

**FINANCIAL
ACCOUNTS
2011-12**

NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the members of Falcon Tyres Limited will be held on Saturday the 29th December, 2012 at 1.00 P.M. at Golden Land Mark Resorts, 45/A, K.R.S. Road, Metagalli, Mysore – 570 016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th September, 2012 and the Statement of Profit & Loss for the year ended on that date, together with the Report of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity shares.
3. To appoint Director in place of Mr. Prakash. P. Mallya, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Mr. Ambuj Kumar Jain, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s K.N. GUTGUTIA & CO., Chartered Accountants, as Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:

“RESOLVED THAT Mr. Ashok Kumar Agarwal, who was appointed by the Board of Directors as an Additional Director of the Company effective from 30th October, 2012 and holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and under Article

96 of Articles of Association of the Company and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:

“RESOLVED THAT Mr. S. Badrinarayanan, who was appointed by the Board of Directors as an Additional Director of the Company effective from 19th November, 2012 and holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and under Article 96 of Articles of Association of the Company and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:

“RESOLVED THAT Mr. Ashok Gupta, who was appointed by the Board of Directors as an Additional Director of the Company effective from 19th November, 2012 and holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and under Article 96 of Articles of Association of the Company and in respect of whom, the Company has received a notice in writing from a member pursuant to section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.”

9. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read 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 appointment of Mr. Ashok Gupta as Whole Time Director of the Company designated as “President (Operations)” for a period of three years w.e.f. 19th November, 2012 on the terms and conditions as stated 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. Ashok Gupta 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 Whole Time 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 Officer(s) of the Company as may be required to give effect to the above Resolution.”

10. To consider and if thought fit, to pass with or without modifications, the following Resolution as Special Resolution:

“RESOLVED THAT pursuant to Section 309 and all other applicable provisions, if any, of the Companies Act, 1956 and Subject to all permissions, sanctions and approvals as may be necessary, consent and approval of the Company be and is hereby accorded for

the payment of Remuneration by way of monthly, quarterly or annual payment or by way of commission to all or any of the Directors of the Company, who is/are neither in the whole time employment nor managing director, in accordance with and upto the limits laid down under the provisions of Section 309(4) of the Act, computed in the manner specified in the Act, for a period of 3 years from the financial year 2011-12, in such manner and upto such extent as the Remuneration Committee of the Board may, determine from time to time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Remuneration committee constituted by the Board be and are hereby authorized to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulty or doubt that may arise in this regard.”

Date: 19th November, 2012

By the order of the Board

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

M.C. Bhansali
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY DULY FILLED, STAMPED AND SIGNED NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of the business under item No.6 to 10 set out above are annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 21.12.2012 to 29.12.2012 (both days inclusive) for the purpose of ascertaining the eligibility of members for payment of dividend.
4. Members/ Proxie's are requested to bring their copies of the attendance slip duly filled in along with Annual Report and the Admission slip to the meeting.
5. Members may send their requests for change / Updation of Address, Bank A/c details, ECS mandate, Email address, nomination latest by 20.12.2012:

(i) For Shares Held in dematerialized form - to their respective Depository Participant.

(ii) For shares held in physical form - to the RTA, Integrated Enterprises (India) Limited Bangalore.

6. All documents referred to in the notice and accompanying Explanatory statement are open for inspection at the Registered office of the Company on all working days, except Saturdays, between 11.00 A.M. and 1.00 P. M. upto the date of the Annual General Meeting.

7. 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 2004-05 was transferred to the Investor Education and Protection Fund.

Shareholders who have not yet encashed their dividend warrants for the year 2005-06 to 2010-11 may approach the Company/ Company's Registrars and Share Transfer Agents for revalidation, issue of duplicate warrants etc.,

A brief resume of Directors, who are retiring and are eligible for reappointment, are given below

Item No. 3

Mr. Prakash. P. Mallya, Independent Non Executive Director, aged 64 years, is a Master in Arts (Economics) from Karnataka University and Fellow in UGC Research, worked on Ph. D. Thesis at Gokhale Institute of Politics & Economics, Pune from 1971-73. He was Chairman and Managing Director of Vijaya Bank and worked on strategies to bring about a quick turnaround and drew up the road map to ensure movement of the Bank to Mid-Size bank category with specific performance /business goals.

Details of Directorships in Public Companies:

Name of the Company	Position Held
Stock Holding Corporation of India Limited	Director

Membership/Chairmanship in the Committees of other Public Companies:

Name of the Committee	Position Held
Audit Committee of Stock Holding Corporation of India Limited	Chairman

No. of Shares held in the Company **NIL**

Relationship between directors inter-se **None**

Item No. 4

Mr. Ambuj Kumar Jain, Independent Non Executive Director, aged 80 years, is a Master in Arts and retired professional from Indian Audit & Accounts service, who has got vast experience in the fields of accounting, audit & Finance.

Details of Directorships in Public Companies:

Name of the Company	Position Held
Jessop & Co. Ltd.,	Director

Membership/Chairmanship in the Committees of other Public Companies:

Name of the Committee	Position Held
Audit Committee of Jessop & Co. Ltd.,	Chairman
Remuneration Committee of Jessop & Co. Ltd.,	Member
Share Holders Grievances Committee of Jessop & Co. Ltd.,	Member

No. of Shares held in the Company **NIL**

Relationship between directors inter-se **None**

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

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

The Board of Directors have appointed Mr. Ashok Kumar Agarwal, as Additional Director on 30.10.2012. As per the Section 260 of the Companies Act, 1956, the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing the candidature of Mr. Ashok Kumar Agarwal, for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Ashok Kumar Agarwal, aged 54 Years is a Graduate from University of Kolkata and having 32 years of experience in executing EPC Project under International Reputed Consultants Limited & M N Dastur & Co. for setting up (BOP Package) of Captive Power Plants of different clients like Birla's, Jindal's, Singhania's, Hindalco, Nagarjuna Group, Jaiswal's, Nicco Group and NJ Bhilwara (HEG) Group. He also has experience in piping projects for Water, Air and Fuel. The Directors, therefore recommended the Ordinary Resolution.

None of the Directors, except Mr. Ashok Kumar Agarwal is interested in the above Resolution.

Details of Directorships in Public Companies:

Name of the Company	Position Held
Jessop & Co. Ltd.,	Whole Time Director
Jessop Wagon & Coaches Ltd.,	Director
Shree Projects Ltd.,	Director
Sew Engineering Systems Ltd.,	Director

Membership/Chairmanship in the

Committees of other Public Companies:

Name of the Committee	Position Held
Audit Committee of Jessop & Co. Ltd.,	Member
Remuneration Committee of Jessop & Co. Ltd.,	Member
Share Holder Grievances Committee of Jessop & Co. Ltd.,	Member

No. of Shares held in the Company **NIL**

Relationship between directors inter-se **None**

ITEM NO. 7

The Board of Directors have appointed Mr. S. Badrinarayanan, as Additional Director on 19.11.2012. As per the Section 260 of the Companies Act, 1956, the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice in writing from a member proposing the candidature of Mr. S. Badrinarayanan, for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. S. Badrinarayanan, aged 57 Years is a Post Graduate in Commerce (M.Com), Associate Member of Institute of Cost & Works Accountant of India (AICWA) and Associate Member of Institute of Company Secretary of India (ACS) and having 35 Years of Experience in various Industries like Automotive Ancillary, Textiles, Trading, Tyre & Auto Components. The Directors, therefore recommended the Ordinary Resolution.

None of the Directors, except Mr. S. Badrinarayanan is interested in the above Resolution.

Details of Directorships in Public Companies:

Name of the Company	Position Held
NIL	

Membership/Chairmanship in the Committees of other Public Companies:

Name of the Committee	Position Held
NIL	

No. of Shares held in the Company **NIL**

Relationship between directors inter-se **None**

ITEM NO. 8

The Board of Directors have appointed Mr. Ashok Gupta, as Additional Director on 19.11.2012. As per the Section 260 of the Companies Act, 1956, the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company had received a notice in writing from a member proposing the candidature of Mr. Ashok Gupta, for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

Mr. Ashok Gupta, aged 60 Years is a B.Tech from IIT Kanpur and having 35 years of experience in various Industries like Liaoning Birla Carbon Company Limited (LBBCL), China, Continental Carbon India Ltd, Ghaziabad, Dunlop India Limited, Kolkata, Goodyear, Aurangabad, JK Tyre & Industries Limited, Kankroli & Gwalior. The Directors, therefore recommended the Ordinary Resolution.

None of the Directors, except Mr. Ashok Gupta is interested in the above Resolution.

Details of Directorships in Public Companies:

Name of the Company	Position Held
NIL	

Membership/Chairmanship in the Committees of other Public Companies:

Name of the Committee	Position Held
NIL	

No. of Shares held in the Company **NIL**

Relationship between directors inter-se **None**

ITEM NO. 9

To Consider the appointment and fixing the remuneration of Mr. Ashok Gupta as Whole Time Director of the Company.

The Board of Directors has appointed Mr. Ashok Gupta as Whole Time Director of the Company designated as "President (Operations)" for a period of three years w.e.f. 19th November, 2012 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 remuneration, which was approved by the Board of Directors at their meeting held on 19th November, 2012.

The Broad particulars of the terms of appointment and remuneration payable to Mr. Ashok Gupta are as under:

- i) The Whole Time 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 Whole Time 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. 1,50,000/- (Rupees One Lakh Fifty 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. 80,000/- (Rupees Eighty Thousand 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.,
- iii) **Perquisites:**
- a) In addition to the salary, Mr. Ashok Gupta, shall also be entitled to monthly perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, subject to a maximum of 40% of basic salary per month.
- b) Traveling Expenses – upto Rs. 10,000/- (Rupees Ten Thousand only) per month.
- iv) **Other Facility:**
- He will be entitled for a Car with driver and running expenses reimbursement.
- v) **Annual Perquisites:**
- a. Medical Allowance Rs.1,33,333/- (Rupees One Lakh Thirty Three Thousand Three Hundred and Thirty Three Only) per annum.
- b. 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.1,33,333/- (Rupees One Lakh Thirty Three Thousand Three Hundred and Thirty Three Only) per annum.
- c. Ex-Gratia: Ex-Gratia in accordance with the rules of the Company, subject to a ceiling of Rs. 1,33,334/- (Rupees One Lakh Thirty Three Thousand Three Hundred and Thirty Four Only) per annum.
- vi) **Leave:**
- He shall be entitled for leave as per the Company policy
- vii) **Notice Period:**
- The terms and conditions of appointment and remuneration are set out in the agreement. Either party can terminate the agreement by giving Thirty 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.

Ashok Gupta'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. Ashok Gupta is interested in the above resolution.

ITEM NO. 10

The Non-Executive Directors (NEDs) have been contributing substantially in the performance, policy matters and business dealings of the Company enabling the management to function more effectively. Further, in view of corporate governance reforms, the roles and responsibilities of the NEDs have increased significantly.

Having regard to the contributions made/to be made by the NEDs, the Board has, subject to approval by the shareholders, considered the need to remunerate them suitably with commission and/or by way of monthly, quarterly or annual payments upto a ceiling of 1% of the net profits of the Company each year computed in

the manner specified in the Act or such other limit as may be approved by the Central Government, for a period of three years commencing from the financial year 2011-12.

The provisions of Section 309 of the Act provide that a Director who is neither in the whole time employment nor a managing director may be paid remuneration by way of commission if the Company by a special resolution authorizes such payment and the remuneration by way of monthly, quarterly or annual payment with the approval of the Central Government, provided that the remuneration to all such Directors does not exceed 1% of the net profits of the Company, each year with the approval of the shareholders by a special resolution. The quantum of commission and/or monthly payments to be paid to all or any of the NEDs will be apportioned and decided by the Board each year, provided that the Board may remunerate any of the NEDs by way of a monthly, quarterly or annual payment with the approval of the Central Government, if required.

All the Non Executive Directors of the Company may be deemed to be concerned or interested in this resolution.

Date: 19th November 2012

By the order of the Board

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

M.C. Bhansali
Company Secretary

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued Circulars stating that services of documents including Annual Report to the members can be made through electronic mode. SEBI, vide circular Ref.. No. CIR/CFD/DIL/7/2011 dated 05th October, 2011 has also advised listed companies to supply soft copies of full annual reports to all those members who have registered their e-mail id addresses for the purpose. In order to support the said initiative, Falcon Tyres Limited has sent the copy of the Annual Report for the year 2011-12 along with the notice convening the Annual General Meeting through email to those members who have registered their e-mail id with the DP'S / R&T agents and have opted not to receive the Annual report in Physical form.

MEMBERS WHO HAVE NOT YET REGISTERED THEIR EMAIL ADDRESS ARE REQUESTED TO SUPPORT THE GREEN INITIATIVE BY REGISTERING THEIR EMAIL ADDRESS EITHER WITH DEPOSITORIES OR WITH THE COMPANY IN THE FORMAT GIVEN BELOW.

FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS / NOTICES BY ELECTRONIC MODE

To,
Integrated Enterprises (India) Ltd.
 30, Ramana Residency, 4th Cross,
 Sampige Road, Malleswaram,
 Bengaluru – 560 003

I agree to receive all documents / notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of sole / First Holder : _____

DP ID / Client ID / Regd. Folio No : _____

PAN No. : _____

E-mail Address : _____

Date : _____

Place : _____

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 36th Annual Report and Audited Accounts of the Company for the year ended 30th September, 2012

Your Company has achieved a net standalone turnover of Rs. 905.96 crores as against Rs.900.72 crores in the previous year with Profit

before Tax excluding exceptional item at Rs.15.18 Crores and Profit after Tax excluding exceptional item at Rs. 7.99 Crores. The Loss of Rs. 66.97 Crores on exceptional item was on account of sale of shares of Monotona Tyres Limited as the Company was not able to get the leverage of the consolidation.

FINANCIAL RESULT - STANDALONE

₹ in Lacs

Sl No.	Particulars	For the Year ended September 30,	
		2012	2011
i)	Revenue from Operation	90,595.66	90,072.77
ii)	Other Income	951.39	828.44
iii)	Total Revenue	91,547.05	90,901.21
iv)	Profit before Interest, Depreciation & Taxation (EBIDTA)	7,495.89	7,558.93
v)	Interest	4,172.01	1,752.03
vi)	Depreciation	1,805.52	852.33
vii)	Profit before Taxation & Exceptional Item	1,518.36	4,954.57
viii)	Extraordinary Items	6,697.28	--
ix)	Profit before Taxation (PBT)	-5,178.92	4,954.57
x)	Tax including Deferred Tax	719.57	2,056.11
xi)	Profit after Taxation (PAT)	-5,898.49	2,898.46
xii)	Profit brought forward from previous year	2080.14	872.40
xiii)	Amount available for Appropriation	-3,818.35	3,770.86
xiv)	Appropriations		
	Transfer to General Reserve	--	1000.00
	Proposed Dividend *	--	596.49
	Corporate Dividend Tax *	--	94.23
xv)	Balance carried to Balance Sheet	-3,818.35	2080.14

* Current Year Dividend including Dividend Distribution Tax of Rs. 451.75 is paid out of Reserves hence not shown in P&L Appropriation.

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

Description	UOM	For the Year ended September 30,		Last 10 Years Average
		2012	2011	
EBITDA/ REVENUE FROM OPERATIONS	%	8.27	8.39	7.81
PROFIT BEFORE TAX & EXCEPTIONAL ITEM / REVENUE FROM OPERATIONS	%	1.68	5.50	3.90
PROFIT AFTER TAX / REVENUE FROM OPERATIONS	%	-6.51	3.22	1.50
RETURN ON CAPITAL EMPLOYED	%	-1.78	8.25	2.53
EARNINGS PER SHARE AT A FACE VALUE OF RS. 5/- PER SHARE	Rs.	-7.61	8.50	2.93

STANDALONE PERFORMANCE

Your Company has achieved a net turnover of Rs. 905.96 Crores for the year under review posting a marginal increase of 1% over the previous year turnover of Rs. 900.73 Crores. Profit before Interest, Depreciation, Taxes and exceptional item stood at Rs. 74.96 Crores as against the previous year figure of Rs. 75.59 Crores. The Losses after exceptional item but before Tax is Rs. 51.79 Crores as against the previous year profit of Rs. 49.55 Crores. Loss after Tax is Rs. 58.98 Crores as against the previous year profit of Rs. 28.98 Crores. During the year under review the operational profit has come down due to partial utilization of increased capacity where interest and depreciation has been fully absorbed.

Production of Tyres and Tubes, during the year under review stood at 35440 MT against 37144 MT in the previous year. The Company has partnered with Original Equipment Manufacturers and has kept pace by developing Tyres for newer models. Production in MT is slightly down due to change in product mix, increase in value added products like Tubeless Tyres, PCR Tyres, etc.

Your Company has maintained its leadership position in Export market segment in the Current year. The replacement market has been marginally down due to sluggish market

conditions and cut-throat competition due to demand-supply mismatch in the Industry.

EXPANSION

Your Directors are happy to inform you that, the major part of expansion plan of the Company at Mysore has been completed and the production from the expansion plant has started from 2nd Quarter of 2012 and the process of ramp up of production capacities are taken up by 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 Automobile Companies (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 supplier for them.

SUBSIDIARY

During the previous year, the Company has disposed of the entire share holding of Monotona Tyres Limited (MTL). Hence, the MTL no longer remain subsidiary of your Company. Chamundi Plasto Sacks Private Limited (CPSPL) has become subsidiary of the Company w.e.f. 18.10.2011 The Financial position and performance of the subsidiary during the year is as follows:

₹ in Lacs

Particulars	For the year ended 31/03/2012
Capital	10.00
Reserves	(61.14)
Total Assets	3.28
Total Liabilities	54.43
Investments	Nil
Turnover	Nil
EBIDTA	(0.01)
EBDT	(0.01)
Profit Before taxation	(0.15)
Provision for taxation including deferred tax	Nil
Profit after taxation	Nil
Proposed Dividend including corporate div tax	Nil

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 accounts 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

As the Board of Directors of the Company feel that the downward trend in the performance and profitability of the Company is temporary in nature, your Director recommends a dividend of 10% for the year 2011-12, which shall be paid out of the General Reserve of the Company.

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, valid till May 2013.
- ISO 14001:2004 & OHSAS 18001:2007 for Environment, Occupational Health & Safety Assessment Series Management Systems and are valid till September 2014 and September 2015 respectively.
- Your Company has started the process of TPM and the implementation of the same is under progress.

DIRECTORS

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Ambuj Kumar Jain & Mr. Prakash

P Mallya 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.

Mr. Ashok Kumar Agarwal and Mr. S. Badrinarayan have been appointed as Additional Directors on 30th October 2012 and 19th November 2012 respectively and Mr. Ashok Gupta as Additional & Whole time Director w.e.f. 19th November 2012.

Your Board recommends to appoint them as Additional Directors & Whole Time Director accordingly.

Mr. Tarun Gandhi has resigned w.e.f. 14th Feb 2012 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, 2012 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

The Company maintained harmonious and cordial Industrial Relations during the period under review. However there was a small issue with a section of Badli and Casual 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 team consisting of Senior Executive & Employees of the Company to monitor the safety aspect of the plant and all employees were advised to participate actively on the safety related issues. 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:** Like every year this year also 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. Winner of the sports event were rewarded with the prizes and sweets distributed.
- iii) **Green Revolution:** The Company has developed a green belt in and around the Company premises for better environment. During the year the Company has planted more than 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 the Company has sponsored prizes of sports in local community.
- vi) **Merit Award:** The Meritorious and excellence in sports cash award to the children of the Employees has been distributed during the year.

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, 2012 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, 2012 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, 2012 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 reposed on the Management / Board of 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

S. Ravi **Ashok Gupta** **S. Badrinarayanan**
Director Director Director

Place: Bangalore
Date: 19th November, 2012

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 year ended September 30, 2012

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) 28 Years	01.04.2007	53	

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) Condensate recovery improved by around 7.5% by stream lining the system
- 2) One 250 TR Fan Type cooling tower was replaced by Fan less natural air cooling tower
- 3) RO rejection is being used for ash and coal wetting and quenching
- 4) Further insulation of stream lines where insulation was old/missing
- 5) Periodic energy audit and corrective actions are being taken to improve the efficiency

b) Impact of measures taken

- 1) Savings in fuel consumption
- 2) Savings in electric power consumption
- 3) Savings in water consumption

c) Additional investments / modifications proposed

- 1) Introduction of booster pump to increase the pressure of water at four roll calendar.
- 2) Introduction of additional capacitors for improving the Power Factor.
- 3) Replacement of reciprocating compressors by energy efficient screw compressor in a phased manner (60% of our compressors are already converted to screw type)
- 4) To install separate compressor for instrument air

d) Impact of proposed measures

- 1) Savings in Power, water and fuel Cost
- 2) Energy saving and quality improvement
- 3) Improvement in power factor and energy saving

FORM-A

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

Description	For the Year ended September 30,	
	2012	2011
1. Electricity		
a. Purchased:		
- Total Units	16434240	8628960
- Total Amount (Rs.in lakhs)	993.57	508.63
- Rate per unit (Rs.)	6.05	5.89
b. Own Generation:		
- Units Generated	2462207	10081510
- Total Diesel/Coal Cost (Rs.Lacs)	192.39	621.78
- Cost per unit (Rs.)	7.81	6.17
2. Fuel :		
a) Biomass,Coal & Others -Quantity (M.T.)	26565	22359
- Total Cost (Rs.Lacs)	1301.38	1018.57
- Fuel Rate per Kg. (Rs.)	4.90	4.56
- Fuel Cost/Kg. on Production (Rs.)	3.72	2.81
3. Consumption per Kg.of -		
- Production of Tyre & Tube:-		
- Electricity (Units/Kg.)	0.539	0.515
- Coal & Other Fuels (Kgs./Kg.)	0.758	0.616

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

- a) Developed Nylon / Steel belted Radial Construction for Motor Cycles tyres.
- b) Developed New 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 with 60 & 70 aspect ratio low profiled for Motorcycles.
- 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.

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

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

3. Future Plan of action:

- a) Machine / process flexibility need further improvement for more 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 learning 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 areas where this has not been taken place, reasons therefore and future plans for action

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange earned and used:

₹ in Lacs

Particulars	2011-12	2010-11
i) Foreign Exchange Earned	7159.49	5031.48
ii) Foreign Exchange Used	10860.13	9510.54

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	31-Mar-12
1. (a) Number of shares held by Falcon Tyres Limited at the end of the above date	9,995
(b) Extent of Interest on above date	100%
2. Net aggregate amount of the Subsidiary Company's Profit/ (Loss) so far it concerns members of the Holding Company and	Rs. in Lakhs
(a) is not dealt in the Company's account	
(i) for the financial year ended March 31, 2012	NIL
(ii) for the previous financial year since it become a subsidiary	Not Applicable*
(b) is dealt in the Company's account	
(i) for the financial year ended March 31, 2012	-0.15 Lakhs
(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, 2012 and September 30, 2012	
- Number of shares acquired	NIL
Material changes between the end of the subsidiary's financial year March 31, 2012 and September 30, 2012	Rs. in Lakhs
(i) Fixed Assets (net additions)	NIL
(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 the Shares of Monotona Tyres Limited has been sold It no longer remains subsidiary of Falcon Tyres Limited Further to this Falcon Tyres Limited acquired 100% holding of Chamuni Plasto Sacks Pvt Ltd hence it became subsidiary w.e.f. 18th Oct,2011.

ANNEXURE - III 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 wheeler 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.

The bottom line came under tremendous pressure due to increase in raw material price, depreciation of rupee, higher overhead cost and increase in rate of borrowings and slowdown in the Indian economy.

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 slow down in the Indian economy during 2011-12 tyre industry has also been affected. However, for the Indian economy outlook for growth and price stability at this juncture looks more promising and in turn the prospects for the growth in the tyre industry look bright.

On the other hand Raw Materials prices are a cause of concern. Synthetic rubber and other input prices witnessed increase due to devaluation of rupee.

BUSINESS OUTLOOK AND OVERVIEW

Year 2011-12 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 its major supplies in OEM and Replacement market, whereas Company has increased its supplies to the OEM's it cannot 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 year, the Company has Directly/ Indirectly sold Rs.71.59 crores value of tyres in export market as compared to Rs. 50.31 crores sold during the last year posting a growth of around 30%. Your Company is focusing on the segment and expects to grow further.

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 year and the response to the same are positive. Moreover the newly developed Tuffgrip Tyres has also got very positive response.

OPERATION REVIEW

Financial Performance:

The Company achieved gross turnover of Rs.98219.50 Lacs for the year ended 30th September 2012, as against previous year gross turnover of Rs.97232.94 Lacs with a marginal increase. These results were achieved despite severe competition in the Industry.

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

Description	UOM	2011-12 (12 Months)	2010-11 (12 Months)
OEM's	Rs. in Lacs	42,063.08	39,916.08
Replacement	Rs. in Lacs	45,305.18	48,935.90
Exports	Rs. in Lacs	7159.49	5,031.48
Others	Rs. in Lacs	3,691.75	3,349.48
Total	Rs. in Lacs	98,219.50	97,232.94

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 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 run.

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

- Involving the Field Marketing Personnel on the Strategic Decision Making and planning the route map for the Future,
- Recognizing the Outstanding Performers in the Annual 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.

CORPORATE GOVERNANCE REPORT

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 2012 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	Nil	Nil	Nil	Nil
Mr. A.K. Jain	Independent	1	2	1	3
Mr. K.N. Prithviraj	Independent	7	9	1	10
Mr. Prakash P. Mallya	Independent	1	-	1	1
Mr. S. Ravi	Non-Executive	4	6	-	6
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 7 (Seven) times during the 12 months period from 1st October 2011 to 30th September 2012, i.e.

07 th November, 2011	25 th April, 2012	14 th August, 2012
14 th February, 2012	26 th April, 2012	
28 th March, 2012	15 th May, 2012	

The last Annual General Meeting of the Company was held on 23rd December, 2011.

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 2011-12	No. of Board Meetings attended	Attendance at Last AGM
1.	Mr. Pawan Kumar Ruia	7	7	Yes
2.	Mr. A. K. Jain	7	5	No
3.	Mr. K. N. Prithviraj	7	5	No
4.	Mr. Prakash P. Mallya	7	7	No
5.	Mr. S. Ravi	7	7	Yes
6.	Mr. Sunil Bhansali	7	6	Yes
PART OF THE YEAR:				
7.	Mr. Tarun Gandhi resigned on 14.02.2012	2	0	No

* 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 four 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. S. Ravi	Member

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

The gist of terms of reference is given below:

- Review of Company's financial reporting process.
- Review of Quarterly and Annual Financial Statements, before submission to the Board.

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

The Audit Committee meeting held four times during twelve months period from 01.10.2011 to 30.09.2012

Sl. No.	Date of the Audit Committee Meeting
1.	07th November, 2011
2.	14th February, 2012
3.	15th May, 2012
4.	14th August, 2012

Attendance at Audit Committee Meeting:

Name of Directors	No. of Audit Meetings held during the tenure of the Director 2011-12	No. of Meetings attended
Mr. A.K. Jain	4	3
Mr. K.N. Prithviraj	4	4
Mr. Prakash P. Mallya	4	4
Mr. Tarun Gandhi	2	0
Mr. S. Ravi	4	4

D) Remuneration Committee:

The Remuneration Committee comprises of 3 (Three) Directors, which are as follows.

Name of Committee Members	Chairman / Member
Mr. K.N. Prithviraj	Chairman
Mr. A.K. Jain	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 Independent 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 Independent Non-Executive Directors are as follows:

Name of the Directors	Sitting Fees Paid During the Year (Rs.)
Mr. A.K. Jain	1,20,000
Mr. K.N. Prithviraj	1,20,000
Mr. Prakash P. Mallya	1,60,000

E) Investors' / Shareholders' Grievances Committee:

As of 30th September 2012, the Committee consists of two Directors and one Company Executive, namely,

Sl.No	Name of the Directors	Chairman / Member
1.	Mr. S. Ravi	Member (Non-executive Director)
2.	Mr. Sunil Bhansali	Member (Executive Director)
3.	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, ten 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
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.
2010-2011	23/12/2011	Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.30 p.m.	Re-Appointment of Mr. Sunil Bhansali as Whole time Director designated as Executive Director of the Company for a Period of Three Years w.e.f. 30 th September, 2011 to 29 th September, 2014

Extra Ordinary General Meeting

Financial Year	Date of Meeting	Location of the Meeting	Time	Special Resolution Passed
2011-2012	26/04/2012	Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016	12.15 p.m.	Allotment of Equity Shares pursuant to the conversion of loan to Equity Shares

Postal Ballot:

Approval of Shareholders by means of ordinary Resolution was sought through postal ballot for the sale of Shares of Subsidiary Company Monotona Tyres Limited. The Postal Ballot was circulated to the members on 21.02.2012 and the last date for the receipt of duly signed postal ballot form was 22.03.2012.

The Resolution was approved by the Shareholders with the requisite majority and the result was announced on 26.03.2012. The Postal Ballot exercise was conducted by Mr. M.R. Gopinath, Practicing Company Secretary, Bangalore. The details are as follows.

No. of shareholders exercised the option	Voted For	Voted Against	Invalid Votes
132	99	9	24

The Result of the Postal Ballot is as follows:

PARTICULARS	No. of Shares	% to Number of votes Cast
Total Number of Shares voted FOR the Ordinary Resolution	27148201	99.99%
Total Number of Shares voted AGAINST the Ordinary Resolution	534	0.01%
Total	27148735	100.00%

G) Disclosures:

- 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.32 to the Accounts in the Annual Report.
- 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.
- 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 29th December, 2012 at 1.00 p.m. at Golden Landmark Resort, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016

Financial Period 1st October, 2011 to 30th September, 2012

Date of Book Closure 21st December, 2012 to 29th December, 2012
(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 2011-12

Stock Code:

Bombay Stock Exchange : 509527

Demat ISIN : INE511B01024

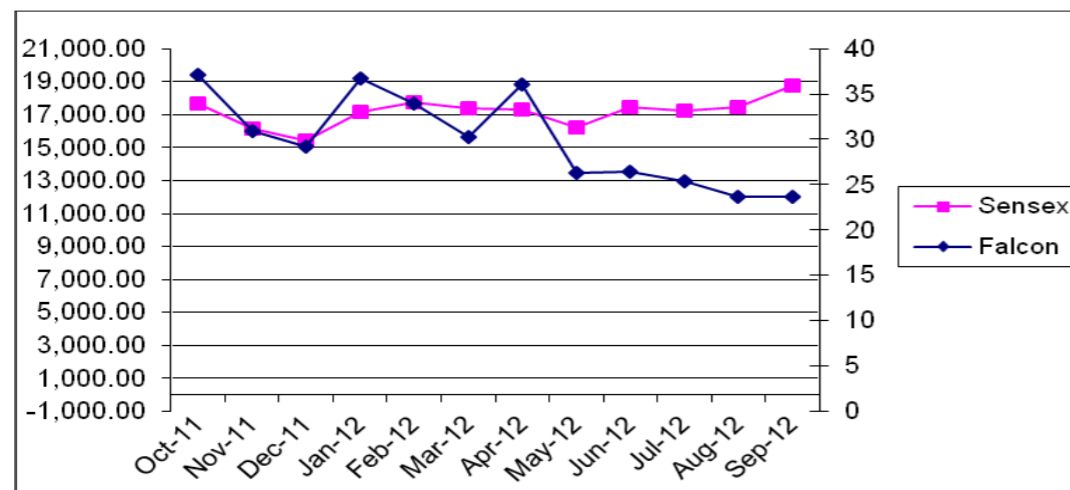
Market Price Movement:

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, 2011	38.45	33.35
November, 2011	38.90	27.10
December, 2011	35.85	27.00
January, 2012	37.20	25.05
February, 2012	42.80	31.35
March, 2012	35.45	26.05
April, 2012	41.10	29.75
May, 2012	36.50	25.70
June, 2012	27.00	23.05
July, 2012	31.50	24.70
August, 2012	29.75	22.00
September, 2012	26.00	20.20

Stock Performance in comparison to Broad based indices such as BSE Sensex PRICE INDEX(Rs.)

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. (formerly known as Alpha Systems Private Limited),
30, Ramana Residency, 4th Cross,
Sampige Road, Malleswaram,
Bengaluru – 560 003
Tel: 080-23460815
Fax: 080-23460819

Share Transfer System

43.13 % 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 30.09.2012

No. of equity shares	Holders No. of holders	Holders %	Holding No. of shares held	Holding %
Upto 1000	3725	84.12	863085	1.11
1001 - 2500	399	9.01	666307	0.86
2501 - 5000	186	4.20	631290	0.81
5001 - 10000	69	1.56	484216	0.63
10001 and above	49	1.11	74827682	96.59
TOTAL	4428	100.00	77472580	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 43.13 % of the Company's Share Capital are in dematerialised form as on 30th September, 2012. 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 2004-05 into Investor's Protection Fund on or before 30.11.2012.

Shareholders who have not yet encashed their dividend warrants for the year 2005-06 to 2010-11 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 : 0821-2582055/2582041/3984953
Fax : 0821-2582321/345
Email: Mahaveer.bhansali@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, 2012.

Bangalore,
19th November, 2012

Ashok Gupta
Director

CERTIFICATE

The Board of Directors,
Falcon Tyres Limited,

We certify that

- a) We have reviewed the financial statements and the cash flow statement for the financial period ended 30th September, 2012 and that to the best of our knowledge and belief
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that there were
 - i) no significant changes in internal control over financial reporting during the year;
 - ii) no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control systems over financial reporting.

Rohit Patesaria
Asst. Vice President - Finance
Bangalore, 19th November, 2012

Ashok Gupta
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, 2012 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

Kolkata
19th November'2012

SUBHASISH PORE
Partner
Membership No.55862

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, 2012, the annexed Statement of Profit and Loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the statement of profit and loss 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, 2012 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, 2012;
- ii) In the case of the Statement of Profit and Loss of the Loss 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.

Kolkata
19th November, 2012

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

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 arrangements 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.

- x) The Company has no accumulated losses at the end of the financial year and has incurred cash loss in current financial year but not in the immediately preceding financial year.
- xi) The Company has not defaulted but delayed in repayment of overdues to 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 generally 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. However, the company has issued 43387048 shares of Rs. 5 each at a premium of Rs.28.26 per share on preferential basis by way of conversion of unsecured loans.
- xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any fraud on or by the Company nor have we been informed of any such case by the management.

Kolkata
19th November, 2012

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

SUBHASISH PORE
Partner
Membership No. 55862

BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	Note	As at 30th September	
		2012	2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3,873.63	1,704.27
(b) Reserves and Surplus	2	23,540.76	17,972.74
(c) Money Received against Share Warrants		-	-
		27,414.39	19,677.01
(2) Share Application money pending allotment	-	-	-
(3) Non-Current Liabilities	3		
(a) Long-Term Borrowings	3A	47,437.49	19,726.77
(b) Deferred Tax Liabilities (Net)	3B	1,483.07	763.50
(c) Other Long Term Liabilities	3C	3,746.48	2,606.45
(d) Long Term Provisions	3D	1,057.99	1,186.92
(4) Current Liabilities	4		
(a) Short-Term Borrowings	4A	12,282.99	23,313.82
(b) Trade Payables	4B	11,687.42	7,970.45
(c) Other Current Liabilities	4C	7,013.64	5,945.29
(d) Short Term Provisions	4D	1,095.98	3,441.73
Total Equity & Liabilities		113,219.45	84,631.94
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	6		
i) Tangible Assets		48,043.19	19,497.00
ii) Intangible Assets		20.15	-
iii) Capital Work-in- Progress		16,109.28	4,372.13
(b) Non Current Investments	7	1,107.52	8,863.00
(c) Long Term Loans and Advances	8	23,930.35	23,698.29
(2) Current Assets			
(a) Inventories	9	9,536.46	9,139.97
(b) Trade Receivables	10	6,851.71	11,383.37
(c) Cash and bank balances	11	2,448.85	2,779.96
(d) Short-Term Loans and Advances	12	5,171.94	4,898.22
Total Assets		113,219.45	84,631.94
Significant Accounting Policies & Notes on Financial Statement	1 to 34		

The notes referred above form an integral part of the Balance Sheet

As per our Report attached
for K. N. Gutgutia & Co.

Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata

19th November, 2012

For and on behalf of the Board

M.C. Bhansali **S. Ravi** **Ashok Gupta** **S. Badrinarayanan**
Company Secretary Director Director Director

Bangalore

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	Note	For the year ended 30th September	
		2012	2011
Revenue from operations	13	90,595.66	90,072.77
Other Income	14	951.39	828.44
Total Revenue		91,547.05	90,901.21
Expenses:			
Cost of materials consumed	15	53,292.05	53,756.95
Manufacturing Expenses	15A	4,981.15	5,441.29
Purchase of Stock-in-Trade		9,738.17	11,539.59
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	436.76	-2,585.56
Employee Benefit Expense	17	5,422.04	4,928.50
Financial Costs	18	4,172.01	1,752.03
Depreciation and Amortization Expenses	19	1,805.52	852.33
Other Expenses	20	10,180.99	10,261.51
Total Expenses		90,028.69	85,946.64
Profit before exceptional and extraordinary items and tax		1,518.36	4,954.57
Exceptional Items	21	6,697.28	-
Profit before extraordinary items and tax		-5,178.92	4,954.57
Extraordinary Items		-	-
Profit before tax		-5,178.92	4,954.57
Tax expense:			
(1) Current tax		-	2,019.56
(2) Deferred tax		719.57	36.55
Profit/(Loss) from the period from continuing operations		-5,898.49	2,898.46
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations		-	-
Profit/(Loss) for the period		-5,898.49	2,898.46
Earning per equity share:			
(1) Basic		-7.61	8.50
(2) Diluted		-7.61	8.50
Significant Accounting Policies & Notes on Financial Statement	1 to 34		

The notes referred above form an integral part of the Statement of Profit & Loss

As per our Report attached
for K. N. Gutgutia & Co.

Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata

19th November, 2012

For and on behalf of the Board

M.C. Bhansali **S. Ravi** **Ashok Gupta** **S. Badrinarayanan**
Company Secretary Director Director Director

Bangalore

Notes forming part of Financial Statements

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
1 SHARE CAPITAL		
AUTHORIZED SHARE CAPITAL		
20,00,00,000 Equity Shares of Rs. 5/- each	10,000.00	10,000.00
	10,000.00	10,000.00
ISSUED , SUBSCRIBED & PAID UP CAPITAL:		
7,74,72,580 (3,40,85,532) Equity shares of Rs.5/- each fully paid up	3,873.63	1,704.27
Total	3,873.63	1,704.27

1.1 Reconciliation of the number of shares outstanding

Shares in Nos.

Particulars	As at 30th September	
	2012	2011
Equity Shares at the beginning of the year	34,085,532	34,085,532
Add: Shares issued on conversion of Loan	43,387,048	-
Less: Shares buy back, if any	-	-
Equity Shares at the end of the year	77,472,580	34,085,532

- 1.2 The Company has one class of equity shares having a par value of Rs.5 each. Each equity shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.
- 1.3 During the year the company has allotted 43387048 equity shares of Rs. 5 at a premium of Rs.28.26 per share on preferential basis by conversion of unsecured loans received in cash at EGM held on 26th April, 2012
- 1.4 There are no unpaid amounts or calls in arrears from public, directors or officers of the company and no shares were forfeited during the year
- 1.5 Further, on 29th Sep, 2009, the company issued 34085532 bonus shares in the ratio of two shares for every one share held
- 1.6 DIL Rim and Wheel Corporation Ltd, Mauritius was holding company during the previous year 2010-11 but during the current year due to preferential allotment, their holding has come down to 30.35% and lost holding company status as per the Companies Act 1956.
- 1.7 Details of Shareholders holding more than 5% shares

Name of the Shareholders	As at 30th September			
	2012		2011	
	No. of Shares	% Held	No. of Shares	% Held
M/S Kanpur Properties & Finance Pvt Limited	2,385,150	3.08	2,385,150	7.00
M/S Suncap Commodities Limited	15,185,467	19.60	-	-
M/S Regus Impex Private Limited	15,185,467	19.60	-	-
M/S Salputri Commerce Private Limited	13,016,114	16.80	-	-
M/S Manali Properties & Finance Pvt Limited	981,844	1.27	4,932,844	13.30
M/S Dil Rim Wheel Corporation Limited	23,513,100	30.35	23,513,100	68.00

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
2 RESERVES AND SURPLUS		
(a) Capital Reserve		
(Capital Subsidy Received from Govt Through MNRE)	100.00	100.00
(b) Securities Premium		
As per last Balance Sheet	165.87	165.87
Addition during the year	12,261.18	-
(c) Revaluation Reserves		
As per last Balance Sheet	7,310.24	7,655.86
Transferred to Profit & Loss Account	(342.92)	(345.62)
(d) General Reserve		
As per last Balance Sheet	8,316.49	7,316.49
Add: Transferred from Profit & Loss Account	-	1,000.00
	8,316.49	8,316.49
Less: Proposed Dividend	387.36	-
Tax on Dividend	64.39	-
Closing General Reserve	7,864.74	8,316.49
(e) Profit & Loss Account		
As per last balance sheet	2,080.14	872.40
Add: Profit for the year	(5,898.49)	2,898.46
Profit available for appropriation	(3,818.35)	3,770.86
Less: Appropriations		
Transfer to General Reserve	-	1,000.00
Proposed dividend	-	596.49
Tax on dividend	-	94.23
	-	1,690.72
Total	23,540.76	17,972.74
3 LONG TERM BORROWINGS		
3A SECURED		
Syndicate Bank TL-1	-	402.33
Yes Bank Ltd.	860.00	840.92
Central Bank of India	9,457.56	10,119.72
The South Indian Bank Ltd.	4,216.34	3,652.73
Syndicate Bank TL-2	4,616.31	4,711.07
ICICI Bank Ltd.	27,327.12	-
The South Indian Bank Ltd - Funded Interest	960.16	-
Total	47,437.49	19,726.77

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Notes forming part of Financial Statements (contd.)

Security Terms

Syndicate Bank - Secured by hypothecation of company's Plant & Machinery and Immovable Properties situated at Mysore and pari-passu first charge on the current assets and Fixed Assets of the Company. Rate of Interest 13.75% p.a.

Yes Bank Ltd. - Secured by subservient charge on all current and movable fixed assets (both present and future), Fixed Deposit Margin of Rs.20 Lacs and Corporate guarantee of Monotona Tyres Limited (MTL). This is to be further secured by pledge on 16,20,000 shares & Negative Lien on 37,79,400 shares of MTL. Rate of Interest@ 15.75% payable in 36 monthly instalment August, 2012.

Central Bank of India - Secured by exclusive first charge by way of hypothecation of Plant & Machinery & Civil works, etc. arising out of the Term Loan. Second charge on all other existing fixed assets. Rate of Interest 14.75% p.a. repayable in 24 quarterly installment from July, 2013.

The South Indian Bank Ltd. - 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. Rate of Interest 14.4% p.a. Repayable in 24 quarterly installment from Jan 2013

Syndicate Bank - TL II - 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. Rate of Interest 14.75% p.a., repayable in 24 quarterly installment from June, 2013.

ICICI Bank Ltd. - 2nd Charge on the entire FA of the Company (Movable and immovable), both present and future, providing atleast one time security cover for the proposal and 2nd charge on the entire current assets of the company to be shared on pari passu basis with existing charge holders. Rate of interest 13% p.a. with stepped up coupon repayable in 32 quarterly installment from 15th June, 2012.

There is no continuing default as on the Balance Sheet date in repayment of term loan Interest and Principal

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
3B Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	2,368.75	992.01
Less: Deferred Tax Assets		
Disallowed under Income Tax Act, 1961	222.77	228.51
Carried forward Income Tax loss	662.91	-
Total	1,483.07	763.50
3C OTHER LONG TERM LIABILITIES		
Advance from Customer (Replacement)	2,082.76	2,140.00
Liability for capital expenditure	985.39	174.79
C & F Deposit	678.33	291.66
Total	3,746.48	2,606.45
3D LONG TERM PROVISIONS		
Provision for employee benefits	945.49	831.42
Warranty Claim	112.50	355.50
Total	1,057.99	1,186.92

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
4A CURRENT LIABILITIES		
SHORT TERM BORROWINGS - SECURED		
Cash Credit from Banks		
Syndicate Bank	3,237.49	3,193.28
Punjab National Bank	2,380.84	2,413.28
State Bank of India	2,023.84	2,024.71
Oriental Bank of Commerce	1,322.43	714.93
ICICI Bank Ltd.	-	1,000.00
Central Bank of India	2,925.89	-
(Working Capital Limits of the Company 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 except ICICI Bank which is a dropline overdraft with subservient charge over the current assets of the Company. There is no continuing default as on the Balance Sheet date in respect of above said short term borrowing from bank)	11,890.49	9,346.20
SHORT TERM BORROWINGS - UNSECURED		
Short Term Loan		
a. Loans and advances from related parties		
Interest free Loan from Body Corporate	-	13,155.12
b. Other Loans and advances		
Loan From Customers	392.50	812.50
Total	12,282.99	23,313.82
4B TRADE PAYABLES		
Acceptance	-	-
Sundry Creditors for		
Micro, Small and Medium Enterprises	20.15	16.92
Others	11,667.27	7,953.53
Total	11,687.42	7,970.45
4C OTHER CURRENT LIABILITIES		
Current maturities of long term debt		
Syndicate Bank TL-1	456.67	1,059.96
Yes Bank Ltd.	400.00	672.72
Central Bank of India	542.44	-
The South Indian Bank Ltd.	784.52	-
Syndicate Bank TL-2	383.69	1,732.68
Oriental Bank of Commerce - Current Account	-	13.47
Interest accrued but not due	-	141.67
Interest accrued and due	-	259.46
Unclaimed Dividend #	-	22.25

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Notes forming part of Financial Statements (Contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
Other Payables		
Payable to Central Excise, Customs Authorities	551.97	220.94
Other Payables	3,457.50	3,949.53
Total	7,013.64	5,945.29
# These figures do not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund		
4D PROVISIONS		
Provisions for Superannuation/Gratuity/Leave Encashment	105.05	92.38
Provision for Proposed Dividend	387.36	596.49
Provision for Tax on Dividend	65.14	97.52
Provision for Taxation (Net)	482.66	2,508.57
Provision for Fringe Benefit Tax	18.27	18.27
Provision for Warranty Claim	37.50	128.50
Total	1,095.98	3,441.73
5 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)		
CONTINGENT LIABILITIES		
a) Claims against the Company not acknowledged as debt	14.02	19.58
b) Corporate Guarantees	4,800.00	4,800.00
c) Other money for which the company is contingently liable		
COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and provided for (Net of advance)	16,151.14	4,512.12

Notes forming part of Financial Statements (contd.)

₹ in Lacs

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	01.10.2011	Additions during the year	Sale of Assets For the year	30.09.2012	Upto 1.10.2011	For the year	Sale of Assets For the year	Upto 30.09.2012	As at 30.09.2012	As at 30.09.2011
6 FIXED ASSETS										
TANGIBLE ASSETS:										
OWN ASSETS:										
Land	4,625.00			4,625.00	0.00			0.00	4,625.00	4,625.00
Buildings	3,746.24	3,436.47		7,182.71	802.68	196.23		998.91	6,183.80	2,943.56
Plant & Machinery	17,954.57	25,886.25		43,840.82	6,335.72	1,817.24		8,152.95	35,687.87	11,618.85
Computers	167.29	4.70		171.99	145.01	7.98		152.99	19.00	22.28
Electrical Installation	462.18	1,363.34		1,825.52	232.25	116.16		348.41	1,477.11	229.93
Office & Lab Equipment	35.11	1.83		36.94	20.47	1.72		22.19	14.75	14.64
Furniture & Fixtures	73.86	0.10		73.96	58.14	2.96		61.10	12.86	15.72
Vehicles	49.89	-		49.89	23.80	4.12		27.92	21.97	26.09
Low Value Assets	9.73	-		9.73	8.80	0.10		8.90	0.83	0.93
Sub-Total	27,123.87	30,692.69	0.00	57,816.56	7,626.87	2,146.51	-	9,773.37	48,043.19	19,497.00
LEASED ASSETS:										
Sub-Total	-	-	-	-	-	-	-	-	-	-
Total (A)	27,123.87	30,692.69	0.00	57,816.56	7,626.87	2,146.51	-	9,773.37	48,043.19	19,497.00
INTANGIBLE ASSETS:										
Computer Software	-	22.90		66.04	-	2.75		2.75	20.15	-
Technical Know-how	87.60	-		87.60	87.60	-		87.60	-	-
Total (B)	87.60	22.90	-	153.64	87.60	2.75	-	90.35	20.15	-
TOTAL (A+B)	27,211.47	30,715.59	0.00	57,970.19	7,714.47	2,149.26	-	9,906.85	48,063.34	19,497.00
Previous year figures as at 30.09.2011	25,015.45	2,196.02	0.00	27,211.47	6,516.52	1,197.95	-	7,714.47	19,497.00	18,498.93
Capital Work-in-Progress Intangible Asset under Development									16,109.28	4,372.13

6.1 The Gross Block of Fixed Assets include Rs. 9676 Lakhs (Previous Year Rs. 9676 Lakhs) on account of revaluation of Fixed Assets. Consequent to this revaluation, there is an additional charge of depreciation of Rs. 342.92 Lakhs (Previous Year Rs. 345.62 Lakhs) and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the profit and loss account. This has no impact on profit or loss.

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
7 NON-CURRENT INVESTMENTS		
Investment in Equity Instruments		
In Equity Shares of Associate Companies		
Un-Quoted, fully paid up		
1 Share of Rs.1000/- in FTL House Building Co-operative Society (Previous Year 1 Share)	0.01	0.01
5000 Shares of GBP 1 each in Global Finvest limited (Previous Year 5000 Share), 5% Share in JV Nil Shares of Rs.10/-each in Monotona Tyres Limited (Previous Year 5399400)	4.00	4.00
10000 shares of Rs.100/-each in Chamundi Plasto Sacks Pvt. Ltd. (Previous Year 10000 Share)	1,101.55	-
Sub Total (A)	1,105.56	8,861.04
In Equity Shares of Other Companies		
Quoted, fully paid up *		
11,500 Equity Shares of Rs. 10/- each in Union Bank of India (Previous Year 11,500 Equity Shares)	1.84	1.84
200 Equity Shares of Rs. 10/- each in UCO Bank (Previous Year 200 Equity Shares)	0.02	0.02
400 Equity Shares of Rs. 10/- each in Indian Overseas Bank (Previous Year 400 Equity Shares)	0.10	0.10
Sub Total (B)	1.96	1.96
Total (A+B)	1,107.52	8,863.00
* Total value of Quoted Shares as on current year ended Rs. 24.35 Lakhs (Previous year ended Rs. 28.80 Lakhs)		
8 LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured and considered Good	23,930.35	23,698.29
Security Deposit	-	-
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
d) Less: Provision for Doubtful Deposits	-	-
Sub Total (B)		
Loans & Advances to Related Parties		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
c) Doubtful	-	-
d) Less: Provision for Doubtful Deposits	-	-
Sub Total (C)		
Total	23,930.35	23,698.29
9 INVENTORIES		
Raw Material	3,160.46	2,343.43
Work-in-Progress	559.52	591.18
Finished Goods	5,499.40	5,904.50
Stores & Spares	317.08	300.86
Total	9,536.46	9,139.97
# Raw material, WIP and stores and spares are valued at cost. Finished goods valued at cost or market price whichever is low.		
10 TRADE RECEIVABLES		
Unsecured and considered good		
Over six month	55.01	-
Others	6,796.70	11,383.37
Total	6,851.71	11,383.37
11 CASH & BANK BALANCES		
Balances with Banks		
In Current Accounts	31.16	623.28
Deposit Accounts	-	-
Margin Money	760.23	769.61
Security against borrowings	-	-
Bank deposit more than 12 months maturity	-	-
Earmarked Balances - Unpaid dividend account	22.25	17.17
Cheque in Transit	1,625.38	1,362.41
Cash Balance	9.83	7.49
Total [A + B + C]	2,448.85	2,779.96
12 SHORT TERM LOANS & ADVANCES		
Advances Recoverable in cash or in kind or for value to be received	549.50	315.11
Advance to Suppliers	3,035.52	3,188.00
Advance for Purchase of Investment	-	600.00
Loans and Advances to Related Parties	1,135.79	418.86
Other Deposits	234.74	187.42
Export Incentives Receivable	216.39	188.83
Total	5,171.94	4,898.22

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
13 REVENUE FROM OPERATIONS				
Sales (net off returns and discounts)		98,219.50		97,232.94
Excise Duty		7,623.84		7,160.17
Total		90,595.66		90,072.77
14 OTHER INCOME				
Sale of Scrap		440.80		343.38
Exchange difference (Net)		-		137.80
Export Incentives		283.11		242.53
Dividend from Companies - Others		10.80		32.39
Sundry Balances Adjusted (Net)		-		3.58
Miscellaneous Income		150.88		3.40
Interest Received (Gross)		65.80		65.36
Total		951.39		828.44
15 COST OF MATERIALS CONSUMED				
Raw Material Consumed				
Opening Stock		2,343.43		3,050.47
Add: Purchases		54,109.08		53,049.91
		56,452.51		56,100.38
Less: Closing Stock		3,160.46		2,343.43
Total		53,292.05		53,756.95
15.1 Particulars of Raw material consumed				
Rubber and Rubber Products		33,261.47		34,816.62
Fabric		6,294.87		6,322.81
Carbon Black		7,049.06		6,428.47
Chemicals		4,651.12		4,017.34
Others		2,035.53		2,171.71
Total		53,292.05		53,756.95
		% of Consumption		% of Consumption
Imported		19.64%		18.34%
Indigeneous		80.36%		81.66%
		100.00%		100.00%
		Value in Lakhs		Value in Lakhs
15A Manufacturing Expenses				
Indigeneous Stores Consumed		192.36		234.04
Import Stores Consumed		1.24		-
Power, Fuel and Water Charges		2,612.71		2,501.48
Mixing Charges		1,412.65		1,575.62
Conversion Charges		146.59		305.06
Increase / Decrease in Excise Duty Provision		167.64		269.46
Repairs - Plant & Machinery		447.96		555.63
Total		4,981.15		5,441.29

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
16 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE				
Inventories (at close)				
Finished Goods		4,900.69		4,640.31
Stock-in-Process		559.52		591.18
Stock-in-Trade		598.71		1,264.19
		6,058.92		6,495.68
Inventories (at commencement)				
Finished Goods		4,640.31		2,386.05
Stock-in-Process		591.18		369.26
Stock-in-Trade		1,264.19		1,154.81
		6,495.68		3,910.12
Total		436.76		-2,585.56
17 EMPLOYEE BENEFIT EXPENSES				
Salaries, Wages and Bonus etc.		4,642.86		4,185.82
Contribution to Provident, Gratuity & Other Funds		518.47		498.99
Staff Welfare Expenses		260.71		243.69
Total		5,422.04		4,928.50
18 FINANCE COSTS				
Cash Credit Account		1,276.44		997.14
Interest on Term Loan		2,299.31		568.63
Exchange Difference		116.92		-
Other Finance Charges		479.34		186.26
Total		4,172.01		1,752.03
19 DEPRECIATION AND AMORTISATION EXPENSES				
Depreciation		2,149.26		1,197.95
Less: Transfer to Revaluation Reserve		343.74		345.62
Total		1,805.52		852.33
20 OTHER EXPENSES				
Selling & Distribution Expenses				
Royalty		2,397.49		2,720.64
Brand				
Technical				
Commission		711.34		557.49
OE				
Replacement				
Export				
Discount		2,120.38		2,457.20
OE		0.21		0.00
Replacement		2,120.17		2,457.20
Selling Expenses				
Sales Promotion and Other Selling Expenses		966.31		421.71
Warranty Claims		183.39		523.70
Freight Charges		1,954.73	8,333.64	1,951.95
				8,632.69

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
Administrative Expenses				
Repairs - Buildings	47.21		10.74	
Repairs - Others	49.66		59.09	
Rent	153.76		115.85	
Rates & Taxes	51.87		22.80	
Insurance	29.75		29.77	
Directors Sitting Fees	4.00		4.00	
Printing & Stationery	46.40		55.94	
Communication	51.53		44.06	
Travelling & Conveyance	407.41		278.08	
Bank Charges	252.23		190.52	
Donation	0.29	1,094.11	0.77	811.62
Audit Fee				
i) Payment to Statutory Auditor				
a) Audit fees	3.50		3.50	
b) For other services	2.20		1.75	
ii) Payment to tax auditor	0.50		0.50	
Reimbursement of expenses of auditors	0.33	6.53	0.03	5.78
Legal & Professional Charges		164.99		61.24
Miscellaneous expenses		581.72		750.18
Total		10,180.99		10,261.51
21 Loss on sale of Investment in Monatona Tyres Limited Mumbai. (Erestwhile subsidiary of company)		6,697.28		0.00
22 CIF value of Imports				
Raw materials		10,671.98		9335.44
Capital goods		-		9.88
Stores and spares		1.24		-
23 Expenditure in Foreign Currency paid or payable by the Company				
Travelling		5.03		16.66
Professional fee		2.22		-
Royalty		179.66		148.56
24 Remittances in Foreign Currency				
The Company has paid dividend in respect of shares held by Non -Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below				
a) Number of Non Resident Shareholders		57		48
b) Number of Equity shares held by them		166,784		119,031
c) (i) Amount of dividend paid (Gross) Rs. in lakhs		2.08		0.35
(ii) Tax deducted at source		Nil		Nil
(iii) Year to which dividend relates		2010-2011		2009-2010

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
25 Earnings in Foreign Exchange FOB value of exports		7,159.49		5031.48
26 Earning per share				
i) Net Profit after tax as per statement of profit and loss attributable to equity shareholders (in Lakhs)		-5898.49		2898.46
ii) No of equity shares used as denominator for calculating EPS		0		0
iii) Basic and Diluted Earnings per share		-7.61		8.50
iv) Face value per equity share		5.00		5.00
27 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				
28 The Previous year's figures have been re-grouped / re-arranged wherever considered necessary.				

Notes forming part of Financial Statements (contd.)

29 Micro, Small and Medium Enterprise

₹ in Lacs

Particulars	For the Year ended Sep 30th, 2012	
	Principal	Interest
Amount due to vendors	20.15	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	1.44

30. 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:

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
Nature of Item	Warranty	
Opening Provision	484.0	394.00
Provided during the Year	(150.61)	613.70
Amount Utilized	183.39	523.70
Closing Provision	150.00	484.00

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.

31. 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:

₹ in Lacs

	For the Year Ended September 30,	
	2012	2011
i. Employer's Contribution to Provident Fund	247.67	231.50
ii. Employer's Contribution to Superannuation Fund	91.60	85.85

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.

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
	Gratuity Funded	
i. Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Liability at the beginning of the year	1115.05	991.09
Interest Cost	77.60	70.91
Current Cost	77.94	68.77
Actuarial (gain) / loss on obligations	20.79	5.60
Past Service Cost	-	33.28
Benefits paid	(67.66)	(54.60)
Liability at the end of the year	1223.72	1115.05
ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	457.09	444.07
Expected Return on Plan Assets	39.98	32.46
Contributions by the Company	48.36	32.10
Benefits paid	(67.66)	(54.60)
Actuarial gain/(loss) on the Plan Assets	21.37	3.06
Past Service Cost	-	-
Fair Value of Plan Assets at the end of the year	499.14	457.09
Total actuarial gain/(loss) to be Recognised	28.44	42.78
iii. Actual return on Plan Assets		
Expected return on Plan Assets	39.98	32.46
Actual gain/(loss) on Plan Assets	21.37	3.06
Actual Return on Plan Assets	61.35	35.52
iv. Amount Recognised in Balance Sheet		
Liability at the end of the period	1223.72	1115.05
Fair value of Plan Assets at the end of the period	499.14	457.09
Unrecognised Past service Cost	31.18	-
Amount Recognised in the Balance Sheet	755.76	657.96
v. Expenses Recognised in the Income Statement		
Current Service Cost	77.94	68.77
Interest Cost	77.60	70.91
Expected Return on Plan Assets	(39.98)	(32.46)
Net Actuarial (gain)/loss to be Recognised	28.44	42.78
Expenses Recognised in Profit & Loss Account	144.00	150.00

Notes forming part of Financial Statements (contd.)

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
	Gratuity Funded	
vi. Balance Sheet Reconciliation		
Opening Net Liability	657.96	543.09
Expenses as above	144.00	150.00
Employers Contribution	(48.36)	(32.10)
Amount Recognised in Balance Sheet	755.76	657.96
vii. Principal Actuarial assumptions at the Balance Sheet		
Discount Rate	8.50%	8.50%
Rate of Return on Plan Assets	9.30%	7.50%
viii Experience Adjustment (net)	20.79	5.61

Companies Annual Closure being September, Actuarial are carried out at that time.

Compensated Absence

The obligations for compensated absences are recognized in the same manner as gratuity. The liability of Compensated Absences (unfunded) of accumulated privileged, sick and casual leaves of the employees of the Company as at 30th September 2012 is given

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
Privileged Leave	235.12	211.42
Sick Leave	25.00	22.48
Casual Leave	27.08	24.35

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

- 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, 2012.
- Holding company: Wealth Sea Pte. Ltd., (Singapore) through DIL Rim and Wheel Corporation Limited, Mauritius.
- 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., Glorious Investment Ltd. – Mauritius, 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., Subhlaxmi Compusis Pvt. Ltd., Shalini Properties & Developers Pvt. Ltd., Walker Properties Pvt. Ltd. & Monotona Tyres Limited

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., Anchita Commercials Pvt. Ltd., Angan Properties Private Limited, Anish Traders Pvt. Ltd., Anoush Traders Pvt. Ltd., Aparupa Properties Pvt. Ltd., Ayodhya Properties & Finance Pvt. Ltd., Ballard Commercials Pvt. Ltd., Banalata

Notes forming part of Financial Statements (contd.)

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., 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., Chamundi Plasto Sacks Pvt Ltd., D K Properties Pvt. Ltd., Dadar Properties & Finance Pvt. Ltd., Deblok Traders Pvt. Ltd., Deoghar Properties & Finance Pvt. Ltd., Dipti Commercials Pvt. Ltd., Divya Mercantile Ltd., 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., Dunlop Comforts Pvt Ltd., Durg Properties & Finance Pvt. Ltd., Ebony Commercials Pvt. Ltd., Eco Traders Pte Ltd., Edina Marketing Pvt. Ltd., eMotions Media Pvt. Ltd., Empire Minerals Pvt. Ltd., Enormous Nivesh Pvt. Ltd., Eyelid Mercantile Pvt. Ltd., Fabulous Nivesh Pvt. Ltd., Falcon Auto Tyres Rubber Pvt Ltd., Fairvalue Impex Ltd. – Mauritius, Fragment Nivesh Pvt. Ltd., Gain E-Commerce Pvt. Ltd., Global Fin Pro Ltd., Global Finvest Ltd. – UK, Globe Sugar Refinery Ltd., Goldman Securities Ltd., Global Finvest Ltd., Gumasol Rubber Tec GMBH, 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., 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 & Co. 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., Kothi Lefin Pvt. Ltd., Kulu Properties & Finance Pvt. Ltd., Liluah Ceramics Pvt. Ltd., Mahan Tyres & Tubes Pvt. Ltd. (Formerly Falken Tyres Ltd.), Mahant Merchandise Pvt. Ltd., Malini Properties 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., Pacific apparels Ltd., Pacific Apparels Ltd., P.K. Constructions Pvt. Ltd., Pacific Apparels Ltd., Pallavi Manufacturers Pvt. Ltd., Parnika Marketing Private Ltd., Pawan Herbals Pvt. Ltd., Payneganga Sugars & Chemicals Ltd., Radiant Investment Ltd.-Mauritius, Rapid Investment Ltd. - Mauritius, Renuka Resorts Pvt. Ltd., Realworth Trading Ltd.- Mauritius, Rose Investment Ltd.-Mauritius, Ruia Agro Products Pvt. Ltd., Ruia Electronics Pvt. Ltd., Ruia Holding - GMBH, Ruia Hospital & Educational Research Institution, Ruia Hotels Pvt. Ltd., Ruia Industries Ltd. – Mauritius, Ruia Marketing Ltd., Ruia Properties GMBH, Ruia Technologies Ltd., Ryham Pte Limited-Singapore, Sagarika Properties Pvt. Ltd., Sanjose Polymers Pvt. Ltd., Sarvan Commercials Pvt. Ltd., Satarupa Properties Pvt. Ltd., Schlegel Automotive Europe Ltd _UK, Securities Brokers India Limited, Shakambari Communications 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., Subhra Marketing Ltd., Sugandha Industries Pvt. Ltd., Sukaram Marketing 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, Wealth Treasury Ltd.-Mauritius, Wealth Pacific Holding Ltd.-Mauritius, Zeal Infotech Pvt. Ltd., Zipco Industrial Finance Pvt. Ltd.

The above (ii) 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:

- Mr. Pawan Kumar Ruia (Executive Chairman)
- Mr. Sunil Bhansali (Executive Director)

Notes forming part of Financial Statements (Contd.)

Related Party Transactions:

₹ in Lacs

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Income								
Sale of Finished Goods								
Falcon Tyres Impex Pvt. Ltd.	-	-	1,019.47	-	-	-	-	1,019.47
Sale of Materials								
Dunlop Polymers Pvt. Ltd.	-	-	4,194.47	3,450.93	-	-	4,194.47	3,450.93
Debit note on RM Purchases								
Dunlop India Ltd.	-	-	24.31	-	-	-	24.31	-
Dunlop Polymers Pvt. Ltd.	-	-	20.91	-	-	-	20.91	-
Monotona Tyres Limited	-	-	47.67	-	-	-	47.67	-
Sale of Investment								
Monotona Tyres Limited	-	-	2,159.75	-	-	-	2,159.75	-
Others								
Monotona Tyres Limited	-	-	11.36	-	-	-	11.36	-
Jessop & Co Ltd.	-	-	0.11	-	-	-	0.11	-
Ruia Sons Pvt. Ltd.	-	-	-	14.21	-	-	-	14.21
Dunlop Polymers Pvt. Ltd.	-	-	5.40	28.90	-	-	5.40	28.90
Expenses								
Royalty								
Ruia Sons Pvt. Ltd.	-	-	594.96	2,378.22	-	-	594.96	2,378.22
Glorious Investments Pvt Ltd-Marititius	-	-	1,751.07	-	-	-	1,751.07	-
Purchase of Traded Goods								
Dunlop Polymers Pvt. Ltd.	-	-	9,354.75	5,867.06	-	-	9,354.75	5,867.06
Monotona Tyre Limited	-	6,089.07	1,041.74	-	-	-	1,041.74	6,089.07
Remuneration								
Pawan Kumar Ruia	-	-	-	649.20	649.20	649.20	649.20	649.20
Sunil Bhansali	-	-	-	41.00	37.50	41.00	37.50	41.00
Mixing Charges								
Dunlop India Ltd.	-	-	212.65	563.49	-	-	212.65	563.49
Selling Expenses								
Falcon Tyres Impex Pvt. Ltd.	-	-	956.83	-	-	-	956.83	-
Others								
Monotona Tyres Limited	-	14.21	-	-	-	-	-	14.21
Ruia Sons Pvt. Ltd.	-	-	8.16	-	-	-	8.16	-
Vidyuth Petrochem Pvt. Ltd.	-	-	62.50	-	-	-	62.50	-
Jessop & Co Ltd.	-	-	0.08	-	-	-	0.08	-
Ruia Corporate Services Pvt Ltd	-	-	165.90	-	-	-	165.90	-
Loss on Sale of Investment								
Monotona Tyres Limited	-	-	6,697.28	-	-	-	6,697.28	-
Misc Management Charges								
Ruia Sons Pvt.Ltd	-	-	120.00	480.00	120.00	480.00	480.00	120.00
Ruia Corporate Services Pvt Ltd	-	-	184.10	-	-	-	184.10	-
Assets								
Advance Paid								
Falcon Tyres Impex Pvt. Ltd.	-	-	819.40	-	-	-	819.40	-
Falcon Tyres Rubbers Pvt. Ltd.	-	-	300.00	25.57	-	-	300.00	25.57
Dunlop Comforts Pvt Ltd	-	-	45.35	-	-	-	45.35	-
Dunlop India Ltd.	-	-	311.36	421.37	-	-	311.36	421.37

Notes forming part of Financial Statements (Contd.)

₹ in Lacs

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Advance given for purchase								
Tulip Machineries Pvt. Ltd.	-	-	-	1,190.00	-	-	-	1,190.00
Walker Properties Pvt Ltd	-	-	-	75.00	-	-	-	75.00
Vidyuth Petrochem Pvt. Ltd.	-	-	5,500.00	-	-	-	5,500.00	-
Shalimar Towers Pvt Ltd	-	-	-	1,236.00	-	-	-	1,236.00
Ruia & Sons Pvt Ltd	-	-	-	565.67	-	-	-	565.67
Ruia Corporate Service Pvt Ltd	-	-	-	37.57	-	-	-	37.57
Assignments Transfer								
Suryamani Financing Co. Ltd.	-	-	-	75.00	-	-	-	75.00
Manali Properties & Finance Ltd	-	-	13,155.12	(75.00)	-	-	13,155.12	(75.00)
Investments								
Invested in shares								
Chamundi Plasto Sacks Pvt Ltd	1,101.54	-	-	-	-	-	1,101.54	-
Monotona tyres Ltd	-	8,857.03	-	-	-	-	-	8,857.03
Liabilities								
Unsecured Loan Taken								
Manali Properties & Finance Pvt. Ltd.	-	-	-	7,383.32	-	-	-	7,383.32
Assignments Transfer								
Walker Properties Pvt.Ltd	-	-	401.05	-	-	-	401.05	-
Tullip Machineries	-	-	7,000.00	-	-	-	7,000.00	-
Project Assets								
Subhlaxmi Compusis Pvt Ltd	-	-	505.59	-	-	-	505.59	-
Shalimar Towers Pvt Ltd	-	-	1,236.00	-	-	-	1,236.00	-
Tulip Machineires Pvt. Ltd.	-	-	2,257.52	-	-	-	2,257.52	-
Balance as on 30.09.2012								
Loans and Advances								
Dunlop India Ltd.	-	-	2,459.18	2,147.82	-	-	2,459.18	2,147.82
Falcon Tyres Impex Pvt. Ltd.	-	-	643.52	743.74	-	-	643.52	743.74
Falcon Tyres Rubbers Pvt. Ltd.	-	-	324.94	24.94	-	-	324.94	24.94
Ruia & Sons Pvt. Ltd.	-	-	-	578.17	-	-	-	578.17
Ruia Corporate Services Pvt. Ltd.	-	-	-	40.47	-	-	-	40.47
Dunlop Comforts Pvt Ltd	-	-	45.35	-	-	-	45.35	-
Shalimar Towers Pvt Ltd	-	-	-	1,236.00	-	-	-	1,236.00
Tulip Machineires Pvt. Ltd.	-	-	-	2,257.52	-	-	-	2,257.52
Walker Properties Pvt.Ltd	-	-	-	401.05	-	-	-	401.05
Vidyuth Petrochem Pvt. Ltd.	-	-	5,500.00	-	-	-	5,500.00	-
Jessop & Co Ltd.	-	-	16.19	16.08	-	-	16.19	16.08
Creditor Balance								
Dunlop Polymers Pvt. Ltd.	-	-	698.66	660.10	-	-	698.66	660.10
Glorious Investments Pvt Ltd-Marititius	-	-	1,751.07	-	-	-	1,751.07	-
Subhlaxmi Compusis Pvt Ltd	-	-	505.59	-	-	-	505.59	-
Monotona tyres Ltd	-	474.78	48.71	-	-	-	48.71	474.78
Current liabilities	-	-	-	-	-	-	-	-
Manali Properties & Finance Pvt. Ltd.	-	-	-	13,155.12	-	-	-	13,155.12

* Sales, Purchase & Other expenses are inclusive of Taxes

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

Notes forming part of Financial Statements (Contd.)

33. 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 2012

₹ in Lacs

Party Name	Maximum Outstanding during the year	Closing Balance
Vidyuth Petrochem Pvt. Ltd.	5,500.00	5,500.00
Dunlop India Ltd.	2,652.27	2459.18
Falcon Tyres Impex Pvt. Ltd	697.87	643.52
Falcon Tyres Rubbers Pvt. Ltd.	324.94	324.94
Dunlop Conforts Pvt Ltd	45.35	45.35
Jessop & Co Ltd.	16.19	16.19
Ruia Corporate Services Pvt. Ltd.	251.03	NIL
Ruia Sons Pvt. Ltd.	216.59	NIL
Shalimar Towers Pvt Ltd	1,236.00	NIL
Tulip Machineries Pvt. Ltd.	320.00	NIL
Walker Properties Pvt Ltd	401.05	NIL

34 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 recognized 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.

Notes forming part of Financial Statements (Contd.)

Depreciation / Amortization

- 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.
- 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.
- 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.

Inventory

Inventories are valued at lower of cost or estimated net realizable 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 recognized 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.

Notes forming part of Financial Statements (Contd.)

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 recognized using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognized 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 recognized 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.

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	30th September, 2012	30th September, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(5,178.92)	4,954.57
Adjustment for:		
Depreciation	1,805.52	852.33
Interest Income	(65.80)	(65.36)
Finance Cost	4,172.01	1,752.03
Loss on sale of Investment	6,697.28	-
Dividend Received	(10.80)	(32.39)
Operating Profit before working capital change	7,419.29	7,461.18
(Increase)/Decrease in Trade Receivable	4,531.66	(146.43)
(Increase)/Decrease in Inventory	(396.49)	(1,921.76)
(Increase)/Decrease in short term loans and advance	(273.72)	(857.97)
Increase/(Decrease) in trade payables	3,716.97	-
Increase/(Decrease) Other Current Liabilities	2,425.69	3,458.17
Increase/(Decrease) Short Term Provisions	(83.41)	90.00
Retirement and Warranty claims	(128.93)	-
Cash generated from operations	17,211.06	8,083.19
Direct tax paid	2,025.91	422.91
NET CASH FROM OPERATING ACTIVITIES	15,185.15	7,660.28
B CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets including CWIP	(42,452.75)	(26,402.76)
Other Long Term Liabilities	1,140.03	-
Other Long Term Loans and Advance	(232.06)	(600.00)
Non Current Investments	(1,101.55)	-
Realisation on Sale of Investment	2,159.75	-
Dividend Received	10.80	32.39
Interest Income	65.80	36.84
NET CASH USED IN INVESTING ACTIVITIES	(40,409.98)	(26,933.53)

2011-12

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FINANCIALS

Cash Flow Statement (contd.)

₹ in Lacs

Particulars	30th September, 2012	30th September, 2011
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital including Premium	14,430.54	-
Long term borrowings	25,978.04	5,795.82
Debentures Redeemed	-	(9.10)
Short Term Borrowings	(11,030.83)	15,801.73
Finance Cost	(3,795.85)	(1,770.71)
Dividends	(593.95)	(841.55)
Corporate Dividend Tax	(94.23)	(141.53)
NET CASH USED IN FINANCING ACTIVITIES	24,893.72	18,834.66
NET CASH FLOWS DURING THE YEAR	(331.11)	(438.59)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,779.96	3,218.55
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2,448.85	2,779.96

As per our Report attached
for K. N. Gutgutia & Co.

Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata
19th November, 2012

For and on behalf of the Board

M.C. Bhansali **S. Ravi** **Ashok Gupta** **S. Badrinarayanan**
Company Secretary Director Director Director

Bangalore

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FALCON TYRES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDING ITS SUBSIDIARIES FOR THE YEAR ENDED 30th SEPTEMBER, 2012.

- We have audited the attached consolidated balance sheet of Messrs. FALCON TYRES LIMITED and its subsidiary companies as at 30th September, 2012 the consolidated statement of profit and loss 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 results from 18th October, 2011 to 30th September, 2012 of subsidiary company Chamundi Plasto Sacks Pvt. Ltd. and result from 1st October, 2011 to 28th March, 2012 of the subsidiary company Monotona Tyres Limited. 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.
- 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.
- We did not audit the financial statements of subsidiary Messrs. Monotona Tyres Limited, whose financial statements reflect 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. We also did not audit the financial statement of subsidiary Chamundi Plasto Sacks Pvt. Ltd. whose unaudited financial data have been incorporated with the results of Falcon Tyres Ltd.
- 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 subsidiaries included in the consolidated financial statements.
- On the basis of information and explanations given to us and on consideration of the unaudited financial data of the company's subsidiaries Chamundi Plasto Sacks Pvt. Ltd. and separate audit reports on individual audited financial statements of Falcon Tyres Limited and its subsidiary Monotona Tyres Limited, in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:-
 - 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, 2012;
 - in case of the consolidated statement of profit and loss, of the loss for the year ended on that date; and
 - 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
Firm Registration No.304153E

Kolkata
19th November'2011

SUBHASISH PORE
Partner
Membership No.55862

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	Note	As at 30th September	
		2012	2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	3,873.63	1,704.27
(b) Reserves and Surplus	2	23,540.61	20,907.95
(c) Money Received against Share Warrants		-	-
		27,414.24	22,612.22
(2) Share Application money pending allotment			
	-	-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3A	47,437.49	19,726.77
(b) Deferred Tax Liabilities (Net)	3B	1,483.07	1,028.95
(c) Other Long Term Liabilities	3C	3,746.48	2,606.45
(d) Long Term Provisions	3D	1,057.99	1,186.92
(e) Minority Interest		-	418.87
(4) Current Liabilities			
(a) Short-Term Borrowings	4A	12,337.41	32,393.11
(b) Trade Payables	4B	11,687.42	11,130.99
(c) Other Current Liabilities	4C	7,013.65	7,955.56
(d) Short Term Provisions	4D	1,095.98	3,547.09
Total Equity & Liabilities		113,273.74	102,606.93
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets	6		
i) Tangible Assets		48,046.37	36,219.42
ii) Intangible Assets		20.15	-
iii) Capital Work-in- Progress		16,109.28	4,398.23
(b) Non Current Investments	7	5.97	5.97
(c) Long Term Loans and Advances	8	23,930.35	23,698.29
(d) Goodwill on acquisition of Chamundi Plasto Pvt Ltd. (PY MTL)		1,152.56	6,631.93
(2) Current Assets			
(a) Inventories	9	9,536.46	10,924.15
(b) Trade Receivables	10	6,851.71	12,310.75
(c) Cash and bank balances	11	2,448.95	2,881.85
(d) Short-Term Loans and Advances	12	5,171.94	5,536.34
Total Assets		113,273.74	102,606.93
Significant Accounting Policies & Notes on Consolidated Financial Statement	1 to 34		

The notes referred above form an integral part of the Balance Sheet

As per our Report attached for K. N. Gutgutia & Co.

Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata
19th November, 2012

For and on behalf of the Board

M.C. Bhansali **S. Ravi** **Ashok Gupta** **S. Badrinarayanan**
Company Secretary Director Director Director

Bangalore

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	Note	For the year ended 30th September	
		2012	2011
Revenue from operations	13	97,833.60	97,675.53
Other Income	14	1,043.74	943.53
Total Revenue		98,877.34	98,619.06
Expenses:			
Cost of materials consumed	15	58,646.42	62,847.05
Manufacturing Expenses	15A	5,314.48	7,054.43
Purchase of Stock-in-Trade		9,738.17	5,450.52
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	464.94	-2,195.98
Employee Benefit Expense	17	5,972.39	6,330.95
Financial Costs	18	4,172.14	2,667.28
Depreciation and Amortization Expense	19	2,101.50	1,290.91
Other Expenses	20	11,063.84	11,354.29
Total Expenses		97,473.89	94,799.45
Profit before exceptional and extraordinary items and tax		1,403.45	3,819.61
Exceptional Items	21	6,611.20	-
Profit before extraordinary items and tax		-5,207.75	3,819.61
Extraordinary Items		-	-
Profit before tax		-5,207.75	3,819.61
Tax expense:			
(1) Current tax		-	2,019.56
(2) Deferred tax		454.12	8.08
Profit/(Loss) from the period from continuing operations		-5,661.88	1,791.97
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations		-	-
Profit/(Loss) for the period		-5,661.88	1,791.97
Earning per equity share:			
(1) Basic		-7.31	5.26
(2) Diluted		-7.31	5.26
Significant Accounting Policies & Notes on Consolidated Financial Statement	1 to 34		

The notes referred above form an integral part of the Statement of Profit & Loss

As per our Report attached for K. N. Gutgutia & Co.

Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata
19th November, 2012

For and on behalf of the Board

M.C. Bhansali **S. Ravi** **Ashok Gupta** **S. Badrinarayanan**
Company Secretary Director Director Director

Bangalore

Notes forming part of Consolidated Financial Statements

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
1 SHARE CAPITAL		
AUTHORIZED SHARE CAPITAL		
2,000,00,000 Equity Shares of Rs. 5/- each	10,000.00	10,000.00
	10,000.00	10,000.00
ISSUED , SUBSCRIBED & PAID UP CAPITAL:		
774,72,580 (340,85,532) Equity shares of Rs.5/- each fully paid up	3,873.63	1,704.27
Total	3,873.63	1,704.27

1.1 Reconciliation of the number of shares outstanding

Shares in Nos

Particulars	As at 30th September	
	2012	2011
Equity Shares at the beginning of the year	34,085,532	34,085,532
Add: Shares issued on conversion of Loan	43,387,048	-
Less: Shares buy back, if any	-	-
Equity Shares at the end of the year	77,472,580	34,085,532

1.2 The Company has one class of equity shares having a par value of Rs.5 each. Each equity shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholdings.

1.3 During the year the company has allotted 43387048 equity shares of Rs. 5 at a premium of Rs.28.26 per share on preferential basis by conversion of unsecured loans received in cash at EGM held on 26th April, 2012

1.4 There are no unpaid amounts or calls in arrears from public, directors or officers of the company and no shares were forfeited during the year

1.5 Further, on 29th Sep, 2009, the company issued 34085532 bonus shares in the ratio of two shares for every one share held

1.6 DIL Rim and Wheel Corporation Ltd, Mauritius was holding company during the previous year 2010-11 but during the current year due to preferential allotment their holding has come down to 30.35% and lost holding company status as per the Companies Act 1956.

1.7 Details of Shareholders holding more than 5% shares

Name of the Shareholders	As at 30th September			
	2012		2011	
	No. of Shares	% Held	No. of Shares	% Held
M/S Kanpur Properties & Finance Pvt Limited	2,385,150	3.08	2,385,150	7.00
M/S Suncap Commodities Limited	15,185,467	19.60	-	-
M/S Regus Impex Private Limited	15,185,467	19.60	-	-
M/S Salputri Commerce Private Limited	13,016,114	16.80	-	-
M/S Manali Properties & Finance Pvt Limited	981,844	1.27	4,932,844	13.30
M/S Dil Rim Wheel Corporation Limited	23,513,100	30.35	23,513,100	68.00

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
2 RESERVES AND SURPLUS		
(a) Capital Reserve		
(Capital Subsidy Received from Govt Through MNRE)	100.00	100.00
(b) Securities Premium		
As per last Balance Sheet	165.87	165.87
Addition during the year	12,261.18	-
(c) Revaluation Reserves		
As per last Balance Sheet	11,598.26	12,449.76
Transferred to Profit & Loss Account	(4,630.94)	(851.50)
(d) General Reserve		
As per last Balance Sheet	8,166.49	7,316.49
Subsidiary Reserve adjustment	150.00	-
Transferred from profit and loss account	-	850.00
Less: Proposed dividend	387.36	-
Tax on dividend	64.39	-
(e) Profit & Loss Account		
As per last balance sheet	877.33	397.22
Add: Profit for the year	(5,661.88)	1,791.97
Subsidiary (MTL) Profit Adjustment (Net)	994.74	-
Less: Transfer to General Reserve	-	850.00
Proposed dividend	-	610.89
Tax on dividend	-	96.68
Minority Interest	(28.69)	(245.71)
Total	23,540.61	20,907.95
3 LONG TERM BORROWINGS		
3A SECURED		
Syndicate Bank TL-1	-	402.33
Yes Bank Ltd.	860.00	840.92
Central Bank of India	9,457.56	10,119.72
The South Indian Bank Ltd.	4,216.34	3,652.73
Syndicate Bank TL-2	4,616.31	4,711.07
ICICI Bank Ltd.	27,327.12	-
The South Indian Bank Ltd.- Funded Interest	960.16	-
Total	47,437.49	19,726.77

Notes forming part of Consolidated Financial Statements (contd.)

Security Terms

Syndicate Bank - Secured by hypothecation of company's Plant & Machinery and Immovable Properties situated at Mysore and pari-passu first charge on the current assets and fixed assets of the Company. Rate of Interest 13.75% p.a.

Yes Bank Ltd. - Secured by subservient charge on all current and movable fixed assets (both present and future), Fixed Deposit Margin of Rs.20 Lacs and Corporate guarantee of Monotona Tyres Limited (MTL). This is to be further secured by pledge on 16,20,000 shares & Negative Lien on 37,79,400 shares of MTL. Rate of Interest@ 15.75% payable in 36 monthly instalment August, 2012.

Central Bank of India - Secured by exclusive first charge by way of hypothecation of Plant & Machinery & Civil works, etc. arising out of the Term Loan. Second charge on all other existing fixed assets. Rate of Interest 14.75% p.a. repayable in 24 quarterly installment from July, 2013.

The South Indian Bank Ltd. - 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. Rate of Interest 14.4% p.a. Repayable in 24 quarterly installment from Jan 2013
Syndicate Bank - TL II - 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. Rate of Interest 14.75% p.a., repayable in 24 quarterly installment from June, 2013.

ICICI Bank Ltd. - 2nd Charge on the entire FA of the Company (Movable and immovable), both present and future, providing atleast one time security cover for the proposal and 2nd charge on the entire current assets of the company to be shared on pari passu basis with existing charge holders. Rate of interest 13% p.a. with stepped up coupon repayable in 32 quarterly installment from 15th June, 2012.

There is no continuing default as on the Balance Sheet date in repayment of term loan Interest and Principal

₹ in Lacs

Particulars	As at 30th September			
	2012		2011	
3B Deferred Tax Liabilities (Net)				
Deferred Tax Liabilities				
Depreciation		2,368.75		1,319.66
Less: Deferred Tax Assets				
Disallowed under Income Tax Act, 1961	222.77		235.02	
Carried forward Income Tax loss	662.91	885.68	55.69	290.71
Total		1,483.07		1,028.95
3C OTHER LONG TERM LIABILITIES				
Advance from Customer (Replacement)	2,082.76		2,140.00	
Liability for capital expenditure	985.39		174.79	
C & F Deposit	678.33		291.66	
Total		3,746.48		2,606.45
3D LONG TERM PROVISIONS				
Provision for employee benefits	945.49		831.42	
Warranty Claim	112.50	1,057.99	355.50	
Total		1,057.99		1,186.92

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September			
	2012		2011	
4A CURRENT LIABILITIES				
SHORT TERM BORROWINGS - SECURED				
Cash Credit from Banks				
Syndicate Bank	3,237.49		3,193.28	
Punjab National Bank	2,380.84		2,413.28	
State Bank of India	2,023.84		3,910.21	
Oriental Bank of Commerce	1,322.43		714.93	
Central Bank of India	2,925.89		1,000.00	
GTF Bills discounting	-		3,182.20	
SBI WCD Loan	-	11,890.49	62.50	14,476.40
(Working Capital Limits of the company 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 except ICICI Bank which is a dropline overdraft with Subservient Charge over the current assets of the Company. There is no continuing default as on the Balance Sheet in respect of above said short term borrowings from bank)				
SHORT TERM BORROWINGS - UNSECURED				
a. Loans & Advances from Related Parties				
Interest free loan from Body Corporate				13,155.12
b. Other Loans & Advances				
Loan From Customers		392.50		812.50
Others		54.42		3,949.09
Total		12,337.41		32,393.11
4B TRADE PAYABLES				
Acceptance				
Sundry Creditors for				
Micro, Small and Medium Enterprises		20.15		16.54
Others		11,667.27		11,114.45
Total		11,687.42		11,130.99
4C OTHER CURRENT LIABILITIES				
Current maturities of long term debt				
Syndicate Bank TL-1	456.67		1,059.96	
Yes Bank Ltd.	400.00		672.72	
Central Bank of India	542.44		-	
The South Indian Bank Ltd.	784.52		-	
Syndicate Bank TL-2	383.69	2,567.32	-	1,732.68
Oriental Bank of Commerce - Current Account		13.47		-
Interest accrued but not due		141.67		24.97
Interest accrued and due		259.46		-
Unclaimed Dividend #		22.25		17.17

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
Other Payables		
Balance with Central Excise, Customs Authorities	551.97	220.94
Other Payables	3,457.52	5,959.80
Total	7,013.65	7,955.56
4D PROVISIONS		
Provisions for Superannuation/Gratuity/Leave Encashment	105.05	92.38
Provision for Proposed Dividend	387.36	610.89
Provision for Tax on Dividend	65.14	99.97
Provision for Taxation (Net)	482.66	2,597.08
Provision for Fringe Benefit Tax	18.27	18.27
Provision for Warranty Claim	37.50	128.50
Total	0.00	3,547.09
5 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)		
CONTINGENT LIABILITIES		
a) Claims against the company not acknowledged as debt	14.02	19.58
b) Corporate Guarantees	4,800.00	8,500.00
c) Other money for which the company is contingently liable		
COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital account and provided for (Net of advance)	16,151.14	4,557.31

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	01.10.2011	Additions during the year	Deletion of Asset	30.09.2012	For the year	Deletion of Asset	Upto 30.09.2012	As at 30.09.2012
6 FIXED ASSETS								
TANGIBLE ASSETS:								
OWN ASSETS:								
Land	7,680.15		3,054.81	4,625.34	0.00		0.00	4,625.34
Buildings	5,732.45	3,436.47	1,984.08	7,184.84	196.30	385.19	998.98	6,185.86
Plant & Machinery	35,909.97	25,886.25	17,954.83	43,841.39	1,817.27	5,936.40	8,152.98	35,688.41
Computers	206.10	4.70	38.81	171.99	7.98	25.38	152.99	19.00
Electrical Installation	462.38	1,363.34		1,825.72	116.19		348.45	1,477.28
Office & Lab Equipment	52.34	1.83	17.23	36.94	1.72	4.94	22.19	14.75
Furniture & Fixtures	112.48	0.10	38.54	74.04	2.97	16.58	61.11	12.93
Vehicles	50.01	-	0.12	49.89	4.12	0.44	27.92	21.97
Low Value Assets	9.73	-		9.73	0.10		8.90	0.83
Sub-Total	50,215.61	30,692.69	23,088.43	57,819.87	2,146.65	6,369.13	9,773.51	48,046.37
LEASED ASSETS:								
Sub-Total								
Total (A)	50,215.61	30,692.69	23,088.43	57,819.87	2,146.65	6,369.13	9,773.51	48,046.37
INTANGIBLE ASSETS:								
Computer Software		22.90	-	22.90	2.75	-	2.75	20.15
Goodwill on consolidation		-	-	-	-	-	-	0.00
Technical Know-how	87.60	-	-	87.60	-	-	87.60	0.00
Total (B)	87.60	22.90	-	110.50	2.75	-	90.35	20.15
TOTAL (A+B)	50,303.21	30,715.59	23,088.43	57,930.37	2,149.40	6,369.13	9,863.86	48,066.52
Previous year figures as at 30.09.2011	47,996.94	2,306.07	0.00	50,303.01	2,142.41	0.00	14,083.59	36,219.42
Capital Work-in-Progress								
Intangible Asset under Development								

6.1 The Gross Block of Fixed Assets include Rs. 9676 Lakhs (Previous Year Rs. 9676 Lakhs) on account of revaluation of Fixed Assets. Consequent to this revaluation, there is an additional charge of depreciation of Rs. 343.74 Lakhs (Previous Year Rs. 345.62 Lakhs) and an equivalent amount has been withdrawn from Revaluation Reserve and credited to the profit and loss account. This has no impact on profit or loss.

6.2 During the financial year, the company has disposed its share holding in Monotona Tyres Limited (erstwhile subsidiary of the company), hence, deletion of assets reported above are on account of such share holding disposal.

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
7 NON-CURRENT INVESTMENTS		
Investment in Equity Instruments		
In Equity Shares of Associate Companies		
Un-Quoted, fully paid up		
1 Share of Rs.1000/- in FTL House Building Co-operative Society (Previous Year 1 Share)	0.01	0.01
5000 Shares of GBP 1 each in Global Finvest limited (Previous Year 5000 Share), 5% Share in JV	4.00	4.00
Sub Total (A)	4.01	4.01
In Equity Shares of Other Companies		
Quoted, fully paid up *		
11,500 Equity Shares of Rs. 10/- each in Union Bank of India (Previous Year 11,500 Equity Shares)	1.84	1.84
200 Equity Shares of Rs. 10/- each in UCO Bank (Previous Year 200 Equity Shares)	0.02	0.02
400 Equity Shares of Rs. 10/- each in Indian Overseas Bank (Previous Year 400 Equity Shares)	0.10	0.10
Sub Total (B)	1.96	1.96
Total (A+B)	5.97	5.97
* Total value of Quoted Shares as on current year ended Rs. 24.35 Lakhs (Previous year ended Rs. 28.80 Lakhs)		
8 LONG TERM LOANS AND ADVANCES		
Capital Advances		
Unsecured and considered Good	23,930.35	23,698.29
Sub Total (A)	23,930.35	23,698.29
Security Deposit		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-
c) Doubtful	-	-
d) Less: Provision for Doubtful Deposits	-	-
Sub Total (B)	-	-
Loans & Advances to Related Parties		
a) Secured, Considered Good :	-	-
b) Unsecured, Considered Good :	-	-

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	As at 30th September	
	2012	2011
c) Doubtful	-	-
d) Less: Provision for Doubtful Deposits	-	-
Sub Total (C)	-	-
Total	23,930.35	23,698.29
9 INVENTORIES		
Raw Material	3,160.46	3,289.53
Work-in-Progress	559.52	938.63
Finished Goods	5,499.40	6,154.27
Stores & Spares	317.08	541.72
Total	9,536.46	10,924.15
# Raw material, WIP and stores and spares are valued at cost. Finished goods valued at cost or market price whichever is low.		
10 TRADE RECEIVABLES		
Unsecured and considered good		
Over six month	55.01	136.27
Others	6,796.70	12,174.48
Total	6,851.71	12,310.75
11 CASH & BANK BALANCES		
Balances with Banks		
In Current Accounts	31.16	630.58
Margin Money	760.23	858.63
Bank deposit more than 12 months maturity	-	-
Earmarked Balances - Unpaid dividend account	22.25	17.17
Cheque in Transit	1,625.38	1,362.41
Cash Balance	9.93	13.06
Total [A + B + C]	2,448.95	2,881.85
12 SHORT TERM LOANS & ADVANCES		
Advances Recoverable in cash or in kind or for value to be received	549.50	5,279.65
Advance to Suppliers	3,035.52	-
Loans and Advances to Related Parties	1,135.79	-
Other Deposits	234.74	256.69
Export Incentives Receivable	216.39	-
Total	5,171.94	5,536.34

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
13 REVENUE FROM OPERATIONS				
Sales (net off returns and discounts)	98,219.50	105,988.04		
Excise Duty	7,623.84	8,312.51		
Total	90,595.66		97,675.53	
14 OTHER INCOME				
Sale of Scrap	440.80		343.38	
Export Incentives	283.11		299.87	
Dividend from Companies - Others	10.80		32.39	
Miscellaneous Income	150.88		65.91	
Interest Received (Gross)	65.80		73.96	
Exchange difference (Net)	0.00		128.02	
Total	951.39		943.53	
15 COST OF MATERIALS CONSUMED				
Raw Material Consumed				
Opening Stock	2,343.43		3,050.47	
Add: Purchases	54,109.08		63,086.11	
	56,452.51		66,136.58	
Less: Closing Stock	3,160.46		3,289.53	
Total	53,292.05		62,847.05	
15.1 Particulars of Raw material consumed				
Rubber and Rubber Products	33,261.47		38,546.61	
Fabric	6,294.87		7,559.36	
Carbon Black	7,049.06		7,592.13	
Chemicals	4,651.12		4,655.36	
Others	2,035.53		4,493.59	
Total	53,292.05		62,847.05	
	% of Consumption	Value in Lakhs	% of Consumption	Value in Lakhs
Imported	19.64%	10,466.91	15.73%	9,887.65
Indigeneous	80.36%	42,825.14	84.27%	52,959.40
	100.00%	53,292.05	100.00%	62,847.05
15A DIRECT/PRODUCTIONS EXPENSES				
Indigeneous Stores Consumed	192.36		514.53	
Import Stores Consumed	1.24		0.00	
Power , Fuel and Water Charges	2,612.71		3,754.69	
Mixing Charges	1,412.65		1,880.68	
Conversion Charges	146.59		0.00	
Increase / Decrease in Excise Duty Provision	167.64		269.46	
Repairs - Plant & Machinery	447.96		635.07	
Total	4,981.15		7,054.43	

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September			
	2012		2011	
16 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE				
Inventories (at close)				
Finished Goods	4,900.69		4,865.70	
Stock-in-Process	559.52		938.63	
Stock-in-Trade	598.71		1,288.57	
		6,058.92		7,092.90
Inventories (at commencement)				
Finished Goods	4,865.70		2,749.75	
Stock-in-Process	938.63		868.40	
Stock-in-Trade	1,288.57		1,278.77	
		7,092.90		4,896.92
Total		1,033.98		-2,195.98
17 EMPLOYEE BENEFIT EXPENSES				
Salaries , Wages and Bonus etc.		4,642.86		5,519.32
Contribution to Provident, Gratuity & Other Funds		518.47		559.54
Staff Welfare Expenses		260.71		252.09
Total		5,422.04		6,330.95
18 FINANCE COSTS				
Cash Credit Account		1,276.44		948.29
Interest on Term Loan		2,299.31		1,273.34
Exchange Difference		116.92		0.00
Other Finance Charges		479.34		445.65
Total		4,172.01		2,667.28
19 DEPRECIATION AND AMORTISATION EXPENSES				
Depreciation		2,149.40		2,142.41
Less: Transfer to Revaluation Reserve		343.74		851.50
Total		1,805.66		1,290.91
20 OTHER EXPENSES				
Selling & Distribution Expenses				
Royalty	2,397.49		2,734.86	
Commission	711.34		558.43	
Discount	2,120.38		2,457.20	
Sales Promotion and Other Selling Expenses	966.31		765.70	
Warranty Claims	183.39		523.70	
Freight Charges	1,954.73	8,333.64	1,951.85	8,991.74
Administrative Expenses				
Repairs - Buildings	47.21		41.98	
Repairs - Others	49.66		73.64	
Rent	153.76		138.14	
Rates & Taxes	51.87		35.05	
Insurance	29.75		38.80	
Directors Sitting Fees	4.00		4.18	

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September	
	2012	2011
Printing & Stationery	46.40	48.01
Communication	51.53	50.87
Travelling & Conveyance	407.41	282.34
Bank Charges	252.23	229.94
Donation	0.29	0.77
Audit Fee		
i) Payment to Statutory Auditor		
a) Audit fees	3.50	4.50
b) For other services	2.20	1.75
ii) Payment to tax auditor	0.50	
Reimbursement of expenses of auditors	0.33	6.25
Legal & Professional Charges		0.00
Miscellaneous expenses		1,412.58
Total	10,180.99	11,354.29
21 Loss on sale of Investment in Monatona Tyres Limited	6,611.20	
<p>Monotona Tyres Ltd., Mumbai (Erstwhile subsidiary of company), Current Year the results of operations of Subsidiary are included in the Consolidated Financial Statements as from the date on which the parent subsidiary relationship came into existence. The results of operation of subsidiary with which parent subsidiary relationship ceases to exist are included in the Consolidated statement of profit & loss until the date of cessation of relationship. As per AS 21, Para 22, the difference between the proceeds from the disposal of investment in a subsidiary and the carrying amount of its assets less liability as of the date of disposal is recognized in the consolidated statement of Profit & Loss as the profit or loss on the disposal of investment in the subsidiary.</p>		
22 CIF value of Imports		
Raw materials	10,671.98	9,363.68
Capital goods	0.00	9.88
Stores and spares	1.24	0
23 Expenditure in Foreign Currency paid or payable by the Company		
Travelling	5.03	24.24
Professional fee	2.22	0.00
Commission	0.00	3.54
Royalty	179.66	148.56
24 Remittances in Foreign Currency		
<p>The Company has paid dividend in respect of shares held by Non -Residents on repatriation basis. The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in this respect is given herein below</p>		

Notes forming part of Consolidated Financial Statements (contd.)

₹ in Lacs

Particulars	For the year ended 30th September	
	2012	2011
a) Number of Non Resident Shareholders	57	48
b) Number of Equity shares held by them	166,784	119,031
c) (i) Amount of dividend paid (Gross) in lakhs	2.08	0.35
(ii) Tax deducted at source	Nil	Nil
(iii) Year to which dividend relates	2010-2011	2009-2010
25 Earnings in Foreign Exchange		
FOB value of exports	7,159.49	5,031.48
26 Earning per share		
i) Net Profit after tax as per statement of profit and loss attributable to equity shareholders (in Lakhs)	-5661.88	1,791.97
ii) No of equity shares used as denominator for calculating EPS	77,472,580	34,085,532
iii) Basic and Diluted Earnings per share	-7.31	5.26
iv) Face value per equity share	5.00	5.00
Total		
27	<p>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</p>	
28	<p>The Previous year's figures have been re-grouped / re-arranged wherever considered necessary.</p>	

Notes forming part of Consolidated Financial Statements (Contd.)

29 Micro, Small and Medium Enterprise

₹ in Lacs

Particulars	For the Year ended Sep 30th, 2012	
	Principal	Interest
Amount due to vendors	20.15	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	1.44

30. 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:

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
Nature of Item	Warranty	
Opening Provision	484.0	394.00
Provided during the Year	(150.61)	613.70
Amount Utilized	183.39	523.70
Closing Provision	150.00	484.00

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.

31. 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:

₹ in Lacs

	For the Year Ended September 30,	
	2012	2011
i. Employer's Contribution to Provident Fund	247.67	231.50
ii. Employer's Contribution to Superannuation Fund	91.60	85.85

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.

Notes forming part of Consolidated Financial Statements (Contd.)

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
	Gratuity Funded	
i. Change in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
Liability at the beginning of the year	1115.05	991.09
Interest Cost	77.60	70.91
Current Cost	77.94	68.77
Actuarial (gain) / loss on obligations	20.79	5.60
Past Service Cost	0.00	33.28
Benefits paid	(67.66)	(54.60)
Liability at the end of the year	1223.72	1115.05
ii. Change in the Fair Value of Plan Asset representing reconciliation of opening and closing balances thereof are as follows:		
Fair value of Plan Assets at the beginning of the year	457.09	444.07
Expected Return on Plan Assets	39.98	32.46
Contributions by the Company	48.36	32.10
Benefits paid	(67.66)	(54.60)
Actuarial gain/(loss) on the Plan Assets	21.37	3.06
Past Service Cost	0.00	0.00
Fair Value of Plan Assets at the end of the year	499.14	457.09
Total actuarial gain/(loss) to be Recognised	28.44	42.78
iii. Actual return on Plan Assets		
Expected return on Plan Assets	39.98	32.46
Actual gain/(loss) on Plan Assets	21.37	3.06
Actual Return on Plan Assets	61.35	35.52
iv. Amount Recognised in Balance Sheet		
Liability at the end of the period	1223.72	1115.05
Fair value of Plan Assets at the end of the period	499.14	457.09
Unrecognised Past service Cost	31.18	-
Amount Recognised in the Balance Sheet	755.76	657.96
v. Expenses Recognised in the Income Statement		
Current Service Cost	77.94	68.77
Interest Cost	77.60	70.91
Expected Return on Plan Assets	(39.98)	(32.46)
Net Actuarial (gain)/loss to be Recognised	28.44	42.78
Expenses Recognised in Profit & Loss Account	144.00	150.00

Notes forming part of Consolidated Financial Statements (Contd.)

₹ in Lacs

Particulars	For the Year Ended September 30,	
	2012	2011
	Gratuity Funded	
vi. Balance Sheet Reconciliation		
Opening Net Liability	657.96	543.09
Expenses as above	144.00	150.00
Employers Contribution	(48.36)	(32.10)
Amount Recognised in Balance Sheet	755.76	657.96
vii. Principal Actuarial assumptions at the Balance Sheet		
Discount Rate	8.50%	8.50%
Rate of Return on Plan Assets	9.30%	7.50%
viii Experience Adjustment (net)	20.79	5.61

Companies Annual Closure being September, Actuarial are carried out at that time.

Compensated Absence

The obligations for compensated absences are recognized in the same manner as gratuity. The liability of Compensated Absences (unfunded) of accumulated privileged, sick and casual leaves of the employees of the Company as at 30th September 2012 is given

Particulars	For the Year Ended September 30,	
	2012	2011
Privileged Leave	235.12	211.42
Sick Leave	25.00	22.48
Casual Leave	27.08	24.35

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

- 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, 2012.
- Holding company: Wealth Sea Pte. Ltd., (Singapore) through DIL Rim and Wheel Corporation Limited, Mauritius.
- 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., Glorious Investment Ltd. – Mauritius, 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., Shalini properties and Shubulaxmi Compusis Pvt Limited

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., Anchita Commercials Pvt. Ltd., Angan Properties Private Limited, Anish Traders Pvt. Ltd., Anoush Traders Pvt. Ltd., Aparupa Properties Pvt. Ltd., Ayodhya Properties & Finance Pvt. Ltd., Ballard Commercials Pvt. Ltd., Banalata

Notes forming part of Consolidated Financial Statements (Contd.)

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., 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., Dipti Commercials Pvt. Ltd., Divya Mercantile Ltd., 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., Dunlop Comforts Pvt Ltd., Durg Properties & Finance Pvt. Ltd., Ebony Commercials Pvt. Ltd., Eco Traders Pte Ltd., Edina Marketing Pvt. Ltd., eMotions Media Pvt. Ltd., Empire Minerals Pvt. Ltd., Enormous Nivesh Pvt. Ltd., Eyelid Mercantile Pvt. Ltd., Fabulous Nivesh Pvt. Ltd., Falcon Auto Tyres Rubber Pvt Ltd., Fairvalue Impex Ltd. – Mauritius, Fragment Nivesh Pvt. Ltd., Gain E-Commerce Pvt. Ltd., Global Fin Pro Ltd., Global Finvest Ltd. – UK, Globe Sugar Refinery Ltd., Goldman Securities Ltd., Global Finvest Ltd., Gumasol Rubber Tec GMBH, Hardcore Viniyog Pvt. Ltd., Herald Investments Pvt. Ltd., Hiker Properties Pvt. Ltd., Hiland Traders Pvt. Ltd., Hindustan Texknit Pvt. Ltd., Hirkud Industrial Works Ltd., Hirkud 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 & Co. 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., Kothi Lefin Pvt. Ltd., Kulu Properties & Finance Pvt. Ltd., Liluah Ceramics Pvt. Ltd., Mahan Tyres & Tubes Pvt. Ltd. (Formerly Falken Tyres Ltd.), Mahant Merchandise Pvt. Ltd., Malini Properties 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., Pacific apparels Ltd., Pacific Apparels Ltd., P.K. Constructions Pvt. Ltd., Pacific Apparels Ltd., Pallavi Manufacturers Pvt. Ltd., Parnika Marketing Private Ltd., Pawan Herbals Pvt. Ltd., Payneganga Sugars & Chemicals Ltd., Radient Investment Ltd.-Mauritius, Rapid Investment Ltd. - Mauritius, Renuka Resorts Pvt. Ltd., Realworth Trading Ltd.- Mauritius, Rose Investment Ltd.-Mauritius, Ruia Agro Products Pvt. Ltd., Ruia Electronics Pvt. Ltd., Ruia Holding -GMBH, Ruia Hospital & Educational Research Institution, Ruia Hotels Pvt. Ltd., Ruia Industries Ltd. – Mauritius, Ruia Marketing Ltd., Ruia Properties GMBH, Ruia Technologies Ltd., Ryham Pte Limited- Singapore, Sagarika Properties Pvt. Ltd., Sanjose Polymers Pvt. Ltd., Sarvan Commercials Pvt. Ltd., Satarupa Properties Pvt. Ltd., Schlegel Automotive Europe Ltd _UK, Securities Brokers India Limited, Shakambari Communications 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., Subhra Marketing Ltd., Sugandha Industries Pvt. Ltd., Sukaram Marketing 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, Wealth Treasury Ltd.-Mauritius, Wealth Pacific Holding Ltd.-Mauritius, Zeal Infotech Pvt. Ltd., Zipco Industrial Finance Pvt. Ltd.

The above (ii) 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:

- Mr. Pawan Kumar Ruia (Executive Chairman)
- Mr. Sunil Bhansali (Executive Director)

Notes forming part of Consolidated Financial Statements (Contd.)

Notes forming part of Consolidated Financial Statements (Contd.)

Related Party Transactions:

₹ in Lacs

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Income								
Sale of Finished Goods								
Falcon Tyres Impex Pvt. Ltd.	-	-	1,019.47	-	-	-	-	1,019.47
Sale of Materials								
Dunlop Polymers Pvt. Ltd			4,194.47	3,450.93			4,194.47	3,450.93
Debit note on RM Purchases								
Dunlop India Ltd.	-	-	24.31	-	-	-	24.31	-
Dunlop Polymers Pvt. Ltd			20.91				20.91	-
Others								
Jessop & Co Ltd.			0.11				0.11	-
Ruia Sons Pvt. Ltd.				14.21			-	14.21
Dunlop Polymers Pvt. Ltd.			5.40	28.90			5.40	28.90
Expenses								
Royalty								
Ruia Sons Pvt. Ltd.	-	-	594.96	2,378.22			594.96	2,378.22
Glorious Investments Pvt Ltd-Marititius			1,751.07				1,751.07	-
Purchase of Traded Goods								
Dunlop Polymers Pvt. Ltd.			9,354.75	5,867.06			9,354.75	5,867.06
Remuneration								
Pawan Kumar Ruia	-	-	-	649.20	649.20	649.20	649.20	649.20
Sunil Bhansali	-	-	-	41.00	37.50	41.00	37.50	37.50
Mixing Charges								
Dunlop India Ltd.			212.65	563.49			212.65	563.49
Selling Expenses								
Falcon Tyres Impex Pvt. Ltd.			956.83				956.83	-
Others								
Ruia Sons Pvt. Ltd.	-	-	8.16	-	-	-	-	8.16
Vidyuth Petrochem Pvt. Ltd.			62.50				-	62.50
Jessop & Co Ltd.	-	-	0.08				-	0.08
Ruia Corporate Services Pvt Ltd			165.90				165.90	-
Loss on Sale of Investment								
Misc Management Charges								
Ruia Sons Pvt.Ltd	-	-	120.00	480.00	120.00	480.00	480.00	-
Ruia Corporate Services Pvt Ltd			184.10				184.10	-
Assets								
Advance Paid								
Falcon Tyres Impex Pvt. Ltd.	-	-	819.40	-	-	-	-	819.40
Falcon Tyres Rubbers Pvt. Ltd.	-	-	300.00	25.57	-	-	300.00	25.57
Dunlop Conforts Pvt Ltd			45.35				45.35	-
Dunlop India Ltd.	-	-	311.36	421.37	-	-	311.36	421.37

₹ in Lacs

Nature of Transaction	Enterprises where control exits or which exercise control		Associates		Key Management Personnel		Total	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Advance given for purchase								
Tulip Machineries Pvt. Ltd.	-	-	1,190.00	-	-	-	-	1,190.00
Walker Properties Pvt Ltd			75.00				-	75.00
Vidyuth Petrochem Pvt. Ltd.	-	-	5,500.00	-	-	-	5,500.00	-
Shalimar Towers Pvt Ltd			1,236.00				-	1,236.00
Ruia & Sons Pvt Ltd			565.67				-	565.67
Ruia Corporate Service Pvt LTD			37.57				-	37.57
Assignments Transfer								
Suryamani Financing Co. Ltd.	-	-	75.00	-	-	-	-	75.00
Manali Properties & Finance Ltd			13,155.12	(75.00)			13,155.12	(75.00)
Investments								
Investment in Shares								
Liabilities								
Unsecured Loan Taken								
Manali Properties & Finance Pvt. Ltd.	-	-	7,383.32	-	-	-	-	7,383.32
Assignments Transfer								
Walker Properties Pvt.Ltd			401.05				401.05	-
Tullip Machineries			7,000.00				7,000.00	-
Project Assets								
Subhlaxmi Compusis Pvt Ltd			505.59				505.59	-
Shalimar Towers Pvt Ltd			1,236.00				1,236.00	-
Tulip Machineires Pvt. Ltd.			2,257.52				2,257.52	-
Balance as on 30.09.2012								
Loans and Advances								
Dunlop India Ltd.			2,459.18	2,147.82	-	-	2,459.18	2,147.82
Falcon Tyres Impex Pvt. Ltd.	-	-	643.52	743.74	-	-	643.52	743.74
Falcon Tyres Rubbers Pvt. Ltd.			324.94	24.94			324.94	24.94
Ruia & Sons Pvt. Ltd.			578.17				-	578.17
Ruia Corporate Services Pvt. Ltd.	-	-	40.47				-	40.47
Dunlop Conforts Pvt Ltd			45.35				45.35	-
Shalimar Towers Pvt Ltd			1,236.00				-	1,236.00
Tulip Machineires Pvt. Ltd.	-	-	2,257.52				-	2,257.52
Walker Properties Pvt.Ltd			401.05				-	401.05
Vidyuth Petrochem Pvt. Ltd.	-	-	5,500.00				5,500.00	-
Jessop & Co Ltd.	-	-	16.19	16.08			16.19	16.08
Creditor Balance								
Dunlop Polymers Pvt. Ltd.			698.66	660.10			698.66	660.10
Glorious Investments Pvt Ltd-Marititius			1,751.07				1,751.07	-
Subhlaxmi Compusis Pvt Ltd			505.59				505.59	-
Current liabilities								
Manali Properties & Finance Pvt. Ltd.	-	-	13,155.12				-	13,155.12

* Sales, Purchase & Other expenses are inclusive of Taxes

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

Notes forming part of Consolidated Financial Statements (Contd.)

33. 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 2012

₹ in Lacs

Party Name	Maximum Outstanding during the year	Closing Balance
Vidyuth Petrochem Pvt. Ltd.	5,500.00	5,500.00
Dunlop India Ltd.	2,652.27	2459.18
Falcon Tyres Impex Pvt. Ltd	697.87	643.52
Falcon Tyres Rubbers Pvt. Ltd.	324.94	324.94
Dunlop Conforts Pvt Ltd	45.35	45.35
Jessop & Co Ltd.	16.19	16.19
Ruia Corporate Services Pvt. Ltd.	251.03	NIL
Ruia Sons Pvt. Ltd.	216.59	NIL
Shalimar Towers Pvt Ltd	1,236.00	NIL
Tulip Machineries Pvt. Ltd.	320.00	NIL
Walker Properties Pvt Ltd	401.05	NIL

34 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 recognized 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.

Notes forming part of Consolidated Financial Statements (Contd.)

Depreciation / Amortization

- 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.
- 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.
- 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.

Inventory

Inventories are valued at lower of cost or estimated net realizable 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 recognized 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.

Notes forming part of Consolidated Financial Statements (Contd.)

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 recognized using the tax rates and tax laws that have been enacted or substantively enacted. Deferred tax assets are recognized 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 recognized 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.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

₹ in Lacs

Particulars	30th September, 2012	30th September, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(5,207.75)	3,943.57
Adjustment for:		
Depreciation	1,805.66	2,101.50
Interest Income	(65.80)	(73.96)
Finance Cost	4,172.01	2,667.28
Loss on sale of Investment	6,611.20	-
Dividend received	(10.80)	(32.39)
Operating Profit before working capital change	7,600.49	7,795.41
(Increase)/Decrease in trade receivable	5,459.04	656.17
(Increase)/Decrease in Inventory	1,387.69	(1,612.50)
(Increase)/Decrease in short term loans and advance	364.40	(960.14)
Increase/(Decrease) in trade payables	556.43	2,519.48
Increase/(Decrease) Other Current Liabilities	2,816.68	-
Increase/(Decrease) Short Term Provisions	(2,384.07)	99.53
Cash generated from operations	15,800.67	8,497.95
Direct tax paid	2,025.91	528.27
NET CASH FROM OPERATING ACTIVITIES	13,774.76	7,969.68
B CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets including CWIP	(25,891.71)	(26,524.27)
Other Long Term Liabilities	4,385.60	
Other Long term loans and advance	5,479.37	(600.00)
Dividend received	10.80	32.39
Interest Income	65.80	45.44
NET CASH USED IN INVESTING ACTIVITIES	(15,950.14)	(27,046.44)
C CASH FLOW FROM FINANCING ACTIVITIES		

2011-12

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FINANCIALS

Consolidated Cash Flow Statement (Contd.)

₹ in Lacs

Particulars	30th September, 2012	30th September, 2011
Share Capital	3,852.69	-
Long term borrowings	25,978.04	6,521.95
Short term borrowings	(23,604.22)	15,801.73
Finance Cost	(3,795.85)	(2,695.06)
Dividends	(593.95)	(858.40)
Corporate Dividend tax	(94.23)	(141.53)
NET CASH USED IN FINANCING ACTIVITIES	1,742.48	18,628.69
NET CASH FLOWS DURING THE YEAR	(432.90)	(448.07)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,881.85	3,329.92
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2,448.95	2,881.85

As per our Report attached
for K. N. Gutgutia & Co.
Chartered Accountants
ICAI Firm Registration No. 304153E

Subhasish Pore
Partner
Membership No.: 055862
Kolkata
19th November, 2012

M.C. Bhansali
Company Secretary

Bangalore

For and on behalf of the Board

S. Ravi Ashok Gupta S. Badrinarayanan
Director Director Director

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

PROXY FORM

36TH 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 Sixth Annual General Meeting of the Company to be held on Saturday 29th December, 2012 at 1.00 p.m at “Golden Land Mark Resort”, No.45/A, K.R.S. Road, Metagalli, Mysore – 570 016 and at any adjournment thereof.

Signed this.....day of.....2012

Address.....

Signature.....

Note: The proxy form duly completed must be deposited at Regd.Office : Falcon Tyres Limited, K.R.S. 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 Sixth Annual General Meeting of the Company to be held at “Golden Land Mark Resort”, No.45/A, K.R.S. Road, Metagalli, Mysore – 570 016 on Saturday 29th December, 2012 at 1.00 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.