



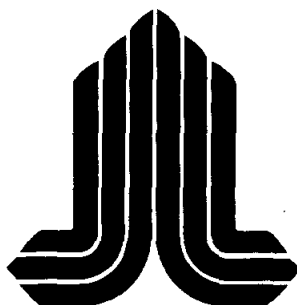
FALCON TYRES LTD.

26th

Annual Report

2001 - 2002

Report Junction.com



MEMBER JUMBO GROUP

ANY OTHER TYRE IS A COMPROMISE

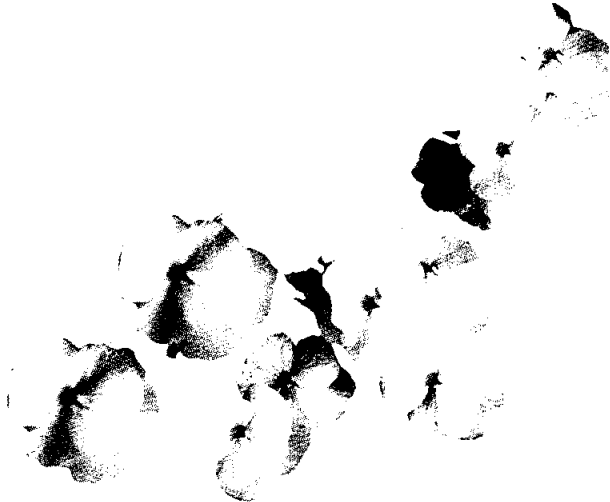
अव्यक्तोऽयमचिन्त्योऽयमविकार्योऽयमुच्यते ।
तस्मादेवं विदित्वैनं नानुशोचितुमर्हसि ॥

*It is said that the soul is invisible, inconceivable and immutable.
Knowing this, you should not grieve for the body.*

Forever in our minds
Mr. Manohar Rajaram Chhabria



1st March 1946 - 6th April 2002





NOTICE

Notice is hereby given that the Extra-Ordinary General Meeting of the members of Falcon Tyres Limited will be held on Monday, the 23rd September, 2002 at Hotel Woodlands P.Ltd., No.5, Raja Rammohan Roy Road, Bangalore – 560 025 at 12.30 p.m. or immediately upon conclusion of the Annual General Meeting which is convened on the same day at 11.00 a.m. at the same venue whichever is later.

SPECIAL BUSINESS:

Special Resolution

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

To be passed as Special Resolution

“RESOLVED that pursuant to provisions of Section 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956, if any, the Company accord its approval for the increase / enhancement in the remuneration payable to Mr.T.C. Goel, Executive Director as detailed in the explanatory statement annexed hereto, on and from 1st April, 2002 till the completion of the present tenure of office.

RESOLVED FURTHER that in the event of absence or inadequacy of profit during any financial year till the completion of the present tenure of office, the Company hereby accord its approval for the payment of remuneration inclusive of commission, allowances and perquisites to Mr. T.C. Goel, Executive Director, of a sum not exceeding Rs.48 lakhs per annum for each of such financial year, not exceeding three years.

By order of the Board

P.M. Nene
Director

Registered office:
“Chache Towers”, I Floor,
No. 50, Residency Road,
Bangalore – 560 025

Dated 20th August, 2002



ANNEXURE TO THE NOTICE

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

The appointment of Mr.T.C. Goel as Executive Director with effect from 28th April, 2001 was approved by the shareholders at the Annual General Meeting held on 18th September, 2001. The department of Company Affairs, Government of India vide their letter No.1/241/2001-CL.VII dated 14/05/2002 has also given its approval for the said appointment and to the payment of remuneration to Mr.T.C. Goel, Executive Director.

At the Board Meeting held on 20th August, 2002, the Board of Directors have nominated Mr. T.C. Goel as Director, not liable to retire by rotation, pursuant to Article 190 of the Articles of Association of the Company. The remuneration committee has recommended a payment of enhanced remuneration and based on which the Board of Directors at their meeting held on 20th August, 2002 has approved the payment of enhanced remuneration as detailed out below, however, with effect from 1st April, 2002.

The highlights of the financial impact of the remuneration paid hitherto and that of remuneration payable to the Executive Director is detailed in the chart furnished hereto.

	Previous remuneration	Present remuneration
Basic	Rs. 78,500/- p.m.	Rs. 1,40,200/- p.m.
Allowance	Rs. 92,500/- p.m.	Rs. 1,49,925/- p.m.
Medical	Rs. 78,500/- p.a.	Rs. 1,40,200/- p.a.
Leave Travel Assistance	Rs. 78,500/- p.a.	Rs. 1,40,200/- p.a.
Commission	Rs. 5,00,000/- p.a.	--
Special performance Allowance	--	Subject to a maximum of Rs.10,00,000/- p.a.
Other perquisites	As applicable	As applicable

The revised remuneration is within the overall ceiling limit of 5% of net profits of the Company.

The revised remuneration package and the terms and conditions of Mr.T.C.Goel's appointment are set out as under:

1. Salary, Allowances and Perquisites:

- a) Basic Salary : Rs. 1,40,200/- (Rupees One Lakh Forty Thousand and Two hundred only) per month.
- b) Allowances and Perquisites : Rs. 1,49,925/- (Rupees One lakh Forty Nine Thousand and Nine Hundred and Twenty Five only) per month.
- c) Special performance allowance : Subject to a maximum of Rs.10,00,000/- (Rupees Ten Lakhs only) per annum as may be decided by the Board for each financial year.
- d) Medical : One month basic salary per annum i.e., Rs.1,40,200/- per annum
- e) Leave Travel Assistance : One month basic salary per annum i.e., Rs.1,40,200/- per annum

2. Other Perquisites:

- a) Annual Fees of Club : Subject to a maximum of two Clubs.
- b) Car : Company will provide Car (s) for Official use only.
- c) Telephones at the residence and provision of Cell Phones for official use.

**FALCON TYRES LIMITED**

Regd. Office: "Chache" Towers,
50, Residency Road,
Bangalore - 560 025.

ATTENDANCE SLIP

D.P.I.D

Client ID

No. of Shares

Folio No.

To be handed over at the entrance of meeting hall
Name and Address

**EXTRA-ORDINARY
GENERAL MEETING
On Monday, 23.09.2002**

I certify that I am a Registered Shareholder of the Company.

I hereby record my presence at the above Extra-Ordinary General Meeting of the Company.

A Member/Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy

FALCON TYRES LIMITED

Regd. Office: "Chache" Towers,
50, Residency Road,
Bangalore - 560 025.

**PROXY FORM**

D.P.I.D

Client ID

No. of Shares

Folio No.

I/We _____
of _____
being a member / members of **FALCON TYRES LIMITED** hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Extra-Ordinary General Meeting of the
Members of Falcon Tyres Limited to be held on **Monday, the 23rd September, 2002 at HOTEL WOODLANDS PVT. LTD.,**
No.5, Raja Rammohan Roy Road, Bangalore – 560 025, **at 12.30 p.m. or immediately upon conclusion of the Annual General Meeting**
which is convened on the same day at 11.00 a.m. at the same venue whichever is later.

Signed _____

Affix
Revenue
Stamp of
Rs. 1.00

NOTE:

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. This form duly completed should be deposited at the Registered Office of the Company at Bangalore not later than 48 hours before the commencement of the meeting.



d) *Mediclaime Policy including for spouse and dependants as per rules of the Company, subject to a premium ceiling of Rs.10,000/- per annum.*

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

4. Retiral Benefits:

a) *Provident Fund / Superannuation Fund:*

He shall be a Member of the Company's Provident Fund and Superannuation Fund as per their respective rules.

b) *Gratuity:*

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

5. Notice Period:

His appointment may be determined by either party (i.e. either by the Company or the Executive Director), giving to the other one month notice in writing.

6. Powers:

The Executive Director (herein called Director) shall carry out such functions, exercise such powers and perform such duties as the Board of Director of the Company (hereinafter called "The Board") shall from time to time determine and entrust to him. Subject to the superintendence, control and direction of the Board, and /or the Managing Director of the Company, the Executive Director shall have the general control and be responsible for the manufacturing facilities of the Company with powers to enter into contracts on behalf of the Company in the ordinary course of business and to do and perform all other acts and things which in the ordinary course of such business he may consider necessary or proper in the best interests of the Company.

During his employment, the Executive Director shall devote his whole time and attention to the business of the Company and shall use his best endeavours to promote the Company's interest and welfare.

7. Reporting to :

The Executive Director shall report to the Managing Director as may be appointed, if any, and / or to the Board and shall be responsible for all his actions to the Board.

The payment of revised remuneration shall be subject to approval of Members at the ensuing Extra-ordinary General Meeting.

In the event of loss or inadequacy of profits in any Financial Year during the period of Mr. T.C. Goel's appointment, he will be paid or provided the salary, the allowances, and the perquisites as set out in the foregoing part of this resolution as the 'minimum remuneration' notwithstanding the fact that such remuneration is in excess of the limits set out in section 198 and 309 of the Companies Act, 1956 or in Sec. II of part II of Schedule XIII to the Companies Act, 1956, and subject to approval from Central Government, as may be applicable.

The Directors also confirms that the company has not defaulted in repayment of any of its debts (including public deposits) or debenture or interest payable thereon for a continues period of thirty days in the preceding financial years.



Since the enhanced remuneration has been approved by the remuneration committee after reviewing the performance of Mr.T.C. Goel, Executive Director, the Board has convened the Extra-ordinary General Meeting of the members of the Company to be held immediately upon conclusion of the Annual General Meeting or at 12.30 p.m. on the same day viz., 23rd September, 2002, whichever is later.

None of the Directors of the Company is interested in the said resolution except Mr.T.C. Goel.

This alongwith relevant resolution may also be treated as an abstract pursuant to Sec 302 of the Companies Act, 1956.

By order of the Board

P.M. Nene
Director

Registered office:
"Chache Towers", 1 Floor,
No.50, Residency Road,
Bangalore – 560 025

Dated 20th August, 2002

GENERAL INFORMATION

- 1) **Nature of Industry** : To manufacture, vulcanise, retread, re-pair, develop, improve, sell, export, import or otherwise deal in all tyres and tubes of every description for all types of vehicles
- 2) **Date of commencement of commercial production** : 15/01/1974
- 3) **Financial performance based on given indicators** :

(Rs. in lakhs)

Particulars	Actual 2001-02	Projection 2002-03
Turnover	14480.15	19500.00
Net profit as per section 198 (before managerial salary)	595.10	1020.00
Net profit as per P & L Account	567.31	975.00
Amount of Dividend	90.00	NA
Rate of Dividend	15%	NA

4) **Information about Mr.T.C. Goel, Executive Director** :

Mr. T.C. Goel is a B.Tech (Bachelor in Technology) in Electrical Engineering from IIT, New Delhi with 32 years of experience in various companies in India and abroad.

Now he is also a Director in the Boards of M/s. Hindustan Dorr-Oliver Ltd., Dunlop India Limited and India Tyre & Rubber Company (India) Limited. His knowledge and experience in manufacturing and marketing operations would be of immense help in the revival of the company. He is co-ordinating with OEM's and tyre / tube manufacturers to introduce new ranges of tyres and to take the business of the company to great heights.

**FALCON TYRES LIMITED**

Regd. Office: "Chache" Towers,
50, Residency Road,
Bangalore - 560 025.

ATTENDANCE SLIP

D.P.I.D

Client ID

No. of Shares

Folio No.

To be handed over at the entrance of meeting hall
Name and Address

**26th ANNUAL
GENERAL MEETING
On Monday, 23.09.2002**

I certify that I am a Registered Shareholder of the Company.

I hereby record my presence at the above Annual General Meeting of the Company.

A Member/Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy

**FALCON TYRES LIMITED**

Regd. Office: "Chache" Towers,
50, Residency Road,
Bangalore - 560 025.

PROXY FORM

D.P.I.D

Client ID

No. of Shares

Folio No.

I/We _____
of _____
being a member / members of **FALCON TYRES LIMITED** hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty Sixth Annual General Meeting
of the Members of Falcon Tyres Limited to be held on **Monday, the 23rd September, 2002 at 11.00 AM at HOTEL WOODLANDS
PVT. LTD., No.5, Raja Rammohan Roy Road, Bangalore - 560 025**

Signed _____

Affix
Revenue
Stamp of
Rs. 1.00

NOTE: Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. This form duly completed should be deposited at the Registered Office of the Company at Bangalore not later than 48 hours before the commencement of the meeting.



CHAIRPERSON'S ADDRESS



It is heartening to note that Falcon Tyres has bucked the industry trend once again.

The Indian tyre industry grew only two percent in the year 2001-02 in view of continuing economic recession. However, your company has registered a substantial 41 percent growth in turnover in the year under review over the previous financial year. Sales turnover of Rs. 145 crore represents the highest ever recorded by the company so far.

A consistently good performance points to the resilience and flexibility of your company to adapt to change effectively. Product quality and exceptional brand equity of your company immensely helped in withstanding the tough phase successfully.

In view of the changed circumstances, the management initiated several measures, which will stand the company in good stead in the years to come. Achieving economies of scale and effective cost management have been two such moves. Your company recorded about 40 percent increase in production in the year under review.

Aggressive marketing drive for increasing width and depth of distribution has seen Falcon's share in the value conscious replacement market moving up to an enviable 15 percent.

The current financial year has begun on a positive note. There are signs of an economic recovery. A good monsoon could have surely given a fillip to the fundamental economic indicators. That, unfortunately, did not happen. However leading industry chambers and the government have not effected any change in growth projections. So is your company, which has projected a growth rate of 30% turnover for the Financial Year 2002-03.

The motorcycle segment wherein Falcon is the leading supplier, is growing fast and this augurs well for your company. During April and May this year the motorcycle segment grew by more than 50 percent. Accordingly, the management has lined up ambitious plans for expansion of motorcycle tyre capacity in the current financial year.

As you are aware, Falcon is the market leader in the original equipment segment for two and three wheeler sector of the auto industry. During the current fiscal, we are aggressively targeting new markets for exports of our products. We are leveraging our international presence, experience and infrastructure in achieving a substantial chunk of the export market.

Our late chairman, Mr. M.R. Chhabria's vision and commitment helped Falcon Tyres make one of the most remarkable turnarounds in Indian corporate history in mid-90s. Ever since, the company has continued to grow bigger in size and profitability. The management is dedicated to the vision, values and goals of Mr. M.R. Chhabria for building Falcon Tyres into an ever-contemporary and globally competitive institution.

To achieve the vision of our beloved late Chairman, we shall continue to focus our attention on business process, product quality, relationship with customers and suppliers.

I take this opportunity to thank all the stakeholders for the continued support to the management. Also I would like to place on record my sincere appreciation to FTL management team and all the employees for their unstinted effort in revitalising the performance of the company and I am absolutely confident that with their continued support and enthusiasm, the company would continue to excel in the coming years.

With warm regards,

Vidya Manohar Chhabria