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CS	<input checked="" type="checkbox"/>		DTY	<input checked="" type="checkbox"/>
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ANNUAL REPORT 1996-1997

FALCON TYRES LTD.



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M.R. Chhabria - Chairman



BOARD OF DIRECTORS

Messrs

M.R. Chhabria
Chairman

P.J. Rao

Komal C. Wazir

M.H. Godhwani

REGISTERED OFFICE

MOHAN TOWERS
50, Residency Road
Bangalore 560 025

FACTORY

Metagalli
KRS Road
Mysore 570 016

COMPANY SECRETARY

R. Nagarajan

BANKERS

1. Union Bank of India
2. Syndicate Bank
3. Canara Bank

LEGAL ADVISERS

King & Partridge
48, Lavelle Road
Bangalore 560 001

AUDITORS

Fraser & Ross
Maarut Complex
25/5, Lavelle Road
Bangalore 560 001

A Member desirous of getting any information on the Accounts of the Company, is requested to forward his/her queries to the Company Secretary at least ten days prior to the Meeting enabling the Management to keep the information ready

**NOTICE:**

Notice is hereby given that the 21st Annual General Meeting of the Company will be held at Hotel Le Meridien, Sankey Road, Bangalore 560 052 on Friday the 19th September 1997 at 10.00 A.M for the following purposes:

1. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 1997 and the Balance Sheet as of that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in the place of Mr.M.R.Chhabria, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification, the following as ordinary resolutions:-

5. Resolved that Mr. P.J. Rao be and is hereby appointed as a Director of the Company.
6. Resolved that Mrs. Komal C. Wazir be and is hereby appointed as a Director of the Company.
7. Resolved that Mr. M.H. Godhwani be and is hereby appointed as a Director of the Company.

Place: Bangalore

By Order of the Board,

Date: 04.08.97

R. NAGARAJAN
Company Secretary

NOTES:

1. The Register of Members and the Share Transfer Register will remain closed from 16th September 1997 to 19th September 1997. (both days inclusive)
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead. A proxy need not be a member of the Company. Proxies in order to be effective must be received at the Registered Office not less than fortyeight hours before the commencement of the meeting.
3. Dividend, if any, that may be declared at the Meeting will be payable to those members whose names will appear on the Register of Members of the Company as on 19th September 1997.
4. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items on Special Business is annexed.
5.

Members are requested to bring their copies of Annual Report to the meeting.
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**EXPLANATORY STATEMENT AS REQUIRED UNDER
SECTION 173(2) OF THE COMPANIES ACT, 1956
IN RESPECT OF SPECIAL BUSINESS**

ITEM NO.5.

Mr. P J Rao was appointed as a Director of the Company by the Board with effect from 31st January 1997. Pursuant to Section 260 of the Companies Act, 1956 Mr. P J Rao will hold office of Director upto the date of the Annual General Meeting. The Company had received a notice in writing from a member proposing the candidature of Mr. P J Rao for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

In the opinion of the Board it will be beneficial to the company if Mr. P J Rao is appointed as a Director of the Company.

None of the Directors except Mr. P J Rao is concerned or interested in the said resolution.

ITEM NO.6.

Mrs. Komal C Wazir was appointed as a Director of the Company by the Board with effect from 7th February 1997. Pursuant to Section 260 of the Companies Act, 1956 Mrs Komal C Wazir will hold office of Director upto the date of the Annual General Meeting. The Company had received a notice in writing from a member proposing the candidature of Mrs Komal C Wazir for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

In the opinion of the Board it will be beneficial to the company if Mrs. Komal C Wazir is appointed as a Director of the Company.

Mr M R Chhabria, Mr M H Godhwani and Mrs Komal C Wazir are concerned and interested in the said resolution.

ITEM NO.7.

Mr. M H Godhwani was appointed as a Director of the Company by the Board with effect from 7th February 1997. Pursuant to Section 260 of the Companies Act, 1956 Mr. M H Godhwani will hold office of Director upto the date of the Annual General Meeting. The Company had received a notice in writing from a member proposing the candidature of Mr. M H Godhwani for the office of Director under the provisions of Section 257 of the Companies Act, 1956.

In the opinion of the Board it will be beneficial to the company if Mr. M H Godhwani is appointed as a Director of the Company.

Mr. M R Chhabria, Mrs Komal C Wazir and Mr. M H Godhwani are concerned and interested in the said resolution.



REPORT OF THE DIRECTORS:

Your Directors have pleasure in presenting the 21st Annual Report of the Company together with Audited Accounts for the Financial Year ended 31st March 1997.

(Rs. in Lakhs)

SUMMERISED FINANCIAL RESULTS:

	<u>1996-97</u>	<u>1995-96</u>
Profit before Interest and Depreciation	748.66	995.58
Less		
Interest	281.94	262.19
Depreciation	<u>124.93</u>	<u>102.41</u>
	<u>406.87</u>	<u>364.60</u>
Profit from operation of the year	<u>341.79</u>	<u>630.98</u>
Profit before Tax	341.79	630.98
Tax provision	<u>130.00</u>	<u>20.00</u>
Profit after Tax		
from which is deducted	211.79	610.98
Balance brought forward		
from last year	<u>118.08</u>	<u>69.62</u>
	<u>329.87</u>	<u>680.60</u>
Appropriations:		
Transfer to:		
General Reserve	<u>150.00</u>	<u>500.00</u>
	179.87	180.60
Proposed Dividend (20%)	62.52	62.52
Corporate Dividend Tax	6.26	—
Balance carried to Balance sheet	<u>111.09</u>	<u>118.08</u>

THE YEAR IN REVIEW:

Your Directors are happy to report that though the growth of the Automobile Industry was on the decline during the second half of the year under review, your Company was able to achieve a turnover of Rs.85 crores as compared to the turnover of Rs.83 crores in the previous year.

Your company has earned a profit before tax of Rs.3.42 crores.

**FUTURE PROSPECTS:**

Your Company had already received the Plant and Machineries that are required for increasing the capacity from 2,50,000 tyres to 3,10,000 tyres per month. Your Company is planning to achieve the increased capacity by March 98.

Your Company is having an ambitious plan to increase the expanded capacity in respect of two and three wheeler tyres from 3,10,000 to 3,50,000 tyres per month by September 98.

Your Company is also planning to expand the capacity to 5 lakh tyres per month by the year 2000 and are exploring the possibilities of diversifying into Passenger and Farm tyres.

DIRECTORS:

Mr. M.R. Chhabria retires by rotation and being eligible offers himself for re-appointment.

Dr. M D Shukla and Mr. T Subba Rao resigned as Directors with effect from the afternoon of 31.01.1997 and 4.8.97 respectively.

Mr P J Rao was appointed as Additional Director of the Company with effect from 31.01.1997.

Mrs Komal C Wazir was appointed as Additional Director of the Company with effect from 7.02.1997.

Mr M H Godhwani was appointed as Additional Director of the Company with effect from 7.02.1997.

DIVIDEND:

Your Directors recommend payment of Dividend at the rate of Rs.2 per equity share, in respect of the year ended 31st March 1997.

AUDITORS:

The Auditors, M/s. Fraser & Ross, Chartered Accountants retire at the conclusion of the Annual General Meeting, and being eligible, offer themselves for re-appointment.

AUDITORS REPORT:

With reference to the comments in para 2 d of the Auditors Report, attention is drawn to the Accounting Policies and other Notes B 2 to the Accounts (Schedule-11) which are self explanatory.

PERSONNEL:

The industrial relations in your Company has been harmonious and your Directors wish to place on record their appreciation of the valuable contribution made by all employees at all levels.



Information pursuant to Section 217 2(A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 is furnished in the Annexure I.

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

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

On behalf of the Board of Directors

Place:Bangalore
Dated:04-08-1997

P J Rao
Komal C. Wazir

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