

**FINANCIAL
ACCOUNTS
2010-11**

NOTICE

NOTICE is hereby given that the 35th Annual General Meeting of the members of Falcon Tyres Limited will be held on Friday the 23rd December, 2011 at 12.30 P.M. at Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore – 570 016 to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2011, the Profit & Loss Account for the year ended on the said date, along with the Report of Board of Directors and Auditors thereon.
- To declare Dividend on equity shares.
- To appoint Director in place of Mr. Tarun Ghandi, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint Director in place of Mr. S. Ravi, who retires by rotation and being eligible, offers himself for reappointment.
- To appoint M/s K.N.Gutgutia & Company, 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:

To consider and, if thought fit to pass, with or without modification(s), the following Resolution as Special Resolution.

- "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company hereby approves the re-appointment of Mr. Sunil Bhansali as a Whole Time Director designated as

Executive Director of the Company for a period of 3(three) years w.e.f. 30th September'2011 to 29th September'2014 on the terms and conditions as set out in the explanatory statement annexed and form part of this notice subject to the approval of the Central Government, if required.

"RESOLVED FURTHER THAT subject to Section 255 of the Companies Act, 1956 and Article 96(a) of Articles of Association of the Company, Mr.Sunil Bhansali will not be liable for retirement by rotation.

"RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorised to vary and / or revise the terms and Conditions of Appointment and / or remuneration of the said Executive Director within the overall limits specified under Schedule XIII of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof.

"RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board", which expression shall also include a duly constituted committee thereof) be and is hereby authorised to do all such acts, deeds and things and to delegate all or any of the powers vested in the Board to any Director(s) or Company Secretary of the Company as may be required to give effect to the above Resolution."

Date: 07th November 2011

By the order of the Board

Registered Office:
K.R.S. Road, Metagalli,
Mysore – 570 016,
Karnataka, India.

M.C.Bhansali
Company Secretary

NOTES:

- 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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

- The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the business under item No.6 set out above are annexed hereto.
- The Register of Members and the Share Transfer Books of the Company will remain closed from 19.12.2011 to 23.12.2011 (both days inclusive).
- Members/ Proxies are requested to bring their copies of the attendance slip duly filled in along with Annual Report and the Admission slip to the meeting.
- Members are requested to furnish bank details, change of address, if any to the Company's Registrars and share transfer Agent, Integrated Enterprises (India) Limited, Bangalore, so as to reach them latest by 19.12.2011 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.
- 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.

- Dividend, which remains unclaimed over a period of 7 years from the date of declaration, shall be transferred to the Investor Education and Protection Fund. Pursuant to Section 205A(5) of the Companies Act, 1956, the unpaid/unclaimed dividends for the year 2003-04 and unpaid debenture redemption amount due from the year 2003-04 was transferred to the Investor Education and Protection Fund.

Shareholders who have not yet encashed their dividend warrants for the year 2004-05 to 2009-10 may approach the Company/ Company's Registrars and Share Transfer Agents for re-validation, issue of duplicate warrants etc.,

8. GREEN INITIATIVE: IMPORTANT COMMUNICATION TO THE MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Integrated Enterprises (India) Limited, Bangalore, Registrars & Transfer Agents.

Kindly note, the annual report is also available on the Company's website www.falcontyres.com/financial.php

ANNEXURE TO THE NOTICE

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

ITEM NO.6

Consider the re-appointment and revision in remuneration of Mr. Sunil Bhansali as Whole Time Director designated as Executive Director of the company for a period of three years w.e.f. 30th September, 2011 to 29th September, 2014

The Board of Directors has reappointed Mr. Sunil Bhansali as Whole Time Director being designated as Executive Director of the Company for a period of 3 (three) years w.e.f. 30th September, 2011 to 29th September, 2014 on the terms of remuneration set out hereunder subject to the approval of shareholders and if required, Central Government.

The Remuneration Committee has recommended a payment of revised remuneration, which was approved by the Board of Directors at their meeting on 07th November, 2011.

Broad particulars of the terms of re-appointment and remuneration payable to Mr. Sunil Bhansali are as under:

i) The Executive Director shall carry out such functions, exercise such powers and perform such duties as determined and entrusted from time to time by the Executive Chairman of the Company (hereinafter called "EC") / the Board of Directors of the Company (hereinafter called "The Board") subject to the superintendence, control and direction of the EC / Board, the Executive Director shall have the general control and will be responsible inter – alia for the manufacturing activities of the Company with powers to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things which in the ordinary course of such business he may consider necessary and proper in the best interests of the Company.

ii) Basic Salary and Allowances:

- a) Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand Only) per month, with such increase as may be decided by the Board / Committee from time to time.
- b) Other Allowances / Remuneration / Reimbursement of Rs.67,333/- (Rupees Sixty Seven Thousand Three Hundred and Thirty Three Only) per month, with such increase as may be decided by the Board / Committee from time to time, including allowances / reimbursement for Executive Assistant wages, Business Promotion, Professional Pursuit, Children's Education, Uniform, Special Allowances etc.,
- c) Ex-Gratia: Ex-Gratia in accordance with the rules of the Company, subject to a ceiling of 8.33% of annual basic per annum.

iii) Perquisites:

- a) In addition to the salary, Mr. Sunil Bhansali, shall also be entitled to monthly perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, subject to a maximum of 30% of basic salary per month.
- b) Medical Allowance / Reimbursement: Subject to a limit of Rs.15,000/- (Rupees Fifteen Thousand Only) per annum.
- c) Leave Travel Assistance: For self and family once in a year incurred in accordance with the Rules specified by the Company subject to a ceiling of Rs. 1,85,000/- (Rupees One Lakh Eighty Five Thousand Only) per annum.
- d) Telephone at the residence and provision of a cell phone for official use.
- e) Travelling Expenses - on actual
- f) Reimbursement of car expenses incurred by him for the purpose of Company's Business subject to a maximum of Rs. 58,500/- per month (Rupees Fifty Eight Thousand Five Hundred Only) and with such increase as may be decided by the Board / Committee from time to time.

iv) Leave:

He shall be entitled to 28 days paid leave in a year.

v) Retirement Benefits:

a) Provident Fund:

He shall be a member of the Company's Provident Fund as per the Rules of the Fund and the Company will contribute 12% of the basic salary towards Employer's Contribution.

b) Gratuity:

He shall be entitled to gratuity in accordance with the Company's Staff Gratuity Fund Rules, as applicable.

c) Superannuation fund:

Mr.Sunil Bhansali shall be member of the Superannuation fund as per the rules of the fund and the Company contributes 15% of the basic salary to the fund.

vi) Mediclaim policy including Spouse and dependents as per Rules of the Company.

vii) Notice Period: The terms and conditions of appointment and remuneration are set out in the agreement. Either party can terminate agreement by giving fortyfive days notice in writing or salary in lieu thereof.

viii) Other terms and conditions:

He shall be reporting to the Executive Chairman / Board on a regular basis.

In the event of loss or inadequacy of profits in any financial year during the period of Mr. Sunil Bhansali's appointment, he will be paid or provided the salary, the allowances and the perquisites as set in the foregoing part of this resolution as the 'Minimum Remuneration' notwithstanding the fact that such remuneration is in excess of the limits set out in Section 198 and 309 of the Companies Act, 1956 or in Section II of Part II of Schedule XIII to the Companies Act, 1956 and subject to approval from the Central Government.

None of the Directors except Mr. Sunil Bhansali are interested in the above resolution.

Date: 07th November 2011

By the order of the Board

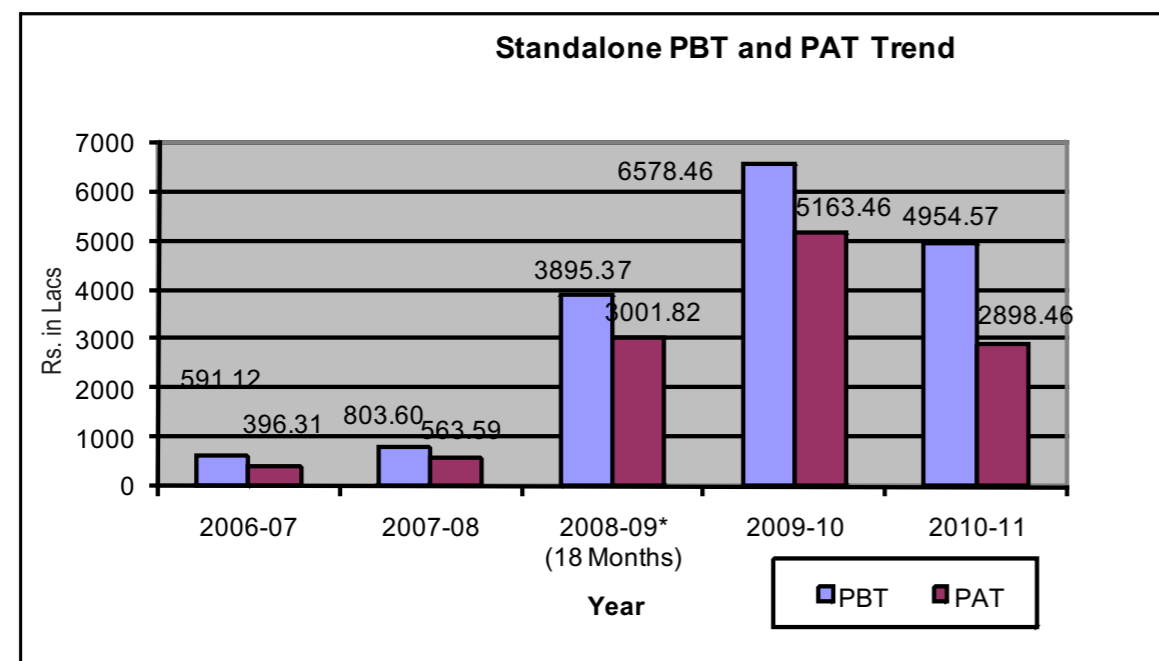
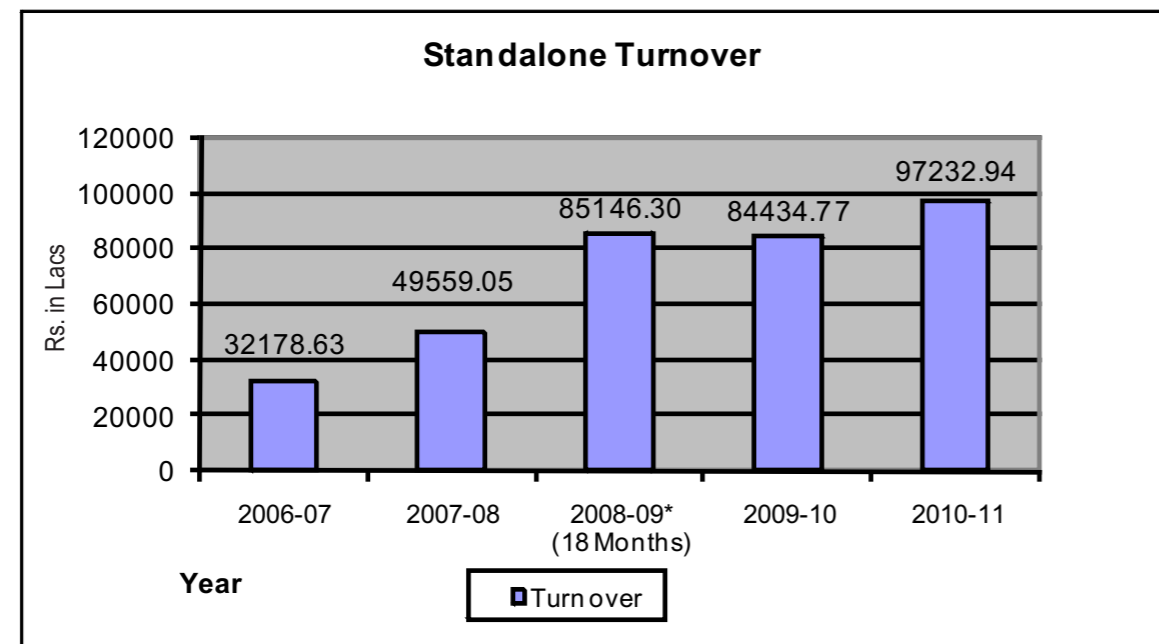
Registered Office:
K.R.S. Road, Metagalli,
Mysore – 570 016,
Karnataka, India.

M.C.Bhansali
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 35th Annual Report and Audited Accounts of the Company for the year ended 30th September, 2011

Your Company has achieved the highest ever Standalone Turnover of Rs. 972.33 Crores with Profit before Tax at Rs. 49.55 Crores and Profit after Tax at Rs. 28.98 Crores.



FINANCIAL RESULT - STANDALONE

Rs. In Lacs

Sl No.	Particulars	For the Year ended September 30,	
		2010-11	2009-10
i)	Gross Turnover	97232.94	84434.77
ii)	Net Turnover	90072.77	78810.41
iii)	Other Income	763.08	566.33
iv)	Total Revenue	90835.85	79376.74
v)	Profit before Interest, Depreciation & Taxation (EBIDTA)	7493.57	9008.23
vi)	Interest	1686.67	1652.11
vii)	Depreciation	852.33	777.66
viii)	Profit before Taxation & Exceptional Item	4954.57	6578.46
ix)	Exceptional Items	--	--
x)	Profit before Taxation (PBT)	4954.57	6578.46
xi)	Tax including Deferred Tax	2056.11	1415.00
xii)	Profit after Taxation (PAT)	2898.46	5163.46
xiii)	Profit brought forward from previous year	872.40	205.90
xiv)	Amount available for Appropriation	3770.86	5369.36
xv)	Appropriations		
	Transfer to General Reserve	1000.00	3500.00
	Proposed Final Dividend	596.49	852.14
	Corporate Dividend Tax	94.23	144.82
xvi)	Balance carried to Balance Sheet	2080.14	872.40

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

Description	UOM	For the Year ended September 30,		Last 10 Years Average
		2011	2010	
EBITDA/ GROSS TURNOVER	%	7.7	10.7	7.0
PROFIT BEFORE TAX / GROSS TURNOVER	%	5.1	7.8	4.3
PROFIT AFTER TAX / GROSS TURNOVER	%	3.0	6.1	3.0
RETURN ON CAPITAL EMPLOYED	%	5.1	15.7	7.0
EARNINGS PER SHARE AT A FACE VALUE OF RS. 5/- PER SHARE	Rs.	8.50	15.15	7.41*

*Prorated for Rs. 5/- per share only

STANDALONE PERFORMANCE

Your Company has achieved highest ever turnover of Rs. 972.33 Crores for the year under review posting an increase of 15% over the previous year turnover of Rs. 844.35 Crores. Profit before Interest, Depreciation and Taxes stood at Rs. 74.94 Crores as against the previous

year figure of Rs. 90.08 Crores. The Profit before Tax is at Rs. 49.55 Crores as against the previous year figure of Rs. 65.78 Crores. Profit after Tax is at Rs. 28.98 Crores as against the previous year figure of Rs. 51.64 Crores. During the year under review the profit was down due to sluggish market conditions.

Production of Tyres and Tubes, during the year under review stood at 37144 MT against 37660 MT in the previous year. The Company has partnered with Original Equipment Manufacturers and has kept pace by developing Tyres for newer models. Production was slightly down due to change in product mix, increase in value added products like Tubeless Tyres etc.

Your Company maintained its leadership position in OEM and Export market segment in the period under review. The replacement market was marginally down due to sluggish market conditions and cut-throat competition due to over-supply in the market.

EXPANSION

Your Directors are happy to inform you that the Expansion plan of the Company at Mysore is in full swing and the production from the expansion plant is expected to start from 1st Quarter of 2012.

ACQUISITION

Your Directors are happy to inform you that your

Company has acquired 100% shares of M/s Chamundi Plasto Sacks Private Limited, a Company adjacent to your Company with approx 6 acres of Land on 19th of October'2011. This will be used for the expansion plans of your Company.

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 Automobiles Company (OE's) and enjoying the privileged position with all the OE's. The most conservative OE's also recognizes our Services and Quality and we are becoming, a significant suppliers for them.

SUBSIDIARY

Monotona Tyres Limited (MTL) become subsidiary of the Company w.e.f. 21st of May, 2010. The Financial position and performance of the subsidiary during the period under review was as follows:

Particulars	For the year ended 30/09/2011	For the period 21/05/2010 to 30/09/2011
Capital	720.00	720.00
Reserves	5226.11	6731.37
Total Assets	16699.37	17506.97
Total Liabilities	10753.26	10055.60
Investments	-	-
Turnover	14868.55	7189.85
EBIDTA	334.23	712.77
EBDT	(572.42)	276.43
Profit Before Taxation	(1011.00)	(309.66)
Provision for Taxation including Deferred Tax	(28.47)	-
Profit after Taxation	(982.53)	(309.66)
Proposed Dividend Including Corporate Dividend Tax	16.85	-

Pursuant to Accounting Standard – 21 (AS – 21) prescribed by the Institute of Chartered Accountants of India /Companies (Accounting Standards) Rule 2006, the accounts of the subsidiary company are consolidated with the accounting of the Company and Consolidated Accounts forms part of this report.

As per general circulation No. 2/2011 and Notification No. 51/12/2007-CL-III dated 08/02/2011, the account of the subsidiary Company has not been attached to the accounts of your Company.

The copy of the Annual Report of the Subsidiary Company will be made available to shareholders on request and will also be kept for inspection by any shareholder at the registered office of your company and it's subsidiary company.

APPROPRIATIONS

DIVIDEND

Your Directors recommend a Dividend of Rs. 1.75 per equity share (i.e. 35%) for the financial year ended 30th September, 2011. The proposed dividend together with Corporate Dividend Tax will absorb Rs. 6.91 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 19th December, 2011 to 23rd December, 2011 (both days inclusive).

The total outflow on account of Equity Dividend together with Corporate Dividend Tax will be Rs. 6.91 Crores, vis a vis Rs. 9.97 Crores paid for fiscal 2009-10.

TRANSFER TO GENERAL RESERVE

The Board has recommended a transfer of Rs. 10 Crores to the General Reserve.

QUALITY MANAGEMENT SYSTEM

Your Company has been confirmed with certifications by M/s TUV, SUDD, South Asia Pvt. Ltd., with respect to the following:

- ISO 9001:2008 & ISO / TS16949: 2009 for Quality Management System which were re-certified in Feb 2010 and valid till Feb 2013
- ISO 14001:2004 & OHSAS 18001:2007 for Environment, Occupational Health & Safety Assessment Series Management Systems, which were recertified during July 2011 and June, 2009 and valid till July 2014 and June 2012 respectively.

DIRECTORS

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Tarun Gandhi & Mr. S. Ravi,

Directors of the Company will retire by rotation at this meeting and being eligible offers themselves for re-appointment.

Your Board recommends their re-appointment.

During the year under review Mr. Vijay Vaid has resigned w.e.f. 24th May, 2011 as Director. The Board place on record it's appreciation for the contribution made by him during his tenure.

None of the Director is disqualified under section 274(1)(g)

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

Complying with the Provision of Section 233(B) of the Companies Act, 1956, 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 2011 in compliance with the Central Government Order in this regard and the cost audit report will be submitted to the Ministry of Corporate affairs, Government of India.

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 2009-10, your Company has finalized 3.3 years long term wage agreement with permanent workers union. The Company maintained harmonious and cordial Industrial Relations during the period under review. However there was a small issue with a section of Badli workers. 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 Safety Officer for the purpose. Safety Day has been observed in the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is pro-active to its 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. 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 under review. The Company has planted more than 1000 plants.
- iv) **Training to School/ College Students:** Your Company is regularly providing training to engineering students and management trainees of various institutes and colleges.
- v) **Sports Prize Sponsorship:** During the year under review the Company has sponsored prizes of sports in local community.
- vi) **Merit Award:** Your Company has distributed Cash Award to the Meritorious children's of the Employees during the year under review.

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, 2011 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 as at 30th September' 2011 and of the profit or loss of the Company for the year ended on that date;

- (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 year ended 30th September, 2011 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis is given separately and forms part of this Annual Report

CORPORATE GOVERNANCE

The report of Board of Directors of the Company on Corporate Governance is given as a separate section titled "Corporate Governance Report" which forms part of this Annual Report.

Certificate of the Statutory Auditors of the Company regarding compliance with the Corporate Governance requirement as stipulated in clause 49 of the Listing Agreement with the stock exchange is annexed with the Corporate Governance 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: Bangalore Date: 7th November, 2011

Sunil Bhansali S. Ravi
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, 2011

Sl. No	Name of the Employee	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held
1	Mr. Pawan Kumar Ruia	Executive Chairman	6,07,20,000	B.Com (Hons), AICWA, FCA, LL.B, AASM, MIIA (USA) 27 Years	01.04.2007	52	
2	Mr. Sunil Bhansali	Executive Director	24,59,602	B.Com, FCA	04.07.2008	47	Sujana Metal Products Ltd.

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) Optimization of Utility services in Tyre Curing section reducing the CCW/ECW pumps capacities and motors.
- 2) Introduced Temperature control systems to cooling towers.
- 3) Design changes in tyre curing press to replace high HP Motors by optimum size motors
- 4) Installation of Turbo fans for cooling and ventilation in place of motorized exhaust fans.

b) Impact of measures taken

- 1) Increase in productivity with less power
- 2) Savings in Electricity/ Power consumption

c) Additional investments / modifications proposed

- 1) Introduction of Air Ducts by elimination of Pedestal Fans
- 2) Introduction of Fan less natural cooling tower in replacement of Fan type cooling towers.
- 3) Introduction of additional capacitors for improving the Power Factor.

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	For the Year ended September 30,	
	2011	2010
1. Electricity		
a. Purchased:		
- Total Units	8628960	2371880
- Total Amount (Rs.in lakhs)	508.63	178.65
- Rate per unit (Rs.)	5.89	7.53
b. Own Generation:		
- Units Generated	10081510	15420366
- Total Diesel/Coal Cost (Rs.Lacs)	621.78	667.75
- Cost per unit (Rs.)	6.17	4.33
2. Fuel :		
a) Biomass,Coal & Others -Quantity (M.T.)	22359	19931
- Total Cost (Rs.Lacs)	1018.57	807.18
- Fuel Rate per Kg. (Rs.)	4.56	4.05
- Fuel Cost/Kg. on Production (Rs.)	2.81	2.20
3. Consumption per Kg.of -		
- Production of Tyre & Tube:-		
- Electricity (Units/Kg.)	0.515	0.486
- Coal & Other Fuels (Kgs./Kg.)	0.616	0.544

FORM - B
A. TECHNOLOGY ABSORPTION:
1. Research & Development:

- a) Developed Nylon Radial Construction for Motor Cycles tyres.
- b) Developed Testing method for Bead Unseating in line with SRI, Japan, for Tubeless tires This is specially done looking to new customer requirement for upcoming tubeless tyres
- c) Development of New Sizes of tyres
- d) Usage of Polyester Fabric in Carcass for three wheeler for improved tyre performance – upgrade reinforcement material
- e) Developed new product with silica compound for better grip and rolling resistance
- f) Introduction of Spring loaded microvents (AVV) for better finish and aesthetic look.

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

- a) Improve the Products range
- b) Meet the Market requirement (OEMs & Replacement)
- c) Improved quality with consistent performance

3. Future Plan of action:

- a) Updation of machine/process for improve and quick product change

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
1) Efforts in brief made towards technology absorption, adoption and innovation:

- a) New Products and new patterns developed and are approved by OEMs

- b) SRI interactions w.r.t. Testing and approval from HGA for OEMs on existing & new upcoming vehicle model
- c) Cost optimization to balance bottom line by leaning New technology / products through attending Conference / Customer meet etc.

2) Benefits derived as a result of the above efforts

- a) Enhanced market share with OEMs and exports
- b) Eco Friendly Technology

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, → Not Applicable
has not been taken place, reasons therefore and future plans for action

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and used:

(Rs. in Lacs)

Particulars	2010-11 (12 Months)	2009-10 (12 Months)
i) Foreign Exchange Earned	4194.99	1315.66
ii) Foreign Exchange Used	9510.54	7600.79

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, 2011
1. (a) Number of shares held by Falcon Tyres Limited at the end of the above date	5,399,600
(b) Extent of Interest on above date	75%
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	NIL
(i) for the financial year ended March 31, 2011	Not Applicable*
(ii) for the previous financial year since it become a subsidiary	
(b) is dealt in the Company's account	
(i) for the financial year ended March 31, 2011	- 78.48 Lacs
(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, 2011 and September 30, 2011	
- Number of shares acquired	NIL
Material changes between the end of the subsidiary's financial year March 31, 2011 and September 30, 2011	Rs. in Lacs
(i) Fixed Assets (net additions)	22.99 Lakhs
(ii) Investments	NIL
(iii) Moneys lent by the subsidiary	NIL
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Automobile industry in India happens to be the ninth largest in the world. 2-3 wheeler account for nearly 80% of the Automobile Industry in Numbers in India. The growth of the Indian Tyre Industry is fuelled by the growth of the 2-3 wheelers tyres mainly. Majority of 1.16 Billion Population of India is middle class and lives in rural India. This indicates a huge potential, sustainable growth and prosperity for both 2-3 wheel manufacturers and its component makers, especially to products like tyres/ battery etc.

This is the third year in consecutive that Indian 2-3 wheel tyre industry has seen a double digit growth. This itself explains the potential of the 2-3 tyre industry in India. Your Company is focusing on 2-3 wheeler segment apart from presence in few other segments and expanding it's wing towards passenger car tyres.

Since 2009 the 2 & 3 wheeler industry has shown a remarkable growth. 2-3 wheeler industries have witnessed a capacity addition by all the major players in the last couple of years.

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. 240 per kg. Synthetic rubber and other input prices also witnessed a significant increase.

BUSINESS OUTLOOK AND OVERVIEW

Year 2010-11 has witnessed oversupply situation for products of the Company and industry due to higher capacity additions by major players in 2-3 wheeler segment. Sudden increase in production much faster than demand affects the performance of your Company. The Company has launched various value added new products like tubeless tyres etc. to increase its sales.

COMPANY PERFORMANCE

DOMESTIC SEGMENT

Your Company has kept a balance between it's major supplies in OEM and Replacement market, whereas Company was able to increase its supplies to the OEM's but was not able to increase its business in the replacement market due to sluggish market conditions and demand supply gap during the year. Although the demand has gone up but due to recent huge capacity additions a demand supply gap has been created and it will take some time to absorb additional capacities.

EXPORT SEGMENT

During the period under review, the Company has Directly/ Indirectly sold 7.06 Lacs tyres in export market in comparison to 3.81 Lacs tyres sold during the last year posting a growth of more than 85%. Your Company has started focusing on the segment and expects to grow at a rapid pace.

OPPORTUNITY AND THREATS

Automobile is one of the largest industries in global market. Being the leader in product and process technologies in the manufacturing sector, it has been recognized as one of the drivers of economic growth. Two-wheeler segment is one of the most important components of the automobile sector that has undergone significant changes. There is a large untapped market in semi-urban and rural areas of the country.

The Company has developed Tubeless Tyres and tested few Radial Tyres also during the last year and the responses to the same are positive. Moreover the newly developed Tuffgrip Tyres has also got very good response.

OPERATION REVIEW

Financial Performance:

The Company achieved a highest ever turnover of Rs. 97233 Lacs for the year ended 30th September 2011, as against previous year turnover of Rs. 84435 Lacs with an annualized increase of 15%. These results were achieved despite severe competition in the Industry. The PBT for the year under review is Rs. 4955 Lacs as against previous year PBT of Rs. 6578 Lacs.

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

Description	UOM	2010-11 (12 Months)	2009-10 (12 Months)
OEM's	Rs. in Lacs	39,916.08	31,693.64
Replacement	Rs. in Lacs	48,935.90	49,112.31
Exports	Rs. in Lacs	5,031.48	3,226.90
Others	Rs. in Lacs	3,349.48	401.92
Total	Rs. in Lacs	97,232.94	84,434.77

RISKS & CONCERN

The overall economic condition of the country may affect the business of the Company. Rise in interest rate, inflation, petrol prices, change in tax, fiscal & monetary policies, availability of the credit facilities are few of the factors which may adversely affect the Indian economy. Moreover the high fluctuation in the major Raw Materials including Crude and Forex can also spoil the

CORPORATE GOVERNANCE REPORT

growth / momentum in the industry. However India is fast emerging as the global hub of automobiles, the resilience shown by the Indian economy during the recent recession, strong fundamentals including favorable demographics, rapid urbanization, rising per capita disposable income and spending coupled with the increase in demand of vehicles, the Company does not expect to be significantly affected by this risk in the long term.

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 system, which covers all the areas of the Organization to ensure conformance to internal checks and controls. Internal Auditors 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 in place.

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 Business Meet etc. to ensure 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.

A) Company's Philosophy on Corporate Governance

Corporate Governance at Falcon Tyres Limited has been a continuous journey and the business goals of the Company are aimed at the overall well being and welfare of all the constituents of the system. The Company aims at achieving transparency, accountability, equity and sustained growth in all facets of its operations and in all interactions with stakeholders including shareholders, employees, Government, lenders and other constituents while fulfilling the role of responsible corporate representative committed to good corporate practices. At the heart of Company's corporate governance policy is the ideology of transparency and openness in the effective working of the management and Board. 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

The composition and other details relating to the Board of Directors as on 30th September 2011 are as follows:

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	1	-	-	-
Mr. A.K. Jain	Independent	1	-	1	1
Mr. K.N. Prithviraj	Independent	5	7	5	12
Mr. Prakash P. Mallya	Independent	3	4	5	9
Mr. Tarun Gandhi	Independent	3	-	-	-
Mr. Vijay Vaid	Independent	4	-	-	-
Mr. S. Ravi	Non-Executive	3	-	-	-
Mr. Sunil Bhansali	Executive	Nil	Nil	Nil	Nil

* Does not include Directorships in Private Limited Companies

The Board meets 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 and last Annual General Meeting.

The Board met 5 (five) times during the 12 months period from 1st October 2010 to 30th September 2011, i.e.

12 th November, 2010	11 th May, 2011
30 th December, 2010	10 th August, 2011
01 st February, 2011	

The last Annual General Meeting of the Company was held on 30th December, 2010.

The following are the details of attendance of Directors at Board Meeting and at the Annual General Meeting:

Attendance of the Directors for BOD and AGM

Sl. No.	Name of Directors	*No. of Board Meetings held during the tenure of the Director in 2010-11	No. of Board Meetings attended	Attendance at Last AGM
1.	Mr. Pawan Kumar Ruia	5	3	No
2.	Mr. A. K. Jain	5	4	Yes
3.	Mr. K. N. Prithviraj	5	4	No
4.	Mr. Prakash P. Mallya	5	4	Yes
5.	Mr. Tarun Gandhi	5	-	No
6.	Mr. S. Ravi	5	5	Yes
7.	Mr. Sunil Bhansali	5	5	Yes
PART OF THE YEAR:				
8.	Mr. Vijay Vaid resigned on 24.05.2011	4	3	Yes

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

C) Audit Committee

The Audit Committee has been constituted by the Board of Directors in accordance with the requirements of Section 292A of the Companies Act, 1956 and in terms of Clause 49 of the Listing Agreement as amended from time to time.

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

Sl.No	Name of the Committee Member	Chairman / Member
1	Mr. A. K. Jain	Chairman
2	Mr. K. N. Prithviraj	Member
3	Mr. Prakash P. Mallya	Member
4	Mr. Tarun Gandhi	Member
5	Mr. S. Ravi	Member

All 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:

- a) Review of Company's financial reporting process.

- b) Review of Quarterly and Annual Financial Statements, before submission to the Board.
c) Review with External Auditors, on areas of concern.
d) Recommending appointment of External Auditor.
e) To ensure compliance of internal control system and action taken on internal audit report.
f) Review of findings etc., of internal investigations by Internal Auditors and reporting thereof to the Board.
g) To hold periodical discussion with statutory auditors on the scope and content of audit.
h) To review the Company's Financial and Risk Management Policies.
i) To appraise the Board on the impact of accounting policies, accounting standards and legislation.
j) Review of reasons for defaults, if any, in payment to shareholders / creditors etc.
k) Review of adequacy of internal audit function.

The Audit Committee meeting held four times during twelve months period from 01.10.2010 to 30.09.2011

Sl. No.	Date of the Audit Committee Meeting
1.	12 th November, 2010
2.	01 st February, 2011
3.	11 th May, 2011
4.	10 th August, 2011

Attendance at Audit Committee Meeting

Name of Directors	No. of Audit Meetings held during the tenure of the Director 2010-11	No. of Meetings attended
Mr. A.K. Jain	4	3
Mr. K.N. Prithviraj	4	4
Mr. Prakash P. Mallya	4	3
Mr. Tarun Gandhi	4	0
Mr. S. Ravi	4	4

D) Remuneration Committee

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

Name of Committee Members	Chairman / Member
Mr. K.N. Prithviraj	Chairman
Mr. A.K. Jain	Member
Mr. Tarun Gandhi	Member
Mr. S. Ravi	Member

Details of Service Contract with the Directors:

For any termination of service contract, either the Company or the Executive Chairman / Director are 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. A.K. Jain	1,10,000
Mr. K.N. Prithviraj	1,20,000
Mr. Prakash P. Mallya	1,10,000
Mr. Vijay Vaid	60,000
Total	4,00,000

E) Investors' / Shareholders' Grievances Committee

As of 30th September, 2011, the Committee consists of three Directors and one Company Executive, namely,

Sl.No	Name of the Directors	Chairman / Member
1.	Mr. S. Ravi	Member (Non-Executive Director)
2.	Mr. Tarun Gandhi	Member (Independent Director)
3.	Mr. Sunil Bhansali	Member (Executive Director)
4.	Mr. Rohit Patesaria	Member (AVP – Finance)

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, four 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	Special Resolution Passed
2007-2008	30/09/2008	Hotel Woodlands (Pvt.) Ltd No.5, Raja Ram Mohan Roy Road, Bengaluru - 560 025.	11.30 a.m.	1. To appoint Managing Director and fix his remuneration. 2. Approval of members for investment as per Sec.372A of Companies Act, 1956.
2008-2009	29/12/2009	Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.30 p.m.	NIL
2009-2010	30/12/2010	Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.30 p.m.	Enhancement in remuneration of Executive Director.

Extra Ordinary General Meeting: Nil
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 (12) 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 newspaper having nation wide circulation and in one daily regional language newspaper. 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), 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 and 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 23rd December, 2011 at 12.30 p.m. at Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016

Financial Period	1 st October, 2010 to 30 th September, 2011
Date of Book Closure	19 th December, 2011 to 23 rd December, 2011 (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 at Bombay 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

Demat ISIN : INE511B01024

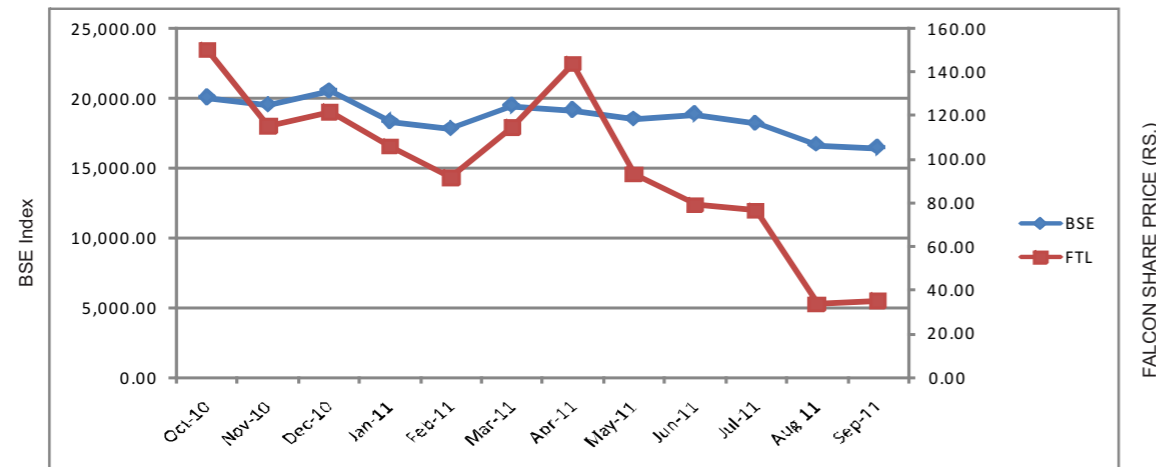
Market Price Movement

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, 2010	179.00	147.25
November, 2010	153.00	104.55
December, 2010	127.95	99.00
January, 2011	128.50	100.00
February, 2011	114.00	90.00
March, 2011	124.85	85.60
April, 2011	156.00	110.40
May, 2011	149.00	68.05
June, 2011	95.90	74.00
July, 2011	85.00	63.00
August, 2011	79.80	31.20
September, 2011	44.70	29.50

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 (RTA)

Integrated Enterprises (India) Ltd.
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru – 560 003
Tel: 080-23460815
Fax: 080-23460819

Share Transfer System

97.92 % of shares of the Company are in the electronic form. Transfers 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 severally empowered to approve transfers.

Shareholding Pattern As On 30th September, 2011

No. of equity shares	Holders No. of holders	Holders %	Holding No. of shares held	Holding %
Upto 1000	2986	83.43	620106	1.82
1001 - 2500	326	9.11	541963	1.59
2501 - 5000	154	4.30	521399	1.53
5001 - 10000	57	1.59	389484	1.14
10001 and above	56	1.57	32012580	93.92
TOTAL	3579	100.00	34085532	100.00

Dematerialisation of Shares and Liquidity of the Company's shares are compulsorily traded in dematerialised 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 97.92% of the Company's Share Capital are dematerialised as on 30th September, 2011. The Company's shares are regularly traded on Bombay Stock Exchange Limited in electronic form.

Investors Protection Fund:

The Company will deposit the Unclaimed Dividend declared during 2003-04 and Unpaid Debenture redemption amount into Investor's Protection Fund on or before 30.11.2011.

Shareholders who have not yet encashed their dividend warrants for the year 2004-05 to 2009-10 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, 2011.

Bangalore,
7th November, 2011

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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.
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 of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants 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.

For K.N. Gutgutia & Co.
Chartered Accountants
ICAI Firm Registration No. 304153E

SUBHASISH PORE
Partner
Membership No. 55862

Bangalore
7th November, 2011

AUDITOR'S REPORT

TO THE MEMBERS OF
FALCON TYRES LIMITED

1. We have audited the attached Balance Sheet of Falcon Tyres Limited ('the Company') as at 30th September, 2011, 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.

2. 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 explanations 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.
3. 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 accounts 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, 2011 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 explanations 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, 2011;
 - 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
ICAI Firm Registration No. 304153E

Bangalore
7th November, 2011

SUBHASISH PORE
Partner
Membership No. 55862

ANNEXURE (referred to in paragraph 2 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 procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory 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 no 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 ; and
- 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) 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.
- b) There are no dues of Income Tax/Sales Tax/Wealth Tax/ Service Tax / Customs Duty/ Excise Duty/ Cess that have not been deposited on account of any dispute.
- ix) 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 any bank.

- 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 for a loan taken by another company from a bank and the terms and conditions thereof are not prejudicial to the interest of 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.

Bangalore
7th November, 2011

For K.N. GUTGUTIA & CO.
Chartered Accountants
ICAI Firm Registration No.304153E

SUBHASISH PORE
Partner
Membership No. 55862

BALANCE SHEET AS AT 30TH SEPTEMBER, 2011

(Rs. in Lacs)

	Schedule No	As at 30th September, 2011		As at 30th September, 2010	
I Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	1	1704.27		1704.27	
b) Reserves & Surplus	2	17972.74	19677.01	16110.62	17814.89
2. Loan Funds					
a) Secured	3	30805.65		15022.60	
b) Unsecured	4	13967.62	44773.27	8171.80	23194.40
3. Deferred Taxation -Net					
			763.50		726.95
Total		65213.78		41736.24	
II Application of Funds					
1. Fixed Assets					
Gross Block	5	27211.47		25015.45	
Less: Depreciation		7714.47		6516.52	
Net Block		19497.00		18498.93	
Capital Work - in - Progress		28070.42	47567.42	3863.68	22362.61
2. Investments					
	6		8863.00		8863.00
3 Current Assets, Loans & Advances					
a) Inventories	7	9139.97		7218.21	
b) Sundry Debtors	8	11383.37		11236.94	
c) Cash & Bank balances	9	2779.96		3218.55	
d) Loans & Advances	10	4898.22		3408.93	
Less:		28201.52		25082.63	
4 Current Liabilities & Provisions					
a) Liabilities	11	15713.31		12250.85	
b) Provisions	12	3704.85		2321.15	
		19418.16		14572.00	
Net Current Assets			8783.36		10510.63
Miscellaneous Expenditure (to the extent not written off)	13	-		-	
Total		65213.78		41736.24	
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
K. N. Gutgutia & Co.
Chartered Accountants

ICAI Firm Registration No. 304153E

Subhasish Pore
Partner

Membership No.: 055862
Bangalore, 7th November, 2011

For and on behalf of the Board

M.C. Bhansali
Company Secretary

Sunil Bhansali
Executive Director

S. Ravi
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

(Rs. in Lacs)

	Schedule No	As at 30th September, 2011		As at 30th September, 2010	
Income					
Gross Sales (net of returns & discounts)		97232.94		84434.77	
Less: Excise Duty		7160.17	90072.77	5624.36	78810.41
Other Income	14		763.08		566.33
			90835.85		79376.74
Expenditure					
Raw Materials Consumed	15		53756.95		42031.91
Increase(-)/Decrease(+) in stock	16		-2,476.18		-1593.61
Factored Goods Consumption	17		11430.21		11388.94
Manufacturing, Administrative, Selling & Distribution Expenses	18		20631.30		18541.27
Interest (Net)	19		1686.67		1652.11
Depreciation		1197.95		1129.81	
Less: Transfer to Revaluation Reserve		345.62	852.33	352.15	777.66
			85881.28		72798.28
Profit Before Taxation					
Provision for Taxation:					
For Current Year - Current Tax		2019.56		1482.21	
- Deferred Tax		36.55		-67.21	
		2056.11		1415.00	
			2056.11		1415.00
Profit After Taxation					
Profit Brought forward from Previous Year			2898.46		5163.46
Profit Available for Appropriation			872.40		205.90
Less:			3770.86		5369.36
Appropriations:					
Transfer to General Reserve		1000.00		3500.00	
Proposed Dividend		596.49		852.14	
Corporate Dividend Tax		94.23	1,690.72	144.82	4496.96
			2080.14		872.40
Balance carried to Balance Sheet					
Basic & Diluted Earning Per Share			8.50		15.15
Significant Accounting Policies and Notes on Accounts	20				

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
K. N. Gutgutia & Co.
Chartered Accountants

ICAI Firm Registration No. 304153E

Subhasish Pore
Partner

Membership No.: 055862
Bangalore, 7th November, 2011

For and on behalf of the Board

M.C. Bhansali
Company Secretary

Sunil Bhansali
Executive Director

S. Ravi
Director

SCHEDULE FORMING PART OF THE ACCOUNTS

	As at 30th September, 2011 (Rs. in Lacs)	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	10000.00
Issued, Subscribed and Paid up		
340,85,532 (340,85,532) Equity Shares of Rs.5/- each fully paid	1704.27	1704.27
(235,13,100 Equity Shares of Rs.5/- each held by DIL Rim and Wheel Corporation Ltd., Mauritius the holding Company and it's subsidiaries)		
Total	1704.27	1704.27

SCHEDULE 2
RESERVES & SURPLUS:

Revaluation Reserve		
As per last Balance Sheet	7655.86	8008.01
Less: Transferred to Profit & Loss Account	345.62	352.15
	7310.24	7655.86
Share Premium		
As per last Balance Sheet	165.87	165.87
Capital Reserve		
(Capital Subsidy Received from Government through MNRE)	100.00	100.00
General Reserve		
As per last Balance Sheet	7316.49	3816.49
Add: Transferred from Profit & Loss Account	1000.00	3500.00
	8316.49	7316.49
Surplus as per Profit & Loss Account	2080.14	872.40
Total	17972.74	16110.62

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 3		
SECURED LOANS:		
Cash Credit from Banks	9346.20	7713.37
(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)		
Term Loan - Syndicate Bank - TL I	1462.29	2615.81
(Secured by hypothecation of Company's Plant & Machinery and Immovable Properties situated at Mysore arising out of the Term Loan and pari-passu first charge on the current assets and fixed assets of the Company)		
Term Loan - Yes Bank	1513.64	2186.36
(Secured by subservient charge on current assets and fixed assets, Corporate guarantee 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)		
Term Loan - Central Bank of India	10119.72	2,507.06
(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)		
Term Loan - The South Indian Bank Limited	3652.73	-
(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)		
Term Loan - Syndicate Bank - TL II	4711.07	-
(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)		
Total	30805.65	15022.60
SCHEDULE 4		
UNSECURED LOANS:		
Short Term Loan		
Interest free Loan from Body Corporates	13155.12	5771.80
Loan from Customers	812.50	2400.00
Total	13967.62	8171.80

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

**SCHEDULE - 5
 FIXED ASSETS:**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.10.2010	Additions	Sale of Assets	As at 30.09.2011	Upto 30.09.2010	For the Period For the Period	Sale of Assets For the Period	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Land	4625.00			4625.00					4625.00	4625.00
Buildings	3741.78	4.46		3746.24	680.20	122.48		802.68	2943.56	3061.58
Plant & Machinery	15786.06	2168.51		17954.57	5322.75	1012.97		6335.72	11618.85	10463.31
Computers	157.53	9.76		167.29	130.61	14.40		145.01	22.28	26.92
Electrical Installation	458.70	3.48		462.18	214.08	18.17		232.25	229.93	244.62
Office & Lab Equipment	32.84	2.27		35.11	18.88	1.59		20.47	14.64	13.96
Furniture & Fixtures	73.82	0.04		73.86	55.04	3.10		58.14	15.72	18.78
Vehicles	42.39	7.50		49.89	19.57	4.23		23.80	26.09	22.82
Low Value Assets	9.73			9.73	8.70	0.10		8.80	0.93	1.03
Technical Know-how	87.60			87.60	66.69	20.91		87.60	0.00	20.91
TOTAL	25015.45	2196.02	-	27211.47	6516.52	1197.95	-	7714.47	19497.00	18498.93
Previous year figures as at 30.09.2010	23783.46	1232.43	0.44	25015.45	5386.71	1130.03	0.22	6516.52	18498.93	18396.75

(Rs. in Lacs)

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

SCHEDULE 6
INVESTMENT (AT COST) :
Long term other than Trade
Equity Shares Fully paid up-Un-Quoted

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 Limited	4.00	4.00
53,99,400 shares of Rs.10/-each in Monotona Tyres Limited	8857.03	8,857.03

Equity Shares Fully paid up -Quoted

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 30.09.2011 Rs. 28.80 lacs (Rs.45.41 lacs)		

Total
8863.00
8863.00
SCHEDULE 7
INVENTORIES :

(As per stocks taken, valued and certified by Management)		
Raw Materials	2343.43	3050.47
Stores & Spares	300.86	257.62
Work - in - Process	591.18	369.26
Finished Goods (Including Traded Goods)	5904.50	3540.86

Total
9139.97
7218.21
SCHEDULE 8
SUNDRY DEBTORS:
Debts Outstanding for a period exceeding six months

- Considered good	-	4.32
- Considered doubtful	-	-
	-	4.32
Other debts - Considered good	11383.37	11232.62
Total	11383.37	11236.94

As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
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SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 9		
CASH & BANK BALANCES :		
Cash in hand	7.49	6.10
Cheque in Transit	1362.41	1658.20
Balances with Scheduled Banks :		
In Current Accounts	623.28	625.66
In Unpaid Dividend Account	17.17	6.58
In Unpaid Debenture Account	-	9.10
In Deposit Accounts	769.61	912.91
(Under lien to various Banks against Letter of Credits, Bank Guarantees and borrowings)		
Total	2779.96	3218.55

SCHEDULE 10
LOANS & ADVANCES :
(Unsecured, considered good, unless otherwise stated)

Advances Recoverable in cash or in kind or for value to be received	4710.80	3241.00
Other Deposits	187.42	167.93
Total	4898.22	3408.93

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 11		
CURRENT LIABILITIES :		
Acceptance	2979.93	2206.55
Sundry Creditors	5165.31	3325.22
Unclaimed Dividend *	17.17	6.58
Unclaimed Debenture *	-	9.10
Balance with Central Excise & Customs Authorities	220.94	218.14
Deposits from Dealer	2140.00	2040.19
Other liabilities	5164.99	4401.42
Interest accrued but not due on loan	24.97	43.65
* Does not include any amounts due for deposit to the Investor Education & Protection Fund		
Total	15713.31	12250.85

Schedule 12
Provisions For :

- Taxation (Net of Advances)	2526.84	930.19
- Proposed Dividend	596.49	852.14
- Corporate Dividend Tax	97.52	144.82
- Warranty	484.00	394.00
Total	3704.85	2321.15

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
Total	-	-

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 14		
OTHER INCOME:		
Sale of Scrap	343.38	324.79
Exchange difference (Net)	137.80	6.68
Export Incentives	242.53	193.55
Dividend from long term, other than trade investments	32.39	35.36
Sundry Balances Adjusted (Net)	3.58	-
Miscellaneous Income	3.40	5.95
Total	763.08	566.33
SCHEDULE 15		
RAW MATERIAL CONSUMED:		
Opening Stock	3050.47	1925.81
Add: Purchases	53049.91	43156.57
	56100.38	45082.38
Less: Closing Stock	2343.43	3050.47
Total	53756.95	42031.91
SCHEDULE 16		
(INCREASE) / DECREASE IN STOCK:		
Opening Stock		
Work in process	369.26	219.28
Finished Goods	2386.05	942.42
	2755.31	1161.70
Less: Closing Stock		
Work in process	591.18	369.26
Finished Goods	4640.31	2386.05
	5231.49	2755.31
TOTAL Increase (-)/ Decrease(+) in Stock	-2476.18	-1593.61
SCHEDULE 17		
CONSUMPTION OF TRADED GOODS:		
Opening Stock	1154.81	148.98
Add: Purchases	11539.59	12394.77
Less: Closing Stock	1264.19	1154.81
Total	11430.21	11388.94

SCHEDULE FORMING PART OF THE ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 18		
MANUFACTURING, ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES:		
Stores Consumed	234.04	185.77
Power, Fuel and Water Charges	2501.48	2182.67
Mixing & Conversion Charges	1880.68	1837.34
Increase /(Decrease) in Excise Duty	269.46	223.59
Salaries, Wages and Bonus etc.	4185.82	3703.67
Contribution to Provident, Gratuity & Other Funds	498.99	639.40
Staff Welfare Expenses	243.69	235.66
Repairs - Plant & Machinery	555.63	565.43
Repairs - Buildings	10.74	16.76
Repairs - Others	59.09	40.84
Rent	115.85	28.20
Rates & Taxes	22.80	67.29
Insurance	29.77	25.41
Directors Sitting Fees	4.00	2.40
Selling & Distribution Expenses	2898.38	2990.99
Commission	557.49	481.30
Discount	2457.20	2387.75
Royalty	2720.64	1501.28
Printing & Stationery	44.63	44.01
Communication	44.06	44.76
Traveling & Conveyance	278.08	273.00
Bank Charges	190.52	207.19
Donation	0.77	0.31
Miscellaneous Expenses	827.49	856.25
Total	20631.30	18541.27
SCHEDULE 19		
INTEREST & FINANCE CHARGES:		
Interest on		
Term Loan	568.63	707.55
Cash Credit Account	997.14	914.13
Other Finance Charges	186.26	70.08
	1752.03	1691.76
Less: Interest Received (Gross)	65.36	39.65
(Includes TDS Rs. 14.78 Lacs (Rs. 17.64 Lacs))		
Total	1686.67	1652.11

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 and governing statutes in India.

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 / materialized.

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 include 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.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

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.

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 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 ACCOUNTS (CONTD.)

B. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for

Sl. No.	Particulars	(Rs. in Lacs)	
		As on September 30,	
		2011	2010
1	Claims not acknowledged as debt	19.58	39.53
2	Corporate Guarantee	4800.00	4800.00

2. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs. 4512.12 Lacs (Rs. 5025.03 Lacs)
3. a) Major expansion projects undertaken by the company inter-alia includes modification of various assets.
b) Capital work in progress includes capital advances of Rs. 10251.09 Lacs (Rs. 2919.64 Lacs).

- 4.
- Micro, Small and Medium Enterprise**

Particulars	(Rs. in Lacs)	
	For the Year ended 30.9. 2011	
	Principal	Interest
Amount due to vendors	16.54	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	0.38

5. 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:

Particulars	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
Nature of Item	Warranty	
Opening Provision	394.00	97.00
Provided during the Year	613.70	902.95
Amount Utilized	523.70	605.95
Closing Provision	484.00	394.00

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.

6. Salary, Wages and bonus include retainer-ship fees amounting to Rs. 89.99 Lacs (Rs. 69.60 Lacs).

NOTES FORMING PART OF ACCOUNTS (CONTD.)

7. The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Scheme

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

	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
i. Employer's Contribution to Provident Fund	231.50	206.31
ii. Employer's Contribution to Superannuation Fund	85.85	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 recognizes 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.

Particulars	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
i. Change in the present value of the defined obligation representing reconciliation of opening and closing balances thereof are as follows	Gratuity Funded	
Liability at the beginning of the year	991.09	660.32
Provided during the Year	70.91	71.91
Interest Cost	68.77	52.07
Current Cost	5.60	271.76
Actuarial (Gain) / Loss on obligations	33.28	10.73
Benefits Paid	(54.60)	(75.70)
Liability at the end of the year	1115.05	991.09
ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair Value of Plan at the beginning of the year	444.07	431.65
Expected Return on Plan Assets	32.46	45.13
Contributions by the Company	32.10	35.69
Benefits Paid	(54.60)	(75.70)
Actuarial gain/(loss) on the Plan Assets	3.06	7.30
Fair Value of Plan Assets at the end of the year	457.09	444.07
Total actuarial Gain/ (Loss) to be Recognized	42.78	264.59

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
	Gratuity Funded	
iii. Actual Return on Plan Assets		
Expected return on Plan Assets	32.46	45.13
Actual gain/(loss) on Plan Assets	3.06	7.30
Actual Return on Plan Assets	35.52	52.43
iv. Amount Recognized in Balance Sheet		
Liability at the end of the period	1115.05	991.09
Fair value of Plan Assets at the end of the period	457.09	444.07
Unrecognized Past service Cost	-	3.93
Amount Recognised in the Balance Sheet	657.96	543.09
v. Expenses Recognized in the Income Statement		
Current Service Cost	68.77	52.07
Interest Cost	70.91	71.91
Expected Return on Plan Assets	(32.46)	(45.13)
Net Actuarial (gain)/loss to be Recognized	42.78	264.59
Past Service Cost	-	6.67
Expenses Recognised in Profit & Loss Account	150.00	350.11
vi. Balance Sheet Reconciliation		
Opening Net Liability	543.09	228.67
Expenses as above	150.00	350.11
Employers Contribution	(32.10)	(35.69)
Amount Recognized in Balance Sheet	657.96	543.09
vii. Principal Actuarial assumptions at the Balance Sheet		
Discount Rate	8.50%	7.95%
Rate of Return on Plan Assets	7.50%	7.50%
viii. Experience Adjustment		
Experience adjustments on Plan liabilities -Loss/(Gain)	13.95	72.55
Experience adjustments on Plan Assets -Loss/(Gain)	(8.34)	(7.30)
Net Experience Adjustment	5.61	65.25

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Compensated Absence

The obligations for compensated absences are recognized 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 2011 is given below:

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Privileged Leave	211.42	187.42
Sick Leave	22.48	19.93
Casual Leave	24.35	21.59

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

(Rs. In Lacs)

Provision for Deferred Tax	Opening as at 01.10.2010	Charge / (Credit)	Closing as at 30.09.2011
Deferred Tax Assets			
Expenses allowable on Payment basis:			
- Retirement benefits	126.17	102.34	228.51
Sub Total	126.17	102.34	228.51
Deferred Tax Liabilities			
Depreciation	853.12	138.89	992.01
Net Deferred Tax Liability	726.95	36.55	763.50

9. 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".

Particulars	For the Year Ended September 30,	
	2011	2010
Profit attributable to Equity Shareholders (Rs. in Lacs)	2898.46	5163.55
No. of shares @ basic value Rs.5/- each	34085532	34085532
Basic and diluted earning per share (in Rs.)	8.50	15.15

10. Remuneration paid to Executive Chairman & Executive Director

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Salary	467.66	318.86
Perquisites	63.13	43.02
Contribution to PF & other funds	101.01	67.30
Total	631.80	429.18

NOTES FORMING PART OF ACCOUNTS (CONTD.)

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

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Statutory Audit Fees	3.50	3.50
Certification Fees (Excluding Service Tax)	1.75	1.75
Total	5.25	5.25

12. 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 2011.

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, Dunlop Polymers Pvt. Ltd., Falcon Tyres Impex Pvt. Ltd., Falcon Tyres Rubbers Pvt. Ltd., Jessop & Co. Ltd., Manali Properties & Finance Pvt. Ltd., Ruia Sons Pvt. Ltd., Ruia Corporate Service Pvt. Ltd., Shalimar Towers Pvt. Ltd., Suryamani Finance Co Ltd., Tulip Machineries Pvt. Ltd., Vidyuth Petrochem Pvt. Ltd. & Walker Properties Pvt. Ltd.

ii. Subsidiary : Monotona Tyres Limited

iii. Others:

Aakashdeep Properties Pvt. Ltd., Acurate Traders Pvt. Ltd., Adhishwar Nivesh Pvt. Ltd., Alpha Airways Pvt. Ltd., Always Properties & Finance Pvt. Ltd., American Merchandising Ltd., Anchita Commercials Pvt. Ltd., Angan Properties Private Limited, Anish Traders Pvt. Ltd., Aparupa Properties Pvt. Ltd., Ayodhya Properties & Finance Pvt. Ltd., Ballard Commercials Pvt. Ltd., Banalata Traders Pvt. Ltd., Bandana Commercials Pvt. Ltd. Beadon Traders Pvt. Ltd., Bharatiya Hotels Pvt. Ltd., Bipul Commercials Pvt. Ltd., Blackstone Holdings Private Ltd., Bloom Billions Sdn Bhd- Malaysia, Borneo Traders Pvt. Ltd., Brawany Nivesh Pvt. Ltd., BTR Sealing System UK Ltd. – UK, Chaity Commercials Pvt. Ltd., Chaman Trade Links Pvt. Ltd., Chambal Marketing Pvt. Ltd., Chemical Corporation of India Ltd., Chinsurah Chemicals Pvt. Ltd., Chorus Trade Links Pvt. Ltd., Climber Properties Pvt. Ltd., D K Properties Pvt. Ltd., Dadar Properties & Finance Pvt. Ltd., Deblok Traders Pvt. Ltd., Deoghar Properties & Finance Pvt. Ltd., Dhan E Commerce Pvt. Ltd., Dipti Commercials Pvt. Ltd., Divya Mercantile Ltd., Double Plus Software (P) Ltd., Draftex Automotive GMBH, Dunlop Estates Pvt. Ltd., Dunlop Infrastructure Pvt. Ltd., Dunlop Investments Ltd., Dunlop Latex Foam Europe Ltd., Dunlop Properties Pvt. Ltd., Dunlop Rubber Limited, Dunlop Tyres Limited, Dunlop Auto Tyres Limited, Dunlop Uk Limited-UK, Dunlop East Ltd., Dunlop South Ltd., Durg Properties & Finance Pvt. Ltd., Ebony Commercials Pvt. Ltd., Eco Traders Pte Ltd., Edina Marketing Pvt. Ltd., Elloit Mercantile Pvt. Ltd., eMotions Media Pvt. Ltd., Empire Minerals Pvt. Ltd., Enormous Nivesh Pvt. Ltd., Eyelid Mercantile Pvt. Ltd., Fabulous Nivesh Pvt. Ltd., Fairvalue Impex Ltd. – Mauritius, Falken Tyres Ltd., Fiber Foam (Bombay) Pvt. Ltd., Fragment Nivesh Pvt. Ltd., Gain E-Commerce Pvt. Ltd., Gain Dot Com Pvt. Ltd., Global Fin Pro Ltd., Globe Sugar Refinery Ltd.,

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Glorious Investment Ltd. – Mauritius, Goldman Securities Ltd., Goldman Stock & Share Brokers Ltd., Global Finvest Ltd., Gumasol Rubber Tec GMBH, Gyan Website Pvt. Ltd., Hardcore Viniyog Pvt. Ltd., Herald Investments Pvt. Ltd., Hiker Properties Pvt. Ltd., Hiland Traders Pvt. Ltd., Hindustan Texknit Pvt. Ltd., Hiraakud Industrial Works Ltd., Hiraakud Rolling Mill Ltd., Hriday Commercials Pvt. Ltd., Ibccon(Calcutta) Pvt. Ltd., India Finance Ltd., India Tyre & Rubber Co (India) Ltd., Indo-Wagon Engineering Ltd., Jai Badrinath Niketan Pvt. Ltd., Jai Brijmohan Niketan Pvt. Ltd., Jai Ganga Nirman Pvt. Ltd., Jai Gokul Towers Pvt. Ltd., Jai Harihor Tower Pvt. Ltd., Jai Raghuvir Enclave Pvt. Ltd., Jai Tridev Vihar Pvt. Ltd., Jai Vaibhav Niketan Pvt. Ltd., Janaki Marketing Pvt. Ltd., Jessop Estate Pvt. Ltd., Jessop Infotech Pvt. Ltd., Jessop Infrastructure Pvt. Ltd., Jessop Properties Pvt. Ltd., Jessop Shipyard Limited, Jessop Wagons & Coaches Ltd., Kailash Enterprises (New Delhi) Pvt. Ltd., Kamlapur Sugar & Industries Ltd., Kanti Commercials Pvt. Ltd., Kothi Lefin Pvt. Ltd., Kulu Properties & Finance Pvt. Ltd., Liluah Ceramics Pvt. Ltd., Lona Commercials Pvt. Ltd., Mahant Merchandise Pvt. Ltd., Malini Properties Pvt. Ltd., Manavendra Commercials Pvt. Ltd., Mandhatri Traders Pvt. Ltd., Manidipa Properties Pvt. Ltd., Manjari Properties Pvt. Ltd., Mayank Services Ltd., Metro Developers Ltd., Metropole Hills Hotel Pvt. Ltd., Monarch Exim Pvt. Ltd., Moulisree Electricals & Electronics Ltd., Mridula Marketing Pvt. Ltd., Mudrika Commercials Pvt. Ltd., Mugdha Properties Pvt. Ltd., Nandini Properties Pvt. Ltd., Nevadita Properties Pvt. Ltd., Ocean Constructions Pte Ltd., OM Cotex Ltd. (Formerly Ruia Cotex Ltd.), Onix Business Services Ltd., Orion Otomotiv ve Yedek Parça Sanayi ve Tic. A.Ş. -Turkey, P.K. Constructions Pvt. Ltd., Pacific Apparels Ltd., Pacific Website Pvt. Ltd., Pallavi Manufacturers Pvt. Ltd., Parnika Marketing Private Ltd., Pawan Herbals Pvt. Ltd., Payneganga Sugars & Chemicals Ltd., Radient Investment Ltd.-Mauritius, Raghav Industries Ltd., Rapid Investment Ltd. - Mauritius, Renuka Resorts Pvt. Ltd., Realworth Trading Ltd.- Mauritius, Rose E-Commerce Pvt. Ltd., Rose Investment Ltd.-Mauritius, Ruia Agro Products Pvt. Ltd., Ruia Electronics Pvt. Ltd., Ruia Global Fasteners AG, Ruia Holding - GMBH, Ruia Holding France SAS, Ruia International France SAS, Ruia Automotive SRO-Chek, Ruia Hospital & Educational Research Institution, Ruia Hotels Pvt. Ltd., Ruia Industries Ltd. – Mauritius, Ruia Marketing Ltd., Ruia Overseas Private Limited, Ruia Properties GMBH, Ruia Technologies Ltd., Ryham Pte Limited- Singapore, Ruia Sealynx SAS -France, Sagarika Properties Pvt. Ltd., Sanjose Polymers Pvt. Ltd., Sarvan Commercials Pvt. Ltd., Satarupa Properties Pvt. Ltd., Schlegel Automotive Europe Ltd _UK, Schlegel Automotive India Pvt.Ltd., Sealynx Automotive Romania, Sealynx Automotive Morocco, Sealynx Automotive Tunisia, Sealynx Automotive Russia, Securities Brokers India Limited, Shakambari Communications Pvt. Ltd., Shalini Properties & Developers Pvt. Ltd., Shankar Traders & Dealers Ltd., Sheetal Exports Ltd., Shresth (India) Pvt Ltd., Skypak Properties & Finance Pvt Ltd., Spices Valley Estates Ltd., SPR Resorts Ltd., Ruia Global Nivesh Pvt. Ltd. (Formerly SPR Textiles Pvt. Ltd.), Stephen Financial Services Pvt. Ltd., Sterling Share Brokers (P) Ltd., Subhlaxmi Compusis Pvt. Ltd., Subhra Marketing Ltd., Sugandha Industries Pvt. Ltd., Sukaram Marketing Ltd., Surag Commercials Pvt. Ltd., Tribhuban Marketing (P) Ltd., Udbav Commercials Pvt. Ltd., Vilas Marketing Private Limited, Wealth Field Pte Ltd., Wealth Ocean Pte Ltd.- Sinagpore, Wealth overseas Pte Ltd.- Sinagpore, Wealth Valley Pte Ltd., Wealthsea Ltd. - Mauritius, Wealthsea Pte. Ltd.-Sinagpore, Wealth Treasury Ltd.-Mauritius, Wealth Pacific Holding Ltd.-Mauritius, Wealthsea Holdings A.S -Turkey, Wizer Advertising Pvt. Ltd., Yamuna Website Pvt. Ltd., Zeal Infotech Pvt. Ltd., Zipco Industrial Finance Pvt. Ltd.

The above (iii) though not required in terms of Accounting Standard 18 on "Related Party Disclosure" has been disclosed in view of disclosure requirement of the SEBI (Substantial Acquisition of Shares and takeovers) regulations, 1997 in relation to inter se transfer of shares among group companies.

d) Key management Personnel:

a) Mr. Pawan Kumar Ruia (Executive Chairman)

b) Mr. Sunil Bhansali (Executive Director)

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Related Party Transactions:

(Rs. in Lacs)

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	For the Year Ended September 30,							
	2011	2010	2011	2010	2011	2010	2011	2010
Income								
Sale of Finished Goods								
Falcon Tyres Impex Pvt. Ltd.	-	-	1019.47	1791.54	-	-	1,019.47	1,791.54
Sale of Materials								
Dunlop India Ltd.	-	-	-	6.15	-	-	-	6.15
Dunlop Polymers Pvt. Ltd.	-	-	3,450.93	4,447.49	-	-	3,450.93	4,447.49
Debit note on RM Purchases								
Dunlop India Ltd.	-	-	-	28.96	-	-	-	28.96
Others	-	-	-	-	-	-	-	-
Monotona Tyres Limited	-	120.88	-	-	-	-	-	120.88
Ruia Sons Pvt. Ltd.	-	-	14.21	-	-	-	14.21	-
Dunlop Polymers Pvt. Ltd.	-	-	28.90	33.31	-	-	28.90	33.31
Dunlop India Ltd.	-	-	-	0.31	-	-	-	0.31
Expenses								
Royalty								
Ruia Sons Pvt. Ltd.	-	-	2,378.22	1,193.89	-	-	2,378.22	1,193.89
Purchase of Traded Goods	-	-	-	15.30	-	-	-	15.30
Dunlop India Ltd.	-	-	-	-	-	-	-	-
Dunlop Polymers Pvt. Ltd.	-	-	5,867.06	4,227.04	-	-	5,867.06	4,227.04
Monotona Tyres Limited	6,089.07	7,017.91	-	-	-	-	6,089.07	7,017.91
Remuneration & Reimbursement								
Pawan Kumar Ruia	-	-	-	-	649.20	437.80	649.20	437.80
Sunil Bhansali	-	-	-	-	37.50	32.00	37.50	32.00
Mixing Charges								
Dunlop India Ltd.	-	-	563.49	577.42	-	-	563.49	577.42
Others	-	-	-	-	-	-	-	-
Monotona Tyres Limited	14.21	-	-	-	-	-	14.21	-
Ruia Sons Pvt. Ltd.	-	-	8.16	76.41	-	-	8.16	76.41
Vidyuth Petrochem Pvt. Ltd.	-	-	62.50	-	-	-	62.50	-
Falcon Tyres Impex Pvt. Ltd.	-	-	-	69.44	-	-	-	69.44
Jessop and Company Ltd.	-	-	0.08	-	-	-	0.08	-
Ruia Corporate Services Pvt. Ltd.	-	-	-	21.85	-	-	-	21.85
Misc Management Charges								
Ruia Sons Pvt. Ltd.	-	-	480.00	431.96	-	-	480.00	431.96
Assets								
Advance Paid								
Falcon Tyres Impex Pvt. Ltd.	-	-	819.40	3.15	-	-	819.40	3.15
Falcon Tyres Rubber Pvt. Ltd.	-	-	25.57	0.38	-	-	25.57	0.38
Dunlop India Ltd.	-	-	421.37	2,289.94	-	-	421.37	2,289.94
Tulip Machineries Pvt. Ltd.	-	-	1,190.00	1,067.52	-	-	1,190.00	1,067.52
Walker Properties Pvt. Ltd.	-	-	75.00	-	-	-	75.00	-

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(Rs. in Lacs)

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	For the Year Ended September 30,							
	2011	2010	2011	2010	2011	2010	2011	2010
Vidyuth Petrochem Pvt. Ltd.	-	-	-	62.50	-	-	-	62.50
Jessop and Company Ltd.	-	-	-	16.00	-	-	-	16.00
Shalimar Towers Pvt. Ltd.	-	-	1,236.00	-	-	-	1,236.00	-
Ruia Sons Pvt. Ltd.	-	-	565.67	-	-	-	565.67	-
Ruia Corporate Services Pvt. Ltd.	-	-	37.57	-	-	-	37.57	-
Assignment Transfer								
Suryamani Financing Co. Ltd.	-	-	75.00	-	-	-	75.00	-
Manali Properties & Finance Pvt. Ltd.	-	-	(75.00)	-	-	-	(75.00)	-
Investments								
Monotona Tyres Ltd.	-	8857.03	-	-	-	-	-	8857.03
Liabilities								
Unsecured Loan Taken								
Manali Properties & Finance Pvt. Ltd.	-	-	7383.32	-	-	-	7383.32	-
Transfer of C&F Deposit	-	-	-	-	-	-	-	-
Dunlop India Limited	-	-	-	48.39	-	-	-	48.39
Balance as on 30.09.2011								
Loans & Advances								
Dunlop India Ltd.	-	-	2,147.82	2,289.94	-	-	2,147.82	2,289.94
Falcon Tyres Impex Pvt. Ltd.	-	-	743.74	152.67	-	-	743.74	152.67
Falcon Tyres Rubber Pvt. Ltd.	-	-	24.94	-	-	-	24.94	-
Jessop & Co. Ltd.	-	-	16.08	16.00	-	-	16.08	16.00
Ruia Sons Pvt. Ltd.	-	-	578.17	144.42	-	-	578.17	144.42
Ruia Corporate Services Pvt. Ltd.	-	-	40.47	2.90	-	-	40.47	2.90
Shalimar Towers Pvt. Ltd.	-	-	1,236.00	-	-	-	1,236.00	-
Tulip Machineries Pvt. Ltd.	-	-	2,257.52	1,067.52	-	-	2,257.52	1,067.52
Walker Properties Pvt. Ltd.	-	-	401.05	326.05	-	-	401.05	326.05
Vidyuth Petrochem Pvt. Ltd.	-	-	-	62.50	-	-	-	62.50
Creditor Balance								
Dunlop Polymers Pvt. Ltd.	-	-	660.10	242.34	-	-	660.10	242.34
Falcon Tyres Rubber Pvt. Ltd.	-	-	-	0.63	-	-	-	0.63
Monotona Tyres Ltd.	-	-	474.78	842.36	-	-	474.78	842.36
Current Liabilities								
Manali Properties & Finance Pvt. Ltd.	-	-	13,155.12	5,696.80	-	-	13,155.12	5,696.80
Suryamani Financing Co. Ltd.	-	-	-	75.00	-	-	-	75.00

NOTES FORMING PART OF ACCOUNTS (CONTD.)

13. 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 2011

(Rs. in Lacs)

Party Name	Maximum Outstanding during the year	Closing Balance
Dunlop India Ltd.	2246.44	2147.82
Falcon Tyres Rubbers Pvt. Ltd.	24.94	24.94
Ruia & Sons Pvt. Ltd.	578.17	242.22
Ruia Corporate Services Pvt. Ltd.	66.48	40.47
Tulip Machineries Pvt. Ltd.	2257.52	2257.52
Jessop & Co Ltd.	16.08	16.08
Falcon Tyres Impex Pvt. Ltd.	799.49	743.74

14. The Company's operations predominantly consist of only one product segment i.e. 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 -17 (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.

15. Quantitative & Other Information:

Particulars	Tyres		Tubes		Flaps		Total
	Qty in Nos	Value in Rs. Lacs	Qty in Nos	Value in Rs. Lacs	Qty in Nos	Value in Rs. Lacs	Value in Rs. Lacs
Installed Capacity (Per Annum) *	1,08,00,000 (1,08,00,000)		54,00,000 (54,00,000)				
Production **	1,01,44,905 (1,02,11,634)		68,74,213 (72,55,101)				
Purchases Factor Goods	4,83,567 (5,65,632)	3,857.93 (4,395.25)	58,35,341 (61,86,489)	7,675.02 (7,997.65)	4,386 (1,237)	6.64 (1.87)	11,539.59 (12,394.77)
Opening Stock	4,26,868 (1,73,065)	2,318.08 (617.90)	10,67,283 (5,77,711)	1,219.63 (471.26)	2,582 (2,211)	3.15 (2.24)	3,540.86 (1,091.40)
Sales	1,03,12,553 (1,05,23,463)	76,407.39 (66,418.14)	12,545,954 (12,952,018)	17,476.05 (17,613.46)	4,657 (866)	7.90 (1.21)	93,891.34 (84,032.81)
Closing Stock	7,42,787 (4,26,868)	4,390.13 (2,318.08)	12,30,883 (10,67,283)	1,511.44 (1,219.63)	2,311 (2,582)	2.93 (3.15)	5,904.50 (3,540.86)
Tonnage Information (Metric Ton)							
Installed Capacity (Per annum)	36,183 (36,183)		2,566 (2,566)				
Production **	33,900 (34,212)		3,244.00 (3,448)				

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

** Production includes, Production on Job Work basis.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

16. Raw Materials and Stores & Spares Consumed:

Particulars	30.09.2011		30.09.2010	
	Qty in MT	Value in Rs. Lacs	Qty in MT	Value in Rs. Lacs
Rubber and Rubber products	20689	34816.62	21198	24743.79
Fabric	2347	6322.81	2330	5606.57
Carbon Black	10448	6428.47	10388	5812.58
Chemicals	4827	4017.34	4826	3709.21
Others	2091	2171.71	2109	2159.76
Total Raw Materials	40402	53756.95	40851	42031.91
Stores and Spares		234.04		185.77
Total Raw Material & Stores & Spares		53990.99		42217.68

Note: Consumption of Raw Materials includes sale of Raw Materials

17. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Travelling	16.66	26.75
Royalty	148.56	141.44

18. Remittance in Foreign Currency:

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Dividend	-	214.93

19. Research & Development expenditure (Charged to Profit & Loss Account) - Rs.27.69 Lacs (Rs. 17.58 Lacs)

20. CIF Value of imports during the year

Particulars	For the Year Ended September 30,			
	2011		2010	
	Qty in MT	Value in Rs.Lacs	Qty in MT	Value in Rs. Lacs
Raw Materials	5586.30	9335.44	6242.50	7215.19
Capital Goods	--	9.88	--	2.48
Stores & Spares	--	--	--	--
Total		9345.32		7217.67

NOTES FORMING PART OF ACCOUNTS (CONTD.)

1. Value of Raw Materials and Stores & Spares consumed

Particulars	For the Year Ended September 30,			
	2011		2010	
	Value in Rs. Lacs	% of Total Consumption	Value in Rs. Lacs	% of Total Consumption
Raw Materials				
a) Imported	9859.41	18.30%	6917.56	16.46%
b) Indigenous	43897.54	81.70%	35114.35	83.54%
Total	53756.95	100.00%	42031.91	100.00%
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenous	234.04	100.00%	185.77	100.00%
Total	234.04	100.00%	185.77	100.00%

22. Earnings in Foreign Exchange on account of export of goods calculated on FOB basis Rs.4194.99 Lacs (Rs.1315.66 Lacs)

23. a) The Previous year's figures have been re-grouped / re-arranged wherever considered necessary.
b) Figures in brackets relates to the previous year.

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET & PROFIT & LOSS ACCOUNT ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.
State code
Balance Sheet Date
Day Month Year

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

Public Issue
Rights Issue
Bonus Issue
Private Placement

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

Total Liabilities
Total Assets

Sources of Funds

Paid-up Capital
Reserve & Surplus
Secured Loans
Unsecured Loans
Deferred Tax

Application of funds

Net fixed assets
Investments
Net current assets
Misc Expenditure
Accumulated losses

IV. Performance of Company (Amount in Rs.Thousands)

Turnover										Total expenditure									
9	7	2	3	2	.	9	4	8	5	8	8	1	.	2	8				
+ Profit / - Loss before tax										+ Profit / - Loss after tax									
+	4	9	5	4	.	5	7	+	2	8	9	8	.	4	6				
Earning per share in Rs.										Dividend @ %									
						8	.	5	0							3	5		

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
For K. N. Gutgutia & Co.
 Chartered Accountants
 ICAI Firm Registration No. 304153E

Subhasish Pore
 Partner
 Membership No.: 055862

M.C.Bhansali
 Company Secretary

Sunil Bhansali
 Executive Director

S.Ravi
 Director

Bangalore, 7th November, 2011

For and on behalf of the Board

CASH FLOW STATEMENT

(Rs. in Lacs)

Particulars	Year ended September 30,	
	2011	2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	4954.57	6578.46
Adjustment for:		
Depreciation	852.33	777.66
Interest Income	(65.36)	(39.65)
Interest Expense	1752.03	1691.76
Dividend Received	(32.39)	(35.36)
Miscellaneous Expenditure written off	-	0.35
(Profit) /Loss from Sale of Fixed Assets	-	0.01
Operating profit before working capital change	7461.18	8973.23
Adjustment for Change in Working Capital:		
(Increase)/ Decrease in Sundry debtors	(146.43)	(1520.64)
(Increase)/ Decrease in Inventories	(1921.76)	(3772.42)
(Increase)/ Decrease in Loans & Advances	(857.97)	(1714.35)
Increase/ (Decrease) in Current Liabilities	3458.17	1913.12
Increase/ (Decrease) in Provisions	90.00	297.00
Cash Generated from Operations	8083.19	4175.94
Direct taxes paid	(422.91)	(992.15)
NET CASH FROM OPERATING ACTIVITIES	7660.28	3183.79
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed assets (Including capital work - in - progress)	(26402.76)	(2694.60)
Sale of Fixed Assets	-	(0.01)
Purchase of investment	-	(8,857.03)
Advance given for purchase of Investment	(600.00)	8,857.03
Capital Subsidy Received	-	100.00
Interest Received	36.84	45.00
Dividend Received	32.39	35.36
NET CASH USED IN INVESTING ACTIVITIES	(26933.53)	(2514.25)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Un-secured loans received	5,795.82	1217.00
Borrowings from Banks	15,801.73	1277.82
Interest / Finance Charges paid	(1770.71)	(1745.60)
Debenture Paid	(9.10)	-
Dividend paid	(841.55)	(255.56)
Corporate Dividend Tax Paid	(141.53)	(43.45)
NET CASH USED IN FINANCIAL ACTIVITIES	18834.66	450.21
NET CASH FLOWS DURING THE YEAR (A+B+C)	(438.59)	1119.75
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	3218.55	2098.80
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2779.96	3218.55

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. Gutgutia & Co.
 Chartered Accountants
 ICAI Firm Registration No. 304153E

Subhasish Pore
 Partner
 Membership No.: 055862
 Bangalore, 7th November, 2011

M.C. Bhansali
 Company Secretary

For and on behalf of the Board

Sunil Bhansali
 Executive Director

S. Ravi
 Director

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, 2011.

1. We have audited the attached consolidated balance sheet of Messrs. FALCON TYRES LIMITED and its subsidiary company as at 30th September, 2011 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 1st October, 2010 to 30th September, 2011 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 conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary Messrs. Monotona Tyres Limited, whose financial statements reflect total assets of Rs. 20175.71 Lacs as at 30th September, 2011 and total revenue of Rs. 13822.70 Lacs and net cash outflow amounting to Rs. 9.48 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 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, 2011;
- 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 flow for the year ended on that date.

For K.N. GUTGUTIA & CO.
CHARTERED ACCOUNTANTS
ICAI Firm Registration No. 304153E

Bangalore
7th November, 2011

SUBHASISH PORE
Partner
Membership No. 55862

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2011

(Rs. in Lacs)

	Schedule No	As at 30th September, 2011		As at 30th September, 2010	
I Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	1	1704.27		1704.27	
b) Reserves & Surplus	2	20907.95	22612.22	20429.34	22133.61
2. Loan Funds					
a) Secured	3	35935.85		20160.41	
b) Unsecured	4	19325.23	55261.08	12795.67	32956.08
3. Minority Interest					
			418.87		664.58
4. Deferred Taxation (Net)					
			1028.95		1020.87
Total		79321.12		56775.14	
II Application of Funds					
1. Fixed Assets					
Gross Block	5	50303.01		47996.94	
Less: Depreciation		14083.59		11941.18	
Net Block		36219.42		36055.76	
Capital Work - in - Progress		28096.52	64315.94	3878.33	39934.09
1.a Goodwill on acquisition of Monotona Tyres Limited					
			6631.93		6631.93
2. Investments					
	6		5.97		5.97
3 Current Assets, Loans & Advances					
a) Inventories	7	10924.15		9411.23	
b) Sundry Debtors	8	12310.75		12966.92	
c) Cash & Bank balances	9	2881.85		3329.92	
d) Loans & Advances	10	5536.34		3944.88	
		31653.09		29652.95	
4 Current Liabilities & Provisions					
a) Liabilities	11	19493.87		16945.72	
b) Provisions	12	3791.94		2504.08	
		23285.81		19449.80	
Net Current Assets					
Miscellaneous Expenditure (to the extent not written off)	13		8367.28		10203.15
Total		79321.12		56775.14	
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. Since MTL became subsidiary from 21st May, 2010, Previous Year Consolidated Figures for subsidiary MTL are consolidated for the period from 21st May, 2010 to 30th September, 2010

For and on behalf of the Board

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

Chartered Accountants
ICAI Firm Registration No. 304153E

M.C. Bhansali
Company Secretary

Sunil Bhansali
Executive Director

S. Ravi
Director

Subhasish Pore

Partner
Membership No.: 055862
Bangalore, 7th November, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2011

(Rs. in Lacs)

	Schedule No	As at 30th September, 2011		As at 30th September, 2010	
Income					
Sales (net of returns & discounts)		105988.04		88251.06	
Less: Excise Dty		8312.51	97675.53	6218.61	82032.45
Other Income	14		869.57		600.60
			98545.10		82633.05
Expenditure					
Raw Materials Consumed	15		62847.05		46159.06
Increase(-)/Decrease(+) in stock	16		-2186.16		-1442.06
Factored Goods Consumption	17		5440.72		8258.35
Manufacturing, Administrative, Selling & Distribution Expenses	18		24739.65		20179.67
Interest (Net)	19		2593.32		2088.45
Depreciation		2142.41		1898.35	
Less: Transfer to Revaluation Reserve		851.50	1290.91	534.60	1363.75
			94725.49		76607.21
Profit Before Taxation					
Provision for Taxation:					
For Current Year - Current Tax		2019.56		1482.21	
- Deferred Tax		8.08		(67.21)	
		2027.64		1415.00	
			2027.64		1415.00
Profit After Taxation					
Profit Brought forward from Previous Year			1791.97		4610.84
			397.22		205.90
Profit Available for Appropriation					
			2189.19		4816.74
Appropriations:					
Transfer to General Reserve		850.00		3,500.00	
Proposed Dividend		610.89		852.14	
Corporate Dividend Tax		96.68	1,557.57	144.82	4,496.96
Minority Interest			-245.71		-77.44
Balance carried to Balance Sheet			877.33		397.22
Basic & Diluted Earning Per Share					
			5.26		13.53
Significant Accounting Policies and Notes on Accounts					
	20				

Schedules annexed are an integral part of this Consolidated Profit & Loss and should be read in conjunction therewith. Since MTL became subsidiary from 21st May, 2010, Previous Year Consolidated Figures for subsidiary MTL are consolidated for the period from 21st May, 2010 to 30th September, 2010

For and on behalf of the Board

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

Chartered Accountants
ICAI Firm Registration No. 304153E

M.C. Bhansali
Company Secretary

Sunil Bhansali
Executive Director

S. Ravi
Director

Subhasish Pore

Partner
Membership No.: 055862
Bangalore, 7th November, 2011

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 30th September, 2011 (Rs. in Lacs)	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	10000.00
Issued, Subscribed and Paid up		
340,85,532 (340,85,532) Equity shares of Rs.5/- each fully paid	1704.27	1704.27
(235,13,100 Equity Shares of Rs.5/- each held by DIL Rim and Wheel Corporation Ltd., Mauritius the holding Company and it's subsidiaries)		
TOTAL	1704.27	1704.27
SCHEDULE 2		
RESERVES & SURPLUS:		
Revaluation Reserve		
As per last Balance Sheet	12449.76	8008.01
Add: Share of Monotona Tyres Limited on acquisition	-	4976.35
Less: Transferred to Profit & Loss Account	851.50	534.60
	11598.26	12449.76
Share Premium		
As per last Balance Sheet	165.87	165.87
Capital Reserve		
(Capital Subsidy Received from Govt. through MNRE)	100.00	100.00
General Reserve		
As per last Balance Sheet	7316.49	3816.49
Add: Transferred from Profit & Loss Account	850.00	3500.00
	8166.49	7316.49
Surplus as per Profit & Loss Account	877.33	397.22
TOTAL	20907.95	20429.34

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 3		
SECURED LOANS:		
Cash Credit from Banks	11231.70	9647.07
(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)		
Term Loan - Syndicate Bank - TL I	1462.29	2615.81
(Secured by hypothecation of Company's Plant & Machinery and Immovable Properties situated at Mysore arising out of the Term Loan and pari-passu first charge on the Current assets and fixed assets of the Company)		
Term Loan - Yes Bank	1513.64	2186.36
(Secured by subservient charge on current assets and fixed assets, Corporate guarantee of 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)		
Term Loan - Central Bank of India	10119.72	2507.06
(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)		
Term Loan - The South Indian Bank Limited	3652.73	-
(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)		
Term Loan - Syndicate Bank - TL II	4711.07	-
(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)		
GTF Bill Discounting	3182.20	3006.61
(Secured by Second Charge of Fixed Assets)		
SBI WCD Loan	62.50	197.50
(Secured by First Charge of Fixed Assets & Personal Guarantee of an Ex-Director and Corporate Guarantee)		
TOTAL	35935.85	20160.41
SCHEDULE 4		
UNSECURED LOANS:		
Short Term Loan		
Interest free Loan from Body Corporate	13155.12	5771.80
Loan from Customers	812.50	2400.00
Sales Tax Loan	1959.87	1959.87
Almondz Finanz Ltd.	176.54	-
Religare Finvest Ltd.	2100.10	2664.00
Ruia Sons Pvt. Ltd.	850.00	-
Others	271.10	-
TOTAL	19325.23	12795.67

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

**SCHEDULE - 5
CONSOLIDATED FIXED ASSETS:**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.10.2010	Additions	Sale of Assets	As at 30.09.2011	Upto 30.09.2010	For the Period	Sale of Assets For the Period	Upto 30.09.2011	As at 30.09.2011	As at 30.09.2010
Land	7680.15			7680.15					7680.15	7680.15
Buildings	5721.46	10.99		5732.45	998.27	189.60		1187.87	4544.58	4723.19
Plant & Machinery	33645.31	2264.66		35909.97	10388.39	1883.72		12272.11	23637.86	23256.92
Computers	191.21	14.89		206.10	153.96	16.63		170.59	35.51	37.25
Electrical Installation	458.70	3.48		462.18	214.08	18.17		232.25	229.93	244.62
Office & Lab Equipment	47.83	4.51		52.34	22.31	3.10		25.41	26.93	25.52
Furniture & Fixtures	112.44	0.04		112.48	69.14	5.58		74.72	37.76	43.30
Vehicles	42.51	7.50		50.01	19.64	4.60		24.24	25.77	22.87
Low Value Assets	9.73			9.73	8.70	0.10		8.80	0.93	1.03
Technical Know-how	87.60			87.60	66.69	20.91		87.60		20.91
TOTAL	47996.94	2306.07	-	50303.01	11941.18	2142.41	-	14083.59	36219.42	36055.76
Previous year figures as on 30.09.2010*	23783.46	24213.92	0.44	47996.94	5386.71	6554.69	0.22	11941.18	36055.76	18396.75

* Previous year figures "Addition/for the period column include addition due to acquisition of MTL"

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

SCHEDULE 6
INVESTMENT (AT COST) :
Long term other than Trade
Equity Shares Fully paid up-Un-Quoted

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 limited

4.00

4.00

Equity Shares Fully paid up -Quoted

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)

TOTAL
5.97
5.97
SCHEDULE 7
INVENTORIES :

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

Raw Materials

3289.53

4045.36

Stores & Spares

541.72

468.95

Work - in - Process

938.63

868.40

Finished Goods (Including Traded Goods)

6154.27

4028.52

TOTAL
10924.15
9411.23
SCHEDULE 8
SUNDRY DEBTORS:
Debts Outstanding for a period exceeding six months

- Considered good

136.27

159.13

- Considered doubtful

-

-

136.27

159.13

Other debts - Considered good

12174.48

12807.79

TOTAL
12310.75
12966.92

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 9		
CASH & BANK BALANCES:		
Cash in hand	13.06	8.73
Cheque in Transit	1362.41	1658.20
Balances with Scheduled Banks :		
In Current Accounts	630.58	667.45
In Unpaid Dividend Account	17.17	6.58
In Unpaid Debenture Account	-	9.10
In Deposit Accounts	858.63	979.86
(Under lien to various Banks against Letter of Credits, Bank Guarantees and borrowings)		
TOTAL	<u>2881.85</u>	<u>3329.92</u>
SCHEDULE 10		
LOANS & ADVANCES:		
(Unsecured, considered good, unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received	5279.65	3712.13
Other Deposits	256.69	232.75
TOTAL	<u>5536.34</u>	<u>3944.88</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 11		
CURRENT LIABILITIES:		
Acceptance	2979.93	2206.55
Sundry Creditors	8151.06	7305.32
Unclaimed Dividend *	17.17	6.58
Unclaimed Debenture *	-	9.10
Balance with Central Excise & Customs Authorities	220.94	218.14
Deposits from Dealer	2140.00	2040.19
Other liabilities	5959.80	5116.19
Interest accrued but not due on loan	24.97	43.65
* Does not include any amounts due for deposit to the Investor Education Fund		
TOTAL	<u>19493.87</u>	<u>16945.72</u>
SCHEDULE 12		
PROVISIONS FOR:		
- Taxation (Net of Advances)	2597.08	1105.78
- Proposed Dividend	610.89	852.14
- Corporate Dividend Tax	99.97	152.16
- Warranty	484.00	394.00
TOTAL	<u>3791.94</u>	<u>2504.08</u>
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
TOTAL	<u>-</u>	<u>-</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 14		
OTHER INCOME:		
Sale of Scrap	343.38	342.98
Exchange difference (Net)	128.02	6.68
Export Incentives	299.87	193.55
Dividend from Companies - Others	32.39	35.36
Sundry Balances Adjusted (Net)	2.56	-
Miscellaneous Income including Job Charges	63.35	22.03
TOTAL	869.57	600.60
SCHEDULE 15		
RAW MATERIAL CONSUMED:		
Opening Stock	3050.47	1925.81
Add: Stock on acquisition of Monotona Tyres Limited	994.89	1081.85
Add: Purchases	62091.22	47196.76
	66136.58	50204.42
Less: Closing Stock	3289.53	4045.36
TOTAL	62847.05	46159.06
SCHEDULE 16		
(INCREASE) / DECREASE IN STOCK:		
Opening Stock		
Work in process (WIP)	369.26	219.28
Add: WIP on acquisition of Monotona Tyres Limited	499.14	587.29
Finished Goods (FG)	2386.05	942.42
Add: FG on acquisition of Monotona Tyres Limited	363.70	427.10
	3618.16	2176.09
Less: Closing Stock		
Work in process (WIP)	938.63	868.40
Finished Goods	4865.70	2749.75
	5804.32	3618.15
TOTAL	-2186.16	-1442.06
SCHEDULE 17		
CONSUMPTION OF TRADED GOODS:		
Opening Stock	1278.77	148.98
Add: Purchases	5450.52	9388.14
Less: Closing Stock	1288.57	1278.77
TOTAL	5440.72	8258.35

SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS (CONTD.)

	As at 30th September, 2011 (Rs. in Lacs)	As at 30th September, 2010 (Rs. in Lacs)
SCHEDULE 18		
MANUFACTURING, ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES:		
Stores Consumed	514.53	233.38
Power, Fuel and Water Charges	3754.69	2766.85
Mixing & Conversion Charges	1880.68	1837.34
Increase / (Decrease) in Excise Duty Provision	269.46	223.59
Salaries, Wages and Bonus etc.	5519.32	4185.85
Contribution to Provident, Gratuity & Other Funds	557.54	665.86
Staff Welfare Expenses	252.09	245.53
Repairs - Plant & Machinery	635.07	667.14
Repairs - Buildings	41.98	31.89
Repairs - Others	73.64	40.94
Rent	138.14	30.20
Rates & Taxes	35.05	68.11
Insurance	38.80	28.82
Directors Sitting Fees	4.18	2.40
Selling & Distribution Expenses	3241.25	3068.96
Commission	558.43	483.29
Discount	2457.20	2387.75
Royalty	2734.86	1501.28
Printing & Stationery	48.01	46.66
Communication	50.87	47.17
Travelling & Conveyance	282.34	274.90
Bank Charges	229.94	228.19
Donation	0.77	0.31
Miscellaneous Expenses	1420.83	1113.25
TOTAL	24739.65	20179.67
SCHEDULE 19		
INTEREST & FINANCE CHARGES:		
Interest on		
Term Loan	948.29	912.83
Cash Credit Account	1273.34	986.21
Others	445.65	229.20
	2667.28	2128.24
Less: Interest Received (Gross)	73.96	39.79
(Includes TDS Rs. 17.64 Lacs (Rs.15.49 Lacs))		
TOTAL	2593.32	2088.45

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 and governing statutes in India.

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 / materialized.

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.

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

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

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.)

B. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for

(Rs. in Lacs)

Sl. No.	Particulars	As on Septemeber 30,	
		2011	2010
1	Claims not acknowledged as debt	19.58	155.45
2	Corporate Guarantee	8500.00	8500.00
3	Outstanding LC	Nil	315.60
4	Guarantee given by bank to Pollution Control Board	1.00	1.00
5	Sales Tax demand under various appeal	1590.89	1127.82
6	Income Tax demand for the A.Y 2008-09	58.09	Nil

2. Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs.4557.31 Lacs (Rs. 5043.24 Lacs)
3. In case of subsidiary, on 30th March 2010, incidence of fire happened in the factory and godown premises of the company. The company has ledged 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 the Balance Sheet date hence reversal entries are pending.
4. In case of subsidiary, Sundry Debtors and loans and advances include Rs.136.27 (Rs.180.80) and Rs.11.64 (Rs.11.29) 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.
5. In case of subsidiary, Dividend of Rs.14.40 (Rs.41.12) declared has not been encashed 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.
6. a) Major expansion projects undertaken by the company inter-alia includes modification of various assets.
b) Capital work in progress includes capital advances of Rs. 10251.09 Lacs (Rs. 2919.64 Lacs).

7. Micro, Small and Medium Enterprise

(Rs. in Lacs)

Particulars	For the Year ended 30.09. 2011	
	Principal	Interest
Amount due to vendors	16.54	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	0.38

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

8. 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)

Particulars	For the Year Ended September 30,	
	2011	2010
Nature of Item	Warranty	
Opening Provision	394.00	97.00
Provided during the Year	613.70	902.95
Amount Utilized	523.70	605.95
Closing Provision	484.00	394.00

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.

9. Salary, Wages and bonus include retainer-ship fees amounting to Rs. 89.99 Lacs (Rs. 69.60 Lacs).
10. The disclosures required under Accounting Standard 15 " Employee Benefites" notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Scheme

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

(Rs. in Lacs)

	For the Year Ended September 30,	
	2011	2010
i. Employer's Contribution to Provident Fund	285.71	230.75
ii. Employer's Contribution to Superannuation Fund	85.85	61.87

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

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 recognizes 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)

Particulars	For the Year Ended September 30,	
	2011	2010
	Gratuity Funded	
i. Change in the present value of the defined obligation representing reconciliation of opening and closing balances thereof are as follows		
Liability at the beginning of the year	991.09	660.32
Provided during the Year	70.91	71.91
Interest Cost	68.77	52.07
Current Cost	5.60	271.76
Actuarial (Gain) / Loss on obligations	33.28	10.73
Benefits Paid	(54.60)	(75.70)
Liability at the end of the year	1115.05	991.09
ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair Value of Plan at the beginning of the year	444.07	431.65
Expected Return on Plan Assets	32.46	45.13
Contributions by the Company	32.10	35.69
Benefits Paid	(54.60)	(75.70)
Actuarial gain/(loss) on the Plan Assets	3.06	7.30
Fair Value of Plan Assets at the end of the year	457.09	444.07
Total actuarial Gain/ (Loss) to be Recognized	42.78	264.59
iii. Actual Return on Plan Assets		
Expected return on Plan Assets	32.46	45.13
Actual gain/(loss) on Plan Assets	3.06	7.30
Actual Return on Plan Assets	35.52	52.43
iv. Amount Recognized in Balance Sheet		
Liability at the end of the period	1115.05	991.09
Fair value of Plan Assets at the end of the period	457.09	444.07
Unrecognized Past service Cost	-	3.93
Amount Recognised in the Balance Sheet	657.96	543.09

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
	Gratuity Funded	
v. Expenses Recognized in the Income Statement		
Current Service Cost	68.77	52.07
Interest Cost	70.91	71.91
Expected Return on Plan Assets	(32.46)	(45.13)
Net Actuarial (gain)/loss to be Recognized	42.78	264.59
Past Service Cost	-	6.67
Expenses Recognised in Profit & Loss Account	150.00	350.11
vi. Balance Sheet Reconciliation		
Opening Net Liability	543.09	228.67
Expenses as above	150.00	350.11
Employers Contribution	(32.10)	(35.69)
Amount Recognized in Balance Sheet	657.96	543.09
vii. Principal Actuarial assumptions at the Balance Sheet		
Discount Rate	8.50%	7.95%
Rate of Return on Plan Assets	7.50%	7.50%
viii. Experience Adjustment		
Experience adjustments on Plan liabilities -Loss/(Gain)	13.95	72.55
Experience adjustments on Plan Assets -Loss/(Gain)	(8.34)	(7.30)
Net Experience Adjustment	5.61	65.25

11. In case of subsidiary, during the year the company have made the following provisions. These liabilities have been determined by the management of the company. However the same are not in conformity with AS 15 (Revised).

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Gratuity	17.83	6.56
Leave encashment	15.88	4.99

Compensated Absence

The obligations for compensated absences are recognized 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 2011 is given below:

(Rs. in Lacs)

Particulars	For the Year Ended September 30,	
	2011	2010
Privileged Leave	211.42	187.42
Sick Leave	22.48	19.93
Casual Leave	24.35	21.59

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

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

Provision for Deferred Tax	(Rs. In Lacs)		
	Opening as at 01.10.2010	Charge / (Credit)	Closing as at 30.09.2011
Deferred Tax Assets			
Expenses allowable on Payment basis:			
- Retirement benefits	173.23	61.79	235.02
- Inventory Valuation U/s 145A	37.08	-37.08	-
- Carried forward Business / Deprn. Loss		55.69	55.69
Sub Total	210.31	80.40	290.71
Deferred Tax Liabilities			
- Depreciation	1231.18	88.48	1319.66
Net Deferred Tax Liability	1020.87	8.08	1028.95

13. Earning per share has been calculated on the basis of number of equity shares outstanding during the period ended 30th September, 2011 in accordance with the provisions of Accounting Standard-20 "Earning Per Share".

Particulars	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
Profit attributable to Equity Shareholders (Rs. in Lacs)	1791.97	4610.84
No. of shares @ basic value Rs.5/- each	34085532	34085532
Basic and diluted earning per share (in Rs.)	5.26	13.53

14. Remuneration paid to Executive Chairman & Executive Directors

Particulars	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
Salary	491.13	323.27
Perquisites	74.17	49.36
Contribution to PF & other funds	101.21	67.33
Total	666.51	439.96

15. Auditors' Remuneration (included in Miscellaneous expenses)

Particulars	(Rs. in Lacs)	
	For the Year Ended September 30,	
	2011	2010
Statutory Audit Fees	4.50	4.50
Certification Fees (Excluding Service Tax)	1.75	1.75
Total	6.25	6.25

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

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

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 2011.

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, Dunlop Polymers Pvt. Ltd., Falcon Tyres Impex Pvt. Ltd., Falcon Tyres Rubbers Pvt. Ltd., Jessop & Co. Ltd., Manali Properties & Finance Pvt. Ltd., Ruia Sons Pvt. Ltd., Ruia Corporate Service Pvt. Ltd., Shalimar Towers Pvt. Ltd., Suryamani Finance Co Ltd., Tulip Machineries Pvt. Ltd., Vidyuth Petrochem Pvt. Ltd. & Walker Properties Pvt. Ltd.

ii. **Others:**

Aakashdeep Properties Pvt. Ltd., Acurate Traders Pvt. Ltd., Adhishwar Nivesh Pvt. Ltd., Alpha Airways Pvt. Ltd., Always Properties & Finance Pvt. Ltd., American Merchandising Ltd., Anoush Traders Pvt Ltd., Anchita Commercials Pvt. Ltd., Angan Properties Private Limited, Anish Traders Pvt. Ltd., Aparupa Properties Pvt. Ltd., Ayodhya Properties & Finance Pvt. Ltd., Ballard Commercials Pvt. Ltd., Banalata Traders Pvt. Ltd., Bandana Commercials Pvt. Ltd. Beadon Traders Pvt. Ltd., Bharatiya Hotels Pvt. Ltd., Bipul Commercials Pvt. Ltd., Blackstone Holdings Private Ltd., Bloom Billions Sdn Bhd- Malaysia, Borneo Traders Pvt. Ltd., Brawany Nivesh Pvt. Ltd., BTR Sealing System UK Ltd. - UK, Chaity Commercials Pvt. Ltd., Chaman Trade Links Pvt. Ltd., Chambal Marketing Pvt. Ltd., Chemical Corporation of India Ltd., Chinsurah Chemicals Pvt. Ltd., Chorus Trade Links Pvt. Ltd., Climber Properties Pvt. Ltd., D K Properties Pvt. Ltd., Dadar Properties & Finance Pvt. Ltd., Deblok Traders Pvt. Ltd., Deoghar Properties & Finance Pvt. Ltd., Dhan E Commerce Pvt. Ltd., Dipti Commercials Pvt. Ltd., Divya Mercantile Ltd., Double Plus Software (P) Ltd., Draftex Automotive GMBH, Dunlop Estates Pvt. Ltd., Dunlop Infrastructure Pvt. Ltd., Dunlop Investments Ltd., Dunlop Latex Foam Europe Ltd., Dunlop Properties Pvt. Ltd., Dunlop Rubber Limited, Dunlop Tyres Limited, Dunlop Auto Tyres Limited, Dunlop UK Limited-UK, Dunlop East Ltd., Dunlop South Ltd., Durg Properties & Finance Pvt. Ltd., Ebony Commercials Pvt. Ltd., Eco Traders Pte Ltd., Edina Marketing Pvt. Ltd., Elloit Mercantile Pvt. Ltd., eMotions Media Pvt. Ltd., Empire Minerals Pvt. Ltd., Enormous Nivesh Pvt. Ltd., Eyelid Mercantile Pvt. Ltd., Fabulous Nivesh Pvt. Ltd., Fairvalue Impex Ltd. - Mauritius, Falken Tyres Ltd., Fiber Foam (Bombay) Pvt. Ltd., Fragment Nivesh Pvt. Ltd., Gain E-Commerce Pvt. Ltd., Gain Dot Com Pvt. Ltd., Global Fin Pro Ltd., Globe Sugar Refinery Ltd., Glorious Investment Ltd. - Mauritius, Goldman Securities Ltd., Goldman Stock & Share Brokers Ltd., Global Finvest Ltd., Gumasol Rubber Tec GMBH, Gyan Website Pvt. Ltd., Hardcore Viniyog Pvt. Ltd., Herald Investments Pvt. Ltd., Hiker Properties Pvt. Ltd., Hiland Traders Pvt. Ltd., Hindustan Texknit Pvt. Ltd., Hirakud Industrial Works Ltd., Hirakud Rolling Mill Ltd., Hriday Commercials Pvt. Ltd., Ibcon(Calcutta) Pvt. Ltd., India Finance Ltd., India Tyre & Rubber Co (India) Ltd., Indo-Wagon Engineering Ltd., Jai Badrinath Niketan Pvt. Ltd., Jai Brijmohan Niketan Pvt. Ltd., Jai Ganga Nirman Pvt. Ltd., Jai Gokul Towers Pvt. Ltd., Jai Harihor Tower Pvt. Ltd., Jai Raghuvir Enclave Pvt. Ltd., Jai Tridev Vihar Pvt. Ltd., Jai Vaibhav Niketan Pvt. Ltd., Janaki Marketing Pvt. Ltd., Jessop Estate Pvt. Ltd., Jessop Infotech Pvt. Ltd., Jessop Infrastructure Pvt. Ltd., Jessop Properties Pvt. Ltd., Jessop Shipyard Limited, Jessop Wagons & Coaches Pvt. Ltd., Kailash Enterprises (New Delhi) Pvt. Ltd., Kamlapur Sugar & Industries Ltd., Kanti Commercials Pvt. Ltd., Kothi Lefin Pvt. Ltd., Kulu Properties & Finance Pvt. Ltd., Liluah Ceramics Pvt. Ltd., Lona Commercials Pvt. Ltd., Mahant Merchandise Pvt. Ltd., Malini Properties Pvt. Ltd., Manavendra Commercials Pvt. Ltd.,

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Mandhatri Traders Pvt. Ltd., Manidipa Properties Pvt. Ltd., Manjari Properties Pvt. Ltd., Mayank Services Ltd., Metro Developers Ltd., Metropole Hills Hotel Pvt. Ltd., Monarch Exim Pvt. Ltd., Moulishree Electricals & Electronics Ltd., Mridula Marketing Pvt. Ltd., Mudrika Commercials Pvt. Ltd., Mugdha Properties Pvt. Ltd., Nandini Properties Pvt. Ltd., Nevadita Properties Pvt. Ltd., Ocean Constructions Pte Ltd., OM Cotex Ltd. (Formerly Ruia Cotex Ltd.), Onix Business Services Ltd., Orion Otomotiv ve Yedek Parça Sanayi ve Tic. A.?. -Turkey, P.K. Constructions Pvt. Ltd., Pacific Apparels Ltd., Pacific Website Pvt. Ltd., Pallavi Manufacturers Pvt. Ltd., Parnika Marketing Private Ltd., Pawan Herbals Pvt. Ltd., Payneganga Sugars & Chemicals Ltd., Radient Investment Ltd.-Mauritius, Raghav Industries Ltd., Rapid Investment Ltd. - Mauritius, Renuka Resorts Pvt. Ltd., Realworth Trading Ltd.- Mauritius, Rose E-Commerce Pvt. Ltd., Rose Investment Ltd.-Mauritius, Ruia Agro Products Pvt. Ltd., Ruia Electronics Pvt. Ltd., Ruia Global Fasteners AG, Ruia Holding -GMBH, Ruia Holding France SAS, Ruia International France SAS, Ruia Automotive SRO-Chek, Ruia Hospital & Educational Research Institution, Ruia Hotels Pvt. Ltd., Ruia Industries Ltd. - Mauritius, Ruia Marketing Ltd., Ruia Overseas Private Limited, Ruia Properties GMBH, Ruia Technologies Ltd., Ryham Pte Limited- Singapore, Ruia Sealynx SAS -France, Sagarika Properties Pvt. Ltd., Sanjose Polymers Pvt. Ltd., Sarvan Commercials Pvt. Ltd., Satarupa Properties Pvt. Ltd., Schlegel Automotive Europe Ltd _UK, Schlegel Automotive India Pvt.Ltd., Sealynx Automotive Romania, Sealynx Automotive Morocco, Sealynx Automotive Tunisia, Sealynx Automotive Russia, Securities Brokers India Limited, Shakambari Communications Pvt. Ltd., Shalini Properties & Developers Pvt. Ltd., Shankar Traders & Dealers Ltd., Sheetal Exports Ltd., Shresth (India) Pvt Ltd., Skypak Properties & Finance Pvt Ltd., Spices Valley Estates Ltd., SPR Resorts Ltd., Ruia Global Nivesh Pvt. Ltd. (Formerly SPR Textiles Pvt. Ltd.), Stephen Financial Services Pvt. Ltd., Sterling Share Brokers (P) Ltd., Subhlaxmi Compusis Pvt. Ltd., Subhra Marketing Ltd., Sugandha Industries Pvt. Ltd., Sukaram Marketing Ltd., Surag Commercials Pvt. Ltd., Tribhuban Marketing (P) Ltd., Udbav Commercials Pvt. Ltd., Vilas Marketing Private Limited, Wealth Field Pte Ltd., Wealth Ocean Pte Ltd.- Singapore, Wealth overseas Pte Ltd.- Singapore, Wealth Valley Pte Ltd., Wealthsea Ltd. - Mauritius, Wealthsea Pte. Ltd.-Singapore, Wealth Treasury Ltd.-Mauritius, Wealth Pacific Holding Ltd.-Mauritius, Wealthsea Holdings A.S -Turkey, Wizer Advertising Pvt. Ltd., Yamuna Website Pvt. Ltd., Zeal Infotech Pvt. Ltd., Zipco Industrial Finance Pvt Ltd.

d) Key management Personnel:

- Mr. Pawan Kumar Ruia (Executive Chairman, FTL)
- Mr. Sunil Bhansali (Executive Director, FTL)
- Mr. Des Raj Pahwa (Executive Director, MTL, Subsidiary Company)

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Related Party Transactions:

(Rs. in Lacs)

Nature of Transaction	AssociatesKey		Management Personnel		Total	
	For the Year Ended September 30,					
	2011	2010	2011	2010	2011	2010
Income						
Sale of Finished Goods						
Falcon Tyres Impex Pvt. Ltd.	1019.47	1791.54	-	-	1,019.47	1,791.54
Sale of Materials						
Dunlop India Ltd.	-	6.15	-	-	-	6.15
Dunlop Polymers Pvt. Ltd.	3,450.93	4,447.49	-	-	3,450.93	4,447.49
Debit note on RM Purchases						
Dunlop India Ltd.	-	28.96	-	-	-	28.96
Others						
Ruia Sons Pvt. Ltd.	14.21	-	-	-	14.21	-
Dunlop Polymers Pvt. Ltd.	28.90	33.31	-	-	28.90	33.31
Dunlop India Ltd.	-	0.31	-	-	-	0.31
Expenses						
Royalty						
Ruia Sons Pvt. Ltd.	2,378.22	1,193.89	-	-	2,378.22	1,193.89
Purchase of Traded Goods						
Dunlop India Ltd.	-	15.30	-	-	-	15.30
Dunlop Polymers Pvt. Ltd.	5,867.06	4,227.04	-	-	5,867.06	4,227.04
Remuneration & Reimbursement						
Pawan Kumar Ruia	-	-	649.20	437.80	649.20	437.80
Sunil Bhansali	-	-	37.50	32.00	37.50	32.00
Des Raj Pahwa	-	-	34.71	14.46	34.71	14.46
Mixing Charges						
Dunlop India Ltd.	563.49	577.42	-	-	563.49	577.42
Others						
Ruia Sons Pvt. Ltd.	8.16	76.41	-	-	8.16	76.41
Vidyuth Petrochem Pvt. Ltd.	62.50	-	-	-	62.50	-
Falcon Tyres Impex Pvt. Ltd.	-	69.44	-	-	-	69.44
Jessop and Company Ltd.	0.08	-	-	-	0.08	-
Ruia Corporate Services Pvt. Ltd.	-	21.85	-	-	-	21.85
Misc Management Charges						
Ruia Sons Pvt. Ltd.	780.00	431.96	-	-	780.00	431.96
Assets						
Advance Paid						
Falcon Tyres Impex Pvt. Ltd.	819.40	3.15	-	-	819.40	3.15
Falcon Tyres Rubber Pvt. Ltd.	25.57	0.38	-	-	25.57	0.38
Dunlop India Ltd.	421.37	2,289.94	-	-	421.37	2,289.94
Tulip Machineries Pvt. Ltd.	1,190.00	1,067.52	-	-	1,190.00	1,067.52
Walker Properties Pvt. Ltd.	75.00	-	-	-	75.00	-
Vidyuth Petrochem Pvt. Ltd.	-	62.50	-	-	-	62.50

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Related Party Transactions:

(Rs. in Lacs)

Nature of Transaction	AssociatesKey		Management Personnel		Total	
	For the Year Ended September 30,					
	2011	2010	2011	2010	2011	2010
Jessop and Company Ltd.	-	16.00	-	-	-	16.00
Shalimar Towers Pvt. Ltd.	1,236.00	-	-	-	1,236.00	-
Ruia Sons Pvt. Ltd.	565.67	-	-	-	565.67	-
Ruia Corporate Services Pvt. Ltd.	37.57	-	-	-	37.57	-
Assignment Transfer						
Suryamani Financing Co. Ltd.	75.00	-	-	-	75.00	-
Manali Properties & Finance Pvt. Ltd.	(75.00)	-	-	-	(75.00)	-
Liabilities						
Unsecured Loan Taken						
Manali Properties & Finance Pvt. Ltd.	7383.32	-	-	-	7383.32	-
Ruia sons Pvt Ltd	850.00	-	-	-	850.00	-
Transfer of C&F Deposit						
Dunlop India Limited	-	48.39	-	-	-	48.39
Balance as on 30.09.2011						
Loans & Advances						
Dunlop India Ltd.	2156.69	2,289.94	-	-	2156.69	2,289.94
Falcon Tyres Impex Pvt. Ltd.	743.74	152.67	-	-	743.74	152.67
Falcon Tyres Rubber Pvt. Ltd.	24.94	-	-	-	24.94	-
Jessop & Co. Ltd.	16.08	16.00	-	-	16.08	16.00
Ruia Sons Pvt. Ltd.	578.17	144.42	-	-	578.17	144.42
Ruia Corporate Services Pvt. Ltd.	40.47	2.90	-	-	40.47	2.90
Shalimar Towers Pvt. Ltd.	1,236.00	-	-	-	1,236.00	-
Tulip Machineries Pvt. Ltd.	2,257.52	1,067.52	-	-	2,257.52	1,067.52
Walker Properties Pvt. Ltd.	401.05	326.05	-	-	401.05	326.05
Vidyuth Petrochem Pvt. Ltd.	-	62.50	-	-	-	62.50
Creditor Balance						
Dunlop Polymers Pvt. Ltd.	660.10	242.34	-	-	660.10	242.34
Falcon Tyres Rubber Pvt. Ltd.	-	0.63	-	-	-	0.63
Current Liabilities						
Manali Properties & Finance Pvt. Ltd.	13,155.12	5,696.80	-	-	13,155.12	5,696.80
Ruia Sons Pvt Ltd	906.11	-	-	-	906.11	-
Suryamani Financing Co. Ltd.	-	75.00	-	-	-	75.00

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

17. 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 2011

(Rs. in Lacs)

Party Name	Maximum Outstanding during the year	Closing Balance
Dunlop India Ltd.	2246.44	2156.69
Falcon Tyres Rubbers Pvt. Ltd.	24.94	24.94
Ruia & Sons Pvt. Ltd.	578.17	578.17
Ruia Corporate Services Pvt. Ltd.	66.48	40.47
Tulip Machineries Pvt. Ltd.	2257.52	2257.52
Jessop & Co Ltd.	16.08	16.08
Falcon Tyres Impex Pvt. Ltd.	799.49	743.74

18. The Company's operations predominantly consist of only one product segment i.e. 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.

14. Quantitative & Other Information:

Particulars	Tyres		Tubes		Flaps		Total
	Qty in Nos	Value in Rs. Lacs	Qty in Nos	Value in Rs. Lacs	Qty in Nos	Value in Rs. Lacs	Value in Rs. Lacs
Installed Capacity (Per Annum) *	14400000		10400000				
	(14400000)		(10400000)				
Production **	11890629		9593813				
	(11055091)		(8506966)				
Purchases Factor Goods	4,83,567	3,857.93	58,35,341	7,675.02	4,386	6.64	11,539.59
	(565632)	(4395.25)	(6186489)	(7997.65)	(1237)	(1.87)	(12394.77)
Opening Stock	462558	2581.25	1151392	1320.16	2,582	3.15	3904.56
	(247027)	(880.62)	(681909)	(635.64)	(2211)	(2.24)	(1518.50)
Sales	12069456	88128.97	15288779	20640.50	4,657	7.90	108777.36
	(11405192)	(72431.15)	(14223972)	(19240.66)	(866)	(1.21)	(91673.02)
Closing Stock	767298	4523.47	1291767	1603.49	2,311	2.93	6129.89
	(462558)	(2581.25)	(1151392)	(1320.16)	(2582)	(3.15)	(3904.56)

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

** Production includes, Production on Job Work basis.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

20. Raw Materials and Stores & Spares Consumed:

Particulars	For the Year Ended September 30,			
	2011		2010	
	Qty in MT	Value in Rs. Lacs	Qty in MT	Value in Rs. Lacs
Rubber and Rubber products	23181	38546.61	22273	26473.19
Fabric	3747	7559.36	2555	6059.48
Carbon Black	12301	7592.13	11507	6396.07
Chemicals	5763	4655.36	5534	4040.23
Others	5300	4493.59	2109	3190.09
Total Raw Materials	50292	62847.05	43978	46159.06
Stores and Spares		514.53		233.38
Total Raw Material & Stores & Spares		63361.58		46392.44

Note: Consumption of Raw Materials includes sale of Raw Materials

21. Expenditure in Foreign Currency:

Particulars	For the Year Ended September 30,	
	Rs. in Lacs	
	2011	2010
Travelling	24.24	26.75
Royalty	148.56	141.44
Commission	3.54	1.49

22. Remittance in Foreign Currency:

Particulars	For the Year Ended September 30,	
	Rs. in Lacs	
	2011	2010
Dividend	-	214.93

23. Research & Development expenditure (Charged to Profit & Loss Account) - Rs.27.69 Lacs (Rs. 17.58 Lacs)
24. CIF Value of imports during the year

Particulars	For the Year Ended September 30,			
	2011		2010	
	Qty in MT	Value in Rs. Lacs	Qty in MT	Value in Rs. Lacs
Raw Materials	5610.30	9363.68	6242.50	7215.19
Capital Goods	--	9.88	--	2.48
Stores & Spares	--	--	--	--
Total		9373.56		7217.67

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

25. Value of Raw Materials and Stores & Spares consumed

Particulars	For the Year Ended September 30,			
	2011		2010	
	Value in Rs. Lacs	% of Total Consumption	Value in Rs. Lacs	% of Total Consumption
Raw Materials				
a) Imported	9887.65	15.73%	6917.56	14.99%
b) Indigenous	52959.40	84.27%	39241.50	85.01%
Total	62847.05	100.00%	46159.06	100.00%
Stores & Spares				
a) Imported	-	-	-	-
b) Indigenous	514.53	100.00%	233.38	100.00%
Total	514.53	100.00%	233.38	100.00%

26. Earnings in Foreign Exchange on account of export of goods calculated on FOB basis
 Rs.7228.48 Lacs (Rs.3207.21Lacs)

27. 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 like items of Assets, Liabilities, Income and Expenditure, after fully eliminating intra - group balances and - intra group transactions resulting in unrealized profits and losses.
- b) Figures pertaining to the subsidiary company have been re-classified where ever necessary to bring them in line with the company's financial statements.

28. a) The Previous year's figures have been re-grouped / re-arranged wherever considered necessary.
- b) Figures in brackets relates to the previous year.

CONSOLIDATED CASH FLOW STATEMENT

(Rs. in Lacs)

Particulars	Year ended September 30,	
	2011	2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3943.57	6268.80
Adjustment for:		
Depreciation	1290.91	1363.75
Interest Income	-73.96	-39.79
Interest Expense	2667.28	2128.24
Dividend Received	-32.39	-35.36
Miscellaneous Expenditure written off	-	0.35
(Profit) /Loss from Sale of Fixed Assets	-	0.01
Operating profit before working capital change	7795.41	9686.00
Adjustment for Change in Working Capital:		
(Increase)/ Decrease in Sundry debtors	656.17	1630.25
(Increase)/ Decrease in Inventories	(1612.50)	(3550.99)
(Increase)/ Decrease in Loans & Advances	(960.14)	2161.00
Increase/ (Decrease) in Current Liabilities	2519.48	2882.71
Increase/ (Decrease) in Provisions	99.53	(304.52)
Cash Generated from Operations	8497.95	12504.45
Direct taxes paid	(528.27)	(1067.15)
NET CASH FROM OPERATING ACTIVITIES	7969.68	11437.30
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed assets (Including capital work - in - progress)	(26524.27)	(2694.60)
Sale of Fixed Assets	-	(7768.53)
Purchase of investment	-	(8857.03)
Advance given for purchase of Investment	(600.00)	8857.03
Income from CO-GEN	-	100.00
Interest Received	45.44	45.14
Dividend Received	32.39	35.36
NET CASH USED IN INVESTING ACTIVITIES	(27046.44)	(10282.63)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Un-secured loans received	(7.61)	303.35
Un-secured loans received	6,529.56	917.05
Borrowings from Banks	15801.73	1277.82
Interest / Finance Charges paid	(2685.96)	(2182.08)
Dividend paid	(858.40)	(255.56)
Corporate Dividend Tax Paid	(141.53)	(43.45)
NET CASH USED IN FINANCIAL ACTIVITIES	18628.69	17.13
NET CASH FLOWS DURING THE YEAR (A+B+C)	(448.07)	1171.80
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	3329.92	2158.12
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2881.85	3329.92

Previous year figures have been re-grouped / re-arranged, wherever considered necessary.
 Since MTL became subsidiary from 21st May, 2010, Previous Year Consolidated Figures for subsidiary MTL are consolidated for the period from 21st May, 2010 to 30th September, 2010

As per our report of even date attached
For and on behalf of
K. N. Gutgutia & Co.
 Chartered Accountants
 ICAI Firm Registration No. 304153E

M.C. Bhansali
 Company Secretary

For and on behalf of the Board

Sunil Bhansali
 Executive Director

S. Ravi
 Director

Subhasish Pore
 Partner
 Membership No.: 055862
 Bangalore, 7th November, 2011

REGD. OFFICE: K.R.S. ROAD, METAGALLI, MYSORE – 570 016

PROXY FORM

35TH ANNUAL GENERAL MEETING

Folio No:..... DP ID:..... Client ID:.....

I/We.....of..... In the district of.....being a member/members of the above name Company, hereby appoint at the Thirty Fifth Annual General Meeting of the Company to be held on Friday the 23rd December, 2011 at 12.30 p.m at "Golden Land Mark Resort", No.45/A, K.R.S. Main Road, Metagalli, Mysore – 570 016 and at any adjournment thereof.

Signed this.....day of.....2011

Address.....

Signature

Note: The proxy form duly completed must be deposited at Regd.Office : Falcon Tyres Limited, K.R.S. Main Road, Metagalli, Mysore – 570 016, Karnataka, India, not less than 48 hours before the commencement of the meeting. A proxy need not be a member.



REGD. OFFICE: K.R.S. ROAD, METAGALLI, MYSORE – 570 016

ATTENDANCE SLIP

Folio No:..... DP ID:..... Client ID:.....

I hereby record my presence at the Thirty fifth Annual General Meeting of the Company to be held at "Golden Land Mark Resort", No.45/A, K.R.S. Main Road, Metagalli, Mysore – 570 016 on Friday, 23rd December, 2011 at 12.30 P.M.

.....
 Full Name of the Shareholder
 (in block letters)

.....
 Signature

.....
 Full Name of the Proxy
 (in block Letters)
 (To be filled if the Proxy attends
 instead of the member)

.....
 Signature

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. Please carry a Copy of the Annual Report.