

FINANCIAL ACCOUNTS 2009-10

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NOTICE

Notice is hereby given that the 34th Annual General Meeting of the Company will be held on Thursday, the 30th December, 2010 at 12.30 P.M. at Hotel Golden Landmark, 45/A, K.R.S. Road, Metagalli, Mysore 570 016 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 30th September, 2010 and the Profit and Loss Account for the period ended on the said date, along with the Report of Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint Director in the place of Mr. Ambuj Kumar Jain, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Director in the place of Mr. K.N. Prithviraj, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint M/S K.N.Gutgutia & Co. Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Ordinary Resolutions:
"RESOLVED THAT Mr. Vijay Vaid, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14th August 2010 and holds office upto the date of this Annual General Meeting, in terms of Section 260 of the Companies Act, 1956 and under Article 96 of Articles of Association of the Company and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation".

7. To consider and, if thought fit, to pass, with or without modification, the following resolutions as Special Resolution:

"RESOLVED THAT in partial modification to the Resolution passed by the Members in the Extra Ordinary General Meeting held on 10th September, 2009 approving the appointment and terms of remuneration of Mr. Sunil Bhansali as Executive Director, the Company hereby approves, in accordance with the provisions of Sections 198, 269, 309, 310 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the increase in the remuneration of Mr. Sunil Bhansali for the remaining period of his tenure of office, w.e.f. 1st April, 2010, as set out in the explanatory statement annexed to the notice conveying this Meeting. RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Sunil Bhansali as approved earlier by the Members, shall remain unchanged.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution".

By the order of the Board

Kolkata

12th November, 2010

M.C.Bhansali

Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY FILLED AND SIGNED MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

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2. The relative explanatory statement pursuant to section 173(2) of the Companies Act 1956, in respect of the business under item No.6 and 7 as setout above are annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 25th December, 2010 to 30th December, 2010 (both days inclusive).
4. Members/ Proxie's are requested to bring their copies of the attendance slip duly filled in along with Annual Report and the Admission slip to the meeting. Annual Reports will not be distributed at the meeting.
5. Members are requested to furnish bank details, change of address, if any to the Company's Registrars and share transfer Agent Integrated Enterprise Limited(formerly known as Alpha Systems Pvt. Ltd.,) Bengaluru, so as to reach them latest by 27th December, 2010 in order to take note of the same. In respect of members holding shares in electronic mode, the details as would be furnished by the depositories as at the close of the

aforesaid date will be considered by the Company/ Company's Registrars and Share Transfer Agents.

6. All documents referred to in the notice and accompanying the Explanatory statement are open for inspection at the Registered office of the Company on all working days, except Saturdays, between 11.00 A.M and 1.00 P M, upto the date of the Annual General Meeting.
7. Pursuant to Section 205A(5) of the Companies Act, 1956, the unpaid/unclaimed dividends for the year 2002-03 was transferred to the Investor Education and Protection Fund.

Shareholders who have not yet encashed their dividend warrants for the year 2003-04 to 2008-09 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.

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ANNEXURE TO THE NOTICE

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

ITEM NO.6

The Board of Directors have appointed Mr. Vijay Vaid, as Additional Director on 14.08.2010. As per Section 260 of the Companies Act, 1956, the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company had received a notice in writing from a member proposing the candidature of Mr. Vijay Vaid, for the office of Director under the provisions of Sec.257 of the Companies Act, 1956. Mr. Vijay Vaid is a B.Com graduate from Sydnahem college, Mumbai having 35 years of experience of running a medium scale Rubber Auto Components manufacturing company. He was an independent Director in Indusind Bank Ltd. for 8 years.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors, except Mr. Vijay Vaid, is interested in the above said resolution.

ITEM No. 7

The Members of the Company at the Extra Ordinary General Meeting held on 10th September, 2009 approved the appointment of Mr. Sunil Bhansali as Executive Director, for the period of three years w.e.f. 30th September, 2008.

The compensation packages of the staff and executives of the Company have been increased w.e.f. 1st April 2010. This was done taking into consideration the prevailing trends in the industries in terms of compensation packages. It is proposed to revise the salary of Mr. Sunil

Bhansali by increasing in remuneration by present amount of Rs 30 Lacs to Rs 34 Lacs per annum w.e.f. 1st April 2010, which was approved by the Board of Directors at their Meeting held on 12th November, 2010. However, all other terms and condition of the appointment will remain unchanged. The increased remuneration will be subject to the overall limits as provided under section 198, 269, 309, 310 read together with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956.

The Directors of the Company on recommendation made by the Remuneration Committee have approved the proposal of increase in his remuneration, subject to the approval of the members. Your Directors recommend the resolution for approval by the members of the Company. The above variation in the terms of remuneration of Mr. Sunil Bhansali as mentioned in Item No. 7 of the Notice will be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors of the Company except Mr. Sunil Bhansali, is in any way concerned or interested in this resolution.

The Members are requested to consider and approve the above proposal for increase in the salary of Mr. Sunil Bhansali.

By the order of the Board

Kolkata
12th November, 2010

M.C.Bhansali
Company Secretary

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the 34th Annual Report and Audited Accounts of the Company for the year ended 30th September, 2010.

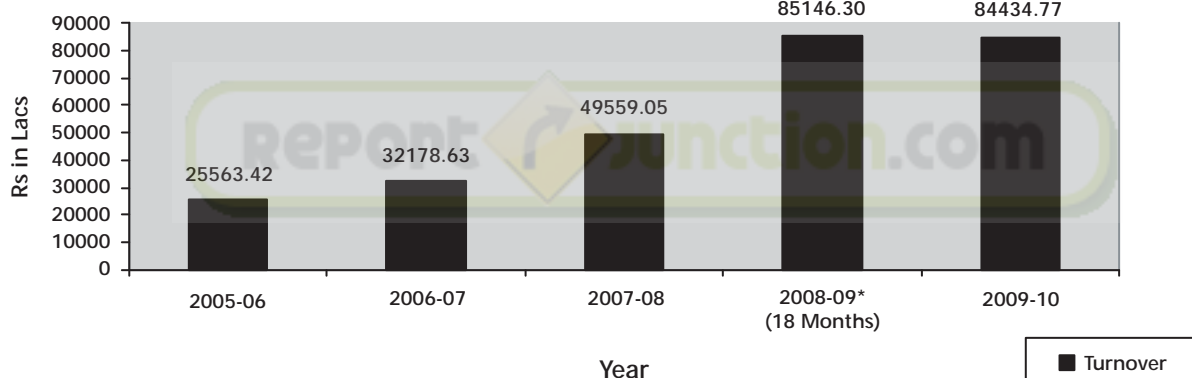
Your Company has achieved the highest ever Turnover of Rs. 844.35 Crores with highest ever Profit before Tax at Rs. 65.79 Crores and Profit after Tax at Rs. 51.64 Crores.

The Year under review was best ever year in the history of the Company. The Company has significantly improved in all

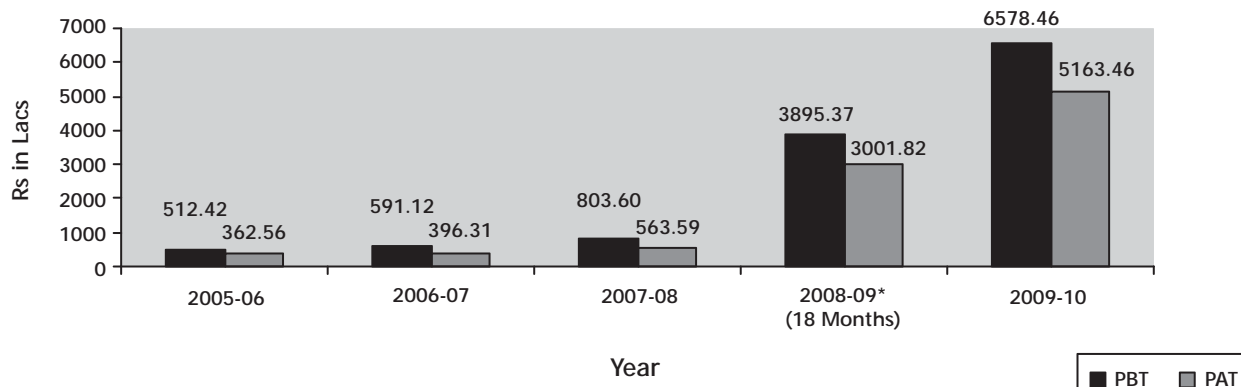
parameters like production, sales and profitability. This was possible due to better operating efficiencies, higher productivity, all round cost reduction measures and richer product mix.

Your Company has achieved significant improvement in the period under review on account of better operating efficiencies, higher productivity, all round cost reduction measures and richer product mix.

Turnover



PBT and PAT Trend





FINANCIAL RESULT - STANDALONE

(Rs. in Lacs)

Sl No.	Particulars	2009-10 (12 Months)	2008-09 (18 Months)
i)	Gross Turnover	84434.77	85146.30
ii)	Net Turnover	78810.41	78386.17
iii)	Other Income	566.33	341.49
iv)	Total Revenue	79376.74	78727.66
v)	Profit before Interest, Depreciation & Taxation (EBIDTA)	9008.23	6744.39
vi)	Interest	1652.11	2004.57
vii)	Depreciation	777.66	844.45
viii)	Profit before Taxation & Exceptional Item	6578.46	3895.37
ix)	Exceptional Items	--	--
x)	Profit before Taxation (PBT)	6578.46	3895.37
xi)	Tax including Deferred Tax and Fringe Benefit Tax	1415.00	896.13
xii)	Excess Provision of Earlier Year Written Back (Net) – Income Tax + FBT	--	-2.58
xiii)	Profit after Taxation (PAT)	5163.46	3001.82
xiv)	Profit brought forward from previous year	205.90	169.33
xv)	Amount available for Appropriation	5369.36	3171.15
xvi)	Appropriations		
	Transfer to General Reserve	3500.00	2500.00
	Interim Dividend	--	142.02
	Proposed Final Dividend	852.14	255.64
	Corporate Dividend Tax	144.82	67.59
	Total		
xvii)	Balance carried to Balance Sheet	872.40	205.90

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

Description	UOM	2009-10 (12 Months)	2008-09 (18 Months)
EBITDA/ Gross Turnover	%	10.7	7.90
Profit Before Tax / Gross Turnover	%	7.8	4.6
Profit After Tax / Gross Turnover	%	6.1	3.5
Return On Capital Employed	%	15.7	8.5
Earnings Per Share at a Face Value of Rs. 5/- Per Share	Rs.	15.15	8.81

STANDALONE PERFORMANCE

Your Company's turnover for the year under review at Rs. 844.35 Crores represents an annualized increase of 49% over the previous period (18 months) turnover at Rs. 851.46 Crores. Profit before Interest, Depreciation and Taxes at Rs. 90.08 Crores represented an annualized increase of 100% over the previous period (18 Months) figure of Rs. 67.44 Crores. The Profit before Tax at Rs. 65.78 Crores represented an annualized increase of 153% over the previous period (18 Months) figure of Rs. 38.95 Crores. Profit after Tax at Rs. 51.64 Crores represented an annualized increase of 158% over the previous period (18 months) figure of Rs. 30.02 Crores.

Production of Tyres and Tubes, during the year under review stood at 37660 M.T. with an annualized increase of 28% over pervious period. The Company has partnered with Original Equipment Manufacturers and has kept pace by developing Tyres for newer models in a short span of time.

Your Company has made its presence felt in a big way in OE, Replacement and Export Segments in the Current year. Concerted efforts towards an ambitious plan bore fruitful results in these segments.

CO-GEN PLANT / EXPANSION

Your Directors are happy to inform you that the benefit of Co-Gen Power Plant has started flowing to the Company. The

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power produced by Co-Gen has not only helped in improving the productivity but also it's by-product Steam was available free of cost to the plant. The uninterrupted power supply through Co-Gen plant has helped in reducing the scrap and improving the quality of the product.

Your Company has already started work on 5 Lacs Tyres expansion plant at Mysore. Your Company is further planning to put additional 5 Lacs Tyres expansion at Haridwar & actively considering foraying into 4-wheeler segment

CUSTOMERS FIRST

Your Company is having a policy of "Customers First" and due to this we have been able to continue to be associated with major Automobile Companies (OE's) and enjoying the privileged position with all the OE's. The most conservative OE's also recognize our Services and Quality and we are becoming, a significant suppliers for them.

SUBSIDIARY

During the year under review, Monotona Tyres Limited (MTL) become subsidiary of the Company. w.e.f. 21st of May' 2010 where your Company holds 54 Lacs shares out of 72 Lacs shares i.e. 75% of the paid up and subscribed capital of the Company. The synergy between the two Companies having similar kind of products will bore fruitful results in the year to come.

Pursuant to Accounting Standard (AS – 21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company in this Annual Report include financial information of its subsidiary.

APPROPRIATIONS

DIVIDEND

Your Directors recommend a Dividend of Rs. 2.50 per equity share (i.e. 50%) for the financial year ended 30th September, 2010. The proposed dividend together with Corporate Dividend Tax will absorb Rs. 9.97 Crores. The dividend if approved, shall be payable to shareholders registered in the books of the Company and to the beneficial owners furnished by the depositories as determined with reference to the book closure from 25th December, 2010 to 30th December, 2010 (both days inclusive).

The total outflow on account of Equity Dividend together with Corporate Dividend Tax will be Rs. 9.97 Crores, vis a vis Rs. 4.65 Crores paid for fiscal 2008-09 (18 Months).

TRANSFER TO GENERAL RESERVE

The Board has recommended a transfer of Rs. 35 Crores to the General Reserve.

QUALITY MANAGEMENT SYSTEM

Your Company has been conforming with certifications by M/s TUV, SUDD, South Asia Pvt. Ltd., with respect to ISO 9001:2008 & ISO / TS16949: 2009 for Quality Management System were re-certified in Feb 2010 and ISO 14001:2004 & OHSAS 18001:2007 for Environment, Occupational Health & Safety Assessment Series Management Systems, which already certified. Up-gradation of ISO 9001:2000 was upgraded to ISO 9001:2008 and ISO/TS16949:2002 to ISO/TS16949:2009 during the year.

DIRECTORS

In accordance with the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Ambuj K Jain & Mr. K.N. Prithiviraj, Directors of the Company will retire by rotation at this meeting and being eligible offers themselves for re-appointment.

During the year under review Mr. Vijay Vaid was appointed w.e.f. 14th August, 2010

Your Board recommends the above re-appointment / appointment.

AUDITORS

M/s. K.N. Gutgutia & Co., Chartered Accountants auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to act as auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act. The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

COST AUDIT

The Board of Directors have appointed Mr. T.L.Sangameswaran, Cost Accountant, Mysore to carry out Audit of the Cost Accounts of the Company relating to the manufacture of Tyres & Tubes for the period ended 30th September 2010 in compliance with the Central Government Order in this regard.

FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any deposits from the public.

PARTICULARS OF EMPLOYMENT

As required under the provisions of Sec. 217(2A) of the Companies Act, 1956, read with the Rules framed thereunder, a statement of particulars of the employees has been annexed to this report and included as Annexure-I.



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

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

INDUSTRIAL RELATIONS

During the year your Company has finalized 3.3 years long term wage agreement with union. 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 endeavor is made to create safety awareness among the employees. As part of this forums like Works Committee, Plant Safety Committee are functioning for taking up necessary preventive/ corrective actions wherever required and to create awareness among the employees on Safety and Health. Your Company has also appointed a team headed by AGM Safety for the purpose. Safety Day has been observed in the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is pro-active to it's Corporate Social Responsibility. The following are few of the activities organized by your Company during the period under review:

- i) Ganesh Festival: The Company has joined hand with the employees to celebrate the Ganesh Festival, which is one of the biggest festival in Karnataka and observed ritual and festivity with equal fervor.
- ii) May Day Celebration: 1st May of the year is being observed as workers day in the whole world. Your Company also joins hands with Employees and their family in observing the day where Company sponsored various sports and cultural activities are performed. Winner of the sports event are rewarded with the prizes and sweets were distributed.
- iii) Green Revolution: The Company has developed a green belt in and around the Company premises for better environment. During the year the Company has planted more than 3000 plants.
- iv) Training to School/ College Students: Your Company is regularly providing training to engineering students and management trainees of various institutes and colleges.

In addition to this your Company had sponsored the Factory visit of College students.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sec. 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 30th September, 2010 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 at the end of the financial period and of the profit or loss of the Company for the year under review;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial period ended 30th September, 2010 on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to the provisions contained in the Listing agreement, a Management Discussion and Analysis Report, a report on Corporate Governance together with the Auditor's Certificate on the compliance of conditions of Corporate Governance is furnished as Annexure forming part of this Directors' Report.

APPRECIATION & ACKNOWLEDGMENT

Your Directors acknowledge the continued support and co-operation from the Financial Institutions, Banks, Customers, Vendors, Dealers and Government Authorities during the year under review. Further your Directors thank the Shareholders for their continued confidence in the Company. The Board also places on record its appreciation for the devoted and dedicated contribution made by the employees at all levels in achieving these results.

On behalf of the Board of Directors

Place: Kolkata	Sunil Bhansali	S. Ravi
Date: 12th November, 2010	Executive Director	Director

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ANNEXURE - I

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors Report for the period ended September 30, 2010

Sl.No	Name of the Employee	Designation	Remuneration (Rs.)	Qualification & Experience	Date of Commencement of Employment	Age	Last Employment held
1	Mr. Pawan Kumar Ruia	Executive Chairman	4,07,80,000	B.Com(Hons), AICWA, FCA, LL.B, AASM, MIIA (USA) 25 Years	01.04.2007	51	

ANNEXURE - II

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

A. CONSERVATION OF ENERGY

a) Energy conservation / Modification measures taken

- 1) Up-gradation of Devon Bead Winding machine for higher productivity
- 2) Additional capacitor banks incorporated to improve the power factor
- 3) Water & Energy Management

b) Impact of measures taken

- 1) Reduction in scrap
- 2) Consistency in quality of products

c) Additional investments / modifications proposed

- 1) Rain Water Harvesting
- 2) Generation of Bio Gas by using waste

d) Impact of proposed measures

- 1) Savings in Power, water and fuel Cost
- 2) Increase in productivity with quality

FORM-A

Disclosure of Particulars with respect to Conservation of Energy:

POWER AND FUEL CONSUMPTION

Description	2009-2010 (12 Months)	2008-2009 (18 Months)
1. Electricity		
a. Purchased:		
- Total Units	2371880	16066000
- Total Amount (Rs.in lakhs)	178.65	794.12
- Rate per unit (Rs.)	7.53	4.94
b. Own Generation:		
- Units Generated	15420366	7004017
- Total Biomass, Coal/Diesel Cost (Rs.Lacs)	667.75	403.27
- Cost per unit (Rs.)	4.33	5.76
2. Fuel :		
a) Furnace oil :		
- Quantity (K.L.)	----	111.00
- Total Cost (Rs. Lacs)	----	29.85
- Rate per Ltr. (Rs.)	----	26.94
b) Biomass, Coal & Others -Quantity (M.T.)	19931	20338
- Total Cost (Rs. lacs)	807.18	820.44
- Rate per Kg. (Rs.)	4.05	4.03
Total Fuel Details:-		
c) Total Fuel Cost (Rs.in lakhs)	807.18	850.29
d) Fuel Cost/Kg. on Production (Rs.)	2.20	2.09
3. Consumption per Kg.of -		
- Production of Tyre & Tube:-		
- Electricity (Units/Kg.)	0.486	0.566
- Biomass, Coal & Other Fuels (Kgs../Kg.)	0.544	0.502

FORM-B

A. TECHNOLOGY ABSORPTION:

1. Research & Development:

- Developed tubeless tyres for Scooters / Motor Cycles
- Developed low rolling resistance tread compound with Silica base.
- Added new patterns and designs for increased market requirements
- Introduction of new products and sizes to improve the product mix
- Developed low profile Scooter tyres exclusively for OE segment.
- Development of FEM Analysis model for predicting the actual Tyre Dimensions.

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

- Optimization of the installed capacity of tyres and tubes resulted in increased productivity and

savings on energy front.

- Consistency in quality of the finished goods

3. Future Plan of action:

- To develop wide range of tyres and tubes in two, three, four wheeler and industrial segments for export market.
- To develop hi-tech low cost tyres in scooter & motor cycle segments
- High Powered Motorcycles are developed by OEMs, for which, 60 aspect ratio Motorcycle tyres are being developed.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, adoption and innovation:
 - New Products and new patterns developed and are approved by OEMs
 - During the period under review, the TAA (Technical