provision of Income Tax of Earlier Year Written Back		-	1415.00
<b>Profit After Taxation</b>			<u>4610.84</u>
Profit Brought forward from Previous Year			205.90
<b>Profit Available for Appropriation</b>			<u>4816.74</u>
<b>Appropriations:</b>			
Transfer to General Reserve		3,500.00	
Proposed Dividend		852.14	
Corporate Dividend Tax		144.82	4,496.96
Minority Interest			-77.44
<b>Balance carried to Balance Sheet</b>			<u>397.22</u>
Basic & Diluted Earning Per Share			13.53
Significant Accounting Policies and Notes on Accounts	20		

Schedules annexed are an integral part of this Consolidated Profit & Loss Account and should be read in conjunction therewith. Previous Year Consolidated figures are not applicable since Monotona Tyres Limited has become subsidiary in the Current Year i.e. w.e.f. 21st May 2010

As per our report of even date attached

**For and on behalf of**  
**K. N. Gutgutia & Co.**  
Chartered Accountants

Subhasish Pore  
Partner  
Membership No.: 055862  
Kolkata, 12th November, 2010

**M.C. Bhansali**  
Company Secretary

**For and on behalf of the Board**

**Sunil Bhansali**  
Executive Director

**S. Ravi**  
Director



SCHEDULES TO CONSOLIDATED ACCOUNTS

As at  
30th September, 2010  
(Rs. in Lacs)

**SCHEDULE 1**

**SHARE CAPITAL:**

**Authorised :**

20,00,00,000 equity shares of Rs. 5/- each

10000.00

**Issued, Subscribed and Paid up**

340,85,532 (340,85,532) Equity shares of Rs.5/- each  
(294,60,744 Equity Shares of Rs.5/- each held by DIL Rim and  
Wheel Corporation Ltd., Mauritius the holding Company and  
it's subsidiaries)

1704.27

**TOTAL**

1704.27

**SCHEDULE 2**

**RESERVES & SURPLUS:**

**Revaluation Reserve**

As per last Balance Sheet  
Add: Share of Monotona Tyres Limited on acquisition  
Less: Transferred to Profit & Loss Account

8008.01  
4976.35  
534.60  
12449.76

**Share Premium**

As per last Balance Sheet

165.87

**Capital Reserve**

(Capital Subsidy Received from Government through MNRE)

100.00

**General Reserve**

As per last Balance Sheet  
Add: Transferred from Profit & Loss Account

3816.49  
3500.00

Surplus as per Profit & Loss Account

7316.49  
397.22

**TOTAL**

20429.34

## SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

As at  
30th September, 2010  
(Rs. in Lacs)

### SCHEDULE 3

#### SECURED LOANS:

##### Cash Credit from Banks

(Secured by hypothecation of Company's present and future fixed assets, current assets, stock and book debts and pari-passu charge on Company's present and future fixed assets)

9647.07

##### Term Loan - Syndicate Bank

(Secured by hypothecation of Company's Plant & Machinery and Immovable Properties situated at Mysore and pari-passu first charge on the Current assets and fixed assets of the Company)

2615.81

##### Term Loan - Yes Bank

(Secured by subservient charge on current assets and fixed assets, Corporate guarantee of subsidiary Company. This is to be further secured by first pari-passu charge on assets and pledge of shares of the subsidiary Company)

2186.36

##### Term Loan - Central Bank of India

(Secured by exclusive first charge by way of hypothecation of Plant & Machinery & Civil works, etc. arising out of the Term Loan. Second charge on all other existing fixed assets)

2507.06

##### GTF Bill Discounting

(Secured by Second Charge of Fixed Assets of subsidiary company)

3006.61

##### SBI WCD Loan

(Secured by First Charge of Fixed Assets of subsidiary company & Personal Guarantee of an Ex-Director and Corporate Guarantee of subsidiary company)

197.50

#### TOTAL

**20160.41**

### SCHEDULE 4

#### UNSECURED LOANS:

##### Short Term Loan

Interest free loan from body corporates

5771.80

Loan from Customers

2400.00

Sales Tax Loan

1959.87

Religare Finvest Ltd.

2664.00

#### TOTAL

**12795.67**

## SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

**SCHEDULE 5****FIXED ASSETS:**

(Rs. in Lacs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 30.09.2009	Addition on acquisition of MTL	Addition During the year	Sale of Asset During the year	As at 30.09.2010	Up To 30.09.2009	Addition on acquisition of MTL	For the Period	Sale of Asset During the year	Up To 30.09.2010	As at 30.09.2009	As at 30.09.2010
Land	4625.00	3055.15	-	-	7680.15	-	-	-	-	-	4625.00	7680.15
Buildings	2761.73	1979.68	980.05	-	5721.46	591.07	294.16	113.04	-	998.27	2170.66	4723.19
Plant & Machinery	15543.34	10090.73	8011.24	-	33645.31	4364.37	4324.13	1699.89	-	10388.39	11178.97	23256.92
Computers	153.14	33.68	4.39	-	191.21	116.64	21.38	15.94	-	153.96	36.50	37.25
Electrical Installation	458.70	-	-	-	458.70	195.99	-	18.09	-	214.08	262.71	244.62
Office & Lab Equipment	30.83	14.99	2.01	-	47.83	17.40	3.17	1.74	-	22.31	13.43	25.52
Furniture & Fixtures	73.61	38.62	0.21	-	112.44	51.91	13.21	4.02	-	69.14	21.70	43.30
Vehicles	39.78	0.12	3.05	0.44	42.51	16.14	0.07	3.65	0.22	19.64	23.64	22.87
Low Value Assets	9.73	-	-	-	9.73	8.62	-	0.08	-	8.70	1.11	1.03
Technical Know-how	87.60	-	-	-	87.60	24.57	-	42.12	-	66.69	63.03	20.91
<b>TOTAL</b>	<b>23783.46</b>	<b>15212.97</b>	<b>9000.95</b>	<b>0.44</b>	<b>47996.94</b>	<b>5386.71</b>	<b>4656.12</b>	<b>1898.57</b>	<b>0.22</b>	<b>11941.18</b>	<b>18396.75</b>	<b>36055.76</b>

SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

As at  
30th September, 2010  
(Rs. in Lacs)

## SCHEDULE 6

### INVESTMENTS (AT COST):

#### Long term: Other than trade

##### Equity share fully Paid up - Unquoted

1 Share of Rs.1000/- in FTL House Building Co-operative Society 0.01

5000 Shares of GBP 1 each in Global Finvest Ltd. 4.00

##### Equity share fully Paid up - Quoted

11,500 Equity Shares of Rs. 10/- each in Union Bank of India 1.84

200 Equity Shares of Rs. 10/- each in UCO Bank 0.02

400 Equity Shares of Rs. 10/- each in Indian Overseas Bank 0.10

Aggregate Market Value of quoted investments as on  
30.09.2010 Rs. 45.41 lacs

**TOTAL** **5.97**

## SCHEDULE 7

### INVENTORIES:

Inventories: (As per stocks taken, valued and certified by the Management)

Raw Materials 4045.36

Stores & Spares 468.95

Work - in - Process 868.40

Finished Goods (Including Factored Goods) 4028.52

**TOTAL** **9411.23**

## SCHEDULE 8

### SUNDRY DEBTORS:

#### Debts Outstanding for a period exceeding six months

- considered good 159.13

- considered doubtful -

**Other debts - considered good** **12807.79**

**TOTAL** **12966.92**

SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

As at  
30th September, 2010  
(Rs. in Lacs)

**SCHEDULE 9**

**CASH & BANK BALANCES:**

Cash in hand	8.73
Cheques in Transit	1658.20
Balances with Scheduled Banks :	
In Current Accounts	667.45
In Unpaid Dividend Accounts	6.58
In Unpaid Debenture Account	9.10
In Deposit Accounts	979.86
(Under lien to various Banks against Letter of Credits, Bank Guarantees and borrowings)	
<b>TOTAL</b>	<b>3329.92</b>

**SCHEDULE 10**

**LOANS & ADVANCES:**

(Unsecured, considered  
good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received	3712.13
Other Deposits	232.75
Balance with Central Excise & Customs Authorities	-218.14
Advance Payment:	
-Taxation	1420.67
<b>TOTAL</b>	<b>5147.41</b>

## SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

As at  
30th September, 2010  
(Rs. in Lacs)

### SCHEDULE 11

#### CURRENT LIABILITIES:

Acceptance	2206.55
Sundry Creditors	7305.32
Unclaimed dividend *	6.58
Unclaimed Debenture *	9.10
Balance with Central Excise & Customs Authorities	
Deposits from Dealer	2040.19
Other liabilities	5116.19
Interest accrued but not due on loan	43.65
* Does not include any amounts due for deposit to the Investor Education & Protection Fund	
<b>TOTAL</b>	<b>16727.58</b>

### SCHEDULE 12

#### PROVISIONS FOR:

- Taxation	2483.58
- Fringe Benefit Tax	42.87
- Proposed Dividend	852.14
- Corporate Dividend Tax	152.16
- Warranty	394.00
<b>TOTAL</b>	<b>3924.75</b>

### SCHEDULE 13

#### MISCELLANEOUS EXPENDITURE (To the extent not written off):

- Payments under Voluntary Retirement Scheme	0.35
- Less: Amortised during the year (included under staff cost)	0.35
<b>TOTAL</b>	<b>0.00</b>

SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

Year Ended  
30th September, 2010  
(Rs. in Lacs)

**SCHEDULE 14**

**OTHER INCOME:**

Sale of Scrap	342.98
Exchange difference (Net)	6.68
Export Incentives	193.55
Dividend from Companies - Others	35.36
Miscellaneous Income including Job Charges	22.03
<b>TOTAL</b>	<b>600.60</b>

**SCHEDULE 15**

**RAW MATERIAL CONSUMED:**

Opening Stock	1925.81
Add: Stock on acquisition of Monotona Tyres Limited	1081.85
Add: Purchases	47196.76
	<b>50204.42</b>
Less: Closing Stock	4045.36
<b>TOTAL</b>	<b>46159.06</b>

**SCHEDULE 16**

**(INCREASE)/DECREASE IN STOCK:**

Opening Stock	
Work in process (WIP)	219.28
Add: WIP on acquisition of Monotona Tyres Limited	587.29
Finished Goods (FG)	942.42
Add: FG on acquisition of Monotona Tyres Limited	427.10
	<b>2176.09</b>
Less: Closing Stock	
Work in process (WIP)	868.40
Finished Goods	2749.75
	<b>3618.15</b>
<b>TOTAL</b>	<b>-1442.06</b>

**SCHEDULE 17**

**CONSUMPTION OF TRADED GOODS:**

Opening Stock	148.98
Add: Purchases	9388.14
Less: Closing Stock	1278.77
<b>TOTAL</b>	<b>8258.35</b>

SCHEDULES TO CONSOLIDATED ACCOUNTS (CONTD.)

Year Ended  
30th September, 2010  
(Rs. in Lacs)

## SCHEDULE 18

### MANUFACTURING, ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES:

Stores Consumed	233.38
Power , Fuel and Water Charges	2766.85
Mixing & Conversion Charges	1837.34
Increase / Decrease in Excise Duty Provision	223.59
Salaries , Wages and Bonus etc.	4185.85
Contribution to Provident, Gratuity & Other Funds	665.86
Staff Welfare Expenses	245.53
Repairs - Plant & Machinery	667.14
Repairs - Buildings	31.89
Repairs - Others	40.94
Rent	30.20
Rates & Taxes	68.11
Insurance	28.82
Directors Sitting Fees	2.40
Selling & Distribution Expenses	3068.96
Commission	483.29
Discount	2387.75
Provision for Bad & Doubtful Debts	-1.09
Royalty	1501.28
Printing & Stationery	46.66
Communication	47.17
Travelling & Conveyance	274.90
Bank Charges	228.19
Donation	0.31
Miscellaneous Expenses	1114.34
<b>TOTAL</b>	<b>20179.67</b>

## SCHEDULE 19

### INTEREST & FINANCE CHARGES:

Interest on	
Term Loan	912.83
Cash Credit Account	986.21
Others	229.20
	2128.24
Less: Interest Received (Gross)	39.79
[Includes TDS Rs. 17.64 lacs ]	
<b>TOTAL</b>	<b>2088.45</b>

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FINANCIALS



NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

## SCHEDULE 20

### A. SIGNIFICANT ACCOUNTING POLICIES:

#### Basis of Accounts

The accounts have been prepared according to historical cost convention, adjusted by revaluation of fixed assets. All expenses and income to the extent considered payable and receivable, unless stated otherwise, have been accounted for on accrual basis.

#### Use of Estimates

The preparation of financial statement require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance Sheet date and the reported amounts of income and expenses during the year.

Provision for contingencies are recorded when it is probable that a liability will be incurred and the amounts can reasonably be estimated. Differences between the actual results and estimates are recognized in the year in which the results are known / materialised.

#### Sales

Sales are accounted for on passing of title to the customers. Returns and rebates and discounts against goods sold are recognised as and when ascertained and deducted from sales. Sales includes excise duty. Subsidiary Company Sales includes sale of DEPB License also.

#### Export Benefits

Export benefits arising on account of entitlement for duty free imports are accounted for at the time of receipt of material. Other export benefits are accounted for as and when accrued.

#### Fixed Assets

Fixed Assets are stated at cost of acquisition / construction (net of CENVAT/VAT and other credits) or at revalued amount as the case may be and inclusive of incidental expenses, erection / commissioning expenses, revamping expenses, pre-operative expenses, interest, etc. upto the date the asset is put to use.

#### Depreciation / Amortisation

- a) The classification of Plant & Machinery into continuous and non-continuous is carried as per technical certification and depreciation thereon, is provided accordingly, on straight-line method at the rates prescribed in schedule XIV of the Companies Act, 1956.
- b) Additional depreciation attributable to the increase in the value of assets on account of revaluation is transferred from Revaluation Reserve to the Profit and Loss account.
- c) Computer software, Intangible assets are amortised over the period of six years.

#### Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing value in use, the estimated future cash flow from the use of the assets is discounted to their present value at appropriate rate. An impairment loss is reversed if there has been a change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof, which in case of CGU, are allocated to its assets on a pro rata basis, is adjusted to carrying value of its respective assets.

#### Investments

Long Term Investments are valued "at cost" except where there is a diminution in value, other than temporary, in which case, adequate provision is made against such shortfall.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

## Inventory

Inventories are valued at lower of cost or estimated net realisable value. Cost of inventories has been computed on weighted average basis. In case of work in progress and finished goods cost represents materials, direct labour and appropriate portion of factory overheads. Adequate provision for defective, slow/non moving, obsolete stocks are made on the basis of technical evaluation.

In case of subsidiary, excise duty/ custom duty in respect of closing stock is not provided for and the same has also not been included in the valuation of inventories. This has no impact on the profit/loss.

## Transactions in Foreign Currency

Transaction in foreign currency is accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year-end are translated using the closing exchange rates whereas non-monetary assets are translated at the rate on the date of the transaction. The gain and loss thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and are adjusted to the profit and loss account.

## Employee Benefits

Employee benefits are accrued in the year in which the employees have rendered services

Contribution to defined contribution schemes such as Provident Fund, Superannuation Fund etc. are recognized as and when incurred.

Long-term employee benefits under defined benefit scheme such as gratuity, leave etc. are determined at the end of the year at present value of the amount payable using actuarial valuation techniques.

In case of subsidiary, gratuity has not been actuarially determined and not in conformity with AS 15 (Revised)

Actuarial gain and losses are recognized in the year when they arise.

## Research and development expenditure

Research and development expenditure of revenue nature are charged to the profit & loss account, while capital expenditures are added to fixed assets in the year in which they are incurred.

## Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of Notes to the Accounts.

## Borrowing costs

Borrowing costs incurred in relation to the acquisition, construction of assets are capitalized as part of the costs of such assets upto the date when such assets are ready for intended use. Other borrowing costs are charged as an expense in the year in which these are incurred.

## Taxes on Income

Provision for Current Income Tax is made on the taxable income using the applicable tax rates and tax laws. Deferred tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods, is recognised using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

## Warranties

Warranty costs are accrued in the year of sale, based on past experience.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS(CONTD.)

**Miscellaneous Expenditure**

Expenses incurred under voluntary retirement scheme are amortized over a period of five years unless required to be amortized over a shorter period by the relevant accounting standard.

**B. NOTES ON ACCOUNTS**

1. Contingent liabilities not provided for

(Rs. In Lacs)

Sl. No.	Particulars	Amount as at 30.09.2010
1	Claims not acknowledged as debt	155.45
2	Corporate Guarantee	8500.00
3	Guarantee Given by Bank to Pollution Control Board	1.00
4	Sales Tax demand under various appeal	1127.82
5	Outstanding letter of credit	315.60

2. Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. 5043.24 Lacs –net of advances paid.
3. a) Since Monotona Tyers Limited has become subsidiary of Falcon Tyers Limited w.e.f. 21st May, 2010 the consolidated figures of Current Year comprises of 12 months results of Falcon Tyres Limited and 21st May, 2010 to 30th September, 2010 results of Monotona Tyres Limited and the figures of previous year is not applicable.
4. a) During the previous period the Company has sub divided the face value of the equity shares from Rs 10/- each into 2(two) shares of the face value of Rs. 5/- each and capitalized a sum of Rs. 11,36,18,440 from and out of General Reserve and applied in payment for 2,27,23,668 Nos. of equity shares of Rs. 5/- each forming part of the unissued share capital which shares had been allotted as bonus shares to the members in proportion of 2(two) bonus shares for every 1(one) equity share held by the members of the Company.
5. a) Major expansion projects undertaken by the company inter-alia includes installation of various tyres and tube producing machineries, captive power plant of the company. .  
b) Capital work in progress includes capital advances of Rs.2919.64 Lacs.
6. On 30th March 2010, incidence of fire happened in the factory and godown premises of the Subsidiary company. The company has lodged claim to insurance company for Rs. 2,83,34,900/- for loss of Building, Plant & Machinery and Material. The claim has not been settled/accepted by the insurance company up to Balance Sheet date hence necessary entries of the same are pending.
7. In case of subsidiary, Sundry Debtors and loans and advances include Rs. 180.80 Lacs and Rs. 11.29 Lacs respectively which are due from a long time. Since these are recoverable in view of the management no provision has been made in the accounts as the necessary steps (including legal) have been taken to recover the same.
8. In case of subsidiary, Loans and advances includes Rs. 468.22 Lacs advances given to bodies corporate for trade advances, which have been given out of the loan and credit facilities availed by the subsidiary. Cost of the loan/ credit facilities availed by the subsidiary such as interest and financial charges are debited to those parties.
9. In case of subsidiary, Dividend of Rs. 41.12 Lacs declared in the previous year has not been en-cashed by the shareholders and inadvertently the same could not be transferred to separate unpaid dividend account as required u/s 205A of the Companies Act, 1956
10. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS(CONTD.)

## Defined Contribution Scheme

Contribution to Defined Contribution Plan, recognised for the period are as under:

(Rs. in Lacs)

	As at 30.09.2010
i Employer's Contribution to Provident Fund	206.31
ii. Employer's Contribution to Superannuation Fund	61.87

## Defined Benefit Scheme

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(Rs. in Lacs)

	Gratuity (Funded)
	As at 30.09.2010
<b>i Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:</b>	
Liability at the beginning of the year	660.32
Interest Cost	71.91
Current Cost	52.07
Actuarial (gain) / loss on obligations	271.76
Past Service Cost	10.73
Benefits paid	-75.70
Liability at the end of the year	991.09
<b>ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:</b>	
Fair value of Plan Assets at the beginning of the year	431.65
Expected Return on Plan Assets	45.13
Contributions by the Company	35.69
Benefits paid	-75.70
Actuarial gain/(loss) on the Plan Assets	7.30
Fair Value of Plan Assets at the end of the year	444.07
Total actuarial gain/(loss) to be Recognised	264.59
<b>iii. Actual return on Plan Assets</b>	
Expected return on Plan Assets	45.13
Actual gain/(loss) on Plan Assets	7.30
Actual Return on Plan Assets	52.43

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(Rs. in Lacs)

	Gratuity (Funded) As at 30.09.2010
<b>iv. Amount Recognised in Balance Sheet</b>	
Liability at the end of the year	991.09
Fair value of Plan Assets at the end of the year	444.07
Unrecognised Past service Cost	3.93
Amount Recognised in the Balance Sheet	543.09
<b>v. Expenses Recognised in the Income Statement</b>	
Current Service Cost	52.07
Interest Cost	71.91
Expected Return on Plan Assets	-45.13
Net Actuarial (gain)/loss to be Recognised	264.59
Past Service Cost	6.67
Expenses Recognised in Profits & Loss Account	350.11
<b>vi. Balance Sheet Reconciliation</b>	
Opening Net Liability	228.67
Expenses as above	350.11
Employers Contribution	-35.69
Amount Recognised in Balance Sheet	543.09
<b>vii. Principal Actuarial assumptions at the Balance Sheet</b>	
Discount Rate	7.95%
Rate of Return on Plan Assets	7.50%
<b>viii. Experience Adjustment</b>	
Experience adjustments on Plan liabilities	72.55
Experience adjustments on Plan Assets	-7.30
	65.25

**Compensated Absences**

The obligations for compensated absences is recognised in the same manner as gratuity. The actuarial liability of Compensated Absences (unfunded) of accumulated privileged, sick and casual leaves of the employees of the Company as at 30th September 2010 is given below:

(Rs. in Lacs)

Particulars	30.09.2010
Privileged Leave	187.42
Sick Leave	19.93
Casual Leave	21.59
<b>Total</b>	<b>228.94</b>

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

11. Micro, Small and Medium Enterprise

(Rs. In Lacs)

Particulars	For the Period ended 30.09.2010	
	Principal	Interest
Amount due to vendors	37.20	25.25
Principal amount and interest paid beyond the appointment date	Nil	Nil
Interest accrued and remaining unpaid beyond the appointment date (other than interest specified u/s 18 of the Act)	Nil	Nil
Interest accrued and remaining unpaid as at the end of the year (As per the Act)	Nil	0.48

12. Provisions of Accounting Standard 29 on 'Provision, Contingent Liabilities and Contingent Assets:-

Disclosures in this respect as required in terms of the said Accounting Standard are as follows:

(Rs. in Lacs)

Nature of Item	Warranty 2009-10
Opening Provision	97.00
Provided during the Year	669.85
Amount Utilized	447.85
Closing Provision	319.00

The above Warranty Cost represents the expected cost of free replacement as estimated in terms of the stipulation for sales / industry practice, on the basis of the past experience in respect of the goods sold during the last two years. Liability against such provision is expected to occur in the next financial year.

13. Salary, Wages and bonus include retainer-ship fees amounting to Rs.26.37 Lacs.

14. The break up of deferred tax Assets and Liabilities are as under:

(Rs. in Lacs)

Provision for Deferred Tax	Opening as at 30.09.2010	On acquisition of MTL	Charge / (Credit)	Closing as at 30.09.2010
<b>Deferred Tax Assets</b>				
Expenses allowable on Payment basis:				
- Retirement benefits	107.36	47.06	18.81	173.23
- Unabsorbed Depreciation	361.48	--	(361.46)	--
- Amount Inadmissible under Sec 43B	--	--	--	-
Inventory Valuation U/s 145A	--	37.08		37.08
<b>Sub Total</b>	<b>468.84</b>	<b>84.14</b>	<b>(342.67)</b>	<b>210.31</b>
<b>Deferred Tax Liabilities</b>				
Depreciation	1263.00	378.06	(409.88)	1231.18
<b>Net Deferred Tax Liability</b>	<b>794.16</b>	<b>293.92</b>	<b>(67.21)</b>	<b>1020.87</b>

15. Earning per share has been calculated on the basis of number of equity shares outstanding during the period ended 30th September, 2010 in accordance with the provisions of Accounting Standard-20 "Earning Per Share".

	30.09.2010
Profit attributable to Equity Shareholders (Rs. in lacs)	4610.84
No. of shares @ basic value Rs.5/- each	34085532
Basic and diluted earning per share (in Rs.)	13.53

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

16. Remuneration paid to Executive Chairman & Executive Director

(Rs. in Lacs)

	30.09.2010
Salary	323.27
Perquisites	49.36
Contribution to PF & other funds	67.33
<b>Total</b>	<b>439.96</b>

17. Auditors' Remuneration (included in Miscellaneous expenses)

(Rs. in Lacs)

	30.09.2010
Audit Fees	5.20
In other Capacity (excluding service tax )	1.75
<b>Total</b>	<b>6.95</b>

18. Related party disclosures as required as per Accounting Standard (AS-18) on "Related Party Disclosures" are as below:

a) All the Companies in the group as discussed below are directly / indirectly controlled by the Ruia Group of Companies under the Leadership of Sri Pawan Kumar Ruia and its various subsidiary / associate companies which held the controlling stake in the Company during the year ended 30th September' 2010.

b) Holding company: Wealth Sea Pte. Ltd., (Singapore) through DIL Rim and Wheel Corporation Limited, Mauritius.

c) Associates / Group Companies

i. With whom the Company has transaction

Dunlop India Limited; Jessop & Co. Ltd.; Suryamani Financing Company Ltd.; Manali Properties & Finance Pvt. Ltd., Dunlop Polymers Pvt. Ltd., Falcon Tyres & Rubber Pvt. Ltd., Falcon Tyres Impex Pvt.Ltd., Ruia & Sons Pvt. Ltd.; Ruia Corporate Services Pvt. Ltd. ; Tulip Machinerics Pvt. Ltd.; Vidyut Petrochem Pvt. Ltd.;

ii. Others

Aparupa Properties Pvt. Ltd.; Alpha Airways Pvt. Ltd. ; Acurate Traders Pvt. Ltd. ; American Merchandising Ltd. ; Aakashdeep Properties Pvt. Ltd. ; Ayodhya Properties & Finance Pvt. Ltd. ; Always Properties & Finance Pvt. Ltd. ; Anchita Commercials Pvt. Ltd. ; Angan Properties Private Limited; Ajit Commercials Pvt. Ltd. ; Anish Traders Pvt. Ltd. ; Aniket Traders Pvt. Ltd. ; Anumala Traders Pvt. Ltd. ; Adhishwar Nivesh Pvt. Ltd. ; Brawany Nivesh Pvt. Ltd. ; Blackstone Holdings Private Ltd. ; Bhartiya Hotels Limited; Borneo Traders Pvt. Ltd. ; Banalata Traders Pvt. Ltd. ; Beadon Traders Pvt. Ltd. ; Bandana Commercials Pvt. Ltd. ; Bipul Commercials Pvt. Ltd. ; Ballard Commercials Pvt Ltd. ; Bharat Vidyut Co. Ltd. ;. Blessings Commercials Pvt. Ltd. ; Bengal Institute of Neurosciences Ltd. ; Bloom Billions Sdn Bhd-Malaysia; BTR Sealing System UL Ltd. - UK; Chinsurah Chemicals Pvt. Ltd. ; Climber Properties Pvt. Ltd. ; Chemical Corporation of India Ltd. ; Chaman Trade Links Pvt. Ltd. ; Chorus Trade Links Pvt. Ltd. ; Chambal Marketing Pvt. Ltd. ; Chaity Commercials Pvt. Ltd. ; Camac Traders Pvt. Ltd. ; Dunlop Latex Foam Europe Ltd. ; Draftex Automitive , GMBH; Dunlop UK Ltd. - .UK; Dunlop Tyres Limited; Dunlop Rubbers Limited; Dunlop Investments Limited; Dunlop Estates Private Limited; Dunlop Infrastructure Private Limited; Dunlop Properties Pvt. Ltd. ; Deblok Traders Pvt. Ltd. ; Dadar Properties & Finance Pvt. Ltd. ; Deoghar Properties & Finance Pvt. Ltd. ; Durg Properties & Finance Pvt. Ltd. ; Dipti Commercials Pvt. Ltd. ; Divya Mercantile Ltd. ; Dhan E Commerce Pvt. Ltd. Double Plus Software (P) Ltd.; D K Properties Pvt. Ltd.; Eco Traders Pte Ltd.; Elloit Mercantile Pvt. Ltd.; Enormous Nivesh Pvt. Ltd. ; Edina Marketing Pvt. Ltd. ; Empire Minerals Pvt.; Ltd. ; Eyelid Mercantile Pvt. Ltd. ; Electric Corporation of India Ltd. ; Ebony Commercials Pvt. Ltd. ; eMotions Media Pvt. Ltd. ; Fiber Foam (Bombay) Pvt. Ltd. ; Fabulous Nivesh Pvt. Ltd. ; Fragment Nivesh Pvt. Ltd. ; Gain Dot Com Pvt. Ltd. ; Gain E-Commerce Pvt. Ltd. ; Gyan Website Pvt. Ltd. ; Global Fin Pro Ltd. ; Globe Sugar Refinery Ltd. ; Goldman Securities Ltd. ; Goldman Stocks & Share Brokers Pvt. Ltd. ; Hardcore Viniyog Pvt. Ltd. ; Himadri Properties Pvt Ltd. ; Hirakud

## NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Industrial Works Ltd. ; Hirakud Rolling Mills Ltd. ; Hiland Traders Pvt. Ltd. ; Hiker Properties Pvt. Ltd. ; Hriday Commercials Pvt. Ltd. ; Herald Investments Pvt. Ltd. ; Hindustan Texknit Pvt. Ltd. ; Hindustan Bauxite Ltd. ; India Tyre & Rubber Co. (India) Ltd. ; Indo Wagon Engineering Ltd. ; Ibcon(Calcutta) Pvt. Ltd. ; India Finance Ltd. ; Jessop Infotech Pvt. Ltd. ; Jessop Shipyard Limited; Jessop Estates Pvt. Ltd. ; Jessop Properties Pvt. Ltd. ; Jessop Infrastructure Pvt. Ltd. ; Jessop Wagons & Coaches Ltd. ; Jai Gokul Towers Pvt. Ltd. ; Jai Brijmohan Niketan Pvt. Ltd. ; Jai Badrinath Niketan Pvt. Ltd. ; Jai Raghuvir Enclave Pvt. Ltd. ; Jai Vaibhav Niketan Pvt. Ltd. ; Jai Tridev Vihar Pvt. Ltd. ; Jai Ganga Nirman Pvt. Ltd. ; Jai Harihor Tower Pvt. Ltd. ; Janaki Marketing Pvt. Ltd. ; Kailash Enterprises(ND) Pvt. Ltd. ; Kulu Properties & Finance Pvt. Ltd. ; Kothi Lefin Pvt. Ltd. ; Kamlapur Alcohol Limited; Kamlapur Sugar & Industries Ltd; Kanti Commercials Pvt. Ltd. ; Lona Commercials Pvt. Ltd. ; ..Liluah Ceramics Pvt. Ltd. ; Manavendra Commercials Pvt. Ltd. ; Mayank Services Ltd. ; Mandhatri Traders Pvt. Ltd. ; Metropole Hills Hotels Pvt. Ltd. ; Mudrika Commercials Pvt. Ltd. ; Mugdha Properties Pvt. Ltd. ; Malini Properties Pvt. Ltd. ; Manjari Properties Pvt. Ltd. ; Manidipa Properties Pvt. Ltd. ; Metro Developers Ltd. ; Mahant Merchandise Pvt. Ltd. ; Moulishree Electricals & Electronics Ltd. ; Monarch Exim Pvt. Ltd. ; Mridula Marketing Pvt. Ltd. ; Nivedita Properties Pvt. Ltd. ; Nandini Properties Pvt. Ltd. ; Nandan Suppliers & Contractors Pvt. Ltd. ; Onix Business Services Ltd. ; Ocean Cement Limited; Ocean Constructions Pte Ltd. ; Our Films Productions Pvt. Ltd. ; OM Cotex Ltd. (Formerly Ruia Cotex Ltd.) ; Pacific Website Pvt. Ltd. ; Pacific Apparels Ltd. ; Pawan Herbals Pvt. Ltd. ; Parnika Marketing Private Ltd. ; P.K. Constructions Pvt. Ltd. ; Payneganga Sugars & Chemicals Ltd. ; Power Corporation of India Ltd. ; Pallavi Manufacturers Pvt. Ltd. ; Rose E-Commerce Pvt. Ltd. ; Radient Investment Ltd.-Mauritius; Raghav Industries Ltd. ; Rapid Investment Ltd.-Mauritius; Ruia Agro Products Pvt. Ltd. ; Ruia Hospital & Educational Research Institution; Ryham Pte Ltd. - Singapore; Rose Investment Ltd.- Mauritius; Ruia Hotels Pvt. Ltd. ; Ruia Electronics Pvt. Ltd. ; Renuka Resorts Pvt. Ltd. ; Resource Cement Ltd. ; Ruia Iron & Steel Co. Pvt. Ltd. ; Ruia Overseas Private Limited; Ruia Technologies Ltd. ; Ruia Marketing Ltd. ; Satarupa Properties Pvt. Ltd. ; Shalini Properties & Developers Pvt. Ltd. ; Sheetal Exports Ltd. ; SPR Resorts Ltd. ; Securities Brokers of India Ltd. ; Sagarika Properties Pvt. Ltd. ; Shakambari Communications Pvt. Ltd. ; Shankar Traders & Dealers Ltd. ; Sarvan Commercials Pvt. Ltd. ; Shresth (India) Pvt. Ltd. ; Skypak Properties & Finance Pvt. Ltd. ; Subhlaxmi Compusis Pvt. Ltd. ; Sayaji Marketing Pvt. Ltd. ; Stephen Financial Services Pvt. Ltd. ; SPR Sugar & Chemicals Ltd. ; Sterling Share Brokers (P) Ltd. ; Shalimar Towers Pvt. Ltd. ; Sugandha Industries Pvt. Ltd. ; Schlegal Automative Europe Ltd. - U.K. ; Schlegal Automative India Pvt. Ltd. ; Spices Valley Estates Ltd. ; SPR Textiles Pvt. Ltd. ;Anoush Traders Pvt. Ltd.; Global Finvest Ltd. - UK; Gumasol Rubber Tex GMBH; Olivia Tours & Travels Pvtl. Ltd.; Ruia Holdings GMBH; Subhra Marketing Ltd.; Sukaram Marketing Ltd.; Surag Commercials Pvt. Ltd.; Tribhuban Marketing (P) Ltd.; U.P. Bio Chem Ltd.; U.P. Hydro Projects Ltd.; Udbav Commercials Pvt. Ltd.; Ventura Project Pvt. Ltd.; Vilas Marketing Private Limited; Walker Properties Pvt. Ltd.; Wealth Ocean Pte. Ltd.; Wealth Overseas Pte. Ltd. - Singapore; Wealth Velly Pte. Ltd.; Wealthsea Ltd. - Mauritius; Wizer Advertising Pvt. Ltd.; Yamina Website Pvt. Ltd.; Zipco Industrial Finance Pvt. Ltd.; Zeal Infotech Pvt. Ltd.; Olivia tour and Travels Pvt. Ltd.; Ruia Holdings GMBH.; Sanjose Polymers Pvt. Ltd.;

- d) Key Management Personnel:
- a) Mr. Pawan Kumar Ruia (Executive Chairman)
  - b) Mr. Sunil Bhansali (Executive Director)
  - c) Mr. Des Raj Pahwa (Executive Director- MTL, Subsidiary Company),



NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

RELATED PARTY TRANSACTION:

(Rs.in Lacs)

Nature of Transaction	Enterprises where control exits or which exercise control	Associates	Key Management Personnel	Total
	30.09.2010	30.09.2010	30.09.2010	30.09.2010
<b>Income:</b>				
Sale of Finished Goods				
Falcon Tyres Impex Pvt. Ltd.	-	1791.54	-	1,791.54
Sale of Materials				
Dunlop India Ltd.	-	31.04	-	31.04
Dunlop Polymers Pvt. Ltd		4447.49		4,447.49
Debit note on RM Purchases				
Dunlop India Ltd.	-	28.96	-	28.96
Others				
Dunlop India Ltd.	-	0.31	-	0.31
Dunlop Polymers Pvt. Ltd.	-	33.31	-	33.31
<b>Expenses:</b>				
Royalty				-
Ruia & Sons Pvt. Ltd.	-	1193.89	-	1,193.89
Purchase of Traded Goods				
Dunlop India Ltd.	-	15.30	-	15.30
Dunlop Polymers Pvt. Ltd.	-	4227.04	-	4,227.04
Remuneration				
Pawan Kumar Ruia	-	-	437.80	437.80
Sunil Bhansali	-	-	32.00	32.00
Mixing Charges				
Dunlop India Ltd.	-	577.42	-	577.42
<b>Others:</b>				
Falcon Tyres Impex Pvt. Ltd.	-	69.44	-	69.44
Ruia Corporate Services Pvt. Ltd.	-	21.85	-	21.85
Ruia & Sons Pvt. Ltd.	-	76.41	-	76.41
Misc Management Charges				-
Ruia & Sons Pvt. Ltd.	-	539.96	-	539.96
<b>Assets:</b>				
Advance Paid				
Dunlop India Ltd.	-	2289.94	-	2,289.94
Falcon Tyres Impex Pvt. Ltd.	-	3.15	-	3.15
Falcon Tyres Rubbers Pvt. Ltd.	-	0.38	-	0.38
Jessop & Co. Ltd.	-	16.00	-	16.00
Ruia & Sons Pvt. Ltd.	-	613.03	-	613.03
Tulip Machineries Pvt. Ltd.	-	1,067.52	-	1,067.52
Vidyuth Petrochem Pvt. Ltd.	-	62.50	-	62.50
<b>Transfer of C &amp; F Deposits:</b>				
Dunlop India Ltd.	-	48.39	-	48.39
<b>Balance as on 30.09.2010:</b>				
Loans and Advances				
Dunlop India Ltd.	-	2299.21	-	2,299.21
Jessop & Co. Ltd.	-	16.00	-	16.00

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

RELATED PARTY TRANSACTION:

(Rs.in Lacs)

Nature of Transaction	Enterprises where control exits or which exercise control	Associates	Key Management Personnel	Total
	30.09.2010	30.09.2010	30.09.2010	30.09.2010
Falcon Tyres Impex Pvt. Ltd.	-	4.78	-	4.78
Ruia & Sons Pvt. Ltd.	-	919.04	-	919.04
Ruia Corporate Services Pvt. Ltd.	-	2.90	-	2.90
Tulip Machineires Pvt. Ltd.	-	1067.52	-	1,067.52
Vidyuth Petrochem Pvt. Ltd.	-	62.50	-	62.50
<b>Creditor Balance:</b>				
Dunlop Polymers Pvt. Ltd.	-	242.34	-	242.34
Falcon Tyres Impex Pvt. Ltd.	-	1.34	-	1.34
Falcon Tyres Rubbers Pvt. Ltd.	-	0.63	-	0.63
<b>Current liabilities:</b>				
Manali Properties & Finance Pvt. Ltd.	-	5,696.80	-	5,696.80
Suryamani Financing Co. Ltd.	-	75.00	-	75.00
<b>Receivable:</b>				
Falcon Tyres Impex Pvt. Ltd.	-	149.23	-	149.23

\* Sales, Purchase & Other expenses are inclusive of Taxes

The above related party information have been disclosed to the extent such parties have been identified by the management on the basis of information available. This has been relied upon by the auditors.

19. Particulars in terms of disclosure required as per Clause 32 of the Listing Agreement:

Amount of loans and advances in nature of loan to subsidiaries and associates as at 30th September, 2010.

(Rs.in Lacs)

Party Name	Maximum Outstanding	Closing Balance
Dunlop India Limited	2299.21	2299.21

20. The Company's operations predominantly of only one product segment, Tyres and Tubes. The export sales of the Company are insignificant as compared to total sales during the year so as to constitute a geographical segment. Therefore, separate segment information as required in terms of Accounting Standard (AS 17) on Segment Reporting has not been considered. Further as income from Co-Gen is less than 10% of the total segment the same has not been considered to be a separate segment.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

**21. Quantitative & Other Information :**

	TYRES		TUBES		Flaps		TOTAL
	Qty Nos	Value Rs. in lacs	Qty Nos	Value Rs. in lacs	Qty Nos	Value Rs. in lacs	Value Rs. in lacs
Installed Capacity ( Per annum ) *	14400000		10400000				-
Production**	11055091		8506966				-
Purchases-Factored Goods	565632	4395.25	6186489	7997.65	1237	1.87	12,394.77
Opening Stock	247027	880.62	681909	635.64	2211	2.24	1,518.50
Sales	11405192	72431.15	14223972	19240.66	866	1.21	91,673.02
Closing Stock	462558	2318.08	1151392	1219.63	2582	3.15	3,540.86

\* The installed capacity is as certified by the management, and being a technical matter reliance has been placed by the auditors.

\*\* Production includes, Production on Job Work basis.

**22. Raw materials, stores and spares consumed:**

Particulars	30.09.2010	
	QTY. In M.T.	VALUE Rs. in lacs
Rubber and Rubber products	22273	26473.20
Fabric	2555	6059.48
Carbon Black	11507	6396.07
Chemicals	5534	4040.23
Others	2109	3190.08
<b>Total - Raw Materials</b>	<b>43978</b>	<b>46159.06</b>
Stores and Spares		233.38
<b>Total</b>		<b>46392.44</b>

Note: Consumption of Raw Materials includes sale of Raw Materials

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

## 23. Expenditure in foreign currency

- Travelling - Rs. 26.75 lacs
- Royalty - Rs.141.44 lacs
- Others -Rs.1.49 lacs

## 24. Remittances in foreign currency for Dividends

The Company has remitted the Dividend in foreign currency for the year ended 30.09.2009 is as follows:

(Rs.in Lacs)

Particulars	No.of Non-Resident Shareholders	No. of Equity Shares held	Gross amount of Dividend
Final Dividend for the year ended 30.09.2010	1	23513100	214.93

## 25. Research and Development Expenditure (Charged to Profit & Loss Account) Rs. 17.58 lacs

## 26. CIF Value of imports during the year

Particulars	30.09.2010	
	QTY.	VALUE
	In M.T.	Rs. in Lacs
Raw Materials	6242.50	7215.19
Capital Goods	--	2.48
Stores & Spares	--	--
<b>Total</b>		<b>7217.67</b>

## 27. Value of Raw Materials, Spares and Components consumed

Particulars	30.09.2010	
	VALUE	% of Total
	Rs. in Lacs	consumption
<b>Raw materials</b>		
a) Imported	6917.56	14.99%
b) Indigenous	39241.50	85.01%
<b>Total</b>	<b>46159.06</b>	<b>100.00%</b>
<b>Stores &amp; Spares</b>		
a) Imported	-	-
b) Indigenous	233.38	100.00%
<b>Total</b>	<b>233.38</b>	<b>100.00%</b>

28. Earnings in Foreign Exchange on account of export of goods calculated on FOB basis Rs. 1775.77 lacs

29. a) The Financial Statements of the Company and its Subsidiary have been combined on a line - by - line basis by adding together the book value of like items of Assets, Liabilities, Income and Expenditure, after fully eliminating intra - group balances and - intra group transactions resulting in unrealised profits and losses.

b) Previous Year Consolidated figures are not applicable since MTL has become subsidiary in the Current Year i.e. w.e.f. 21st May2010

c) Figures pertaining to the subsidiary company have been re-classified where ever necessary to bring them in line with the company's financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2010

(Rs. in Lacs)

Particulars	Year ended 30.09.2010
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit before tax	6268.80
<b>Adjustment for:</b>	
Depreciation	1363.75
Interest Income	(39.79)
Interest Expense	2128.24
Sundry Balance Adjustment (Net)	0.00
Dividend Received	(35.36)
Miscellaneous Expenditure written off	0.35
Income from CO-GEN	0.00
(Profit) /Loss from Sale of Fixed Assets	0.01
Operating profit before working capital change	9686.00
Adjustment for Change in Working Capital:	
(Increase)/ Decrease in Sundry debtors	1630.25
(Increase)/ Decrease in Inventories	(3550.99)
(Increase)/ Decrease in Loans & Advances	2161.00
Increase/ (Decrease) in Current Liabilities	2882.71
Increase/ (Decrease) in Provisions	(304.52)
Cash Generated from Operations	12504.45
Direct taxes paid	(1067.15)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>11437.30</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>	
Additions to Fixed assets (Including capital work - in - progress)	(2694.60)
Sale of Fixed Assets	(7768.53)
Purchase of investment	(8857.03)
Advance given for purchase of Investment	8857.03
Income from CO-GEN	100.00
Interest Received	45.14
Dividend Received	35.36
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10282.63)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>	
Un-secured loans received	303.35
Un-secured loans received	917.05
Borrowings from Banks	1277.82
Interest / Finance Charges paid	(2182.08)
Dividend paid	(255.56)
Corporate Dividend Tax Paid	(43.45)
<b>NET CASH USED IN FINANCIAL ACTIVITIES</b>	<b>17.13</b>
<b>NET CASH FLOWS DURING THE YEAR (A+B+C)</b>	<b>1171.80</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>2158.12</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>3329.92</b>

Previous Year Consolidated figures are not applicable since MTL has become subsidiary in the Current Year i.e. w.e.f. 21st May 2010

As per our report of even date attached

**For and on behalf of**

**K.N.Gutgutia & Co.**

Chartered Accountants

**Subhasish Pore**

Partner

Membership No.: 055862

Kolkata, 12th November, 2010

**For and on behalf of the Board**

**M. C. Bhansali**

Company Secretary

**Sunil Bhansali**

Executive Director

**S. Ravi**

Director