

# **FALCON TYRES LTD**

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**FINANCIAL STATEMENTS**

**2013-14**

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**BOARD OF DIRECTORS**

Mr. Pawan Kumar Ruia, *Chairman*  
Mr. Subbarathnam Ravi, *Director*  
Mr. Ashok Kumar Agarwal, *Director*  
Mr. Dipak Das, *Director*  
Mrs. Baishali Roy, *Director*  
Mr. Rupendra Nath Kumar, *Director*

**COMPANY SECRETARY**

Mr. M.C. Bhansali

**REGISTERED OFFICE & FACTORY**

K.R.S. Road, Metagali, Mysore 570016  
Telephone : +91 821-258 2453 / 2055  
Fax : +91 821-258 2321

**REGISTRAR AND SHARE TRANSFER AGENT****Integrated Enterprise Limited**

30, Ramana Residency  
4th Cross, Sampige Road  
Malleswaram, Bengaluru 560003  
Telephone : +91 80-234600815  
Fax : +91 80-2346 0819

**BANKERS**

Syndicate Bank  
Punjab National Bank  
State Bank of India  
The South India Bank  
Oriental Bank of Commerce  
Yes Bank  
ICICI Bank

**STATUTORY AUDITORS****M/S. Gora & Co.**

*Chartered Accountants*  
8/2, K.s. Roy Road, 2nd Floor  
Room No. 2 & 3  
Kolkata - 700 001

A Member desirous of getting information any information on the Accounts of the Company, is requested to forward his/her queries to the Secretarial Department at Registered Office, atleast 10 days prior to the Meeting for enabling the Management to keep the information ready.

## *Chairman's Message*

Dear Shareholders,

The change in perception about the prospects of the Indian economy, particularly about the manufacturing sector, is heart-warming indeed. After the bumps of two successive years, the change was critically necessary for the industry, hit by a toxic mix of high inflation and costly loan rates. The Gross Domestic Product grew by just 1 per cent in 2012-13 and slowed further to a humbling 0.4 per cent in 2013-14. Manufacturing and mining sector GDP declined by 0.7 per cent and 1.4 per cent respectively in 2013-14. Gross bank credit deployment to medium and large industries too considerably decelerated in 2013-14. For the first time since 2001-02, diesel consumption contracted by 0.3 per cent during the year. However, with the recent reversal of the manufacturing curve along with moderation of inflation have contributed to the change in the economic outlook

The tyre industry experienced the resultant of the slowdown through the past two years in the form of a hiatus in capacity augmentation in the two-wheeler segment. Subdued OEM demand, modest replacement demand and relatively muted exports affected the topline growth of the industry. Recent softening of rubber prices has eased the situation to a considerable extent, but spiralling manpower cost still remains a major concern.

The inclusive growth agenda of successive governments has helped in generating incremental money supply in the rural segment. Boosted by last year's leap in agricultural growth it helped the reversal of the quietness of the overall economy. The demand environment in rural markets for the two-wheelers is steadily on the rise. That brings sunshine to your company because Falcon has always remained committed to be the vital link of movement of truly the common man with its range of tyres for the two and three-wheelers.

Falcon has been perennially successful in keeping the OEMs satisfied despite any stringency on quality parameters and as a result has partnered the unique growth story of the two-wheeler segment. The shift in the tyre product mix toward higher-value added products such as radial tyres and ultra-high performance tyres will continue to form Falcon's core strategy and with the technologically advanced products, Falcon is now poised for exploring further opportunities in major geographies of the world.

Yours sincerely,  
Pawan K. Ruia  
**Chairman**

## Last 10 Years Summary

Rs. In Lacs, Except As Stated

PARTICULARS	2003-04 (12 Months)	2004-05 (12 Months)	2005-06 (12 Months)	2006-07 (12 Months)	2007-08 (12 Months)	2008-09 (12 Months)	2009-10 (18 Months)	2010-11 (12 Months)	2011-12 (12 Months)	2012-14 (18 Months)
Share Capital	568.09	568.09	568.09	568.09	568.09	568.09	1704.27	1704.27	3873.63	3873.63
Reserves & Surplus*	2286.22	2304.47	2495.41	11363.64	11337.59	12196.27	16110.62	17972.74	23540.76	23573.48
Net Worth*	2854.31	2872.56	3063.50	11931.73	11905.68	13900.54	17814.89	19677.01	27414.39	27447.11
Gross Fixed Assets*	5351.21	5461.84	5645.43	16069.62	17369.13	23783.46	23015.45	27211.47	57970.19	93277.03
Net Fixed Assets*	2762.17	2727.55	2654.57	12792.24	13368.43	18396.75	18498.93	19497.00	48063.94	80580.07
Production (Nos):										
Tyres (Includes Job Work)	4309110	5112104	5421409	6248879	6962658	11341202	10211634	10144905	9776048	11828924
Tubes (Includes Job Work)	4261847	6090750	6829701	8116982	8712770	12817718	7255101	6874213	6012413	6983824
Turnover	18042.45	21985.81	25563.42	32178.63	49559.05	85146.30	84434.77	97232.94	98219.50	130439.19
Other Income	168.61	163.46	227.02	350.85	400.15	341.49	566.33	763.08	951.39	947.64
Profit Before Interest & Depreciation	675.75	540.11	958.67	1251.46	2064.17	6744.39	9008.23	7493.57	7495.89	7661.37
Profit Before Tax	258.40	156.42	512.42	591.12	803.60	3896.37	6578.46	4954.57	1518.38	397.49
Profit After Tax	161.49	92.37	362.56	396.31	563.69	3001.82	5163.46	2898.46	-5898.49	397.49
Earnings Per Share (Rs.)	2.84	1.63	6.38	6.98	9.92	8.81*+	15.15*+	8.5*+	-7.61*+	0.51
Dividend Amount (Including Interim Dividend)	85.21	56.81	142.02	170.43	198.83	397.66	852.14	690.72	451.75	0.00
Rate Of Dividend (Including Interim Dividend)	15%	10%	25%	30%	35%	40%	50%	35%	10%	0%

\* Including Revaluation Of Fixed Assets

\*\* Including Pro Rata Dividend On Preferential Issue

\*+ On Face Value Of Rs. 5/-, Due To Split

+\* Before Exceptional Loss On Sale Of Shares Of Monotona Tyres Limited For Rs. 6697.28

Last Year Values Have Been Regrouped Based On The Current Years Classification

## FALCON TYRES LTD

CIN : L25114KA1973PLC002455  
www.falcontyres.com

### NOTICE

NOTICE is hereby given that the 38th Annual General Meeting of the Members of **Falcon Tyres Limited** will be held at **HOTEL "MYSORE DASAPRAKASH (CITY) GANDHI SQUARE", MYSORE - 570 001** on **TUESDAY, 30th September, 2014, at 11 A.M.** to transact the following business :

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and Profit & Loss Account for the extended Financial Year ended on the said date, together with the Report of Board of Directors and the Auditors thereon.
2. To appoint M/s Gora & Co., Chartered Accountants, Kolkata, the retiring Auditors of the Company, who being eligible, offer themselves for re-appointment as the Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors of the Company to fix their remuneration.

#### SPECIAL BUSINESS

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

3. **As an Ordinary Resolution :**  
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 read with relevant Rules made there under and the Articles of Association of the Company and all other relevant acts and rules, Shri Dipak Das (DIN : 01595824) be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years."
4. **As an Ordinary Resolution :**  
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 read with relevant Rules made there under and the Articles of Association of the Company and all other relevant acts and rules, Smt Baishali Roy (DIN : 06873404) be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years."
5. **As an Ordinary Resolution :**  
"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 read with relevant Rules made there under and the Articles of Association of the Company and all other relevant acts and rules, Sri Rupendra Nath Kumar (DIN : 06873411) be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years."

Place : Mysore  
Date : 29th August, 2014

By Order of the Board  
**Ashok Kumar Agarwal**  
Director

#### NOTES :

1. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. The Board of Directors of the Company at its Meeting held on 14th November, 2013 decided to extend the Accounting Period by 6 (six) months up to 31st March, 2014 which was duly approved by Registrar of Companies, Karnataka vide his letter dated 4th December, 2013.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**  
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. **Voting through electronic means.**
  - i. Pursuant to provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote by electronic means as an alternative to vote physically at the AGM and the business may be transacted through E-voting Services provided by Central Depository Services (India) Limited (CDSL).
  - ii. Similarly, Members opting to vote physically can do the same by remaining present at the Meeting and should not exercise the option for e-voting. However, in case Members cast their vote exercising both the options, i.e. physically



and e-voting, then votes casted through e-voting shall only be taken into consideration and treated valid whereas votes casted physically at the meeting shall be treated as invalid. The instructions for e-voting are as under, Members are requested to follow the instruction below to cast their vote through e-voting :

- iii. The e-voting period commences on 20th September, 2014 at 9 AM and ends on 22nd September, 2014 at 6 PM. During this period Shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 5th September, 2014 may cast their vote electronically. The e-voting module shall be by CDSL for voting thereafter. Once the vote on a resolution is cast by the Shareholder, the Shareholder shall not be allowed to change it subsequently.

The instructions for e-voting are as under

Members are requested to follow the instruction below to cast their vote through e-voting :

The instructions for members for voting electronically are as under :-

In case of members receiving e-mail :

- i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) Click on “Shareholders” tab.
- iii) Now, select the “FALCON TYRES LIMITED” from the drop down menu and click on “SUBMIT.”
- iv) Now enter your User ID (For CDSL : 16 digits beneficiary ID. For NSDL : 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the CAPTCHA code as displayed and click on Login.
- v) If you are holding shares in Demat Form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vi) Now, fill up the following details in the appropriate boxes

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).	
DOB#	Enter the Date of Birth as recorded in your demat account with CDSL in dd/mm/yyyy format. In case of demat account with NSDL / Physical Cases use 01/01/1900 in the Date of Birth filed.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. If not recorded then use 1234567890 in the Bank Account Details.	

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: < FALCONTYRE > in the PAN field.

# Please enter any one of the details in order login. In case either of the details are not recorded with the depository please enter the value 01/01/1900 in DOB or 1234567890 in the Bank Detail Column.

- vii) After entering these details appropriately, click on “SUBMIT” tab.
- viii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in the Notice.
- x) Click on < FALCONTYRE > on which you choose to vote.
- xi) On the voting page, you will see Resolution Description and against the same the option Yes/No for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii) Click on the “Resolutions File” link if you wish to view the entire Resolutions.
- xiii) After selecting the resolutions you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting Page.
- xvi) If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password and enter the details prompted by the system.

## FALCON TYRES LTD

xvii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.

In case of members receiving the physical copy :

- (A) Please follow all steps from sl. no. (i) to (xvii) above to cast vote.
- (B) The voting period begins on 20th September, 2014 at 9 AM and ends on 22nd September, 2014 at 6 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 5th September, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xviii) Mr. S K VENUGOPALA RAO of S.K.V RAO & CO Practising Chartered Accountants (Membership No. 203189) has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner and whose e-mail id is [skvrao@gmail.com](mailto:skvrao@gmail.com).
- xix) The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the e-voting period unblocks the votes in the presence of at least two (2) witnesses not in the employment and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xx) The results shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the website of CDSL within two (2) days of passing of the resolution at the AGM of the Company and communicated to Bombay Stock Exchange.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2014 to 30th September, 2014 (both days inclusive).
6. Members are requested to bring their copies of the Annual Report and the Admission Slip at the Meeting. Annual Report will not be distributed at the Meeting.
7. The Members, who are still holding the Company's Equity shares in physical form and have not converted their shareholding in dematerialized form, are once again requested to convert their equity shares from physical form to dematerialized form as the same will provide adequate facility in trading in the Company's scrip at Stock exchange in future.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address either with the Company or its RTA for receiving all communications including Annual Report, Notices, Circulars etc from the Company electronically instead of sending the printed / hard copies of the same by post. Serving of documents to the Members through electronic mode ensures receipt of the Notices / Documents / Communication timely, promptly and without any loss in postal transit by them.
9. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of name are requested to send the share certificates to our RTA for consolidation in to a single folio.
10. Non-Resident Indian Members are requested to inform the Company's RTA, M/s. Integrated Enterprises (India) Ltd., immediately of :
- the change in the Residential status on return to India for permanent settlement.
  - the particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin code Number, if not furnished earlier.
11. As per provisions of Section 72 of the Companies Act, 2013 facility for making nominations is available, to individuals, holding shares in the Company. Nomination Form prescribed can also be obtained for the purpose from the Company's RTA.
12. All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013 will be available for inspection at the Registered office of the Company during business hours on all working days upto the date of declaration of the results of the 38th Annual General Meeting of the Company.

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### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.

##### Item Nos. 3, 4 & 5.

Shri Dipak Das (DIN : 01595824), Smt Baishali Roy (DIN : 06873404) and Shri Rupendra Nath Kumar (DIN : 06873411) were appointed as the Directors of the Company in the category of Independent Directors w.e.f. 14th May, 2014. In accordance with





the provisions of Sections 149, 152 and Article 91 of the Articles of Association of the Company, Shri Dipak Das, Smt Baishali Roy and Shri Rupendra Nath Kumar shall hold office up to the date of this Annual General Meeting. The Company has received three separate notices in writing under Section 160 of the Companies Act, 2013 from the members along with the deposit of requisite amount proposing their candidature for the office of Directors.

Shri Dipak Das, Smt Baishali Roy and Shri Rupendra Nath Kumar are not disqualified from being appointed as the Directors in terms of Section 164 of the Act and have given their consents to act as Directors.

As per Section 149 of the Act, the Independent Directors can hold office for a term up to 5 (five) consecutive years on the Board and they shall not be included in the total number of directors for retirement by rotation.

In the opinion of the Board, Shri Dipak Das, Smt Baishali Roy and Shri Rupendra Nath Kumar fulfills the conditions for their appointments as the Independent Directors as specified in the Act and the Listing Agreement.

Keeping in view the qualifications and the experiences possessed by Shri Dipak Das, Smt Baishali Roy and Shri Rupendra Nath Kumar, Your Directors feel that the appointments of Shri Das, Smt Roy and Shri Kumar as the Independent Directors of the Company will be beneficial to your Company and accordingly, recommend the Resolutions set out in Item Nos. 3, 4 & 5 of the Notice for your consideration and approval.

None of the Directors of the Company except Shri Das, Smt Roy and Shri Kumar are interested or concerned in the Resolution set out in Item Nos.3, 4 & 5 of the Notice.

By Order of the Board  
**Ashok Kumar Agarwal**  
Director

Place : Mysore  
Date : 29th August, 2014

**Particulars Relating to the Directors proposed to be appointed / re-appointed :**

<p>1. Name : Shri Dipak Das</p> <p>Age : 54 Years.</p> <p>Qualifications : B. Com., F.C.A.</p> <p>Expertise : He has a rich experience of more than 25 years in Financial Management, Accounting and Audit (Internal, Statutory, Management) with expertise in evaluation, resource planning and deployment and purchase with hands on experience in networking with External Auditors, Statutory Authorities, Banks and Financial Institutions in the Corporate Sector and various other experience in different field as well.</p> <p>Date of Appointment : 14th May, 2014.</p> <p>No. of Equity Shares held in the Co. : Nil.</p> <p>Name of the Public Ltd. Company : Committee Memberships, if any, with position of other Public Companies</p> <p>Jessop &amp; Co Ltd : Audit Committee - Chairman &amp; Member Share Transfer &amp; Investors Grievance Committee - Chairman &amp; Member Remuneration Committee - Chairman &amp; Member</p>	<p>Expertise : As a professional Advocate, she has a very good experience of over 10 years in handling all type of matters under Civil and Criminal procedures. During this journey, she has handled corporate and non corporate clients as well.</p> <p>Date of Appointment : 14th May, 2014.</p> <p>No. of Equity Shares held in the Co. : Nil.</p> <p>Name of the Public Ltd. Company : Committee Memberships, if any, with position of other Public Companies</p> <p>Jessop &amp; Co Ltd Ltd -</p>
<p>2. Name : Smt Baishali Roy</p> <p>Age : 44 Years.</p> <p>Qualifications : B. Com., LL.B</p>	<p>3. Name : Shri Rupendra Nath Kumar</p> <p>Age : 60 Years.</p> <p>Qualifications : B. Com., LL.B</p> <p>Expertise : As a professional Advocate. He has rich experience of 35 years in handling civil and criminal matters</p> <p>Date of Appointment : 14th May, 2014.</p> <p>No. of Equity Shares held in the Co. : Nil.</p> <p>Name of the Public Ltd. Company : Committee Memberships, if any, with position of other Public Companies</p> <p>Jessop &amp; Co. Ltd. : Audit Committee - Alternate Chairman &amp; Member Share Transfer &amp; Investors Grievance Committee - Member Remuneration Committee - Member.</p>

## FALCON TYRES LTD

### REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the eighteen months ended 31st March, 2014.

Your Company has achieved a net standalone turnover of Rs. 1198.66 crores during the period as against Rs. 905.96 crores in the previous year with Profit before Tax at Rs.3.99 crores excluding exceptional item and Profit after Tax at Rs. 3.97 crores. The loss of Rs. 0.02 crores is related to exceptional item on account of sale of shares of Chamundi Plasto Sacks Private Limited as the Company was not able to get the leverage of the consolidation.

Sl.No.	Particulars	For the Period ended 31-Mar-14	For the year ended 30-Sep-12
i)	Revenue from operations	119,866.37	90,595.66
ii)	Other Income	947.64	951.39
iii)	Total Revenue	120,814.01	91,547.05
iv)	Profit before Interest, Depreciation and Taxation (EBIDTA)	7,661.37	7,378.97
v)	Interest	4,793.80	4,055.09
vi)	Depreciation	2,468.47	1,805.52
vii)	Profit before Taxation and Exceptional Item	399.10	1,518.36
viii)	Exceptional Items	1.61	6,697.28
ix)	Profit before Taxation (PBT)	397.49	-5,178.92
x)	Tax including Deferred Tax	0	719.57
xi)	Profit After Taxation (PAT)	397.49	-5,898.49
xii)	Profit brought forward from previous year	-3,818.35	2,080.14
xiii)	Amount available for Appropriation	-3,420.86	-3,818.35
xiv)	Appropriations		
	Transfer to General Reserve	----	----
	Proposed Dividend	----	----
	Corporate Dividend Tax	----	----
xv)	Balance carried to Balance Sheet	-3,420.86	-3,818.35

Some Key Performance ratios on standalone basis are furnished below

Description	UOM	For the period ended 31-Mar-14	For the year ended 30-Sep-12	Last 10 Years Average
EBITDA/Revenue From Operations	%	6.39	8.27	7.49
Profit Before Tax & Exceptional Item/Revenue From Operations	%	0.33	1.68	3.35
Profit After Tax/Revenue From Operations	%	0.33	-6.51	1.22
Return On Capital Employed	%	4.85	-1.78	1.83
Earnings Per Share At A Face Value Of Rs. 5/- Per Share	Rs.	0.51	-7.61	2.27

### STANDALONE PERFORMANCE

Your Company has achieved a net turnover of Rs. 1198.66 crores for the eighteen month period compared to Rs. 905.96 crores for the year ended 30th Sep'2012. Profit before Interest, Depreciation, Taxes and exceptional item stood at Rs. 76.61 crores as against the previous year figure of Rs. 73.79 crores. The Profit after exceptional item but before Tax is Rs. 3.97 crores as against the previous year loss of Rs. 51.79 crores. Profit after Tax is Rs. 3.97 crores as against the previous year loss of Rs. 58.98 crores. During the period under review the operational profit increased due to softening Natural Rubber prices and ideal product mix.

Production of Tyres and Tubes, during the period under review stood at 41722.43 MT as against 35440 MT in the previous year. The Company continued to partner 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 continued to maintain its leadership position in Export market segment in the Current year. The pressure in replacement market demand is due to sluggish market conditions and cut-throat competition.

### EXPANSION

Your Directors are happy to inform you that the expansion of the Company at Mysore has been completed and the production from the expansion plant has started in second Quarter of 2012 and the process of ramp up of production capacities are taken up by your Company.



## CUSTOMERS FIRST

Your Company adopted policy of “Customers First” and we continued to be associated with major Automobile Companies (OEM’s) and enjoying the privileged position with all the OEM’s. The most conservative OEM’s also recognizes our Quality and Services and we are potential supplier for them.

## SUBSIDIARY

During the previous year, the Company has disposed off the entire share holding of Chamundi Plasto Sacks Private Limited (CPSPL). Hence, CPSPL no longer remain subsidiary of your Company. Falcon Tyres Rubber Pvt. Ltd. has become subsidiary of the Company w.e.f. 23.01.2013. The Financial position and performance of the subsidiary during the year as follow:

Particulars	For the year ended 31/03/2014
	<b>Falcon Tyres Rubber Private Limited</b>
Capital	1.00
Reserves	(0.21)
Total Assets	325.79
Total Liabilities	325.79
Investments	Nil
Turnover	Nil
EBIDTA	(0.02)
EBDT	(0.02)
Profit Before Taxation	(0.02)
Provision for taxation including Deferred Tax	Nil
Profit after Taxation	(0.02)
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

To conserve the resources for future expansion needs, your Directors do not propose any dividend for the year under review.

### QUALITY MANAGEMENT SYSTEM

Your Company continued to be accredited with certifications by MIs TUV, 5UDD, South Asia Pvt. Ltd., with respect to the following’:

- ISO 9001:2008 & ISO I T516949: 2009 for Quality Management System, valid till May, 2016,
- 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 provisions of the Companies Act, 2013 and the Company’s Articles of Association, Mr. Pawan Kumar Ruia & Mr. Ashok Kumar Agarwal, the Directors of the Company will retire by rotation on the conclusion of this meeting and being eligible & offer themselves for re-appointment.

Mr. S.Badrinarayan, Mr. Ashok Gupta, Kamal Jiwrajka and Mr. Sunil Bhansali have resigned w.e.f. 19-Feb-2014, 23-Dec-2013, 13-Nov-2013 and 16-Nov-2012 respectively as Director. The Board place on record it’s appreciation for the contribution made by them during their tenure.

Mr. A.K.Jain, Mr. K.N.Prithviraj & Mr. Prakash P. Mallya who were appointed as Independent Directors on the board have resigned w.e.f. 14-May-2014, 31-Mar-2014 and 31-Mar-2014 respectively. The Board place on record it’s appreciation for the contribution made by them during their tenure.

## **FALCON TYRES LTD**

Mr. Dipak Das, Mrs. Baishali Roy and Mr. Rupendra Nath Kumar have been appointed as Independent Director w.e.f. 14-05-2014. None of the Director is disqualified under section 274(1)(g)

### **AUDITORS**

M/s. K.N. Gutgutia & Co., Chartered Accountants, auditors of the Company, resigned as auditors of the company during the year. M/s Gora & Company, Chartered Accountants, Registration No. 327183E has been appointed as auditors of the company in the Extraordinary General meeting of the company held on 16th August, 2014. They confirmed that the said appointment would be in conformity with the provisions of Section 139 of the Companies Act, 2013 and rules framed there under.

### **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 31st March, 2014 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 there-under, 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. 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 endeavour 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 and 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 hands with the employees to celebrate the Ganesh Festival, which is one of the biggest festival in Karnataka and observed rituals 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 the 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 period.

### **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 period ended 31st March, 2014 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 31st March, 2014 and of the profit or loss of the Company for the period ended on the 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 period ended 31st March, 2014 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 period 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

Place: Kolkata  
Date: 29-Aug-2014

Ashok Kr. Agarwal      Dipak Das  
Director                      Director

#### ANNEXURE - I

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the period ended March 31, 2014.

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	11,16,62,400	B.Com (Hons), AICWA, FCA, LL.B, AASM, MIIA (USA) 30 Years	01.04.2007	55	

#### ANNEXURE- II

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

##### A. CONSERVATION OF ENERGY

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

- 1) Platten heating line steam condensate was separated and brought directly to Boiler. Earlier it was getting mixed with bladder condensate which was getting contaminated and wasted.
- 2) Fan less cooling tower of capacity 200TR has been provided which is savings upto 125 KWH per day
- 3) Reduced tube lights from two to one at all offices and non productive areas.
- 4) 125 KVA Capacitor bank has been installed for LT4 panel to improve Power factor. Power factor improved from 0.975 to 0.985.
- 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

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**c) Additional investments/modifications proposed**

- 1) Introduction of additional capacitors for improving the Power Factor.
- 2) Replacement of reciprocating compressor by energy efficient screw compressor in phased manner.
- 3) 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 period ended March 31, 2014	For the year ended September 30, 2012
<b>1. ELECTRICITY</b>		
a. Purchased:		
- Total Units	20141880	16434240
- Total Amount (Rs.in lakhs)	1264.37	993.57
- Rate per unit (Rs.)	6.28	6.05
b. Own Generation:		
- Units Generated	5169742	2462207
- Total Diesel/Coal Cost (Rs.Lacs)	396.30	192.39
- Cost per unit (Rs.)	7.67	7.81
<b>2. FUEL</b>		
a) Biomass, Coal & Others - Quantity (M.T.)	41147.12	26565
- Total Cost (Rs.Lacs)	1831.96	1301.38
- Fuel Rate per Kg. (Rs.)	4.45	4.90
- Fuel Cost/Kg. on Production (Rs.)	4.48	3.68
<b>3. CONSUMPTION PER KG.OF -</b>		
- Production of Tyre & Tube:		
- Electricity (Units/Kg.)	0.607	0.539
- Coal & Other Fuels (Kgs./Kg.)	0.986	0.758

### FORM B

**B. TECHNOLOGY ABSORPTION:**

1. Research & Development:

- a) Got HMSI's approval for the supply of tubeless tyres for scooter and Motorcycle for their high volume vehicles after rigorous and exhaustive plant audit.
- b) Developed 3 new tractor tyres size and approved by OEM.
- c) New tread compound developed for better grip and low rolling resistance for 2 Wheeler tyres.
- d) Developed polyster tyres for Replacement Market -2 Wheeler segment for better performance and dimensional Rigidity.
- e) Better control measures implemented in tread extrusion in plant to have optimal material consumption.
- f) Developed in-house compound specifications adapting to the dynamic material sources without compromising on Product performance.

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

- a) Improvement in 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 interaction 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 areas where this has not been taken place, reasons therefore and future plans for action ⇒ Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign Exchange earned and used:

Particulars	Rs. In Lacs	
	2012-14	2011-12
i) Foreign Exchange Earned	11927.18	7159.49
ii) Foreign Exchange used	9386.92	10860.13

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- 14
1. (a) Number of shares held by Falcon Tyres Limited at the end of the above date	9990
(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	
(a) is not dealt in the Company's account	
(i) for the financial year ended March 31, 2014	NIL
(ii) for the previous financial year since it become a subsidiary	NIL
(b) is dealt in the Company's account	
(i) for the financial year ended March 31, 2014	-0.02 Lakhs
(ii) for the previous financial year since it become a subsidiary	-0.01 Lakhs

**ANNEXURE-III****MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Automobile industry has gained momentum after it has seen long down turn since 2008-09. Further it is expected that after structural change in socio economic environment and support extended by government by extending excise benefit till Dec-14, auto industry would also get booster in emerging market like India. 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 etc.

The current stable raw material prices are likely to be continued & likely to assist operating margins of tyre manufacturer. However, any further correction in raw material prices may affect the operating margin due to pressure on tyre pricing. The company will continue to focus on profitable product categories.

The bottom line is expected to come out of woods with ease in raw material prices, volume growth and change in socio economic environment.

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

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, domestic and international natural rubber prices are currently hovering around 140/kg and \$1.8/kg (duty free) respectively as of April 2014 and are expected to remain subdued in the near future.

**BUSINESS OUTLOOK AND OVERVIEW**

The growth of the automotive industries in general was not impressive during the period 2012-14. It resulted in weak growth in OEM segment in 2 wheeler & 3 wheeler sector. However, the strong replacement demand helped the tyre industry to grow revenue.

The Company strategically enhanced its export volume which significantly contributed to its growth. The depreciation in domestic currency is also likely to further boost up the operating margins.

**COMPANY PERFORMANCE****DOMESTIC SEGMENT**

Your Company has kept a balance between its major supplies in OEM, Replacement market and Export Market & there is increased supplies in Replacement Market keeping pace with demand. Although the demand has gone up but due to huge capacity additions, a demand supply gap has been created and it will take some time to absorb additional capacities.

**EXPORT SEGMENT**

During the period, the Company has executed the export order for Rs.119.27 Crores value of tyres in export market as compared to Rs. 71.59 Crores sold during the last year. Your Company keeps continuous focus 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 continued production of Tubeless Tyres and Radial Tyres also during the period and the response to the same are positive.

**OPERATION REVIEW**

Financial Performance:

The Company achieved gross turnover of Rs.1,30,439.29 lacs for the period ended 31st March'2014 as against previous year gross turnover of Rs.98,219.50 lacs. Despite severe competition & sluggish vehicle demand, your company achieved the targeted sales.

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

Description		2012-2014 Rs. (18 Months)	2011-12 (12 Months)
OEM's	In Lacs	49135.38	42063.08
Replacement	In Lacs	65264.23	45305.18
Export	In Lacs	11927.18	7159.49
Others	In Lacs	4112.11	3691.75
<b>Total</b>	<b>In Lacs</b>	<b>130439.29</b>	<b>98219.50</b>





## **RISKS & CONCERN**

The overall economic condition of the country may affect the business of the Company. High interest rate, inflation, petrol prices, 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, strong fundamentals including favourable demographic, 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 location, 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 Audit is carried out 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 road map 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.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

Manufacturing operations in Plants at Sahaganj in West Bengal and at Ambattur in Chennai continue to be under suspension of operations. However dialogue with Unions of both plants and respective government authorities is taking positive shape. In case the results of these discussions turn out to be fruitful, both plants of the company may come into operations. In case both the factories start production, views of the management is given hereunder:

In terms of Clause 49 (V) of the Listing Agreement with the Stock Exchanges, a Report on Management Discussion & Analysis is attached to this Annual Report.

#### 1. Tyre Industry Structure & Development

Although in general Tyre industry has seen a lesser growth in the year 2013-2014. Tyre industry is strongly linked to Automobile sector which in turn is driven by agriculture and infrastructural activity that takes place in the region. In 2013-14, there was sluggish demand for automobile industry in this part of world. This was the main reason for lesser growth of the industry.

#### 2. Opportunities and Threats

Over 20% fall in rubber prices has been the biggest plus for the sector. The fall in rubber prices and revival of replacement demand have been driving the rally. Rubber accounts for 55% of raw material cost of tyre makers.

Rubber prices have fallen 27% from Rs 195 per kg to Rs 153 per kg since the end of July on sluggish demand. Additionally, China has withdrawn its plan to procure 2,00,000 tonnes rubber for building a reserve stock.

If the government increases import duty to motivate domestic rubber growers, it may cause an uptick in prices.

The replacement market will continue to be strong over the next couple of years as almost 90 lakh automobiles were added between 2009-10 and 2011-12.

Agencies, in its latest study on Indian Tyre Industry, scaled down their earlier estimates for total tyre volume growth for 2013-14 to 2-4% due to the higher than anticipated weakness in the passenger car and Truck & Bus (T&B) segments. The tonnage growth is likely to be a shade weaker as the larger T&B OEM tyre segment posts declines. This muted volume growth in the tyre industry comes after two consecutive years of weak demand during 2011-12 and 2012-13 respectively.

While the demand outlook for 2013-14 continues to be modest, operating margins are expected to post a ~190-200 bps expansion during 2013-14 supported by a softer raw material scenario and higher export realizations. Companies which can tweak their product mix, by increasingly focusing on the relatively high margin on T&B and export segments are likely to post relatively healthier margins. The operating margin however would remain vulnerable to raw material price trends and competitive pressures.

#### 3. Outlook

The future is expected to see many strategic alliances among the domestic and global players to enable them to have access to latest technology and expand their distribution network. A better distribution will also ensure easy availability. The introduction of newer auto models will significantly have a bearing on the tyres demand. The tyre companies will also be looking for tie-ups with the OEM's for better stability and long-term relationship. The government's emphasis on improving the road infrastructure will

facilitate the road transport sector that in turn will brighten the prospects of the tyre industry in the coming years.

While the demand outlook of tyres appears favourable, the pressure on margins will continue unless the cost issues are addressed. Most tyre companies are planning capacity expansions especially in the truck radial segment and this development will fuel competition in this segment and the tyre industry in general. The growth of the tyre industry will also depend upon the expansions in the automobile industry and the efforts made by the Government to improve the road infrastructure.

The Audit Committee and the Board of Directors have been informed of the major business and operational risks identified by the Company and steps proposed to be taken to mitigate the same. The Company also has a comprehensive risk analysis and management system, wherein all risk factors are identified and proper action taken to mitigate such risks.

#### 4. Economic Risk

The business is substantially affected by the prevailing economic conditions in India. In Centre, with the ushering in of New Government, the Industry is expecting that some measures will be taken by this Government which will be Pro-industry and at the same time various fiscal discipline being introduced by RBI will curb the inflation to a moderate level. We anticipate growth in Automobile sector in due course of time.

#### 5. Segment-wise/product-wise performance and discussion on the financial performance with respect to operational performance.

Your company has incorporated standard preventive maintenance practices in the plants to enable uninterrupted production of all the products - truck, OTR and industrial products. However due to industrial relations related issues, there had been no production during the year under review.

The financial performance of your company in respect to its operational performance is being shown separately.

#### 6. Internal Control System and their adequacy

The Company has adequate internal control in all areas of its operation through internal and external auditors. The system ensures that all transactions are authorized, recorded and reported correctly. The systems and procedures are reviewed continuously to ensure timely preparation of financial information and safeguarding the assets of the Company.

#### 7. Human Resources & Industrial Relations

Both the factories of the company have been put under suspension of operations and their is no change in the present status.

#### 8. CAUTIONARY STATEMENT

The Management Discussion & Analysis report gives description of company's major objectives, expectations or anticipations which are essentially forward looking within the meaning of applicable securities, laws and regulations. Actual result may differ materially from the expectations. Important factors that could influence the company's operations include global and domestic supply and demand condition affecting the selling prices of products, input availability and prices, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industry.

## REPORT ON CORPORATE GOVERNANCE

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

It is imperative that good Corporate Governance is practiced to achieve the mission and vision set out and to be competent globally. The Company aims at achieving transparency, accountability, equity and sustained growth in all its operations including interactions with shareholders, employees, Government, lenders and others. The Board is entrusted with the responsibility to strive towards ensuring the stakeholders that their interests are in safe hands. It is believed that good corporate governance lies not merely in drafting a code of corporate governance but in following 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 and Directorship held:

The composition and other details relating to the Board of Directors as on 31st March 2014 are as follows:

Name of the Directors and the Category	No. of Directorship in other Companies	No. of Memberships/ Chairmanships in Committees of Other Companies		
		Member-ships	Chairman-ships	Total
Mr. Pawan Kumar Ruia Executive Chairman	Nil	Nil	Nil	Nil
Mr. A.K. Jain resigned on 14th May, 14 Independent Director	1	2	1	3
Mr. K.N. Prithviraj resigned on 31st March, 14 Independent Director	6	9	1	10
Mr. Prakash P. Mallya resigned on 31st March, 14 Independent Director	1	-	2	2
Mr. S. Ravi Non-Executive Director	5	5	-	5
Mr. Kamal Jiwrajka resigned as on 13th Nov, 13 Executive Director	Nil	Nil	Nil	Nil
Mr. S. Badrinarayanan resigned on 19th Feb, 14 Director	Nil	Nil	Nil	Nil
Mr. Ashok Gupta resigned on 23rd Dec, 13 Whole Time Director	Nil	Nil	Nil	Nil
Mr. Ashok Kumar Agarwal Director	11	4	Nil	4
Sunil Bhansali Resigned on 16-Nov, 12 Executive Director	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 11 (eleven) times during the 18 months period from 1st October 2012 to 31st March 2014, i.e.

30th October, 2012	03rd May, 2013
19th November, 2012	14th August, 2013
04th December, 2012	14th November, 2013
30th January, 2013	12th December, 2013
14th February, 2013	14th February 2014
25th March, 2013	

The last Annual General Meeting of the Company was held on 30th December 2013.

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:

Name of the Directors	Attendance Particulars from 01-Oct-12 to 31-Mar-14		
	*No. of Board Meetings held during the tenure of the Director	No. of Board Meetings attended	Attendance at last AGM
1. Mr. Pawan Kumar Ruia	11	3	Yes
2. Mr. A. K. Jain	11	5	Yes
3. Mr. K. N. Prithviraj	11	8	Yes
4. Mr. Prakash P. Mallya	11	9	No
5. Mr. S. Ravi	11	11	Yes
<b>PART OF THE YEAR:</b>			
6. Mr. Sunil Bhansali	2	-	Yes
7. Mr. A. K. Agarwal appointed on 30th October, 2012	11	4	No
8. Mr. Ashok Gupta appointed on 19th November, 2012	9	5	Yes
9. Mr. S. Badrinarayanan appointed on 19th November, 2012	10	7	Yes
10. Mr. Kamal Jiwrajka appointed on 30th January, 2013	5	5	No

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

### 3. Audit Committee

The Audit Committee has been constituted by the Board of Directors in accordance with the requirements of Section 177 of the Companies Act, 2013 and in terms of Clause 49 of the Listing Agreement as amended from time to time.

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

## FALCON TYRES LTD

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 and Non-Executive Director nominated by the Board.

The Company Secretary of the company is the Secretary of Audit Committee.

The gist of terms of reference is given below:

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

**The Audit Committee meetings were held six times during 18 months period from 01.10.2012 to 31.03.2014 as under:**

Sl. No.	Date of the Audit Committee Meeting:
1.	19th November, 2012
2.	14th February, 2013
3.	03rd May, 2013
4.	14th August, 2013
5.	14th November 2013
6.	14th February 2014

#### Attendance at Audit Committee Meeting:

Name of Directors:	No. of Audit Meetings held during the tenure of the Director 2012-14	No. of Meetings attended
Mr. A.K. Jain	6	5
Mr. K.N. Prithviraj	6	4
Mr. Prakash P. Mallya	6	6
Mr. S. Ravi	6	6

#### 4. Remuneration Committee

The Remuneration Committee comprises 3 (Three) Directors 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 shares held by the Non Executive Directors: Nil

Remuneration paid to Mr P K Ruia Executive Chairman during period ended 31 st March,2014 is Rs. 11,16,62,400/-

The details of sitting fees paid to the Independent and Non-Executive Directors are as follows:

Name of the Directors	Sitting fees paid during the Year (Rs.)
Mr. A.K. Jain	1,52,000
Mr. K.N. Prithviraj	2,04,000
Mr. Prakash P. Mallya	2,19,000

#### E) Investors' / Shareholders' Grievances Committee:

As of 31st March 2014, the Committee consists of two Directors and one Company Executive, namely,

Name of the Directors	Chairman / Member:
1. Mr. S. Ravi	Member (Non-executive Director)
2. Mr. Kamal Jiwrajka	Member (Executive Director)
3. Mr. Rohit Patesaria	Member (AVP - Finance)

Mr M C Bhansali , Company Secretary has been designated as Compliance Officer of the Company.

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, eleven 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:
2010-2011	23/12/2011	Golden Landmark, 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. 30th September, 2011 to 29th September, 2014
2011-2012	29/12/2012	Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016 12.30 p.m.	Appointment of Mr. A. K. Agarwal, Mr. S. Badrinarayanan and Mr. Ashok Gupta as Directors
2012-13	30/12/2013	Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore- 570 016 12.30 PM	-----

#### G) Subsidiary:

During the period under review, the shares of Chamundi Tyres Pvt Ltd (formerly known as Chamundi Plasto Sacks Pvt Ltd) has been sold and it no longer remains the subsidiary of Falcon Tyres Ltd. Further, the Company acquired 100% share holding of Falcon Tyres Rubber Pvt Ltd w.e.f. 23.01.2013, hence it became subsidiary with effect from that date.

#### 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.

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

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

#### I) General Shareholders information:

##### Annual General Meeting:

The Annual General Meeting is proposed to be held on Tuesday, 30th September, 2014 at HOTEL "MYSORE DASAPRAKASH (CITY) GANDHI SQUARE" Mysore-570 001  
 Financial Period 1st October, 2012 to 31st March 2014  
 Date of Book Closure 27-Sep-2014 to 30-Sep-2014 (Both days inclusive)

##### 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 2013-14

##### Stock Code:

Bombay Stock Exchange: 509527  
 Demat ISIN: INE511B01024

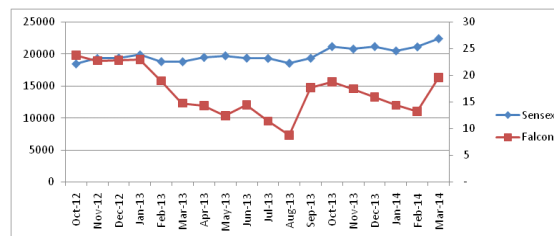
##### Market Price Movement:

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, 2012	26.25	22.85
November, 2012	26.00	22.30
December, 2012	24.10	22.25
January, 2013	29.30	21.95
February, 2013	23.90	17.50
March, 2013	19.50	14.10
April, 2013	17.00	14.30
May, 2013	15.70	12.40
June, 2013	15.70	12.40
July, 2013	14.70	11.00
August, 2013	11.50	8.05
September, 2013	17.76	9.00
October, 2013	20.20	14.75
November, 2013	19.20	15.25
December, 2013	18.85	15.20
January, 2014	17.30	13.75
February, 2014	15.20	12.64
March, 2014	19.60	11.65

Stock Performance is 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

##### Percentage of Shares held in Physical & Electronic form as on 31.03.2014

Sl. No.	Particulars	No. of share holders	No. of shares	%
1	Physical Shares	457	44034760	56.84
2(a)	NSDL Shares	2489	30857893	39.83
2(b)	CDSL Shares	1286	2579927	3.33
	<b>Total</b>	<b>4232</b>	<b>77472580</b>	<b>100.00</b>

## FALCON TYRES LTD

43.16 % of Shares of the Company are in the Electronic Form / Demat Mode. 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.

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 43.16% of the Company's Share Capital are Dematerialised as on 31st March, 2014. The Company's shares are regularly traded on Bombay Stock Exchange Limited in electronic form.

### SHAREHOLDING PATTERN UP TO 31.03.2014

No. of equity shares	Holders		Holding	
	No. of holders	%	No. of shares held	%
Upto 1000	3534	83.51	822425	1.06
1001 - 2500	408	9.64	684043	0.88
2501 - 5000	170	4.02	579958	0.75
5001 - 10000	70	1.65	481321	0.62
10001 and above	50	1.18	74904833	96.69
<b>TOTAL</b>	<b>4232</b>	<b>100.00</b>	<b>77472580</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31.03.2014

	No of Shareholders	No of Shares	% to total
Indian Promoter	1	981844	1.27
Foreign Promoter	1	23513100	30.35
Banks	1	165602	0.21
Insurance Companies	1	106462	0.14
Bodies Corporate	116	49432639	63.81
Resident	4019	3078238	3.97
Clearing Members	41	25904	0.03
NRI	52	168791	0.22
<b>Total</b>	<b>4232</b>	<b>77472580</b>	<b>100.00</b>

### Geographical Distribution of Shareholding as on 31st March, 2014

Sl.No.	City/Location	No.of share holders	%
1	Kolkata & Adjacent Places	302	7.14
2	Mumbai	935	22.09
3	New Delhi	249	5.88
4	Chennai	338	7.99
5	Ahmedabad	211	4.99
6	Bangalore	574	13.56
7	Pune	Nil	0.00
8	Hyderabad	83	1.96
9	Places Other Than Above	1540	36.39
	<b>Total</b>	<b>4232</b>	<b>100.00</b>

### Shareholding pattern as on 31.03.2014

Category	No of Shares	% of Equity	Share Pledged	%
<b>Promoter's Holding</b>				
Indian Promoter	981,844	1.27	-	-
Foreign Promoter	23,513,100	30.35	23,178,162	98.58
<b>Non-Promoter's Holding</b>				
* Financial Institutions, Insurance Companies	272,064	0.35	-	-
* Others (including Bodies Corporates, NRI's, Clearing Members, Indian Public)	52,705,572	68.03	-	-
<b>Total</b>	<b>77,472,580</b>	<b>100.00</b>	<b>23,178,162</b>	<b>29.92</b>

### Investors Protection Fund:

Shareholders who have not yet encashed their dividend warrants for the year 2006-07 to 2011-12 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 : 0821-2582321/2582345

Email: anantha.rao@falcontyres.com



## DECLARATION CERTIFICATE

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 period (01-Oct-2012 to 31-Mar-2014) ended 31st Mar' 2014.

Mysore,  
29th Aug'2014

Ashok Kr. Agarwal  
**Director**

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## 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 31st March,2014 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.

Anantha Rao  
**GM-Finance**

Mysore, 29th August, 2014

Ashok Kr. Agarwal  
**Director**

## **FALCON TYRES LTD**

### **AUDITORS' CERTIFICATE**

To

#### **The Members of Falcon Tyres Limited**

We have examined the compliance of conditions of corporate governance by Falcon Tyres Limited, for the period ended on 31st March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. Gora & Company**

Chartered Accountants

ICAI Firm Registration Number: 327183E

(G.C.Mukherjee)

**Partner**

Membership No. 017630

Place: Kolkata

Date : 29th August, 2014





## 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 31st March, 2014, the annexed Statement of Profit and Loss for the eighteen months period ended on that date and also the Cash Flow Statement for the period 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 31st March, 2014 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 31st March'2014;
- ii) In the case of the Statement of Profit and loss of the Profit of the Company for the eighteen months period ended on that date; and
- iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date.

Place: 8/2, K. S. Roy Road  
2nd Floor, Kolkata-700 001  
Dated: 29th day of August, 2014

For **M/S.Gora & Company**  
Chartered Accountants  
ICAI Firm Registration. No. : 327183E  
(G.C. Mukherjee)  
**Partner**  
Membership No: 017630

## ANNEXURE TO THE AUDITORS' REPORT

(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 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.

## FALCON TYRES LTD

- 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 undisputed 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 accumulated losses of Rs.3420.86 lacs at the end of 31st Mar'2014. The Company has not incurred any cash loss in current financial year but has incurred cash losses in the immediately preceding financial year.
- xi) Consequent to delay in repayment of dues to bank, the loans of banks are overdue.
- 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 during the period covered under audit.
- 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.

Place: 8/2, K. S. Roy Road  
2nd Floor, Kolkata-700 001

Dated: 29th day of August, 2014

For **M/S.Gora & Company**

Chartered Accountants

ICAI Firm Registration. No. : 327183E

(G.C. Mukherjee)

**Partner**

Membership No: 017630



## BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs. Lacs

	Note	As at 31st March, 2014	As at 30th September, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	3,873.63	3,873.63
(b) Reserves and Surplus	2	23,573.48	23,540.76
		<u>27,447.11</u>	<u>27,414.39</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3A	68,040.51	50,397.31
(b) Deferred Tax Liabilities (Net)	3B	1,483.07	1,483.07
(c) Other Long Term Liabilities	3C	5,880.62	3,746.48
(d) Long Term Provisions	3D	<u>1,269.74</u>	<u>1,057.99</u>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	4A	10,052.08	11,890.49
(b) Trade Payables	4B	5,120.51	11,687.42
(c) Other Current Liabilities	4C	2,627.96	4,446.32
(d) Short Term Provisions	4D	<u>267.06</u>	<u>1,095.98</u>
<b>Total Equity &amp; Liabilities</b>		<b><u>1,22,188.66</u></b>	<b><u>1,13,219.46</u></b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	6		
i) Tangible Assets		80,564.50	48,043.19
ii) Intangible Assets		15.57	20.15
iii) Capital Work-in- Progress		206.50	16,109.29
(b) Non Current Investments	7	6.96	1,107.52
(c) Long Term Loans and Advances	8	23,630.69	23,930.35
<b>(2) Current Assets</b>			
(a) Inventories	9	6,589.07	9,536.46
(b) Trade Receivables	10	6,305.37	6,851.71
(c) Cash and bank balances	11	442.65	2,448.85
(d) Short-Term Loans and Advances	12	<u>4,427.35</u>	<u>5,171.94</u>
<b>Total Assets</b>		<b><u>1,22,188.66</u></b>	<b><u>1,13,219.46</u></b>

Significant Accounting Policies & Notes  
on Financial Statement

1 to 34

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

For and on behalf of the Board

For and on behalf of  
**M/s. Gora & Co.**  
Chartered Accountants  
ICAI Firm Regn. No. 327183E

(Ashok Kumar Agarwal)  
**Director**

(Dipak Das)  
**Director**

G.C. Mukherjee  
Partner  
Membership No.: 017630  
Place: Kolkata  
Date: 29.08.2014

## FALCON TYRES LTD

### STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2014

Amount in Rs. Lacs

	Note	For the year ended 31st March, 2014 (18 Months)	For the year ended September, 2012 (12 Months)
Revenue from operations	13	1,19,866.37	90,595.66
Other Income	14	947.64	951.39
<b>Total Revenue</b>		<b>1,20,814.01</b>	<b>91,547.05</b>
<b>Expenses:</b>			
Cost of materials consumed	15	57,589.81	53,292.05
Manufacturing Expenses	15A	5,948.15	4,981.15
Purchase of Stock-in-Trade		24,485.78	9,738.17
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	3,014.17	436.76
Employee Benefit Expense	17	9,031.88	5,422.04
Financial Costs	18	4,793.80	4,055.09
Depreciation and Amortization Expenses	19	2,468.47	1,805.52
Other Expenses	20	13,082.85	10,297.91
<b>Total Expenses</b>		<b>1,20,414.91</b>	<b>90,028.69</b>
Profit before exceptional and extraordinary items and tax		399.10	1,518.36
Exceptional Items	21	1.61	6,697.28
Profit before extraordinary items and tax		397.49	-5,178.92
Extraordinary Items		-	0.00
Profit before tax		397.49	-5,178.92
<b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	719.57
Profit(Loss) from the period from continuing operations		397.49	-5,898.49
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
Profit/(Loss) for the period (XI + XIV)		397.49	-5,898.49
Earning per equity share:			
(1) Basic		0.51	-7.61
(2) Diluted		0.51	-7.61
Significant Accounting Policies & Notes on Financial Statement	1 to 34		

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

For and on behalf of the Board

For and on behalf of

**M/s. Gora & Co.**

*Chartered Accountants*

ICAI Firm Regn. No. 327183E

(Ashok Kumar Agarwal)  
**Director**

(Dipak Das)  
**Director**

G.C. Mukherjee

Partner

Membership No.: 017630

Place: Kolkata

Date: 29.08.2014

	As at 31st March, 2014	As at 30th September, 2012
<b>1 SHARE CAPITAL</b>		
<b>AUTHORIZED SHARE CAPITAL</b>		
20,00,00,000 Equity Shares of Rs. 5/- each	10,000.00	10,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL:</b>		
7,74,72,580 (77472580) Equity shares of Rs.5/- each fully paid up	3,873.63	3,873.63
<b>Total</b>	<u><b>3,873.63</b></u>	<u><b>3,873.63</b></u>
<b>1.1 Reconciliation of the number of shares outstanding</b>		<b>Shares in Nos.</b>
Equity Shares at the beginning of the year	7,74,72,580	3,40,85,532
Add: Shares issued on conversion of Loan	-	<u>4,33,87,048</u>
Equity Shares at the end of the year	<u>7,74,72,580</u>	<u>7,74,72,580</u>
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 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.		
1.4 Details of Shareholders holding more than 5% shares		
<b>Name of the Shareholders</b>	<b>As at 31st March, 2014</b>	<b>As at 30th September, 2012</b>
	No. of Shares      % Held	No. of Shares      % Held
M/S Suncap Commodities Limited	1,51,85,467      19.60	1,51,85,467      19.60
M/S Regus Impex Private Limited	1,51,85,467      19.60	1,51,85,467      19.60
M/S Salputri Commerce Private Limited	1,30,16,114      16.80	1,30,16,114      16.80
M/S Dil Rim Wheel Corporation Limited	<u>2,35,13,100</u> <u>30.35</u>	<u>2,35,13,100</u> <u>30.35</u>
<b>2 RESERVES AND SURPLUS</b>		
(a) Capital Reserve		
(Capital Subsidy Received from Govt Through MNRE)	100.00	100.00
(b) Securities Premium		
As per last Balance Sheet	12,427.05	165.87
Addition during the year	<u>-</u>	<u>12,261.18</u>
(c) Revaluation Reserves		
As per last Balance Sheet	6,967.32	7,310.24
Transferred to Profit & Loss Account	<u>(364.77)</u>	<u>(342.92)</u>
(d) General Reserve		
As per last Balance Sheet	7,864.74	8,316.49
Add: Transferred from Profit & Loss Account	<u>-</u>	<u>-</u>
	7,864.74	8,316.49
Less: Proposed Dividend	-	387.36
Tax on Dividend	<u>-</u>	<u>64.39</u>
Closing General Reserve	7,864.74	7,864.74

## FALCON TYRES LTD

### NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

(e) Profit & Loss Account				
As per last balance sheet	(3,818.35)		2,080.14	
Add: Profit for the year	397.49		(5,898.49)	
	(3,420.86)		(3,818.35)	
Less: Appropriations				
Transfer to General Reserve	-		-	
Proposed dividend	-		-	
Tax on dividend	-		-	
	-	(3,420.86)	-	(3,818.35)
<b>Total</b>		<b>23,573.48</b>		<b>23,540.76</b>

### 3A LONG TERM BORROWINGS

Secured				
Syndicate Bank TL-1	-		456.67	
Yes Bank Ltd.	447.00		1,260.00	
Edelwise_ A/c Central Bank of India	15,157.43		10,000.00	
The South Indian Bank Ltd.	5,000.00		5,000.00	
Syndicate Bank TL-2	5,479.30		5,000.00	
ICICI Bank Ltd.	27,961.98		27,327.12	
South Indian Bank - Funded Interest	2,517.54		961.02	
ICICI Bank Ltd.	998.75			
Acceptance	3,162.67	60,724.67	-	50,004.81
Unsecured				
Interest free - Loan from body corporates		2,114.25		392.50
Loan from Insitutions		-		-
Loan from Promoters Company		5,201.59		-
<b>Total</b>		<b>68,040.51</b>		<b>50,397.31</b>

#### Security Terms

**Yes Bank Ltd.** - An OTS for an amount of Rs.475 was entered into with Yes Bank on 31.03.2014. Secured by Corporate Guarantee of Monotona Tyres Limited (MTL). This is further secured by pledge of 16,20,000 shares & Negative Lien on 37,79,400 shares of MTL. Rate of Interest@ 15.75% payable in 36 monthly instalment from 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 however it is understood that bank has deferred the repayment period from sep 2014

**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 September' 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, 2014.

There are outstanding dues in respect of project loans from Central Bank of india & The South indian bank & Syndicate bank in payment of interest & principal repayment for which the company has approached the lenders for re schedulement of repayment and funding of interest due to delay/nonstabilisation of project, the approval still awaited.

	As at 31st March, 2014	As at 30th September, 2012
<b>3B Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liabilities		
Depreciation	2,368.75	2,368.75
Less: Deferred Tax Assets		
Disallowed under Income Tax Act, 1961	222.77	222.77
Carried forward Income Tax loss	662.91	662.91
	<u>885.68</u>	<u>885.68</u>
	<b><u>1,483.07</u></b>	<b><u>1,483.07</u></b>
<b>3C OTHER LONG TERM LIABILITIES</b>		
Advance from Customer (Replacement)	134.15	2,082.76
Liability for capital expenditure	331.37	985.39
Other Payables	4,943.18	-
C & F Deposit	471.92	678.33
<b>Total</b>	<b><u>5,880.62</u></b>	<b><u>3,746.48</u></b>
<b>3D LONG TERM PROVISIONS</b>		
Provision for employee benefits	1,157.24	945.49
Prov for Marketing exp	-	-
Warranty Claim	112.50	112.50
<b>Total</b>	<b><u>1,269.74</u></b>	<b><u>1,057.99</u></b>
<b>4A CURRENT LIABILITIES</b>		
<b>SHORT TERM BORROWINGS - SECURED</b>		
Cash Credit from Banks		
Syndicate Bank	3,438.32	3,237.49
Punjab National Bank	2,416.11	2,380.84
State Bank of India	3,109.10	2,023.84
Oriental Bank of Commerce	1,088.55	1,322.43
Centra Bank of India	0.00	-
	<u>10,052.08</u>	<u>2,925.89</u>
(Working Capital Limits of the Company are secured by hypothecation of Company's stock and book debts on parri passu charge on the company's present and future fixed assets. )		11,890.49
	<b><u>10,052.08</u></b>	<b><u>11,890.49</u></b>
<b>4B TRADE PAYABLES</b>		
Acceptance	1,223.99	3,382.18
Sundry Creditors for		
Micro, Small and Medium Enterprises		20.15
Others	3,896.52	8,285.09
<b>Total</b>	<b><u>5,120.51</u></b>	<b><u>11,687.42</u></b>
<b>4C OTHER CURRENT LIABILITIES</b>		
Current maturities of long term debt		
Oriental Bank of Commerce - Current Account	-	13.47
Interest accrued but not due	-	141.67
Interest accrued and due	73.88	259.46
Unclaimed Dividend #	20.67	22.25
Payable to Central Excise, Customs Authorities	343.66	551.97
Other Payables	2,189.75	3,457.50
<b>Total</b>	<b><u>2,627.96</u></b>	<b><u>4,446.32</u></b>

# These figures do not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund

# FALCON TYRES LTD

NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>4D PROVISIONS</b>		
Provisions for Superannuation/Gratuity/		
Leave Encashment	105.05	105.05
Provision for Proposed Dividend	8.49	387.36
Provision for Tax on Dividend	4.06	65.14
Provision for Taxation (Net)	93.69	482.66
Provision for Fringe Benefit Tax	18.27	18.27
Provision for Warranty Claim	37.50	37.50
<b>Total</b>	<b>267.06</b>	<b>1,095.98</b>
<b>5 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(To the extent not provided for)</b>		
<b>CONTINGENT LIABILITIES</b>		
a) Claims against the Company not acknowledged as debt	14.02	14.02
b) Corporate Guarantees	4,800.00	4,814.02
	4,814.02	4,800.00
	4,814.02	4,814.02
<b>COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and provided for (Net of advance)	206.50	16,151.14

(Rs. Lakhs)

6 FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Upto 01.10.2012	Additions	Sale of Assets	As on 31.03.2014	Upto 01.10.2012	For the year	Sale of Assets For the year	Upto 31.03.2014	As at 31.03.2014	As at 30.09.2012
<b>TANGIBLE ASSETS:</b>										
<b>OWN ASSETS:</b>										
Land	4,625.00	-	-	4,625.00	-	-	-	0.00	4,625.00	4,625.00
Buildings	7,182.71	1,690.08	-	8,872.79	998.91	385.24	-	1,384.15	7,488.64	6,183.80
Plant & Machinery	43,840.82	33,019.78	-	76,860.60	8,152.96	2,300.90	-	10,453.86	66,406.74	35,687.86
Computers	171.99	7.83	-	179.82	152.99	10.81	-	163.80	16.02	39.15
Electrical Installation	1,825.52	610.56	-	2,436.08	348.41	125.40	-	473.81	1,962.27	1,477.11
Office & Lab Equipment	36.94	3.75	-	40.69	22.19	2.67	-	24.86	15.83	14.75
Furniture & Fixtures	73.96	2.65	-	76.61	61.10	4.36	-	65.46	11.15	12.86
Vehicles	49.89	27.62	12.35	65.16	27.92	8.67	9.50	27.09	38.07	21.97
Low Value Assets	9.73	0.05	-	9.78	8.90	0.10	-	9.00	0.78	0.83
<b>Total (A)</b>	<b>57,816.56</b>	<b>35,362.32</b>	<b>12.35</b>	<b>93,166.53</b>	<b>9,773.38</b>	<b>2,828.65</b>	<b>9.50</b>	<b>12,602.03</b>	<b>80,564.50</b>	<b>48,063.33</b>
<b>INTANGIBLE ASSETS:</b>										
Computer Software	22.90	-	-	22.90	2.75	4.58	-	7.33	15.57	20.15
Technical Know-how	87.60	-	-	87.60	87.60	-	-	87.60	-	-
<b>Total (B)</b>	<b>110.50</b>	<b>-</b>	<b>-</b>	<b>110.50</b>	<b>90.35</b>	<b>4.58</b>	<b>-</b>	<b>94.93</b>	<b>15.57</b>	<b>20.15</b>
<b>TOTAL (A+B)</b>	<b>57,927.06</b>	<b>35,362.32</b>	<b>12.35</b>	<b>93,277.03</b>	<b>9,863.73</b>	<b>2,833.23</b>	<b>9.50</b>	<b>12,696.96</b>	<b>80,580.07</b>	<b>48,083.48</b>
<b>Previous year figures as at 30.09.2012</b>	<b>27,211.47</b>	<b>30,715.59</b>	<b>0.00</b>	<b>57,927.06</b>	<b>7,714.47</b>	<b>2,149.26</b>	<b>0.00</b>	<b>9,863.73</b>	<b>48,063.33</b>	<b>19,497.00</b>
<b>Capital Work-in-Progress</b>									<b>206.50</b>	<b>16,109.29</b>

6.1 The Gross Block of Fixed Assets include Rs. 9734.45 Lakhs (Previous Year Rs. 9734.45 Lakhs) on account of revaluation of Fixed Assets. Consequent to this revaluation, there is an additional charge of depreciation of Rs. 364.77 Lakhs (Previous Year Rs. 343.74 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

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>7 NON-CURRENT INVESTMENTS</b>		
Investment in Equity Instruments		
In Equity Shares of Subsidiary Companies		
10000 Equity Shares Rs. 10/- each in Falcon Tyres Rebbet Pvt. Ltd. (Previous Year Nil)	1.00	0.00
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)	0.00	0.01
5000 Shares of GBP 1 each in Global Finvest limited (Previous Year 5000 Share), 5% Share in JV	4.00	4.00
Nil shares of Rs.100/-each in Chamundi Plasto Sacks Pvt. Ltd. (Previous Year 10000 Share)	0.00	1,101.55
<b>Sub Total (A)</b>	<b>5.00</b>	<b>1,105.56</b>
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
<b>Sub Total (B)</b>	<b>1.96</b>	<b>1.96</b>
<b>Total (A+B)</b>	<b>6.96</b>	<b>1,107.52</b>
<b>8 LONG TERM LOANS AND ADVANCES</b>		
Capital Advances		
Unsecured and considered Good	23,630.69	23,930.35
<b>Total</b>	<b>23,630.69</b>	<b>23,930.35</b>
<b>9 INVENTORIES</b>		
Raw Material	3,378.25	3,160.46
Work-in-Progress	1,510.81	559.52
Finished Goods	1,533.94	5,499.40
Stores & Spares	166.07	317.08
<b>Total</b>	<b>6,589.07</b>	<b>9,536.46</b>
# Raw material, WIP and stores and spares are valued at cost. Finished goods valued at cost or market price whichever is low.		
<b>10 TRADE RECEIVABLES</b>		
Unsecured and considered good		
Over six month	-	55.01
Others	6,305.37	6,796.70
<b>Total</b>	<b>6,305.37</b>	<b>6,851.71</b>

# FALCON TYRES LTD

NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>11 CASH &amp; CASH EQUIVALENTS</b>		
Balances with Banks		
In Current Accounts	(1.45)	31.16
Margin Money	414.35	760.23
Earmarked Balances - Unpaid dividend account	20.67	22.25
Cheque in Transit	0.44	1,625.38
Cash Balance	8.64	9.83
<b>Total [ A + B + C ]</b>	<b>442.65</b>	<b>2,448.85</b>
<b>12 SHORT TERM LOANS &amp; ADVANCES</b>		
Advances Recoverable in cash or in kind or for value to be received	165.83	549.50
Advance to Suppliers	3,437.54	3,035.52
Loans and Advances to Related Parties	347.50	1,135.79
Other Deposits	307.49	234.74
Export Incentives Receivable	168.99	216.39
<b>Total</b>	<b>4,427.35</b>	<b>5,171.94</b>
<b>13 REVENUE FROM OPERATIONS</b>		
Sales (net off returns and discounts)	1,30,439.19	98,219.50
Excise Duty	10,572.82	7,623.84
<b>Total</b>	<b>1,19,866.37</b>	<b>90,595.66</b>
<b>14 OTHER INCOME</b>		
Sale of Scrap	427.91	440.80
Export Incentives	389.46	283.11
Dividend from Companies - Others	0.00	10.80
Miscellaneous Income	38.48	150.88
Interest Received (Gross)	91.79	65.80
<b>Total</b>	<b>947.64</b>	<b>951.39</b>
<b>15 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed		
Opening Stock	3,160.46	2,343.43
Add: Purchases	57,807.60	54,109.08
	60,968.06	56,452.51
Less: Closing Stock	3,378.25	3,160.46
<b>Total</b>	<b>57,589.81</b>	<b>53,292.05</b>
<b>15.1 Particulars of Raw material consumed</b>		
Rubber and Rubber Products	24,726.70	33,261.47
Fabric	5,518.07	6,294.87
Carbon Black	6,510.24	7,049.06
Chemicals	4,021.39	4,651.12
Others	16,813.41	2,035.53
	57,589.81	53,292.05
	<b>% of Consumption</b>	<b>% of Consumption</b>
Imported	16.29%	19.64%
Indigeneous	83.71%	80.36%
	100.00%	100.00%
	<b>Value in Lakhs</b>	<b>Value in Lakhs</b>
Imported	9,379.62	10,466.91
Indigeneous	48,210.19	42,825.14
	57,589.81	53,292.05



NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>15A Manufacturing Expenses</b>		
Indigeneous Stores Consumed	236.14	193.60
Import Stores Consumed	1.24	-
Power , Fuel and Water Charges	4,129.05	2,612.71
Mixing Charges	1,638.65	1,412.65
Conversion Charges	39.21	146.59
Increase / Decrease in Excise Duty Provision	-573.50	167.64
Repairs - Plant & Machinery	477.36	447.96
	<u>5,948.15</u>	<u>4,981.15</u>
<b>16 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Inventories (at close)		
Finished Goods	1,202.81	4900.69
Stock-in-Process	1,510.81	559.52
Stock-in-Trade	331.13	598.71
	<u>3,044.75</u>	<u>6,058.92</u>
Inventories (at commencement)		
Finished Goods	4,900.69	4640.31
Stock-in-Process	559.52	591.18
Stock-in-Trade	598.71	1264.19
	<u>6,058.92</u>	<u>6,495.68</u>
<b>Total</b>	<u>3,014.17</u>	<u>436.76</u>
<b>17 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries , Wages and Bonus etc.	7,790.90	4,642.86
Contribution to Provident, Gratuity & Other Funds	836.63	518.47
Staff Welfare Expenses & CSR Activity Expenses	404.35	260.71
<b>Total</b>	<u>9,031.88</u>	<u>5,422.04</u>
<b>18 FINANCE COSTS</b>		
Interest On Cash Credit Account	2,254.95	1,276.44
Interest on Term Loan	633.66	2,299.31
Other Finance Charges	1,905.19	479.34
<b>Total in Rs. Lakhs</b>	<u>4,793.80</u>	<u>4,055.09</u>
<b>6 DEPRECIATION AND AMORTISATION EXPENSES</b>		
<b>19 Depreciation</b>	<b>2,833.23</b>	<b>2,149.26</b>
Less: Transfer to Revaluation Reserve	364.76	343.74
<b>Total</b>	<u>2,468.47</u>	<u>1,805.52</u>
<b>20 OTHER EXPENSES</b>		
Selling & Distribution Expenses		
Royalty	2,317.56	2,397.49
Commission	446.94	711.34
Discount	2,872.00	2,120.38
Sales promotion and other selling expenses	1,587.53	966.31
Warranty	562.84	183.39
Freight Charges	2,512.22	1,954.73
	<u>10,299.09</u>	<u>8,333.64</u>
Administrative Expenses		
Repairs - Buildings	9.48	47.21
Repairs - Others	155.59	49.66
Rent	227.53	153.76
Rates & Taxes	56.87	51.87

## FALCON TYRES LTD

NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
Insurance	92.59	29.75
Exchange Difference	108.51	116.92
Directors Sitting Fees	5.75	4.00
Printing & Stationery	111.59	46.40
Communication	76.50	51.53
Travelling & Conveyance	678.59	407.41
Bank Charges	340.82	252.23
Donation	45.62	0.29
	1,909.44	1,211.03
<b>Audit Fee</b>		
i) Payment to Statutory Auditor		
a) Audit fees	0.85	3.50
b) For other services	0.90	2.20
ii) Payment to tax auditor	0.00	0.50
Reimbursement of expenses of auditors	0.00	0.33
	1.75	6.53
Legal & Professional Charges	447.04	164.99
Miscellaneous expenses	425.53	581.72
<b>Total</b>	<b>13,082.85</b>	<b>10,297.91</b>
<b>21 Loss on sale of Investment in Monatona Tyres Limited and Chamundi Plasto</b>	1.61	6,697.28
<b>22 CIF value of Imports</b>		
Raw materials	9,379.62	10671.98
Capital goods	33.12	-
Stores and spares	0.72	1.24
	9,413.46	10673.22
<b>23 Expenditure in Foreign Currency paid or payable by the Company</b>		
Branch Expenses	267.60	-
Travelling	0.26	5.03
Professional fee	-	2.22
Royalty	114.86	179.66
	382.72	186.91
<b>24 Remittances in Foreign Currency</b>		
The Company has paid dividend in respect of shares held by Non -Residents on repatriation basis. The total amount remitted in this respect is given herein below:		
a) Number of Non Resident Shareholders	1	57
b) Number of Equity shares held by them	2,35,13,100	166784
c) (i) Amount of dividend paid (Gross) in lakhs in INR (for current year)	117.57	2.08
(ii) Tax deducted at source	Nil	Nil
(iii) Year to which dividend relates	2011-2012	2010-2011
	117.57	2.08
<b>25 Earnings in Foreign Exchange</b>		
FOB value of exports	10,971.55	7159.49

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>26 Earning per share</b>		
i) Net Profit after tax as per statement of profit and loss attributable to equity shareholders (in Lakhs)	397.49	(5,898.49)
ii) No of equity shares used as denominator for calculating EPS	7,74,72,580	7,74,72,580
iii) Basic and Diluted Earnings per share	0.51	(7.61)
iv) Face value per equity share	5.00	5.00
<b>Total</b>		

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/restated wherever considered necessary.

**29 Micro, Small and Medium Enterprise**

Particulars	Principal	Interest
Amount due to vendors	Nil	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	Nil

**30 Provisions of Accounting Standard 29 on "Provision, Contingent Liability, and Contingent Assets"**

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

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>Nature of Item</b>		<b>Warranty</b>
Opening Provision	150.00	484.00
Provided during the Year	562.84	(150.61)
Amount Utilized	562.84	183.39
Closing Provision	150.00	150.00

31 The disclosure required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standard) Rule 2006, are given below  
 Defined Contribution Scheme  
 Contributions to Defined Contribution Plan, recognized for the year are as under:

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
i. Employer's Contribution to Provident Fund	412.28	247.67
ii. Employer's Contribution to Superannuation Fund	154.67	91.60

**Compensated Absence**

The obligation for compensated absences are recognized in the same manner as gratuity. The liability of Compensated Absence (unfunded) of accumulated privilege, sick and casual leaves of the employee of the Company as at 31st March 2014 is given

## FALCON TYRES LTD

NOTES FORMING PART OF FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
Privileged Leave	249.29	235.12
Sick Leave	26.63	25.00
Casual Leave	29.91	27.08

**32. Related party disclosures as required as per Accounting Standard (AS-18) on “Related Part disclosures” are as below:**

- a) All the Companies in the group as discussed below are directly/indirectly controlled by the Ruia Group of Companies under the Leadership of Sri Pawan Kumar Ruia and its various Subsidiary/ Associate Companies which held the controlling stake in the Company during the year ended 31st March 2014.
- b) Falcon Tyres Rubbers Pvt. Ltd. is 100 % subsidiary of Falcon Tyres Limited ( Falcon Tyres Limited holding 10000 equity shares of Falcon Tyres Rubber Pvt. Ltd.)
- b) Associates / Group Companies

**i. With whom the Company has transaction**

Dunlop Polymers 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 Subhlaxmi Compusis Pvt. Ltd., Shalini Properties & Developers Pvt. Ltd., & 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., Dunlop India Limited, 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., 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



## NOTES FORMING PART OF FINANCIAL STATEMENTS

& Finance Pvt Ltd., Spices Valley Estates Ltd., SPRResorts Ltd., Ruia Global Nivesh Pvt. Ltd. (Formerly SPR Textiles Pvt. Ltd. ), Stephen FinancialServices 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., VilasMarketing Private Limited, Wealth Field Pte Ltd., Wealth Ocean Pte Ltd. - Singapore, Wealth OverseasPte Ltd. - Singapore, Wealth Valley Pte Ltd., Wealthsea Ltd. - Mauritius, Wealth Treasury Ltd. -Mauritius, Wealth Pacific Holding Ltd. -Mauritius, Zeal Infotech Pvt. Ltd., Zipco Industrial FinancePvt. 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., Uryamani FinanceCo Ltd., TulipMachineries Pvt. Ltd., Vidyuth Petrochem Pvt. Ltd., Walker Properties 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 Sharesand takeovers) regulations, 1997 in relation to inter se transfer of shares among group companies.

### d) Key management Personnel:

- Mr. Pawan Kumar Ruia (Executive Chairman) (Salaried)
- Mr. Kamal Jiwrajka (Executive Director) (Salaried)
- Mr. Ashok Gupta (Whole - time Director) (Salaried)
- Mr. Sunil Bhansali (Executive Director) (Salaried)

### Related Party Transaction

#### A) Sale/Purchase of goods & Service

Party Name	Year Ended	In Lakh	
		Sales of Goods	Purchase of Goods
Monotona Tyres Limited	Mar-2014	Nil	118.91
	Sep- 2012	Nil	47.67
Dunlop Polymers Pvt. Ltd	Mar-2014	4431.00	11451.00
	Sep- 2012	4194.47	9354.75

#### B) Advance Received from parties:

Party Name	In Lakh	
	March 2014	September 2012
Monotona Tyres Limited	2698.35	Nil

#### C) Advance Paid to parties:

Party Name	In Lakh	
	March 2014	September 2012
Monotona Tyres Limited	600.38	Nil

#### D) Directors' Remuneration:

Director's Name	In Lakh	
	March 2014	September 2012
Mr. Pawan Kumar Ruia	1116.62	649.20
Mr. Kamal Jiwrajka	36.91	
Mr. Ashok Gupta	3.45	
Mr. Sunil Bhansali	12.67	41.00

## FALCON TYRES LTD

### NOTES FORMING PART OF FINANCIAL STATEMENTS

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 31st March 2014

Party Name	Maximum outstanding during the year	In Lakh
		Closing Balance
Vidyuth Petrochem Pvt. Ltd.	5500.00	Nil
Dunlop India Limited	2459.18	2494.97
Falcon Tyres Impex Pvt. Ltd.	697.87	Nil
Falcon Tyres Rubbers Pvt. Ltd.	324.94	Nil
Dunlop Comforts Pvt. Ltd.	45.35	Nil
Jessop & Co. Ltd.	16.19	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.

#### 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.





## NOTES FORMING PART OF FINANCIAL STATEMENTS

### **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

### **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.

## FALCON TYRES LTD

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. in Lakhs

PARTICULARS	As at 31st March, 2014 (For 18 Months)	Year ended 31st September, 2012 (For 12 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>397.49</b>	<b>(5,178.92)</b>
Net profit before tax		
<b>Adjustment for:</b>		
Depreciation	2,468.47	1,805.52
Interest Income	(91.79)	(65.80)
Finance Cost	4,902.31	4,172.01
Loss on sale of Investment	1.61	6,697.28
Dividend Received	-	(10.80)
<b>Operating Profit before working capital change</b>	<b>7,678.09</b>	<b>7,419.29</b>
(Increase)/Decrease in Trade Receivable	546.34	4,531.66
(Increase)/Decrease in Inventory	2,947.39	(396.49)
(Increase)/Decrease in short term loans and advance	744.59	(273.72)
Increase/(Decrease) in trade payables	(6,566.91)	3,716.97
Increase/(Decrease) Other Current Liabilities	(1,818.36)	693.01
Increase/(Decrease) Short Term Provisions	(439.95)	(83.41)
Retirement and Warranty claims	211.75	(128.93)
<b>Cash generated from operations</b>	<b>3,302.95</b>	<b>15,478.38</b>
Direct tax paid	388.97	2,025.91
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>2,913.98</b>	<b>13,452.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets including CWIP	(19,447.18)	(42,452.75)
Other Long Term Liabilities	2,134.14	1,140.03
Other Long Term Loans and Advance	299.66	(232.06)
Non Current Investments	(1.00)	(1,101.55)
Realisation on Sale of Investment	1,099.95	2,159.75
Dividend Received	-	10.80
Interest Income	91.79	65.80
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(15,822.64)</b>	<b>(40,409.98)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital including Premium	-	14,430.54
Long term borrowings	17,643.19	27,710.72
Short Term Borrowings	(1,838.41)	(11,030.83)
Finance Cost	(4,902.31)	(3,795.85)
Dividends	-	(593.95)
Corporate Dividend Tax	-	(94.23)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>10,902.47</b>	<b>26,626.40</b>
<b>NET CASH FLOWS DURING THE YEAR</b>	<b>(2,006.20)</b>	<b>(331.11)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>2,448.85</b>	<b>2,779.96</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>442.65</b>	<b>2,448.85</b>

As per our Report attached

For and on behalf of

**M/s. Gora & Co.**

*Chartered Accountants*

ICAI Firm Regn. No. 327183E

G.C. Mukherjee

Partner

Membership No.: 017630

Place: Kolkata

Date: 29.08.2014

For and on behalf of the Board

(Ashok Kumar Agarwal)  
**Director**

(Dipak Das)  
**Director**



**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF FALCON TYRES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS INCLUDING ITS SUBSIDIARIES FOR THE Period of 18 months from 01.10.2012 to 31.03.2014 .**

1. We have audited the attached consolidated balance sheet of Messrs. FALCON TYRES LIMITED and its subsidiary company as at 31st march 2014 ,the consolidated statement of profit and loss for the period of 18 months ended on that date annexed thereto and the consolidated cash flow statement for the period ended on that date.The consolidated profit and loss account and the consolidated cash flow statement comprises results for 18 months period ending on 31.03.2014 of Falcon Tyres Limited and results from 01.04.2013 to 31.03.2014 of subsidiary company Falcon Tyres Rubber Pvt Ltd. These consolidated financial statements are the responsibility of Falcon Tyres Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiary Messrs. Falcon tyres rubber pvt ltd ,whose financial statements/ financial information reflect total assets (net) of Rs 325.79 Lacs as at 31.03.2014,total revenue of Rs NIL lacs and total net cash outflow amounting rs NIL for the year ended on that date,as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net Loss of Rs (.02) Lacs as considered in consolidated financial statement of the subsidiary whose financial stements have not been audited by us.These financial statements and other information of the subsidiary has been audited by the other auditor whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of other Auditor.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS-21) on Consolidated Financial Statements as per section 211(3C) of the Companies Act 1956 , on the basis of the individual financial statements of Falcon Tyres Limited and its subsidiary included in the consolidated financial statements.
5. On the basis of information and explanations given to us and on consideration of the unaudited financial data of the company's subsidiary Falcon Tyres and Rubbers pvt ltd and separate audit reports on audited financial statements of Falcon Tyres Limited and its subsidiary Falcon Tyres and Rubbers pvt ltd , in our opinion, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:-
  - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of Falcon Tyres Limited and its subsidiary as at 31.03.2014;
  - b) in case of the consolidated statement of profit and loss, of the profit for the Period ended on that date; and
  - c) in the case of the consolidated cash flow Statement, of the cash flows of the group for the year ended on that date.

**For M/S Gora & co.**

CHARTERED ACCOUNTANTS

ICAI Firm Registration No.327183E

G.C MUKHERJEE

**Partner**

Membership No. 017630

Place :Kolkata

Date : 29th August, 2014

# FALCON TYRES LTD

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

Amount in Rs. Lacs

	Note	As at 31st March, 2014	As at 30th September, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	3,873.63	3,873.63
(b) Reserves and Surplus	2	23,573.46	23,540.61
		<u>27,447.09</u>	<u>27,414.24</u>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3A	68,040.51	47,884.41
(b) Deferred Tax Liabilities (Net)	3B	1,483.07	1,483.07
(c) Other Long Term Liabilities	3C	5,880.62	3,746.48
(d) Long Term Provisions	3D	1,269.74	1,057.99
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	4A	10,052.08	11,890.49
(b) Trade Payables	4B	5,120.57	11,687.42
(c) Other Current Liabilities	4C	2,627.96	7,013.66
(d) Short Term Provisions	4D	267.06	1,095.98
<b>Total Equity &amp; Liabilities</b>		<b>1,22,188.70</b>	<b>1,13,273.74</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	6		
i) Tangible Assets		80,564.50	48,046.37
ii) Intangible Assets		15.57	20.15
iii) Capital Work-in- Progress		229.88	16,109.28
(b) Non Current Investments	7	5.96	5.97
(c) Long Term Loans and Advances	8	23,933.10	23,930.35
(d) Goodwill on acquisition of Falcon Tyres Rubber Pvt. Ltd. (Previous year Chamundi Plasto Sacks Pvt. Ltd.)		0.19	1,152.56
<b>(2) Current Assets</b>			
(a) Inventories	9	6,589.07	9,536.46
(b) Trade Receivables	10	6,305.37	6,851.71
(c) Cash and bank balances	11	442.65	2,448.95
(d) Short-Term Loans and Advances	12	4,102.41	5,171.94
<b>Total Assets</b>		<b>1,22,188.70</b>	<b>1,13,273.74</b>

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 of even date

For and on behalf of

**M/s. Gora & Co.**

*Chartered Accountants*

ICAI Firm Regn. No. 327183E

G.C. Mukherjee

Partner

Membership No.: 017630

Place: Kolkata

Date: 29.08.2014

For and on behalf of the Board

(Ashok Kumar Agarwal)

**Director**

(Dipak Das)

**Director**



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
31st MARCH, 2014**

Amount in Rs. Lacs

	Note	For the year ended 31st March, 2014 (18 Months)	For the year ended September, 2012 (12 Months)
Revenue from operations	13	1,19,866.37	97,833.60
Other Income	14	947.64	1,043.74
<b>Total Revenue</b>		<b>1,20,814.01</b>	<b>98,877.34</b>
<b>Expenses:</b>			
Cost of materials consumed	15	57,589.81	58,646.42
Manufacturing Expenses	15A	5,948.15	5,314.48
Purchase of Stock-in-Trade		24,485.78	9,738.17
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	16	3,014.17	464.94
Employee Benefit Expense	17	9,031.88	5,972.39
Financial Costs	18	4,793.80	4,055.22
Depreciation and Amortization Expenses	19	2,468.47	2,101.50
Other Expenses	20	13,082.87	11,180.76
<b>Total Expenses</b>		<b>1,20,414.93</b>	<b>97,473.88</b>
Profit before exceptional and extraordinary items and tax		399.08	1,403.46
Exceptional Items	21	1.61	6,611.20
Profit before extraordinary items and tax		397.47	-5,207.74
Extraordinary Items		-	0.00
Profit before tax		397.47	-5,207.75
<b>Tax expense:</b>			
(1) Current tax		-	-
(2) Deferred tax		-	454.12
Profit(Loss) from the period from continuing operations		397.47	-5,661.88
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discounting operations		-	-
Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
Profit/(Loss) for the period (XI + XIV)		397.47	-5,661.88
Earning per equity share:			
(1) Basic		0.51	-7.31
(2) Diluted		0.51	-7.31
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 of even date  
For and on behalf of

**M/s. Gora & Co.**

Chartered Accountants

ICAI Firm Regn. No. 327183E

G.C. Mukherjee  
Partner  
Membership No.: 017630  
Place: Mysore  
Date: 29.08.2014

For and on behalf of the Board

(Ashok Kumar Agarwal)  
**Director**

(Dipak Das)  
**Director**

# FALCON TYRES LTD

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014		As at 30th September, 2012	
<b>1 SHARE CAPITAL</b>				
<b>AUTHORIZED SHARE CAPITAL</b>				
20,00,00,000 Equity Shares of Rs. 5/- each		10,000.00		10,000.00
		<u>10,000.00</u>		<u>10,000.00</u>
ISSUED , SUBSCRIBED & PAID UP CAPITAL:				
7,7472,580 (77472580) Equity shares of Rs.5/- each fully paid up		3,873.63		3,873.63
<b>Total</b>		<u><b>3,873.63</b></u>		<u><b>3,873.63</b></u>
<b>1.1 Reconciliation of the number of shares outstanding</b>			<b>Shares in Nos.</b>	
Equity Shares at the beginning of the year		7,74,72,580		3,40,85,532
Add: Shares issued on conversion of Loan		<u>-</u>		<u>4,33,87,048</u>
Equity Shares at the end of the year		<u>7,74,72,580</u>		<u>7,74,72,580</u>
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 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.				
1.4 Details of Shareholders holding more than 5% shares				
<b>Name of the Shareholders</b>	<b>As at 31st March, 2014</b>		<b>As at 30th September, 2012</b>	
	No. of Shares	% Held	No. of Shares	% Held
M/S Suncap Commodities Limited	1,51,85,467	19.60	1,51,85,467	19.60
M/S Regus Impex Private Limited	1,51,85,467	19.60	1,51,85,467	19.60
M/S Salputri Commerce Private Limited	1,30,16,114	16.80	1,30,16,114	16.80
M/S Dil Rim Wheel Corporation Limited	<u>2,35,13,100</u>	<u>30.35</u>	<u>2,35,13,100</u>	<u>30.35</u>
<b>2 RESERVES AND SURPLUS</b>				
<b>(a) Capital Reserve</b>				
(Capital Subsidy Received from Govt Through MNRE)		100.00		100.00
<b>(b) Securities Premium</b>				
As per last Balance Sheet	12,427.05		165.87	
Addition during the year	<u>-</u>	12,427.05	<u>12,261.18</u>	12,427.05
<b>(c) Revaluation Reserves</b>				
As per last Balance Sheet	6,967.32		11,598.26	
Transferred to Profit & Loss Account	<u>(364.77)</u>	6,602.55	<u>(4,630.94)</u>	6,967.32
<b>(d) General Reserve</b>				
As per last Balance Sheet	7,864.74		8,166.49	
Subsidiary Reserve adjustment			150.00	
Add: Transferred from Profit & Loss Account	-		-	
Less: Proposed Dividend	-		387.36	
Tax on Dividend	<u>-</u>		<u>64.39</u>	
Closing General Reserve		7,864.74		7,864.74



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>(e) Profit &amp; Loss Account</b>		
As per last balance sheet	(3,818.50)	877.33
Add: Profit for the year	397.47	(5,661.88)
Subsidiary Profit Adjustment	0.15	994.74
Less: Transfer to General Reserve	-	-
Proposed dividend	-	-
Tax on dividend	-	-
Minority Interest	-	(28.69)
	(3,420.88)	(3,818.50)
<b>Total</b>	<b>23,573.46</b>	<b>23,540.61</b>
<b>3A LONG TERM BORROWINGS</b>		
Secured		
Syndicate Bank TL-1	-	-
Yes Bank Ltd.	447.00	860.00
Edelwise_ A/c Central Bank of India	15,157.43	9,457.56
The South Indian Bank Ltd.	5,000.00	4,216.34
Syndicate Bank TL-2	5,479.30	4,616.31
ICICI Bank Ltd.	27,961.98	27,327.12
South Indian Bank - Funded Interest	2,517.54	960.16
ICICI Bank Ltd.	998.75	-
Acceptance	3,162.67	60,724.67
		47,437.49
Unsecured		
Interest free - Loan from body corporates	2,114.25	392.50
Loan from Insitutions	-	-
Loan from Promoters Company	-	-
Others	5,201.59	54.42
<b>Total</b>	<b>68,040.51</b>	<b>47,884.41</b>

**Security Terms**

**Yes Bank Ltd.** - An OTS for an amount of Rs.475 was entered into with Yes Bank on 31.03.2014. Secured by subservient charge on all current assets (both present and future) Corporate Guarantee of Monotona Tyres Limited (MTL). This is further secured by pledge of 16,20,000 shares & Negative Lien on 37,79,400 shares of MTL. Rate of Interest@ 15.75% payable in 36 monthly instalment from 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 however it is understood that bank has deferred the repayment period from sep 2014

**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 September' 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, 2014.

There are outstanding dues in respect of project loans from Central Bank of india & The South indian bank & Syndicate bank in payment of interest & principal repayment for which the company has approached the lenders for re schedulement of repayment and funding of interest due to delay/nonstabilisation of project,the approval still awaited.

## FALCON TYRES LTD

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>3B Deferred Tax Liabilities (Net)</b>		
Depreciation	2,368.75	2,368.75
Less: Deferred Tax Assets		
Disallowed under Income Tax Act, 1961	222.77	222.77
Carried forward Income Tax loss	662.91	662.91
	885.68	885.68
	<b>1,483.07</b>	<b>1,483.07</b>
<b>3C OTHER LONG TERM LIABILITIES</b>		
Advance from Customer (Replacement)	134.15	2,082.76
Liability for capital expenditure	331.37	985.39
Other Payables	4,943.18	-
C & F Deposit	471.92	678.33
<b>Total</b>	<b>5,880.62</b>	<b>3,746.48</b>
<b>3D LONG TERM PROVISIONS</b>		
Provision for employee benefits	1,157.24	945.49
Prov for Marketing exp	-	-
Warranty Claim	112.50	112.50
<b>Total</b>	<b>1,269.74</b>	<b>1,057.99</b>
<b>4A CURRENT LIABILITIES</b>		
<b>SHORT TERM BORROWINGS - SECURED</b>		
<b>Cash Credit from Banks</b>		
Syndicate Bank	3,438.32	3,237.49
Punjab National Bank	2,416.11	2,380.84
State Bank of India	3,109.10	2,023.84
Oriental Bank of Commerce	1,088.55	1,322.43
Centra Bank of India	0.00	2,925.89
	10,052.08	11,890.49
(Working Capital Limits of the Company are secured by hypothecation of Company's stock and book debts on parri passu charge on the company's present and future fixed assets.)		
	<b>10,052.08</b>	<b>11,890.49</b>
<b>4B TRADE PAYABLES</b>		
Acceptance	1,223.99	3,382.18
Sundry Creditors for		
Micro, Small and Medium Enterprises		20.15
Others	3,896.58	8,285.09
<b>Total</b>	<b>5,120.57</b>	<b>11,687.42</b>
<b>4C OTHER CURRENT LIABILITIES</b>		
<b>Current maturities of long term debt</b>		
Syndicate Bank TL-1		456.67
Syndicate Bank TL-2		383.69
Yes Bank Ltd.		400.00
Centra Bank of India		542.44
The South Indian Bank Ltd.		784.52
		2,567.32
Oriental Bank of Commerce - Current Account	-	13.47
Interest accrued but not due	-	141.67
Interest accrued and due	73.88	259.46
Unclaimed Dividend #	20.67	22.25
Payable to Central Excise, Customs Authorities	343.66	551.97





NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
Other Payables	2,189.75	3,457.52
<b>Total</b>	<b><u>2,627.96</u></b>	<b><u>7,013.66</u></b>
<p># These figures do not include any amounts due and outstanding, to be credited to Investor Education and Protection Fund</p>		
<b>4D PROVISIONS</b>		
Provisions for Superannuation/Gratuity/Leave Encashment	105.05	105.05
Provision for Proposed Dividend	8.49	387.36
Provision for Tax on Dividend	4.06	65.14
Provision for Taxation (Net)	93.69	482.66
Provision for Fringe Benefit Tax	18.27	18.27
Provision for Warranty Claim	37.50	37.50
<b>Total</b>	<b><u>267.06</u></b>	<b><u>1,095.98</u></b>
<b>5 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>(To the extent not provided for)</b>		
<b>CONTINGENT LIABILITIES</b>		
a) Claims against the Company not acknowledged as debt	14.02	14.02
b) Corporate Guarantees	<u>4,800.00</u>	<u>4,800.00</u>
	4,814.02	4,814.02
<b>COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and provided for (Net of advance)	229.88	16,151.14

## FALCON TYRES LTD

(Rs. Lakhs)

6 FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Upto 01.10.2012	Additions	Sale of Assets	As on 31.03.2014	Upto 01.10.2012	For the year	Sale of Assets For the year	Upto 31.03.2014	As at 31.03.2014	As at 30.09.2012
<b>TANGIBLE ASSETS:</b>										
<b>OWN ASSETS:</b>										
Land	4,625.34	-	0.34	4,625.00	-	-		0.00	4,625.00	4,625.00
Buildings	7,184.84	1,690.08	2.13	8,872.79	998.98	385.24	0.07	1,384.15	7,488.64	6,183.80
Plant & Machinery	43,841.39	33,019.78	0.57	76,860.60	8,152.98	2,300.90	0.02	10,453.86	66,406.74	35,687.86
Computers	171.99	7.83		179.82	152.99	10.81		163.80	16.02	39.15
Electrical Installation	1,825.72	610.56	0.20	2,436.08	348.45	125.40	0.04	473.81	1,962.27	1,477.11
Office & Lab Equipment	36.94	3.75		40.69	22.19	2.67		24.86	15.83	14.75
Furniture & Fixtures	74.04	2.65	0.08	76.61	61.10	4.36		65.46	11.15	12.86
Vehicles	49.89	27.62	12.35	65.16	27.92	8.67	9.50	27.09	38.07	21.97
Low Value Assets	9.73	0.05		9.78	8.90	0.10		9.00	0.78	0.83
<b>Total (A)</b>	<b>57,819.87</b>	<b>35,362.32</b>	<b>15.67</b>	<b>93,166.53</b>	<b>9,773.51</b>	<b>2,828.65</b>	<b>9.63</b>	<b>12,602.03</b>	<b>80,564.50</b>	<b>48,063.33</b>
<b>INTANGIBLE ASSETS:</b>										
Computer Software	22.90	-	-	22.90	2.75	4.58	-	7.33	15.57	20.15
Technical Know-how	87.60	-	-	87.60	87.60	-	-	87.60	-	-
<b>Total (B)</b>	<b>110.50</b>	<b>-</b>	<b>-</b>	<b>110.50</b>	<b>90.35</b>	<b>4.58</b>	<b>-</b>	<b>94.93</b>	<b>15.57</b>	<b>20.15</b>
<b>TOTAL (A+B)</b>	<b>57,930.37</b>	<b>35,362.32</b>	<b>15.67</b>	<b>93,277.03</b>	<b>9,863.86</b>	<b>2,833.23</b>	<b>9.63</b>	<b>12,696.96</b>	<b>80,580.07</b>	<b>48,083.48</b>
Previous year figures as at 30.09.2012	50,303.01	30,715.59	23,088.43	57,930.18	14,083.59	2,149.40	6,368.93	9,863.73	48,046.37	36,219.42
Capital										
Work-in-Progress									229.88	16,109.28

6.1 The Gross Block of Fixed Assets include Rs. 9734.45 Lakhs (Previous Year Rs. 9734.45 Lakhs) on account of revaluation of Fixed Assets. Consequent to this revaluation, there is an additional charge of depreciation of Rs. 364.77 Lakhs (Previous Year Rs. 343.74 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.

**PARTICULARS** As at 31st March, 2014 As at 30th September, 2012

### 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	0.00	0.01
(Previous Year 1 Share)		
5000 Shares of GBP 1 each in Global Finvest limited	4.00	4.00
(Previous Year 5000 Share), 5% Share in JV		
<b>Sub Total (A)</b>		<b>4.00</b>
In Equity Shares of Other Companies		
Quoted, fully paid up *		
11,500 Equity Shares of Rs. 10/- each		
in Union Bank of India	1.84	1.84
(Previous Year 11,500 Equity Shares)		
200 Equity Shares of Rs. 10/- each		
in UCO Bank	0.02	0.02
(Previous Year 200 Equity Shares)		
400 Equity Shares of Rs. 10/- each		
in Indian Overseas Bank	0.10	0.10
(Previous Year 400 Equity Shares)		
<b>Sub Total (B)</b>		<b>1.96</b>
<b>Total (A+B)</b>		<b>5.96</b>

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>8 LONG TERM LOANS AND ADVANCES</b>		
Capital Advances		
Unsecured and considered Good	23,933.10	23,930.35
<b>Total</b>	<b>23,933.10</b>	<b>23,930.35</b>
<b>9 INVENTORIES</b>		
Raw Material	3,378.25	3,160.46
Work-in-Progress	1,510.81	559.52
Finished Goods	1,533.94	5,499.40
Stores & Spares	166.07	317.08
<b>Total</b>	<b>6,589.07</b>	<b>9,536.46</b>
# Raw material, WIP and stores and spares are valued at cost. Finished goods valued at cost or market price whichever is low.		
<b>10 TRADE RECEIVABLES</b>		
Unsecured and considered good		
Over six month	-	55.01
Others	6,305.37	6,796.70
<b>Total</b>	<b>6,305.37</b>	<b>6,851.71</b>
<b>11 CASH &amp; CASH EQUIVALENTS</b>		
Balances with Banks		
In Current Accounts	(1.45)	31.16
Margin Money	414.35	760.23
Earmarked Balances - Unpaid dividend account	20.67	22.25
Cheque in Transit	0.44	1,625.38
Cash Balance	8.64	9.93
<b>Total [ A + B + C ]</b>	<b>442.65</b>	<b>2,448.95</b>
<b>12 SHORT TERM LOANS &amp; ADVANCES</b>		
Advances Recoverable in cash or in kind or for value to be received	165.83	549.50
Advance to Suppliers	3,437.54	3,035.52
Loans and Advances to Related Parties	22.56	1,135.79
Other Deposits	307.49	234.74
Export Incentives Receivable	168.99	216.39
<b>Total</b>	<b>4,102.41</b>	<b>5,171.94</b>
<b>13 REVENUE FROM OPERATIONS</b>		
Sales (net off returns and discounts)	1,30,439.19	1,05,664.76
Excise Duty	10,572.82	7,831.16
<b>Total</b>	<b>1,19,866.37</b>	<b>97,833.60</b>
<b>14 OTHER INCOME</b>		
Sale of Scrap	427.91	508.19
Export Incentives	389.46	308.07
Dividend from Companies - Others	0.00	10.80
Miscellaneous Income	38.48	150.88
Interest Received (Gross)	91.79	65.80
<b>Total</b>	<b>947.64</b>	<b>1,043.74</b>

## FALCON TYRES LTD

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>15 COST OF MATERIALS CONSUMED</b>		
Raw Material Consumed		
Opening Stock	3,160.46	3,289.53
Add: Purchases	<u>57,807.60</u>	<u>59,402.18</u>
	60,968.06	62,691.71
Less: Closing Stock	<u>3,378.25</u>	<u>4,045.29</u>
<b>Total</b>	<b><u>57,589.81</u></b>	<b><u>58,646.42</u></b>
<b>15.1 Particulars of Raw material consumed</b>		
Rubber and Rubber Products	24,726.70	35,652.99
Fabric	5,518.07	7,082.34
Carbon Black	6,510.24	7,806.33
Chemicals	4,021.39	5,123.73
Others	<u>16,813.41</u>	<u>2,981.03</u>
	<b><u>57,589.81</u></b>	<b><u>58,646.42</u></b>
	<b>% of</b>	<b>% of</b>
	<b>Consumption</b>	<b>Consumption</b>
	<b>Value in</b>	<b>Value in</b>
	<b>Lakhs</b>	<b>Lakhs</b>
Imported	16.29%	17.85%
Indigeneous	<u>83.71%</u>	<u>82.15%</u>
	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>
	<b><u>57,589.81</u></b>	<b><u>58,646.42</u></b>
<b>15A Manufacturing Expenses</b>		
Indigeneous Stores Consumed	236.14	201.94
Import Stores Consumed	1.24	1.24
Power , Fuel and Water Charges	4,129.05	2,936.46
Mixing Charges	1,638.65	1,412.65
Conversion Charges	39.21	146.59
Increase / Decrease in Excise Duty Provision	-573.50	167.64
Repairs - Plant & Machinery	<u>477.36</u>	<u>447.96</u>
	<b><u>5,948.15</u></b>	<b><u>5,314.48</u></b>
<b>16 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE</b>		
Finished Goods	1,202.81	4954.62
Stock-in-Process	1,510.81	828.50
Stock-in-Trade	<u>331.13</u>	<u>844.84</u>
		3,044.75
Inventories (at commencement)		6,627.96
Finished Goods	4,900.69	4865.70
Stock-in-Process	559.52	938.63
Stock-in-Trade	<u>598.71</u>	<u>1288.57</u>
	6,058.92	7,092.90
<b>Total</b>	<b><u>3,014.17</u></b>	<b><u>464.94</u></b>
<b>17 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries , Wages and Bonus etc.	7,790.90	5,154.59
Contribution to Provident, Gratuity & Other Funds	836.63	556.27
Staff Welfare Expenses & CSR Activity Expenses	<u>404.35</u>	<u>261.53</u>
<b>Total</b>	<b><u>9,031.88</u></b>	<b><u>5,972.39</u></b>



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>18 FINANCE COSTS</b>		
Interest On Cash Credit Account	2,254.95	1,276.44
Interest on Term Loan	633.66	2,299.31
Other Finance Charges	1,905.19	479.47
<b>Total in Rs. Lakhs</b>	<b>4,793.80</b>	<b>4,055.22</b>
<b>6 DEPRECIATION AND AMORTISATION EXPENSES</b>		
<b>19 Depreciation</b>	<b>2,833.23</b>	<b>2,698.18</b>
Less: Transfer to Revaluation Reserve	364.76	596.68
<b>Total</b>	<b>2,468.47</b>	<b>2,101.50</b>
<b>20 OTHER EXPENSES</b>		
Royalty	2,317.56	2,397.49
Commission	446.94	711.34
Discount	2,872.00	2,143.72
Sales promotion and other selling expenses	1,587.53	966.31
Warranty	562.84	198.95
Freight Charges	2,512.22	2,007.99
	10,299.09	8,425.94
<b>Administrative Expenses</b>		
Repairs - Buildings	9.48	47.21
Repairs - Others	155.59	49.99
Rent	227.53	159.27
Rates & Taxes	56.87	626.25
Insurance	92.59	35.42
Exchange Difference	108.51	116.92
Directors Sitting Fees	5.75	4.00
Printing & Stationery	111.59	46.40
Communication	76.50	51.53
Travelling & Conveyance	678.59	407.41
Bank Charges	340.82	252.23
Donation	45.62	0.29
	1,909.44	1,797.32
Audit Fee		
i) Payment to Statutory Auditor		
a) Audit fees	0.85	4.25
b) For other services	0.90	2.45
ii) Payment to tax auditor	0.00	0.50
Reimbursement of expenses of auditors	0.00	0.33
	1.75	7.53
Legal & Professional Charges	447.04	275.67
Miscellaneous expenses	425.55	674.30
<b>Total</b>	<b>13,082.87</b>	<b>11,180.76</b>
<b>21 Loss on sale of Investment in Monatona Tyres Limited and Chamundi Plasto</b>	<b>1.61</b>	<b>6,611.20</b>
<b>22 CIF value of Imports</b>		
Raw materials	9,379.62	10671.98
Capital goods	33.12	-
Stores and spares	0.72	1.24

## FALCON TYRES LTD

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

PARTICULARS	As at 31st March, 2014	As at 30th September, 2012
<b>23 Expenditure in Foreign Currency paid or payable by the Company</b>		
Branch Expenses	267.60	-
Travelling	0.26	5.03
Professional fee	-	2.22
Royalty	114.86	179.66
<b>24 Remittances in Foreign Currency</b>		
The Company has paid dividend in respect of shares held by Non -Residents on repatriation basis. The total amount remitted in this respect is given herein below:		
a) Number of Non Resident Shareholders	1	57
b) Number of Equity shares held by them	2,35,13,100	166784
c) (i) Amount of dividend paid (Gross) in lakhs in INR (for current year)	117.57	2.08
(ii) Tax deducted at source	Nil	Nil
(iii) Year to which dividend relates	2011-2012	2010-2011
<b>25 Earnings in Foreign Exchange</b>		
FOB value of exports	10,971.55	7159.49
<b>26 Earning per share</b>		
i) Net Profit after tax as per statement of profit and loss attributable to equity shareholders (in Lakhs)	397.47	(5,661.88)
ii) No of equity shares used as denominator for calculating EPS	7,74,72,580	7,74,72,580
iii) Basic and Diluted Earnings per share	0.51	(7.31)
iv) Face value per equity share	5.00	5.00
<b>Total</b>		
<b>27</b> 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.		
<b>28</b> The Previous year's figures have been re-grouped / re-arranged/restated wherever considered necessary.		
<b>29 Micro, Small and Medium Enterprise</b>		
<b>Particulars</b>	<b>Principal</b>	<b>Interest</b>
Amount due to vendors	Nil	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	Nil



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

IN LACS

**PARTICULARS** **As at 31st March, 2014** **As at 30th September, 2012**

**30 Provisions of Accounting Standard 29 on "Provision, Contingent Liability, and Contingent Assets"**

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

IN LACS

<b>PARTICULARS</b>	<b>As at 31st March, 2014</b>	<b>As at 30th September, 2012</b>
<b>Nature of Item</b>		<b>Warranty</b>
Opening Provision	150.00	484.00
Provided during the Year	562.84	(150.61)
Amount Utilized	562.84	183.39
Closing Provision	150.00	150.00

**31 The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standard) Rule 2006, are given below**

Defined Contribution Scheme

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

IN LACS

<b>PARTICULARS</b>	<b>As at 31st March, 2014</b>	<b>As at 30th September, 2012</b>
i. Employer's Contribution to Provident Fund	412.28	247.67
ii. Employer's Contribution to Superannuation Fund	154.67	91.60

**Compensated Absence**

The obligation for compensated absences are recognized in the same manner as gratuity. The liability of Compensated Absence (unfunded) of accumulated privilege, sick and casual leaves of the employee of the Company as at 31st March 2014 is given

IN LACS

<b>PARTICULARS</b>	<b>As at 31st March, 2014</b>	<b>As at 30th September, 2012</b>
Privileged Leave	249.29	235.12
Sick Leave	26.63	25.00
Casual Leave	29.91	27.08

**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 31st March 2014.
- Associates / Group Companies

**i. With whom the Company has transaction**

Dunlop Polymers 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 Subhlaxmi Compusis Pvt. Ltd., Shalini Properties & Developers Pvt. Ltd., & 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., Dunlop India Limited, 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 Pvt. Ltd.,

## FALCON TYRES LTD

### NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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., FairvalueImpex Ltd. - Mauritius, F ragment 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., HikerProperties Pvt. Ltd., Hiland Traders Pvt. Ltd., Hindustan Texknit Pvt. Ltd., Hirakud Industrial WorksLtd., Hirakud Rolling Mill Ltd., Hriday Commercials Pvt. Ltd., Ibcon(Calcutta) Pvt. Ltd., India Finance Ltd., India Tyre & Rubber Co (India) Ltd., Indo-Wagon Engineering Ltd., Jai Badrinath Niketan Pvt. Ltd., Jai Brijmohan Niketan Pvt. Ltd., Jai Ganga Nirman Pvt. Ltd., Jai Gokul Towers Pvt. Ltd., Jai HarihorTower 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 TyresLtd.), 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., NevaditaProperties Pvt. Ltd., Ocean Constructions Pte Ltd., OM Cotex Ltd. (Formerly Ruia Cotex Ltd.), OnixBusiness Services Ltd., Pacific apparels Ltd., Pacific Appearels Ltd., P. K. Constructions Pvt. Ltd., Pacific Apparels Ltd., Pallavi Manufacturers Pvt. Ltd., Parnika Marketing Private Ltd., Pawan HerbalsPvt. Ltd., Payneganga Sugars & Chemicals Ltd., Radient Investment Ltd. -Mauritius, RapidInvestment 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., SPRResorts Ltd., Ruia Global Nivesh Pvt. Ltd. (Formerly SPR Textiles Pvt. Ltd.), Stephen FinancialServices 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., VilasMarketing Private Limited, Wealth Field Pte Ltd., Wealth Ocean Pte Ltd. - Singapore, Wealth OverseasPte Ltd. - Singapore, Wealth Valley Pte Ltd., Wealthsea Ltd. - Mauritius, Wealth Treasury Ltd. - Mauritius, Wealth Pacific Holding Ltd. -Mauritius, Zeal Infotech Pvt. Ltd., Zipco Industrial FinancePvt. 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., Uryamani Finance Co Ltd., TulipMachineries Pvt. Ltd., Vidyuth Petrochem Pvt. Ltd., Walker Properties 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 Sharesand takeovers) regulations, 1997 in relation to inter se transfer of shares among group companies.

#### d) Key management Personnel:

- a) Mr. Pawan Kumar Ruia (Executive Chairman) (Salaried)
- b) Mr. Kamal Jiwrajka (Executive Director) (Salaried)
- c) Mr. Ashok Gupta (Whole - time Director) (Salaried)
- d) Mr. Sunil Bhansali (Executive Director) (Salaried)

#### Related Party Transaction

##### A) Sale/Purchase of goods & Service

Party Name	Year Ended	Amount Rs. In Lakh	
		Sales of Goods	Purchase of Goods
Monotona Tyres Limited	Mar-2014	Nil	118.91
	Sep-2012	Nil	Nil
Dunlop Polymers Pvt. Ltd	Mar-2014	4431.00	11451.00
	Sep- 2012	4194.47	9354.75





NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**B) Advance Received from parties:**

Party Name	Amount Rs. In Lakh	
	March 2014	September 2012
Monotona Tyres Limited	2698.35	Nil

**C) Advance Paid to parties:**

Party Name	Amount Rs. In Lakh	
	March 2014	September 2012
Monotona Tyres Limited	600.38	Nil

**D) Directors' Remuneration:**

Director's Name	March 2014	September 2012
Mr. Pawan Kumar Ruia	1116.62	649.20
Mr. Kamal Jiwrajka	36.91	
Mr. Ashok Gupta	3.45	
Mr. Sunil Bhansali	12.67	41.00

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 31st March 2014

Party Name	Amount Rs. In Lakh	
	Maximum outstanding during the year	Closing Balance
Vidyuth Petrochem Pvt. Ltd.	5500.00	Nil
Dunlop India Limited	2459.18	2494.97
Falcon Tyres Impex Pvt. Ltd.	697.87	Nil
Falcon Tyres Rubbers Pvt. Ltd.	324.94	Nil
Dunlop Comforts Pvt. Ltd.	45.35	Nil
Jessop & Co. Ltd.	16.19	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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

the case may be and inclusive of incidental expenses, erection / commissioning expenses, revamping expenses, pre-operative expenses, interest, etc. upto the date the asset is put to use.

**Depreciation / Amortization**

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

**Impairment**

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

**Investments**

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

**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

**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



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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.

## FALCON TYRES LTD

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Rs. in Lakhs

PARTICULARS	As at 31st March, 2014 (For 18 Months)	Year ended 31st September, 2012 (For 12 Months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>397.47</b>	<b>(5,207.75)</b>
Net profit before tax		
<b>Adjustment for:</b>		
Depreciation	2,468.47	2,101.50
Interest Income	(91.79)	(65.80)
Finance Cost	4,902.31	4,172.14
Loss on sale of Investment	1.61	6,611.20
Dividend Received	-	(10.80)
<b>Operating Profit before working capital change</b>	<b>7,678.07</b>	<b>7,600.49</b>
(Increase)/Decrease in Trade Receivable	546.34	5,459.04
(Increase)/Decrease in Inventory	2,947.39	1,387.69
(Increase)/Decrease in short term loans and advance	1,069.53	364.40
Increase/(Decrease) in trade payables	(6,566.85)	556.43
Increase/(Decrease) Other Current Liabilities	(1,818.36)	1,084.00
Increase/(Decrease) Short Term Provisions	(439.95)	(2,139.22)
Retirement and Warranty claims	211.75	-
<b>Cash generated from operations</b>	<b>3,627.92</b>	<b>14,312.84</b>
Direct tax paid	388.97	2,025.91
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>3,238.95</b>	<b>12,286.93</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed assets including CWIP	(19,470.85)	(25,891.71)
Other Long Term Liabilities	2,134.14	592.23
Other Long Term Loans and Advance	(2.75)	5,479.37
Non Current Investments	-	-
Realisation on Sale of Investment	1,099.95	-
Dividend Received	-	10.80
Interest Income	91.79	65.80
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,147.72)</b>	<b>(19,743.51)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Capital including Premium	-	3,852.69
Long term borrowings	17,643.19	27,710.72
Short Term Borrowings	(1,838.41)	(20,055.70)
Finance Cost	(4,902.31)	(3,795.85)
Dividends	-	(593.95)
Corporate Dividend Tax	-	(94.23)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>10,902.47</b>	<b>7,023.68</b>
<b>NET CASH FLOWS DURING THE YEAR</b>	<b>(2,006.30)</b>	<b>(432.90)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>2,448.95</b>	<b>2,881.85</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>442.65</b>	<b>2,448.95</b>

As per our Report of even date

For and on behalf of

**M/s. Gora & Co.**

*Chartered Accountants*

ICAI Firm Regn. No. 327183E

G.C. Mukherjee

Partner

Membership No.: 017630

Place: Kolkata

Date: 29.08.2014

For and on behalf of the Board

(Ashok Kumar Agarwal)

**Director**

(Dipak Das)

**Director**



## FALCON TYRES LTD

CIN: L25114KA1973PLC002455

Registered Office : KRS Road, Metagalli, Mysore-570016

### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):	E-mail Id:
Registered address:	Folio No/*Client Id:
	*DP Id:

I/We, being the member(s) of ..... shares of Falcon Tyres Limited, hereby appoint :

- 1) ..... of.....having e-mail id.....or failing him
- 2) ..... of.....having e-mail id.....or failing him
- 3) ..... of.....having e-mail id.....

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 38th Annual General Meeting of the Company, to be held on Tuesday, 30th September, 2014 at 11 A.M.at Hotel "Mysore Dasaprakash (City), Gandhi Square Mysore-570061 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\* I wish my above Proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Consider and adopt : Balance Sheet as at 31st March , 2014 and Profit & Loss Account for the year ended 31st March , 2014		
2. Appointment of Auditors and fixing their Remuneration		
To consider and, if thought fit, to pass, with or without modification(s) the following Resolution :		
3. <b>As an Ordinary Resolution :</b> Appointment of Sri Dipak Das as an Independent Director		
4. <b>As an Ordinary Resolution :</b> Appointment of Smt. Baishali Roy as an Independent Director		
5. <b>As an Ordinary Resolution :</b> Appointment of Sri Rupendra Nath Kumar as an Independent Director		

Signed this.....day of.....2014

Affix one  
rupee Revenue  
Stamp  
here

Signature of shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

#### Notes :

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- \*\* (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.





ATTENDANCE SLIP

**FALCON TYRES LTD**

CIN: L25114KA1973PLC002455

Registered Office : KRS Road, Metagalli, Mysore-570016

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID*		FOLIO NO	
CLIENT ID*		NO OF SHARES	

E-voting Event Number 140909039

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **38TH ANNUAL GENERAL MEETING** of the Company held on Tuesday, 30th September 2014 at 11 A.M at Hotel "Mysore Dasaprakash (City) , Gandhi Square Mysore-570061.

\* Applicable for investors holding shares in electronic form.

CHILDREN ARE NOT ALLOWED.

SIGNATURE OF MEMBER / PROXY



**COURIER**

*If undelivered, please return to :*

**FALCON TYRES LTD.**

**Registered Office :**

K.R.S. Road, Metagali

Mysore 570016

**FALCON** TYRES LTD.



website: [www.falcontyres.com](http://www.falcontyres.com) e- mail [feedback@falcontyres.com](mailto:feedback@falcontyres.com)  
CIN No. L25114KA1973PLC002455  
Registered Office: K R S Road , Metagalli , Mysore- 570 016  
Telephone No.-0821-2582055

ANNEXTURE TO THE NOTICE DATED 29TH AUGUST 2014 OF THE 38<sup>TH</sup> ANNUAL GENERAL MEEING TO BE HELD ON 30<sup>TH</sup> SEPTEMBER,2014

Name of the sole / first named shareholder :  
Including joint holders, if any

Address of sole / first named shareholder :

Registered folio no. :  
DP ID no. / Client ID No

Number of share(s) held :

Dear Shareholder,

**Subject : Process and manner for availing E-voting facility**

Pursuant to provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration ) Rules, 2014 the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice dated 29<sup>th</sup> August, 2014 as an alternative to participation at the 38<sup>th</sup> Annual General Meeting to be held on Tuesday, 30<sup>th</sup> September, 2014 at 11.00 A.M. The Company has engaged the services of Central Depository Services Limited ("CDSL") to provide e-voting facilities. The e-voting facility is available at the link [www.evotingindia.com](http://www.evotingindia.com).

The electronic voting particulars are set out below :

EVEN (E-voting event number)	User ID	Password
140909039		

The e-voting facility will be available during the following voting period :

Commencement of e-voting	End of e-voting
20 <sup>th</sup> September, 2014 from 9.00 A.M. IST	22 <sup>nd</sup> September, 2014 till 6.00 P.M. IST

Please read the instructions printed in point No. 4 of Notice of AGM before exercising the vote

By Order of the Board  
For Falcon Tyres Limited

  
Ashok Kumar Agarwal  
Director

Place : Kolkata  
Date : 29<sup>th</sup> August, 2014





website: [www.falcontyres.com](http://www.falcontyres.com) e- mail [feedback@falcontyre.com](mailto:feedback@falcontyre.com)

CIN No. L25114KA1973PLC002455

Registered Office: K R S Road , Metagalli , Mysore- 570 016

Telephone No-.0821-2582055

FORM "A"

1. Name of the Company: FALCON TYRES LIMITED.
2. Annual Financial statements for the year ended 31st March 2014.
3. Type of Audit observation None
4. Frequency of observation N.A

**5. Signature**

Director / Chairman of  
The Audit Committee : *Dipak Das*

Auditor

*For Gera & Co.*  
Chartered Accountants

Partner

(M. No. 017021)