LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an equity shareholder of Falcon Tyres Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the offer/ Registrar to the Offer. In case you have recently sold your equity shares in Falcon Tyres Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum- Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the share or the member of the Stock Exchange through whom the said sale was affected.

CASH OFFER

By

WEALTH SEA PTE LTD [WSPL]

(A c q u i r e r)

10 Anson Road

43-03 International Plaza, Singapore 079903, Phone - +65 62204622; Fax: + 65 62206659

and

Manali Properties & Finance Pvt. Ltd. [MPFPL]

(Person Acting in Concert)

46, Syed Amir Ali Avenue, Kolkata – 700 017, Ph: 91-33-2289 4747, Fax: 91-33-2289 3463

and

Suryamani Financing Company Limited [SFCL]

(Person Acting in Concert)

46, Syed Amir Ali Avenue, Kolkata – 700 017, Ph: 91-33-2289 4747 Fax: 91-33-2289 3463

to acquire up to 1136184 fully paid-up Equity Shares
representing up to 20% of the issued Equity Share Capital of

FALCON TYRES LIMITED ("Falcon" or "Target Company")

K.R.S. Road, Metagalli, Mysore – 570 016 (Karnataka)

Ph : +91-821-2582055 2582453, Fax : + 91-821-2582219/3215

at Rs. 151.71 (Rupees One Hundred Fifty one and paisa seventy one only) per Equity Share (the "Offer Price"). However, for eligible affected shareholders (as defined herein after), whose equity shares are tendered and accepted under the Offer, the Offer Price would be Rs. 189.22 per Equity Share (comprising of the Offer Price of Rs. 151.71 per Equity Share and Interest of Rs. 37.51 per Equity Share). The interest payable to the Eligible Affected Shareholders has been calculated at the rate of 10% per annum from June 2, 2006 till Thursday, June 25, 2009, i.e. the scheduled date of payment of consideration and is payable in cash and adjusted with dividend paid by the Target Company from June 2006 till date of dispatch of consideration issued in respect of the offer (the interest amount is subject to change depending upon the actual date of payment) Such interest is payable only to eligible affected shareholders, i.e., those persons who were shareholders of the Target Company as on June 2, 2006 and continue to be shareholders of the Target Company till the date of the closing of the Offer, and whose Equity Shares are tendered and accepted under the Offer.

The Offer is being made pursuant to Securities and Exchange Board of India (SEBI) order dated November 1, 2006 and in compliance with regulation 10 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SEBI (SAST) Regulations" and subsequent amendments thereof).

The Offer is not conditional on any minimum level of acceptance by the shareholders.

This is not a competitive bid and there has been no competitive bid as of the date of this Letter of Offer.

As on the date of this Letter of Offer, as per Acquirer / PACs, no statutory or regulatory approval is required by them to proceed with this Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirer will not proceed with the Offer.

Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer, in terms of Regulations 22 (5A) of the SEBI (SAST) Regulations. (i.e. Friday, June 05, 2009).

If there is a competitive bid(s) :

- **The public offers under all the subsisting bids shall close on the same date**
- **As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

A copy of the Public Announcement and the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is also available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
MICROSEC CAPITAL LIMITED Azimganj House, 2nd Floor 7, Camac Street, Kolkata - 700 017 Tel. : +91-33-2282 9330 (5 Lines) Fax : +91-33-2282 9335 Contact Person : Mr. Pankaj Harlalka E-mail : pharlalka@microsec.in Website : www.microsec.in	**ALPHA SYSTEMS PRIVATE LIMITED** 30, Ramana Residency, 4th Cross Sampige Road, Malleswaram Bangalore - 560 003 Ph - +91-80-23460815 Fax - +91-80-23460819 Contact Person: Mr. S Vijayagopal E- Mail: vijayagopal@123alpha.com
OFFER OPENS ON : FRIDAY, MAY 22, 2009	**OFFER CLOSES ON : WEDNESDAY, JUNE 10, 2009**

The schedule of activities is as per the following table :

	Day and Date	
Activity	**Original**	**Revised**
Public Announcement Date	Thursday, February 1, 2007	Thursday, February 1, 2007
Specified Date *	Friday, February 23, 2007	Friday, February 23, 2007
Last date for a competitive bid	Thursday, February 22, 2007	Thursday, February 22, 2007
Corrigendum to the Public Announcement		Wednesday, May 13, 2009
Date by which Letter of Offer will be dispatched to shareholders	Thursday, March 08, 2007	Saturday, May 16, 2009
Offer opening Date	Saturday, March 24, 2007	Friday, May 22, 2009
Last date for revising the Offer Price	Tuesday, April 03, 2007	Monday, June 01, 2009
Last date for withdrawing acceptance from the Offer	Monday, April 09, 2007	Friday, June 05, 2009
Offer closing Date	Thursday, April 12, 2007	Wednesday, June 10, 2009
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or share certificates for the rejected shares would be dispatched	Friday, April 27, 2007	Thursday, June 25, 2009

** Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent*

RISKS RELATED TO THE PROPOSED OFFER

Given below are the risks related to the transactions, the proposed Offer and becoming associated with the Acquirer and the PACs.

a) In the event that either (a) there is any litigation leading to a stay on the Offer, or (b) Regulatory approval if any are not received in time or (c) SEBI instructs the Acquirer and PACs not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of Falcon Tyres Limited whose shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer and PAC/s may be delayed.

b) If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer and PACs shall accept the valid applications received on a proportionate basis in accordance with regulation 21(6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

c) The Acquirer and PACs make no assurance with respect to the financial performance of the Target Company or with respect to its investment/divestment relating to its proposed shareholding in the Target Company.

d) The Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. The Acquirer and PACs make no assurance with respect to the market price of the shares both during the Offer period and upon completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

The risk factors set forth above pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risk involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

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DEFINITIONS

Acquirer	Wealth Sea Pte. Ltd.
Persons Acting in Concert/PACs	Manali Properties & Finance Pvt. Ltd. and Suryamani Financing Company Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
ECS	Electronic Clearing System
Eligible Shareholders	All shareholders / beneficial owners (registered or otherwise) of the shares of the Target Company except the Acquirer, parties to the SPA, and any persons acting in concert.
Eligible Affected Shareholders	Those persons who were shareholders of the Target Company as on June 2, 2006 and continue to be shareholders of the Target Company till the date of the closing of the Offer, and whose Equity Shares are tendered and accepted under the Offer
EGM	Extraordinary General Meeting
Form of Acceptance/FOA	Form of Acceptance cum Acknowledgement
FOW	Form of Withdrawal
IFSC	Indian Financial System Code
Letter of Offer	Offer Document
MICR	Magnetic Ink Character Recognition
Microsec/MCL/Manager to the offer /MB/Merchant Banker	Microsec Capital Limited
MPFPL	Manali Properties & Finance Pvt. Ltd.
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
Offer	Cash offer being made by the Acquirer to the shareholders of Falcon Tyres Limited
Offer Price	Rs 151.71
Public Announcement/PA	Public Announcement of the Offer made by the Acquirer on February 01, 2007
Falcon/Company	Falcon Tyres Limited
Registrar/ Registrar to the Offer	Alpha Systems Pvt Ltd
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof
RTGS	Real Time Gross Settlement
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act 1992
SEBI Takeover Code	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
SFCL	Suryamani Financing Company Limited
Share(s)	Fully Paid up equity shares of face value of Rs 10/- each of Falcon Tyres Limited
Specified Date	Friday, February 23, 2007 (Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer would be sent).
Target Company	Falcon Tyres Limited

1 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF FALCON TYRES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY

DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, MICROSEC CAPITAL LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 14th February 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

The Acquirer, the Persons Acting in Concert and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the Public Announcement or in any advertisement or other announcement issued by, or at the instance of the Acquirer and PACs and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so entirely at his/her/their own risk.

2 DETAILS OF THE OFFER

2.1 Background to the Offer

On November 28, 2005, Wealth Sea Pte. Ltd. (WSPL), a company registered in Singapore acquired the entire share capital of DIL Rim & Wheel Corporation Limited, (DRW), a company registered in Mauritius from Jumbo World Holdings Ltd. (Jumbo), a company incorporated in British Virgin Islands which then owned the entire share capital of DRW. As of November 28, 2005, DRW held 68.98% of the equity shares of Falcon Tyres Limited ('Falcon"), a company incorporated in India and having its equity shares listed on various stock exchanges in India.

The Securities and Exchange Board of India ('SEBI'), vide its order dated 1.11.2006, directed WSPL as follows:

- To make a Public Announcement for acquisition of equity shares as required under the Regulations to the shareholders of Falcon.
- To calculate the price payable to the shareholders considering either 28th November, 2005 or three months from the date of consummation of the acquisition of DRW by WSPL, whichever was higher, as the reference date.
- To pay interest @10% per annum on the offer price from 02/06/06 (being the last date by which payment would have been due on the basis of 28/11/2005 as the reference date) till the actual date of payment of consideration to the shareholders whose interest has been adversely affected and who tender shares in the Open Offer which are accepted pursuant to the Offer.

This offer is made on behalf of WSPL, MPFPL and SFCL, all of which are a part of the Ruia Group. WSPL presently holds through DRW 39,18,850 Equity Shares or 68.98% of the paid-up Equity capital of Falcon. MPFPL holds 331,614 Equity Shares or 5.84% of the paid-up Equity capital of Falcon.

The draft letter of offer was filed with SEBI on 14.02.2007 and owing to complaint received regarding the negotiated price/ offer price, SEBI had appointed an Independent Chartered Accountant Bansi S. Mehta & Co ("Valuer") to value the shares of the Target Company in terms of regulation 20(5). The Valuer had submitted a report dated March 28, 2008 providing the offer price of Rs. 151.71 per equity share.

As on the date of this Letter of Offer, no statutory or regulatory approval is required to proceed with this Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirer and the PACs will not proceed with the Offer

For the entire copy of the SEBI order please visit http://www.sebi.gov.in/cmorder/wealth.html

2.2 Details of the proposed offer

a) The Public Announcement and one corrigendum to the public announcement providing an update regarding the Offer status were made in all editions of the following newspapers on Thursday, February 1, 2007 and on Wednesday, May 13, 2009 respectively in accordance with Regulation 15(1) of the SEBI (SAST) Regulations.

Newspaper	Language	Editions
Financial Express	English	Kolkata, Mumbai, Chennai, Bangalore, Ahmedabad, Pune, New Delhi, Hyderabad,Chandigarh, Kochi
Jansatta	Hindi	Kolkata,New Delhi
The Times of India	Kannad	Bangalore
The Dainik Statesman	Bengali	Kolkata

b) A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in

c) In deference to the SEBI order dated 1st November 2006, the Acquirer is making an Offer to the eligible shareholders of Falcon Tyres Limited as required under Chapter III of the Regulations in terms of regulation 10 taking 28/11/2005 as the reference date to acquire up to 11,36,184 Equity Shares of Falcon, at an Offer Price of Rs. 151.71 per fully paid-up Equity Share payable in cash.

The interest payable to the Eligible Affected Shareholders has been calculated at the rate of 10% per annum from June 2, 2006 till Thursday, June 25, 2009, i.e. the scheduled date of payment of consideration and adjusted with dividend paid by the Target Company from June 2006 till date of dispatch of consideration issued in respect of the offer (the interest amount is subject to change depending upon the actual date of payment).

The interest payable to the Eligible Affected Shareholders has been computed as under:

Particulars	Amount (Rs.)	Amount (Rs.)
Total Interest payable		46.51
Less : Dividend for		
FY 2005-2006	(2.50)	
FY 2006-2007	(3.00)	
FY 2007-2008	(3.50)	(9.00)
Net interest payable per share to Eligible Affected Shareholders		37.51

As a result, for eligible affected shareholders, whose equity shares are tendered and accepted under the Offer, the Offer Price would be Rs. 189.22 per Equity Share (comprising of the Offer Price of Rs. 151.71 per equity share and interest of Rs. 37.51 per equity share).

d) The acquisition of entire share capital of DIL Rim & Wheel Corporation Limited (DRW) by Wealth Sea Pte. Ltd. (WSPL) had resulted in change of control of the Target Company as DRW held 68.98% of the equity shares of Falcon Tyres Limited. However, at the EGM of the Target Company held on January 30, 2006, the shareholders had passed a special resolution authorizing the change in control. This special resolution has exempted the Acquirer and the PACs from making a public announcement in terms of regulation 12 of the SAST Regulations. However, the Acquirer and PACs had to make a public announcement and this offer in compliance with regulation 10 of the SAST Regulations.

e) The Acquirer Wealth Sea Pte. Ltd has entered into an agreement dated January 29, 2007 with Manali Properties & Finance Pvt. Ltd, one of the PACs to acquire the shares pursuant to the open offer and fulfill all the obligations and responsibilities of the Acquirer in compliance with the SAST Regulations. A few important points of the said agreement are as under :

   i. Pursuant to the open offer, MPFPL shall acquire 11,36,184 shares of Falcon Tyres Limited at the offer price

   ii. MPFPL shall appoint a merchant banker who will be responsible for managing the Offer including drafting of the letter of Offer, filing the letter of Offer with SEBI and get the final observation letter from SEBI.

   iii. MPFPL will also appoint a Registrar to the offer to accept the shares in the offer, prepare a reconciliation for the same, in case shares received in the offer exceed the number of shares to be acquired then to accept shares on proportionate basis etc.

   iv. MPFPL shall arrange for the funds required for the offer and shall open an Escrow account with scheduled bank in the form of a bank guarantee in favour of Manager to the Offer for an amount which will be in excess of 25% of the total consideration payable.

   v. MPFPL shall make a cash deposit of such amount which will be in excess of 1% of the maximum consideration payable under this offer, in a bank escrow account.

   vi. All equity shares tendered and accepted under the Offer will be acquired by MPFPL subject to the maximum limit as set out in point no. i above as per the terms and conditions set out in the 'Letter of Offer'.

f) The Offer is for the fully paid up Equity Shares of Falcon and there are no partly paid up Equity Shares.

g) This is not a competitive bid and there have been no competitive bids from the date of the Public Announcement to the date of this Letter of Offer.

h) The Offer is not subject to any minimum level of acceptance and the Acquirer will accept all the Equity Shares tendered in valid form by the shareholders of the Target Company in terms of this Offer up to a maximum of 11,36,184 Equity Shares.

i) In case the shares tendered in the Offer by the shareholders of Falcon Tyres Limited are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21(6) of the Regulations on a proportionate basis, irrespective of whether the shares are held in physical or dematerialized form.

j) No further Equity Shares have been acquired by the Acquirer and their Directors from the date of the Public Announcement till the date of this Letter of Offer.

k) The individual letters of offer would be posted to each of the eligible shareholders by Saturday, May 16, 2009.

3 OBJECTS OF THE OFFER

a) The Offer to the shareholders of Falcon is made in compliance to SEBI's Order as required under Chapter III of the Regulations in terms of regulation 10 taking November 28, 2005 as reference date for indirect substantial acquisition of shares or voting rights.

b) The Acquirer and the PACs do not have any plans at present to make any major change to the existing lines of business of the Target Company or to dispose off or otherwise encumber any assets of FALCON for next 2 (two) years, except in the ordinary course of business of FALCON and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of FALCON. It will, in any case, be for the Board of Directors of the Target Company to take any appropriate decisions in these matters in accordance with the requirements of the business. Such decisions will be governed by the provisions of the Regulations or any other applicable Act or legislation at the relevant time, and will be subject to prior approval of shareholders of FALCON.

4 BACKGROUND OF THE ACQUIRER

4.1 Wealth Sea Pte Limited

a) Wealth Sea Pte Ltd was incorporated under the Companies Act, (CAP.50) of the Republic of Singapore in the name and style of "Wealth Sea Pte Ltd" as a private limited company on October 19, 2005.

b) The registered office of Wealth Sea Pte Limited is located at 10 Anson Road. #43-03 International Plaza, Singapore-079903.

c) Wealth Sea is engaged in the business of investment and trading.

d) Wealth Sea Pte Limited, Manali Properties & Finance Private Limited and Suryamani Financing Company Limited are part of the Ruia Group led by Mr. Pawan Kumar Ruia. The Ruia Group has made forays into diverse and distinct areas of operations including Heavy Engineering & Infrastructure, Tyres and Sugar and has a successful track record of transforming ailing industrial units through innovative management practices.

e) The Acquirer has never acquired any shares of a listed Indian company directly and as such, the Acquirer has never incurred any obligation under Chapter II of SEBI SAST Regulations.

f) The Directors of Wealth Sea Pte Ltd and their addresses are as listed below :

Name/Date of Appointment	Educational Qualification	Experience	Address
Amit Kumar Joshi May 01, 2008	B Com, ACA	10 Years experience in accounts, taxation and company affairs.	114, C.R. Avenue, kolkata – 700 073
Shekhar Daga August 6, 2008	B Com, ACA	Having illustrious banking career spanning 10 years with more focus on leveraged & acquisition finance, financial modeling and financial restructuring	1201 A Wing, Patliputra Society, Four Bungalows, Mumbai- 400 053
Nirmal Kumar Modi November 18, 2008	B.Com, FCA, FCS, CISA(USA), DISA	13 Years of experience in accounts, taxation and company affairs including working stint of 2 years in Europe	195, Rabindra Sarani, Burra Bazaar, Kolkata – 700 007
Somesh Ganeriwal November 18, 2008	B Com, ACA	20 Years experience in accounts, taxation and International Company Affairs.	4 Marine Vista #02-55 Neptune Court Singapore

g) Out of the above directors, none of the Directors are on the Board of the Target Company and therefore as required under regulation 22(9) of the Regulations, they are not required to recuse themselves from the Offer and they can participate in matters concerning or relating to the Offer including any preparatory steps leading to the open offer.

h) None of the above Directors have acquired any shares of the Target Company during the preceding 12 months.

i) Selected Financial Data from the financial statements of Wealth Sea Pte Ltd is provided below :

Profit and Loss Statement

For the year ended 31st March	2006		2007		2008	
	USD	Rs. (Lacs)	USD	Rs. (Lacs)	USD	Rs. (Lacs)
Interest Income	120,000.00	53.53	120,000.00	52.31	120,000.00	47.96
Negative Goodwill written back	498,014.00	222.16	-	-	-	
Increase/(Decrease) in Stock	-	-	-	-	-	
Total Income	**618,014.00**	**275.70**	**120,000.00**	**52.31**	**120,000.00**	**47.96**
Total Expenditure	**433,067.00**	**193.19**	**2,112,907.00**	**921.02**	**1,484,656.00**	**593.42**
Profit Before Interest, Depreciation and Tax	**184,947.00**	**82.50**	**(1,992,907.00)**	**(868.71)**	**(1,364,656.00)**	**(545.45)**
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Profit /(Loss) before Tax	**184,947.00**	**82.50**	**(1,992,907.00)**	**(868.71)**	**(1,364,656.00)**	**(545.45)**
Provision for Tax	-	-	-	-	-	-
Profit /(Loss) after tax	**184,947.00**	**82.50**	**(1,992,907.00)**	**(868.71)**	**(1,364,656.00)**	**(545.45)**

Balance Sheet Statement

Particulars as at 31st March	2006		2007		2008	
	USD	Rs. (Lacs)	USD	Rs. (Lacs)	USD	Rs. (Lacs)
Sources of funds						
Paid up share capital	185,380.00	82.70	185,380.00	80.81	185,380.00	74.10
Reserves & Surplus (excluding revaluation reserves)	184,947.00	82.50	(1,807,960.00)	(788.09)	(3,172,616.00)	(1,268.09)
Net Worth	**370,327.00**	**165.20**	**(1,622,580.00)**	**(707.28)**	**(2,987,236.00)**	**(1,194.00)**
Secured loans	36,219,916.00	16,157.70	39,921,591.00	17,401.82	44,475,000.00	17,776.66
Unsecured loans	-	-	-	-	-	-
Total	**36,590,243.00**	**16,322.91**	**38,299,011.00**	**16,694.54**	**41,487,764.00**	**16,582.66**
Uses of funds						
Net Fixed Assets	-	-	-	-		-
Investment in Subsidiaries	19,615,474.00	8,750.46	19,615,474.00	8,550.39	19,615,474.00	7,840.30
Net Current Assets	16,974,769.00	7,572.44	18,683,537.00	8,144.15	21,872,290.00	8,742.35
Deferred Revenue Expenditure	-	-	-	-	-	-
Total	**36,590,243.00**	**16,322.91**	**38,299,011.00**	**16,694.54**	**41,487,764.00**	16,582.66

Other Financial Data

Particulars as at 31st March	2006		2007		2008	
	USD	Rs.	USD	Rs.	USD	Rs.
Sources of funds						
Dividend (%)	-	-	-	-	-	-
Earnings per share	0.62	27.50	-	-	-	-
Return on Net Worth (%)	49.94%	49.94%	-	-	-	-
Book Value per Share	1.23	55.07	-	-	-	-

Source: Audited financial statements.

The equity share capital of the company comprises of 300,002 equity shares of 1 singapore dollar each.

Note :

Rate of Conversion of USD into INR :

Date	USD	INR
March 31, 2008	1	39.97
March 31, 2007	1	43.59
March 31, 2006	1	44.61

Source : Reserve Bank of India (www.rbi.org.in)

Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in US Dollars (USD or US$).

Adoption of new and revised standards

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after April 1, 2007. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior financial years.

Future changes in accounting policies

At the date of authorisation of these financial statements, the following FRSs and INT FRSs that are relevant to the Group and the Company were issued but not yet effective :

INT FRS 113 Customer Loyalty Programmes

FRS 1	Presentation of Financial Statements - Revised presentation
	Presentation of Financial Statements - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 23	Borrowing Costs
FRS 32	Financial Instruments: Presentation - Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 102	Share-based payment - Vesting conditions and cancellations
FRS 108	Operating Segments

The directors anticipate that the adoption of the above new FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year.

Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note :

• Note 3 - measurement of recoverable amounts of property, plant and equipment

(b) Going concern

The Company incurred a net loss of US$1,992,907 during the financial year ended 31 March 2007 and as of that date the Company's total liabilities exceeded its total assets by US$1,622,580.

The Group and the Company incurred a net loss of US$6,705,991 and US$1,364,656 respectively during the financial year ended 31 March 2008 and as of that date the Company's total liabilities exceeded its total assets by US$2,987,236.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(d) Subsidiary company

A subsidiary company is a company in which the Group, directly or indirectly, holds more that 50% of the issued share capital, or control more than half the voting power, or controls the composition of the board of directors.

An assessment of investment in subsidiary companies is performed when there is any indication that the asset has been impaired or the impairment losses recognised in the prior no longer exist.

(e) Associated company

An associated company is defined as a company, not being a subsidiary or a joint venture, in which the Company has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Company exercises significant influence.

Investments in associated companies in the Company's books are stated at cost and allowance is made for impairment in values.

The Company's share of the results of associated companies is included in the consolidated income statement using the equity method. The Company's share of the post-acquisition reserves of associated companies is included in the investments in the consolidated balance sheet.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised and expenditures for maintenance and repairs are charged to the income statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the income statement.

(g) Depreciation of property, plant and equipment

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows :

Computers	3 years
Furniture and fittings	3 years
Electrical installation	3 years
Office equipment	3 years
Plant and machinery	3 years
Motor vehicle	3 years
Low value assets	3 years
Leasehold buildings	30 years
Freehold buildings	30 years

No depreciation is provided for freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(h) Investments

Investment is stated at cost in the financial statements and provision is made for impairment in value that is other than temporary.

(i) Capital work-in -progress

Capital work in progress includes capital advances and expenses pending allocation till the installation of the respective assets.

(j) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cashgenerating unit may be impaired, by comparing the carrying amount of the cashgenerating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials - purchase cost on a weighted average basis; and

Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity and on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Related parties

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Group’s transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest free and repayable on demand unless otherwise stated.

(m) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets at fair value through profit or loss

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(n) Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment loss in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits less bank overdrafts.

(p) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cast.

(q) Bank borrowings

Borrowing cost incurred in relation to the acquisition, construction of qualifying assets are capitalised/allocated as the part of the cost of such assets up to 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.

(r) Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

(s) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(t) Retirement and other benefits to the employees

The total cost of the Group's contributions to Provident, Gratuity and Pension Funds are charged against revenue. Gratuity is provided for on the basis of actuarial valuation.

(u) Income taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;

In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(v) Currency translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

(w) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

5 BACKGROUND OF PERSONS ACTING IN CONCERT

5.1 MANALI PROPERTIES & FINANCE PRIVATE LIMITED (MPFPL)

a) MPFPL was incorporated under the Companies Act, 1956 as a private limited company on April 25, 1994 vide Certificate of Registration No. 63020 of 1994 issued by the Registrar of Companies, West Bengal.

b) MPFPL has its registered office at 46 Syed Amir Ali Avenue, Kolkata - 700 017 and is presently engaged in the business of investment in stocks.

c) MPFPL is a 100% subsidiary of Suryamani Financing Company Limited

d) Wealth Sea Pte Limited, Manali Properties & Finance Private Limited and Suryamani Financing Company Limited are part of the Ruia Group led by Mr. Pawan Kumar Ruia.

e) ***Salient Features of the agreement entered between the Acquirer and* MPFPL *with regard to the acquisition of shares***

   i) Pursuant to the open offer, MPFPL shall acquire 11,36,184 shares of Falcon Tyres Limited at the offer price

   ii) MPFPL shall appoint a merchant banker who will be responsible for managing the Offer including drafting of the letter of Offer, filing the letter of Offer with SEBI and get the final observation letter from SEBI.

   iii) MPFPL will also appoint a Registrar to the offer to accept the shares in the offer, prepare a reconciliation for the same, in case shares received in the offer exceed the number of shares to be acquired then to accept shares on proportionate basis etc.

   iv) MPFPL shall arrange for the funds required for the offer and shall open an Escrow account with scheduled bank in the form of a bank guarantee in favour of Manager to the Offer for an amount which will be in excess of 25% of the total consideration payable.

   v) MPFPL shall make a cash deposit of such amount which will be in excess of 1% of the maximum consideration payable under this offer, in a bank escrow account.

   vi) All equity shares tendered and accepted under the 'Letter of Offer' will be acquired by MPFPL subject to the maximum limit as set out in point no. i above as per the terms and conditions set out in the 'Letter of Offer'.

f) MPFPL has complied with the regulations under Chapter II of SEBI SAST Regulations.

g) The Directors of MPFPL and their addresses are as listed below :

Name/Date of Appointment	Educational Qualification	Experience	Address
Soumitra Ghose May 09, 2007	B.Com, FCA, FCS, LLB	20 years of experience in accounts, taxation and related financial matters.	210/A Prince Anwar Shah Road, Kolkata- 700 045
Ashok Kumar Agarwal May 09, 2007	B. Com (Hons), LLB, FCS	28 years of experience in secretarial, legal and admistrative matters	Flat No. D/4, 98 Rajdanga Gold Park (North), Kolkata- 700 107

h) Out of the above Directors, none of the Directors are on the Board of the Target Company and therefore as required under regulation 22(9) of the Regulations, they are not required to recuse themselves from the Offer and they can participate in matters concerning or relating to the Offer including any preparatory steps leading to the open offer.

i) None of the above Directors have acquired any shares of the Target Company during the preceding 12 months.

j) Selected financial data of MPFPL is provided below :

Profit and Loss Statement

Rs. in Lacs

For the year ended 31st March	**2006**	**2007**	**2008**
Income from Operations	-	153.99	890.58
Other Income	-	11.68	84.19
Increase/(Decrease) in Stock	-	-	-
Total Income	-	165.67	974.77
Total Expenditure	0.05	165.24	963.27
Profit before Interest, Depreciation and Tax	(0.05)	0.43	11.50
Depreciation	-	-	-
Interest	-	-	-
Profit before Tax	**(0.05)**	**0.43**	**11.50**
Provision for Tax	-	0.15	0.55
Profit after tax	**(0.05)**	**0.28**	**10.95**

Balance Sheet Statement

Rs. in Lacs

Particulars as at 31st March	**2006**	**2007**	**2008**
Sources of funds			
Paid up share capital	106.00	111.10	111.10
Reserves & Surplus (excluding revaluation reserves)	-	249.96	260.45
Revaluation Reserve	-	-	-
Less: Carried Forward Loss	0.68	0.46	-
Net Worth	**105.32**	**360.60**	**371.55**
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**105.32**	**360.60**	**371.55**
Uses of funds			
Net Fixed Assets	-	-	-
Investments	119.97	389.04	1,389.04
Net Current Assets	(14.65)	(28.44)	(1,017.49)
Total	**105.32**	**360.60**	**371.55**

Other Financial Data

Particulars	**2006**	**2007**	**2008**
Dividend (%)	-	-	-
Earnings per share (Rs)	-	0.03	0.99
Return on Net Worth (%)	-	0.08%	2.95%
Book Value per Share (Rs.)	9.94	32.46	33.44

Source : Audited financial statements

Major Contingent Liabilities : None

Significant Accounting Policies

- Investments have been taken at cost.
- Income and expenditures have been taken on an accrual basis.

5.2 SURYAMANI FINANCING COMPANY LIMITED (SFCL)

a) SFCL was incorporated under the Companies Act, 1956 as a public limited company on December 30, 1992 vide Certificate of Registration No. 57312 of 1992 issued by the Registrar of Companies, West Bengal.

b) SFCL has its registered office at 46 Syed Amir Ali Avenue, Kolkata 700 017 and is presently engaged in the business of investments in stocks.

c) Wealth Sea Pte Limited, Manali Properties & Finance Private Limited and Suryamani Financing Company Limited are part of the Ruia Group led by Mr. Pawan Kumar Ruia.

d) SFCL has complied with the regulations under Chapter II of SEBI SAST Regulations.

e) The Directors of SFCL and their addresses are as listed below :

Name/Date of Appointment	Educational Qualification	Experience	Address
Ashok Kumar Goenka March 26, 2005	B.Com. (Hons.), LLB (Adv.)	20 Years experience in accounts, taxation and related legal matters.	73, Bangur Avenue, Kolkata – 700 055
Amit Kumar Joshi November 1, 2007	B Com, ACA	10 Years experience in accounts, taxation and company affairs.	114, C.R. Avenue, Kolkata – 700 073
Nirmal Kumar Modi November 4, 2008	B.Com, FCA, FCS, CISA(USA), DISA	13 Years of experience in accounts, taxation and company affairs including working stint of 2 years in Europe	195, Rabindra Sarani, Burra Bazaar, Kolkata – 700 007

f) Out of the above directors, none of the Directors are on the Board of the Target Company and therefore as required under regulation 22(9) of the Regulations, they are not required to recuse themselves from the Offer and they can participate in matters concerning or relating to the Offer including any preparatory steps leading to the open offer.

g) None of the above Directors have acquired any shares of the Target Company during the preceding 12 months.

h) Selected Financial Data of SFCL is provided below :

Profit and Loss Statement

Rs. in Lacs

For the year ended 31st March	2006	2007	2008
Income from Operations	692.28	9,086.37	6,694.01
Other Income	45.37	68.08	28.29
Increase / (Decrease) in Stock	(385.13)	(8,711.72)	(6,686.01)
Total Income	**352.53**	**442.74**	**36.29**
Total Expenditure	348.66	416.16	7.72
Profit before Interest, Depreciation and Tax	3.87	26.57	28.57
Depreciation	2.88	2.42	2.39
Interest	-	-	-
Profit before Tax	**0.98**	**24.16**	**26.18**
Provision for Tax	0.79	0.17	0.33
Profit after tax	**0.19**	**23.98**	**25.85**

Balance Sheet Statement

Rs. in Lacs

Particulars as at 31st March	2006	2007	2008
Sources of funds			
Paid up share capital	492.00	492.00	492.00
Reserves & Surplus	24,924.48	24,590.50	24,613.46
Mis. Expenditure	0.34	0.34	-
Net Worth	**25,416.14**	**25,082.16**	**25,105.46**
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**25,416.14**	**25,082.16**	**25,105.46**
Uses of funds			
Net Fixed Assets	19.03	15.42	13.03
Investments	3,964.48	11,384.25	5,407.96
Net Current Assets	21,432.64	13,682.50	19,664.47
Total	**25,416.14**	**25,082.16**	**25,085.46**

Other Financial Data

Particulars	2006	2007	2008
Sources of funds			
Dividend (%)	Nil	Nil	Nil
Earnings per share (Rs)	0.00	0.49	0.53
Return on Net Worth (%)	0.00%	0.10%	0.10%
Book Value per Share (Rs.)	516.59	509.80	510.27

Source: Audited financial statements

Major Contingent Liabilities : None

Significant Accounting Policies

1. Investments have been taken at cost.
2. Income and expenditures are taken on an accrual basis.
3. Stock of shares has been taken at cost.

6 DISCLOSURE IN TERMS OF REGULATION 21(2)

As per the listing agreement with the Stock Exchanges and in terms of Clause 40 A of the Listing Agreement, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis.

Pursuant to the successful closure of the Offer, and assuming full acceptances, the public shareholding of the Target Company is expected to fall below 25 % of the voting capital of the Target Company. The Acquirer and other promoters will, in accordance with Regulation 21(2) of the SEBI SAST Regulations 1997, take necessary actions in compliance of the laws to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchanges within the specified time and in accordance with the prescribed procedure under amended clause 40A (viii) of the Listing Agreement.

7 BACKGROUND OF FALCON TYRES LIMITED (“FALCON”/”TARGET COMPANY”)

a) Falcon Tyres Limited was incorporated as “Falcon Tyres Limited”, a public limited company, on 29th November 1973 under the Companies Act 1956 and received certificate for commencement of Business on January 15, 1974. Falcon Tyres Limited was originally promoted by Mr. H.D. Shetty, Mr. B.T.R. Punja, Mr. C.J. Pinto, Mr. M.C. Nandagopal, S. Anandapadmanabhan, Mrs. Urmila Dutt and Mrs. Vedavathi Shetty.

b) Falcon Tyres Limited is a public limited company having its Registered office at KRS Road, Metagalli, Mysore - 570016 Ph: +91-821-2582055 2582453 Fax: +91 -821-2582219/3215.

c) The Company is a leading supplier of automotive tyres and tubes to the two and three wheeler industry. The Company supplies to all the major OEMs like Bajaj Auto, Hero Honda and Kinetic Motors. The Company’s brand “Dunlop” is very well renowned, thus also creating a lot of export opportunities for the Company.

d) The Company manufactures tubes and tyres for the automotive industry. The manufacturing facility is located at Metagalli, Mysore in the state of Karnataka. The installed capacity of Tyres is 75,00,000 units per annum while that of tubes is 45,00,000 units per annum.

e) Current Share Capital Structure of Falcon Tyres Limited :

Paid Up Equity Shares of Target Company	No. of Shares/Voting Rights	% of shares/voting rights
Fully Paid up Equity Shares	56,80,922	100%
Partly Paid Up Equity Shares	Nil	Nil
Total paid Up Equity Shares	56,80,922	100%
Total Voting Rights in the Target Company	56,80,922	100%

f) The build up of current share capital of Falcon is as follows :

Date of Allotment	Number of Shares Issued	% of Shares Issued	Cumulative Paid up Capital	Mode of Allotment	Identity of Allottees (Promoters/ Ex-promo-ters/others)	Status of Compliance
Opening as on 31st March 1997			31,26,250			
13.08.1999	15,63,125	33.33%	46,89,375	Preferential	Ex-Promoters Issue	Complied
03.10.2001	13,10,625	21.84%	60,00,000	Preferential	Ex-Promoters Issue	Complied
28.02.2003	(-) 3,19,078	5.32%	5680922	Cancellation	Others	Complied (By order of Hon of Shares High Court of Karnataka)

g) The shares of Falcon Tyres Limited are listed on the Bombay Stock Exchange Limited (BSE), The Stock Exchange Bangalore and The Chennai Stock Exchange.

h) There have been no cases of suspension from any of the Stock Exchanges where the shares of the Company are listed. No disciplinary action has been taken against the Target Company by any of the Stock Exchanges where its shares are listed.

i) The entire share capital of Falcon Tyres Limited consisting of 56,80,922 Equity Shares is listed on the above Stock Exchanges.

j) There are no partly paid up Equity Shares carrying voting rights nor outstanding convertibles nor any stock options as on the date of this Letter of Offer.

k) Falcon Tyres Limited has complied with all the provisions of the Listing Agreement entered into with the Stock Exchanges and no punitive action has been initiated by any of the Stock Exchanges against it.

l) The Board of Directors of Falcon Tyres Limited is as under :

Sl. No.	**Name**	**Date of Appointment**	**Experience**	**Qualification**	**Address**
1.	Mr. Pawan Kumar Ruia Executive Chairman	31.01.2006	More than two decades of experience in leading business in diverse industries.	B.Com (Hons.), AICWA, FCA, L.L.B, AASM, MIIA (USA)	5 Sunny Park, Kolkata - 700 019
2.	Mr. Ambuj Kumar Jain Independent Director	30.05.2006	He has got vast experience in the fields of accounting, audit & Finance	M.A.Retd. From Indian Audit & Accounts Service	S 328, Panchsheel Park, New Delhi - 110 017
3.	Mr. Tarun Gandhi Independent Director	30.05.2006	He is having 26 years of working experience in finance, treasury & audit with Multinationals in India and abroad.	B.Com (Hons.), CA	29 Leonie Hill, 12-04 Horizon Tower (West), Singapore - 239228
4.	Mr. K N Prithviraj Independent Director	28.06.2008	Had an illustrious Banking career spanning 38 years. Was CMD of OBC (2005 – 07). Presently, Administrator (Spl Undertakings of UTI).	M A (Economics)	Flat 3, 2nd Floor265, Dr. Srinivasaiah Road, 8th Main, BEML Layout, Rajaraje-shwari Nagar, Bangalore- 560098.
5.	Mr S Ravi Independent Director	24.10.2008	Having around 37 years experience in Engineering, Production and General Management. Has worked as a top executive in reputed companies like Usha International, International British Steel, Dubai, Uniworth International, etc.	B Tech (IIT, Kharagpur)	9A Meghdoot, 12, Rowland Road, Kolkata - 700 020
6.	Mr Sunil Bhansali Executive Director	30.09.2008	Having around 21 years of experience in different types of industries like textiles, plastic, trading etc. In the past, he has been associated with reputed groups like Birlas and the Somanis. He is an expert in computer applications and Forex, Legal and Administration works.	Fellow Chartered Accountant	675, 9th Cross, Vijay Nagar Phase 1, Mysore - 570 012, Karnataka

m) There has been no merger/de-merger/spin off during the last three years except divestment of 100% equity shares held in a subsidiary Company, M/s Jerom Trading & Investment Company Limited on 30th June 2005.

n) The brief audited financials of Falcon Tyres Limited for the years ended March 31, 2006, 2007 and 2008 are as under:

Profit & Loss Statement

Rs. in Lacs

For the Year Ended 31st March	2006	2007	2008
Income from Operations	22,213.95	27,880.90	44,568.92
Other Income	227.02	350.85	400.15
Total Income	**22,440.97**	**28,231.75**	**44,969.07**
Total Expenditure	21,482.30	26,980.29	42,904.90
Profit before Interest, Depreciation and Tax	958.67	1,251.46	2,064.17
Depreciation	247.03	281.27	362.01
Interest	199.22	378.98	898.56
Profit before Tax	**512.42**	**591.21**	**803.60**
Provision for Tax	149.86	194.90	240.01
Profit after tax	**362.56**	**396.31**	**563.59**

Balance Sheet Statement

Rs in Lacs

As on 31st March	2006	2007	2008
Sources of funds			
Paid up share capital	568.09	568.09	568.09
Reserves & Surplus (excluding revaluation reserves)	2,254.67	2,451.59	2,787.87
Revaluation Reserve	240.74	8,912.05	8,549.72
Less: Total Miscellaneous Expenditure not written off	-	26.31	17.54
Net Worth	**2,822.76**	**2,993.37**	**3,338.42**
Secured loans	2,595.07	11,603.05	14,707.38
Unsecured loans	-	2,975.00	2,975.00
Deferred Tax	298.71	408.69	515.30
Total	**5,957.28**	**26,892.16**	**30,085.82**
Uses of funds			
Net Fixed Assets	2,654.57	12,792.24	13,368.43
Capital work in Progress	8.83	3,555.51	5,431.40
Investments	1.96	1.96	1.97
Net Current Assets	3,291.92	10,542.45	11,284.02
Total	**5,957.28**	**26,892.16**	**30,085.82**

Other Financial Data

Dividend (%)	25.00%	30.00%	35.00%
Earnings per share (Rs)	6.38	6.98	9.92
Return on Net Worth (%)	12.84%	13.24%	16.88%
Book Value per Share(Rs)	49.69	52.69	58.77

Source: Audited financial statement

o) The Equity shareholding of Falcon Tyres Limited before the Offer and after the Offer (assuming full acceptance of the Offer) is as under :

	Shareholders' Category	Shareholding/voting rights prior to the Offer		Shareholding/voting rights to be acquired in the Offer (assuming full acceptance)		Shareholding/voting rights after the Offer	
		(A)		(B)		(A) + (B) = (C)	
		No. of shares	%	No. of shares	%	No. of shares	%
1	**Promoter Group** Foreign Promoter/ Acquirer Wealth Sea Pte Ltd through 100% holding in DIL RIM	3,918,850	68.98%			3,918,850	68.98%
	Indian Promoters Manali Properties & Finance Pvt Ltd	331,614	5.84%	1,136,184	20.00%	14,67,798	25.84%
	Total	**4,250,464**	**74.82%**			**5,386,648**	**94.82%**
2	**Public**						
(a)	Institutional Investors	-	0.00%			-	0.00%
(b)	Others [not included in (a) above]	1,430,458	25.18%	(1,136,184)	20.00%	294,274	5.18%
	Total	**1,430,458**	**25.18%**			**294,274**	**5.18%**
	Grand Total	**5,680,922**	**100.00%**			**5,680,922**	**100.00%**

The total number of shareholders of the Company as on March 31, 2009 was 1802.

p) The build up of the shareholding of the promoters in Falcon Tyres Limited along with status of compliance with the applicable provisions of SEBI (SAST) Regulations/other applicable regulations under the SEBI Act 1992 and other statutory requirements, as applicable is as under :

The build up of shareholding of DIL Rim & Wheel Corporation Limited in Falcon Tyres Limited is as under :

Date	No. of shares acquired	% of paid up capital	% of paid up capital (Cumulative)	Mode of Acquisition	Status of Compliance
19.11.2005	18,38,825	32.75	32.75	Off Market	Complied
22.11.2005	20,80,025	36.23	68.98	Off Market	Complied
Total A	**39,18,850**	**68.98**			

The build up shareholding of MPFPL in the company Falcon Tyres Limited is as follows :

Date	No. of shares acquired	% of paid up capital	% of paid up capital (Cumulative)	Mode of Acquisition	Status of Compliance
17.10.2006	3,31,614*	5.84	5.84	Off Market through inter se transfer amongst promoter group	Complied
Total B	**3,31,614**	**5.84**			
Total (A+B)	**4,250,464**	**74.82%**			

* These shares were originally acquired by Raghav Industries Limited, a promoter group company, on 22.08.06.

Suryamani Financing Company Limited has never acquired any shares of the Target Company.

Owing to indirect change of control over the Company pursuant to the acquisition of the 100% shares in DIL Rim & Wheel Corporation Limited, Mauritius by Wealth Sea Pte Limited, Singapore from Jumbo World Holdings Limited, British Virgin Islands, Wealth Sea Pte Limited has become the promoter of the Company with effect from December 01, 2005. The change of control was approved by the shareholders through postal ballot held under Regulation 12 of Securities and Exchange Board of India (SAST) Regulations, 1997 and section 192A(2) of the Companies Act, 1956 and the result of the postal ballot was adopted by the shareholders in the EGM of the Company held on January 30, 2006.

q) Status of Corporate Governance and Pending Litigation Matters

The Company stands committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. The Company has complied with the SEBI guidelines and provisions of the listing agreement regarding Corporate Governance. The Corporate Governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees, majority of them comprising of independent directors.

The details of pending litigations against Falcon Tyres Limited as on date of this Letter of Offer are as under :

Sl.No.	Subject Matter of Disputes	Case No.	Court where pending	Misconduct	Status
1.	The dispute pertaining to the claim for strike period wages of 21 days referred for adjudication by bi-partite settlement dt. 30.11.1996.		Appealed before the High Court of Karnataka		Vakalat filed
2	Mr. Parasivamurthy, an employee was terminated for long absentism. Date of Termination :15.12.01	II ID 140/02	Hon'ble Labour Court, Mysore	Absenteeism	Posted for cross examination of the 1st party-Application filed to recall objections. Case is posted to 21.05.09 for the evidence and cross examination of the Company
3	Challenging the order of joint director,ESI Corporation, Bangalore,who has ordered for payment of Rs.3,71,909/- as ESI contribution on the bills paid to M/S Pramur Constructions	ESI Appl No 6/07	Industrial tribunal & ESI Court, Mysore.		The Company has maintained an application praying for a stay of the operation of impunged order. Hon'ble tribunal has passed an order on 10.07.07,staying the operation of the impugned order,subject to deposit of 20% of the amount ordered. Accordingly the Company has deposited sum of Rs.74,382/-. The next hearing date is 3rd June 2009
4	K S I I D C, Term Loan Payment	R/A 501/07	1st A C J Mysore		The Appellant court has directed the trial court to reconsider the matter afresh. Meanwhile the company has preferred an RSA against the said order of I Appellant Court.
5	Mr. Muthamil Selvam, an employee was terminated for theft. Date of Termination: 24.09.1990	WP NO. 7563/2009 (L - TER)	Hon' ble High Court, Karnataka	Theft	Appeal matter, already filed vakalath by advocate S.N.Murthy
6	Dispute pertaining to Payment of Bonus as per the Tripartite Settlement dated 26.09.2006	43/08	Industrial Tribunal - Mysore		Counter claim filed. Matter posted to 25.05.09 for framing of issues
7	Criminial case regarding death of casual worker of Contractor	2219/07	JMFC (II Court), Mysore	u/s 92 of Factories Act	The case is posted for recording Plea on 25.05.2009
8	Winding up Petition filed by T & T Eng.Co.	C.P.22/09	High Court, Karnataka	433(e) of Companies Act	Filing of vakalath - Date is not yet fixed by Court

r) **<u>Details of Compliance Officer are</u>**

Mr. M.C. Bhansali
Company Secretary
Falcon Tyres Limited
K.R.S. Road, Metagalli,
Mysore - 570 016 (Karnataka)
Ph : +91-821-2582055 2582453
Fax : + 91-821-2582219/3215

8 OFFER PRICE & FINANCIAL ARRANGEMENTS

8.1 Justification of Offer Price

As per SEBI Order dated 01.11.2006, the reference date for calculating the Offer Price is 28.11.2005.

The shares of Falcon Tyres Limited are listed on the Bombay Stock Exchange Limited (BSE), The Stock Exchange Bangalore and The Chennai Stock Exchange. The shares are frequently traded on BSE but are infrequently traded on Bangalore and Chennai within the meaning of Regulation 20 of the Regulations. The annualized trading turnover during the preceding six calendar months prior to the date of the Public Announcement in the Stock Exchanges is detailed below :-

Name of the Stock Exchange	Total No. of Equity Shares traded during the 6 calender months prior the date of the Public Announcement	Total No. of equity shares listed	Annualised turnover (in terms of % to total listed shares
BSE	8,37,220	56,80,922	29.47
Bangalore	Nil	56,80,922	Nil
Chennai	Nil	56,80,922	Nil

Source: Official data obtained from the Stock Exchanges

As the annualized trading turnover on BSE is more than 5% of the total number of shares listed, the shares are frequently traded on BSE.

<u>Taking 28th November 2005 as the Reference Date</u>

The average of the weekly high and low closing prices during the 26 week period ending 28.11.2005, being the reference date are as under :

	Week Ending	In Rupees			Volume of shares
		High	Low	Average	
1	26-Nov-05	156.90	144.00	150.45	29919
2	18-Nov-05	158.00	148.40	153.20	52460
3	11-Nov-05	148.80	133.25	141.03	431171
4	02-Nov-05	143.00	134.50	138.75	7513
5	28-Oct-05	148.60	134.75	141.68	30289
6	21-Oct-05	145.00	133.00	139.00	18356
7	14-Oct-05	148.55	128.75	138.65	18261
8	07-Oct-05	146.00	136.00	141.00	20674
9	30-Sep-05	164.15	130.30	147.23	52275
10	23-Sep-05	162.70	123.80	143.25	212652
11	16-Sep-05	136.25	108.00	122.13	63769
12	09-Sep-05	127.00	111.00	119.00	58252
13	02-Sep-05	114.95	103.30	109.13	36758
14	26-Aug-05	120.00	100.50	110.25	133569
15	19-Aug-05	106.00	98.00	102.00	34378
16	12-Aug-05	109.90	96.00	102.95	47289
17	05-Aug-05	109.80	88.10	98.95	92066

	Week Ending	In Rupees			Volume of shares
		High	Low	Average	
18	29-Jul-05	101.20	80.80	91.00	98835
19	22-Jul-05	95.40	80.10	87.75	50261
20	15-Jul-05	85.70	73.55	79.63	36512
21	08-Jul-05	77.00	66.05	71.53	31555
22	01-Jul-05	67.00	57.25	62.13	12095
23	24-Jun-05	66.90	59.70	63.30	12307
24	17-Jun-05	71.95	60.10	66.03	21594
25	10-Jun-05	75.90	68.10	72.00	15353
26	04-Jun-05	75.00	64.00	69.50	11677
	Average of 26 Weeks			**110.06**	

The average of the daily high and low prices during the 2 week period ending 28.11.2005, being the reference date are as under:

Date	In Rupees		
	High	Low	Average
28-Nov-05	150.00	143.10	146.55
26-Nov-05	153.00	144.00	148.50
25-Nov-05	154.75	146.15	150.45
24-Nov-05	155.45	151.00	153.23
23-Nov-05	151.70	147.70	149.70
22-Nov-05	151.90	149.00	150.45
21-Nov-05	156.90	149.00	152.95
18-Nov-05	155.00	149.10	152.05
17-Nov-05	154.00	149.20	151.60
16-Nov-05	158.00	148.40	153.20
Average of 2 Weeks			**150.87**

<u>Taking 26th February 2006 as the reference date</u>

The average of the weekly high and low closing prices during the 26 week period ending 26.02.2006, being the reference date are as under :

	Week Ending	In Rupees			Volume of shares
		High	Low	Average	
1	24-Feb-06	72.45	63.80	68.13	14,165
2	17-Feb-06	77.80	68.10	72.95	17,477
3	10-Feb-06	84.50	74.85	79.68	11,099
4	03-Feb-06	93.55	75.10	84.33	14,883
5	27-Jan-06	90.55	79.35	84.95	10,915
6	20-Jan-06	101.00	90.00	95.50	8,955
7	13-Jan-06	105.00	99.15	102.08	12,917
8	06-Jan-06	106.80	98.10	102.45	14,816
9	30-Dec-05	109.00	100.00	104.50	14,792
10	23-Dec-05	124.40	106.15	115.28	17,621
11	16-Dec-05	125.00	102.20	113.60	24,030
12	09-Dec-05	145.00	125.40	135.20	56,607
13	02-Dec-05	150.00	137.80	143.90	37,896
14	26-Nov-05	156.90	144.00	150.45	29,108
15	18-Nov-05	158.00	148.40	153.20	52,460

	Week Ending	In Rupees			Volume of shares
		High	Low	Average	
16	11-Nov-05	148.80	133.25	141.03	431,171
17	02-Nov-05	143.00	134.50	138.75	7,513
18	28-Oct-05	148.60	134.75	141.68	30,289
19	21-Oct-05	145.00	133.00	139.00	18,356
20	14-Oct-05	148.55	128.75	138.65	18,261
21	07-Oct-05	146.00	136.00	141.00	20,674
22	30-Sep-05	164.15	130.30	147.23	52,275
23	23-Sep-05	162.70	123.80	143.25	212,652
24	16-Sep-05	136.25	108.00	122.13	63,769
25	09-Sep-05	127.00	111.00	119.00	58,252
26	02-Sep-05	114.95	103.30	109.13	36,758
	Average of 26 Weeks			**118.73**	

The average of the daily high and low prices during the 2 week period ending 26.02.2006, being the reference date are as under :

Date	In Rupees		
	High	Low	Average
24-Feb-06	69.80	63.80	66.80
23-Feb-06	69.00	66.60	67.80
22-Feb-06	70.00	67.15	68.58
21-Feb-06	72.45	69.90	71.18
20-Feb-06	72.35	68.45	70.40
17-Feb-06	72.50	69.00	70.75
16-Feb-06	73.00	68.10	70.55
15-Feb-06	77.80	70.80	74.30
14-Feb-06	74.40	71.00	72.70
13-Feb-06	76.00	74.10	75.05
Average of 2 Weeks			**70.81**

In terms of the SEBI order dated 01.11.2006, the Reference Date shall be either of the dates 28.11.2005 or 26.02.2006 wherein the share price calculated in terms of the Regulations is higher.

	Taking Reference Date as 28.11.2005	Taking Reference Date as 26.02.2006
Average of 26 Weeks	110.06	118.73
Average of 2 Weeks	150.87	70.81
Higher of the two above	**150.87**	**118.73**

In terms of the SEBI order, the date 28.11.2005 has been considered as the Reference Date as the average price is the highest.

The Offer price was calculated in terms of Regulation 20(4) of the SEBI (SAST) Regulations 1997 as follows : -

The negotiated price under the agreement for acquisition of shares/voting rights	NA
Price paid by Acquirer for acquisition, if any by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA	NA
The average of weekly high and low of the closing prices of the shares of the target company as quoted on BSE during twenty-six weeks prior to the reference date	Rs. 110.06
The average of the daily high and low of the prices of the shares during two weeks preceding the reference date	Rs. 150.87

The shares of Falcon Tyres Limited are infrequently traded on Bangalore and Chennai Stock Exchanges within the meaning of Regulation 20 of the Regulations. The Offer price as per Regulation 20(5) of the SAST Regulations is calculated as under :

Particulars	**31st March 2006**	**30th September 2006**
Earnings per share (Rs)	6.38	4.59
Return on Net Worth (%)	12.84%	8.46%
Book Value per Share(Rs.)	49.69	54.28

Hence the offer price as per Regulation 20(5) pertaining to infrequently traded shares is Rs. 54.28, the book value per share as on 30th September 2006.

Since the price calculated as per Regulation 20(4) is higher than the price calculated as per Regulation 20(5), the offer price of Rs. 151 was considered.

However, SEBI had appointed an Independent Chartered Accountant Bansi S. Mehta & Co ("Valuer") to value the shares of the Target Company. The Valuer had submitted a report dated March 28, 2008 providing the following justification in terms of Regulation 20(4) of the SEBI (SAST) Regulations 1997 :

The negotiated price under the agreement for acquisition of shares/voting rights	Rs. 89.68
Price paid by Acquirer for acquisition, if any by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA	NA
The average of weekly high and low of the closing prices of the shares of the target company as quoted on BSE during twenty-six weeks prior to the reference date	Rs. 110.06
The average of the daily high and low of the prices of the shares during two weeks preceding the reference date	Rs. 151.71

Based on the above report, the offer price has been fixed at Rs. 151.71 per Equity Share. However, for eligible affected shareholders, whose equity shares are tendered and accepted under the Offer, the Offer Price would be Rs. 189.22 per Equity Share (comprising of the Offer Price of Rs. 151.71 per Equity Share and Interest (net of dividend) of Rs. 37.51 per equity share).

Thus in the opinion of the Manager to the Offer and the Acquirer, the offer price is justified in terms of Regulation 20 of the SEBI (SAST) Regulations 1997.

The Acquirer and the PACs have not acquired any shares of Falcon Tyres Limited from the date of the Public Announcement till the date of filing of the Letter of Offer with SEBI.

Non-compete agreement

The seller and its affiliates, shall not, directly or indirectly carry on the business carried out by the Companies (i.e. the business of manufacture and marketing of automotive tyres and tubes and industrial rubber products) for a period of 3 (three) years from the Execution Date i.e. November 28, 2005. Further, the seller and its affiliates are also barred from acquiring any financial interest as shareholders in excess of 5% in the company carrying on the similar business and are also barred from acquiring any management rights or control or board seat in such person in such companies. There is no consideration flowing from the Acquirer to the Seller under the head "Non Compete Fees".

8.2 Financial Arrangement

The maximum purchase consideration payable in the event of full acceptance of the Offer would be Rs. 2,019.71 Lacs (which includes the interest amount payable to the eligible affected shareholders and consideration payable based on the Offer Price) as indicated in the table below :

No of Shares Outstanding	5,680,922
Open offer made for 20% of above	1,136,184
Offer Price Per Share	Rs. 151.71 per share
Offer Amount	Rs. 1,723.71 Lacs
Eligible Affected Shares for the purpose of calculation of Interest	789,133
Amount of Interest (1)	Rs. 296.00 Lacs
Total funds Required (2)	Rs. 2,019.71 Lacs

(1) Assuming full acceptance by the eligible affected shareholders.
(2) Assuming full acceptance of the Offer.

Manali Properties & Finance Pvt. Ltd has adequate and firm financial resources to fulfill the obligations under the Open Offer. The financial obligation under the offer would be fulfilled through internal resources and through unsecured loan provided by Manali Properties, which would be duly refunded by the borrower. No borrowing from any Bank/ Financial Institution is being made for this purpose.

In accordance with the provisions of Regulation 28 of the Regulations, MPFPL has created as Escrow Account in the form of Bank Guarantee issued by Kotak Mahindra Bank Limited from its branch at 79, Ground Floor, Old Rajinder Nagar Market, New Delhi- 110 060 valid till June 30, 2009 in favour of the Manager to the Offer Microsec Capital Limited for an amount of Rs. 510.00 Lacs, being in excess of 25% of the total consideration payable. Further, MPFPL has also made a cash deposit of Rs. 20.44 Lacs, being in excess of 1% of the maximum consideration payable under this offer, in a bank escrow account in the name and style of "Falcon Tyres Limited-Escrow Account-Open Offer" with Kotak Mahindra Bank Limited at its branch at 15, Park Street, Kolkata-700 016. The Manager to the Offer has been empowered to operate the Escrow Account in accordance with the Regulations.

On the basis of the aforesaid financial arrangements and based on the confirmations received from the escrow bank, the Manager to the Offer confirms that adequate funds are available with the Manali Properties & Finance Pvt. Ltd through verifiable means to implement this open offer in full.

9 INTEREST PAYMENT AND ELIGIBLE AFFECTED SHAREHOLDERS

9.1 As per paragraph 2.2(c) above, the Offer Price of Rs. 189.22 per Equity Share (comprising of the Offer Price of Rs. 151.71 per Equity Share and Interest of Rs. 37.51 per Equity Share) is payable to Eligible Affected Shareholders, whose Equity Shares are tendered and accepted under the Offer. The interest of Rs. 37.51 per Equity Share, calculated at the rate of 10% per annum from June 2, 2006 till Thursday, June 25, 2009, i.e. the scheduled date of payment of consideration and adjusted with dividend paid by the Target Company from June 2006 till date of dispatch of consideration issued in respect of the offer (the interest amount is subject to change depending upon the actual date of payment). **Such interest is payable only to Eligible Affected Shareholders, i.e., those persons who were shareholders of the Target Company as on June 2, 2006 and continue to be shareholders of the Target Company till the date of the closing of the Offer (such shareholders are referred to as the "Eligible Affected Shareholders"), and will be calculated on the payment consideration due on such of those shares accepted under this offer which are determined as forming part of their holdings as on June 2, 2006.**

Equity Shares which are continuing in nature are only the number of Equity Shares held for a continuing period from June 2, 2006 upto the date of closing of the Offer and which are tendered and accepted under the Offer (e.g., A shareholder who held 200 Equity Shares on June 2, 2006 and on September 2, 2006 sold 100 Equity Shares will receive interest as a Eligible Affected Shareholders only for 100 Equity Shares provided that such Equity Shares are tendered and accepted under the Offer; a shareholder who held 200 Equity Shares on June 2, 2006 and on September 2, 2006 purchased 100 Equity Shares will receive interest as a Eligible Affected Shareholders only for 200 Equity Shares provided that such Equity Shares are tendered and accepted under the Offer; a shareholder who held 200 Equity Shares on June 2, 2006 and on September 2, 2006 sold 100 Equity Shares and on January 2007 purchased 100 Equity Shares will receive interest as a Eligible Affected Shareholders for 100 Equity Shares provided that such Equity Shares are tendered and accepted under the Offer).

9.2 As described above, only Eligible Affected Shareholders whose Equity Shares (which are determined as forming part of their holdings as on June 2, 2006) are tendered and accepted in the Offer will be eligible for interest under the Offer. Such interest will be payable only on those Equity Shares which are held by the Eligible Affected Shareholders from June 2, 2006 upto the date of closing of the Offer. Such eligibility for interest will be determined on basis of the Register of Members/ Register of Beneficial Owners as maintained by the current Registrars and Share Transfer Agents to the Company Alpha Systems Private Limited and as provided by the Depositories i.e. NSDL and CDSL in the following manner:

- Register of Members of the Target Company as on June 2, 2006.
- Details of all the transfers / transmissions/deletions/transpositions that have taken place since June 2,2006 till date of closing of the offer
- Beneficiary position data as downloaded by the Registrar & Share Transfer Agent from time to time since June 2, 2006 till date of closing of the offer
- Details of changes, if any, of name of the Eligible Affected Shareholder
- In the case of shares held in physical form, the endorsement(s) on the face or back of the relevant share certificate(s)
- Register of Members and Register of Beneficiary Owners.
- Details of dematerialization and rematerialisation requests that have been confirmed to the depositories on the date of closing of the Offer, i.e., Wednesday, June 10, 2009.
- Details of the changes, if any, on account of consolidation of holdings in one or more folios and split of holdings

9.3 Furthermore those shareholders who deem to be eligible for interest should also submit the following documents to enable the Registrar to the Offer to determine their eligibility for interest under the Offer, alongwith and within the same term of, other documents mentioned under paragraphs 10 and 11 of this Letter of Offer including the Form of Acceptance:

- Eligible Affected Shareholders holding Equity Shares in physical form will be eligible for interest if no transfers have been registered in the "Memorandum of transfers" in the share certificate submitted in original after June 2, 2006 provided as per paragraph 11.1 below.

- Eligible Affected Shareholders holding Equity Shares in demat form must submit:
  - i) Details of folio(s) in which Equity Shares were held in physical form OR a photocopy of share certificate, if available
  - ii) Transaction/ holding statement obtained from Depository Participant ("DP") since the date of dematerialization / purchase till the date of submission of the Form of Acceptance along with the delivery instruction for transferring shares to the demat escrow account opened for this open offer
- Change of Name : Those Eligible Affected Shareholders who have changed their names at any time between June 2, 2006 till the date of closing of the Offer, are advised to submit the evidence of change of name, to enable the Registrar to the Offer to determine the eligibility of such shareholders to receive interest.
- Transmission: Those Eligible Affected Shareholders who have acquired title to the Equity Shares either by transmission, due to death of the sole / any of the joint holders, or through operation of law are advised to submit documentary evidence in support of such transmission including the details of the original holder's name, number of Equity Shares held at the time of transmission, the date of application for transmission, and in case Equity Shares held in physical form, the folio number and in case of beneficial owners, the DP name, DP ID, beneficiary account number, to enable the Registrar to the Offer to determine the eligibility of such shareholders to receive interest.
- Transposition: Those Eligible Affected Shareholders who are joint holders of Equity Shares and have transposed their names i.e. changed the order in which their names are recorded in the share certificates or in the record maintained by the depository are advised to submit documentary evidence in support of such transposition including the details of the original holder's name, number of Equity Shares held at the time of transposition, the date of application for transposition and the folio number to enable the Registrar to the Offer to determine the eligibility of such shareholders to receive interest.

In the event the Acquirer along with the PACs do not receive the above mentioned documentation from shareholders who deem to be eligible for interests, Acquirer along with the PACs are entitled to rely on the list of Eligible Affected Shareholders determined on basis of the register of members/ shareholders register/ beneficial records as provided by the Depository(s) i.e. NSDL and CDSL described in paragraph 9.2 above.

Furthermore, the shareholders who are not registered on the register of members/ shareholders register/ beneficial records as provided by the Depository(s) i.e. NSDL and CDSL ("Unregistered Shareholders") and held shares in physical form who deem to be eligible for interests, are required to provide the above mentioned documentation in order to be eligible for interests, failing to provide such documentation, they will not be considered Eligible Affected Shareholders for the purpose of the Offer.

9.4 In the event the Equity Shares tendered in the Offer by the shareholders of Falcon are more than the Equity Shares to be acquired under the Offer,

- the acquisition of Equity Shares from each shareholder will be as per provisions of Regulation 21(6) of the Regulations on a proportionate basis, irrespective of whether the Equity Shares are held in physical or dematerialised form.
- Equity Shares validly tendered by the Eligible Affected Shareholders shall be treated at par with the Equity Shares validly tendered by the other shareholders of Falcon for the purposes of acceptance.

10 TERMS AND CONDITIONS OF THE OFFER

10.1 The Letter of Offer together with the Form of Acceptance shall be mailed to the shareholders of Falcon (except the Acquirer and PACs), whose name appear on the Register of Members of Falcon and to the beneficial owners of the Equity Shares of Falcon whose names appear on the beneficial records of the respective depositories at the close of business on Friday, February 23, 2007 (the "Specified Date").

10.2 All Equity Shares tendered and accepted under the Offer, will be acquired by the Acquirer and PACs, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the Equity Shares to the Acquirer and PAC will be preconditions for acceptance of the tendered Equity Shares.

10.3 Non-resident shareholders, if any, will be required to submit all the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of FALCON, except where the shares have been acquired under automatic route/exemption order of RBI. In case of previous RBI Approvals not being submitted, the Acquirer and PAC reserves the right to reject the shares tendered in the offer.

10.4 All equity shareholders of FALCON (except the Acquirer and PACs and the Promoters), whose names appear in the register of members of FALCON as of Friday, February 23, 2007 and also persons (except the Acquirer and PACs and the Promoters), who acquire any Equity Shares of FALCON at any time prior to the closure of the Offer, whether or not they are registered shareholders, are eligible to participate in the Offer anytime before the closure of the Offer.

10.5 The acceptance of the Offer made by Acquirer and PAC is entirely at the discretion of the shareholders of FALCON and each shareholder of FALCON to whom this Offer is being made, is free to offer his shareholding in FALCON, in whole or in part while accepting the Offer by way of the Offer as per the instructions contained in the aforementioned Letter of Offer. As on the date of this Letter of Offer, there are no other statutory approvals required to implement this Offer

10.6 If any other such approvals are required subsequently, the Offer would be subject to such additional approvals. The Acquirer and PAC will have a right not to proceed with the Offer in the event the approvals indicated above are refused in terms of Regulation 27(b) of the SEBI (SAST) Regulations.

10.7 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment of consideration under the Offer provided that the Acquirer and PAC agree to pay interest in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. If the delay occurs due to the willful default or neglect or inaction or non-action on the part of the Acquirer and PAC in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

10.8 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer and PAC, grant an extension for the purpose of completion of the Offer subject to the Acquirer and PAC paying interest to the shareholders, at such rates as may be specified by SEBI.

10.9 Applications in respect of Equity Shares that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the Equity Shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

10.10 Accidental omission to dispatch Letter of Offer or any further communication to any person to whom Letter of Offer is or should be made or the non-receipt of Letter of Offer by any such person shall not invalidate the Offer in any way

10.11 The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

10.12 Barring unforeseen circumstances and factors beyond their control, the Acquirer and PAC intend to complete all formalities pertaining to the purchase of the Equity Shares, including dispatch of payment of consideration to the shareholders who have accepted the Offer, by Thursday, June 25, 2009.

10.13 The acceptance of the Offer made by the Acquirer and PAC is entirely at the discretion of the shareholders of the Target Company. The Acquirer and PAC will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

10.14 This Offer is not subject to any minimum level of acceptance from the shareholders. This Offer is being made by the Acquirer and PAC to the public shareholders of FALCON to acquire up to 11,36,184 Equity Shares, representing 20% of the equity share capital of the Target Company. The Acquirer and PAC will proceed with the offer even if it is unable to obtain acceptance to the full extent of the Equity Shares of Falcon for which this Offer is made.

10.15 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

10.16 The Acquirer and PAC are permitted to revise the Offer Price upward any time up to seven working days prior to the date of the closure of the Offer (i.e. Monday, June 01, 2009). If there is any upward revision in the Offer Price before the last date of revision or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared. Such revised Offer Price would be payable by the Acquirer and PAC to all shareholders who tender their Equity Shares at any time during the Offer and which are accepted under the Offer. However, the Acquirer and PAC do not intend to revise the Offer Price.

10.17 Shareholders who have sent their Equity Shares for dematerialization need to ensure that the process of getting Equity Shares dematerialized is completed well in time so that the credit in the Registrar's special depository account should be received on or before the date of closure of the offer, i.e. Wednesday, June 10, 2009, else the application would be rejected.

11 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

11.1 Shareholders of FALCON, who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post to the Registrar to the Offer at the address of the Registrar so as to reach the Registrar on or before the date of closure of the Offer (i.e. Wednesday, June 10, 2009)

In the case of demat Equity Shares; the Registrar is not bound to accept Equity Shares which are not credited to the Special Depository Account as on the date of closure of the Offer, i.e. Wednesday, June 10, 2009.

11.2 For equity shares held in physical form

Registered Shareholders should enclose

- Form of Acceptance and acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates (in case of joint holdings) in the same order in which their names appear in the Register of Members.

- Original Share Certificate(s)
- Valid share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with FALCON and duly witnessed at the appropriate place. It is preferred that the transferor's signature(s) is attested by a Notary or Bank Manager or Member of Stock Exchange under their seal of office and membership number. The transfer deed should be left blank, excepting the signatures as mentioned above.

Un-Registered Shareholders should enclose

- Form of Acceptance and acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates (in case of joint holdings) in the same order in which their names appear in the Register of Members.
- Original Share Certificate(s)
- Original Broker Contract Note
- Valid share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with FALCON and duly witnessed at the appropriate place. It is preferred that the transferor's signature(s) is attested by a Notary or Bank Manager or Member of Stock Exchange under their seal of office and membership number. The transfer deed should be left blank, excepting the signatures as mentioned above.

11.3 For equity shares held in demat form

Beneficial Owners should enclose

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/ all shareholders whose names (in case of joint holdings) in the same order in which their names appear in their beneficiary account. The Form of Acceptance has to be tendered by the beneficial holder of Equity Shares only.
- A photocopy of the Delivery Instruction Slip duly acknowledged by the Depository Participant ("DP") filled as per the instructions given hereunder:
- The Beneficial Owners who hold Equity Shares in demat form are required to execute a trade by tendering the Delivery Instruction for debiting their Beneficiary Account with the concerned DP and crediting the Special Depository Account. The credit in the Special Depository Account should be received on or before 3 p.m as on the date of closure of the Offer, i.e. **Wednesday, June 10, 2009**.
- The Delivery Instructions to be given to the DP should be in "Off-Market" mode only. For each Delivery Instruction the Beneficial Owner should submit a separate Form of Acceptance.

  a) The Registrar to the Offer of Falcon, **Alpha Systems Private Limited** has opened a special depository account with NSDL, the details of which are as under :

Name of the special depository account	"ASPL- Escrow A/c- Falcon Tyres Open Offer"
Depository	NSDL
DP Name	Integrated Enterprises (India) Limited
DP ID	IN 301313
Client ID	21120394

- Shareholders having their beneficiary account in CDSL have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.
- Beneficial owners (holders of shares in dematerialized form) of Falcon who wish to tender their shares will be required to send their Form of Acceptance Cum Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account to the Registrar to the Offer – **Alpha Systems Private Limited** ,30, Ramana Residency, 4th Cross Sampige Road, Malleswaram Bangalore- 560 003 Ph - +91-80-23460815 Fax - +91-80-23460819 **Contact Person: Mr. S Vijayagopal** E- Mail: vijayagopal@123alpha.com, either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than Wednesday, June 10, 2009, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before close of the Offer, i.e., no later than Wednesday, June 10, 2009.
- For Equity Shares, which are tendered in electronic form, the bank account as obtained from the beneficiary position provided by the Depository will be considered and the warrants/ bank drafts will be issued with the said bank particulars.

- In case of non-receipt of the aforesaid documents, but receipt of the Equity Shares in the Special Depository Escrow Account, the Acquirer and PAC may deem the Offer to have been accepted by the shareholder.

11.4 Applicants may send their documents only by Registered Post, at their own risk, if not hand delivered to the Registrar at the addresses as mentioned hereinabove during business hours indicated above other than on holidays.

Please note that the Share Certificates/ Delivery Instruction Slip and other documents in relation to the acceptance of the Offer should not be sent to the Acquirer and PACs or the Target Company. Such documents should NOT be sent to the Manager to the Offer

11.5 All owners of Equity Shares registered or unregistered, who own the Equity Shares at any time prior to the closure of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer. They are required to submit, besides the documents as mentioned in 11.1 above, other documents to prove their title to the Equity Shares offered for acceptance, such as a copy of the contract note issued by the broker through whom they acquired their Equity Shares on or before the close of the Offer, i.e. Wednesday, June 10, 2009, transfer deed(s) executed by the registered holders of the Equity Shares in addition to the Form of Acceptance and share certificate(s). No indemnity is required from the unregistered owners. Unregistered owners, if they so desire, may also apply on the Form of Acceptance downloadable from SEBI's website (www.sebi.gov.in). Notwithstanding that the signature(s) of the transferor(s) have been witnessed as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with FALCON or are not in the same order, such Equity Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Equity Shares**.**

11.6 In case of non-receipt of the Letter of Offer, shareholders may send their acceptance of the Offer to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Equity Shares held, Distinctive Number., Folio Number, Number of Equity Shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the date of closure of the Offer (i.e. Wednesday, June 10, 2009). No indemnity is required in this regard. Shareholders, who have lodged their Equity Shares for transfer with FALCON must also send the acknowledgement, if any, received from FALCON towards such lodging of Equity Shares.

11.7 Mode of making payment

The payment of consideration, if any, would be done through any of the following modes :

a) Electronic Clearing System (ECS) – Payment of consideration would be done through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non- MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of considerations would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of consideration through ECS is mandatory for shareholders having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive payment through direct credit or RTGS.

b) Direct Credit – Shareholders having bank accounts with the Escrow Banker(s), shall be eligible to receive considerations through direct credit. Charges, if any, levied by the Escrow Bank(s) for the same would be borne by the Acquirer and PAC.

c) RTGS – Shareholders having a bank account at any of the abovementioned 68 centres and whose consideration amount exceeds Rs. One Lac, have the option to receive payment through RTGS. Such eligible shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank(s) for the same would be borne by the Acquirer and PAC. Charges, if any, levied by the shareholders's bank receiving the credit would be borne by the shareholder.

d) National Electronic Fund Transfer (NEFT) – Payment of consideration shall be undertaken through NEFT wherever the shareholders' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the shareholders through this method. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.

e) For all other shareholders, including those who have not updated their bank particulars with the MICR code, the payments will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for payments of Rs. 1,500 and above.

11.8 In case of physical Equity Shares, the Registrar to the Offer will hold in trust the share certificates, Form of Acceptance duly filled in and the transfer deed(s) on behalf of shareholders of FALCON who have accepted the Offer, till the cheques/ drafts for the consideration and/ or the share certificates are posted.

11.9 In case of demat Equity Shares, the Equity Shares would reside in the Special Depository Account as mentioned above. The Registrar to the Offer will debit the Special Depository Account to the extent of payment of consideration made by the Acquirer and PAC and give instructions for credit to the beneficial account of the Acquirer and PAC.

11.10 Barring unforeseen circumstances and factors beyond their control, the Acquirer and PACs intends to complete all formalities pertaining to the acquisition of the Equity Shares, including dispatch of consideration to the shareholders who have accepted the Offer by Thursday, June 25, 2009.

11.11 In case of physical Equity Shares, to the extent the Equity Shares are not accepted under the Offer, the rejected Share Certificates, transfer deeds and other documents, if any, will be returned by registered post by the Registrar to the Offer to the shareholders /unregistered owners. Subject to the necessary approval from RBI, for the physical Equity Shares accepted under the Offer, the Registrar shall take action for transferring the Equity Shares to Acquirer and PAC after the consideration cheques are released to the shareholders concerned.

11.12 The Equity Shares held in demat form to the extent not accepted under the Offer will be released to the Beneficial Owner's Depository Account with the respective DP as per details furnished by the Beneficial Owner in the Form of Acceptance, at the sole risk of the Beneficial Owner. An intimation to that effect will be sent to the Beneficial Owner by Ordinary Post. Subject to the necessary approval from RBI, for the Equity Shares lying in the Special Depository Account, the Registrar shall take action for transferring the Equity Shares to Acquirer and PAC after the consideration cheques are released to the Beneficial Owners.

11.13 As the shares trade in the compulsory dematerialized segment of BSE, the minimum market lot for the shares is 1 (one).

11.14 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer, can do so up to three working days prior to the date of Closure of the Offer. The withdrawal option can be exercised by submitting the document as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before Friday, June 05, 2009

- The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed herewith.
- The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer as per the mode of delivery indicated therein on or before the last date of withdrawal.
- Shareholders should enclose the following: -

For Equity Shares held in demat form beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- Photocopy of the delivery instruction slip in "Off-market" mode or counterfoil of the delivery instruction slipin "Off-market" mode, duly acknowledged by the DP.

For Equity Shares held in physical form Registered shareholders should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with FALCON and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.

11.15 The withdrawal of Equity Shares will be available only for the Share certificates/ Equity Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.

11.16 The intimation of returned Equity Shares to the shareholders will be sent at the address as per the records of FALCON/ Depository as the case may be.

11.17 The Form of Withdrawal along with enclosure should be sent to the Registrar to the Offer only.

11.18 In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from FALCON. The facility of partial withdrawal is available only to Registered shareholders.

11.19 Shareholders holding Equity Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

11.20 In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- In case of physical Equity Shares: name, address, Distinctive Nos., Certificate Numbers., Folio Number, number of Equity Shares tendered
- In case of dematerialized Equity Shares: name, address, number of Equity Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of delivery instructions slip in "off market" mode or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the DP, in favour of the Special Depository Escrow Account.

12 DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at Azimganj House, 2nd Floor 7, Camac Street, Kolkata 700 017 from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

a) Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer and the PACs.

b) Audited Reports of FALCON for the period ended March 31, 2006, 2007 and 2008.

c) Financial Statements of Wealth Sea Pte Ltd. for the period ended March 31, 2006, 2007 and 2008.

d) Audited Reports of Manali Properties & Finance Pvt. Limited for the period ended March 31, 2006, 2007 and 2008.

e) Audited Reports of Suryamani Financing Company Limited for the period ended March 31, 2006, 2007 and 2008.

f) Letter from Kotak Bank Limited confirming amount in escrow account and Bank Guarantee in favour of the Manager to the Offer.

g) Published copies of the Public Announcement and corrigendum to the Public Announcement

h) SEBI's observation letter no CFD/DCR/TO/DA/148608/08 dated December 19, 2008.

13 DECLARATION BY THE ACQUIRER AND PACs

The Acquirer and PACs accept full responsibility for the information contained in this Letter of Offer, form of Acceptance and Form of Withdrawal. The Acquirer and PACs shall be severally and jointly responsible for ensuring compliance with the SEBI (SAST) Regulations and for their respective obligations in terms of the SEBI (SAST) Regulations.

All information contained in this document is as of the date of the Public Announcement, unless stated otherwise

Mr. Soumitra Ghose has been authorized by the Acquirer and the PACs to sign the letter of offer.

Signed :

Date : May 13, 2009

Place : Kolkata

Encl. :

1) Form of Acceptance-cum-Acknowledgement
2) Form of Withdrawal
3) Transfer Deed, if applicable

Annexure – A

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS BY THE TARGET COMPANY

Sl. No.	Regulation/Sub-regulation	Due Date for compliance as mentioned in the Regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3
1	2	3	4	5
1	6(2)	20-May-97	15-Mar-03	Note
2	6(4)	20-May-97	15-Mar-03	
3	8(3)	30-Apr-97	20-Apr-97	N.A
4	8(3)	30-Apr-98	21-Apr-98	N.A
5	8(3)	30-Apr-99	26-Apr-99	N.A
6	8(3)	30-Apr-00	19-Apr-00	N.A
7	8(3)	30-Apr-01	18-Apr-01	N.A
8	8(3)	30-Apr-02	24-Apr-02	N.A
9	8(3)	30-Apr-03	26-Apr-03	N.A
10	8(3)	30-Apr-04	24-Apr-04	N.A
11	8(3)	30-Apr-05	25-Apr-05	N.A
12	7(3)	27-Nov-05	24-Nov-05	N.A
13	7(3)	29-Nov-05	25-Nov-05	N.A
14	8(3)	30-Apr-06	24-Apr-06	N.A
15	7(3)	25-Oct-06	19-Oct-06	N.A
16	8(3)	30-Apr-07	27-Apr-07	N.A
17	8(3)	30-Apr-08	10-Apr-08	N.A
18	8(3)	30-Apr-09	23-Apr-09	N.A

Note : Complied under SEBI Regularisation Scheme, 2002

Annexure – B

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS BY THE PROMOTER GROUP

Sl. No.	Regulation/Sub-regulation	Due Date for compliance as mentioned in the Regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3
1	2	3	4	5
1	6(1)	20-Apr-97	10-Mar-03	Note
2	6(3)	20-Apr-97	10-Mar-03	
3	8(1)	21-Apr-98	16-Apr-98	N.A
4	8(2)	21-Apr-98	16-Apr-98	N.A
5	8(1)	21-Apr-99	16-Apr-99	N.A
6	8(2)	21-Apr-99	16-Apr-99	N.A
7	8(1)	21-Apr-00	17-Apr-00	N.A
8	8(2)	21-Apr-00	17-Apr-00	N.A
9	8(1)	21-Apr-01	12-Apr-01	N.A
10	8(2)	21-Apr-01	12-Apr-01	N.A
11	8(1)	21-Apr-02	17-Apr-02	N.A
12	8(2)	21-Apr-02	17-Apr-02	N.A
13	8(1)	21-Apr-03	14-Apr-03	N.A
14	8(2)	21-Apr-03	14-Apr-03	N.A
15	8(1)	21-Apr-04	12-Apr-04	N.A
16	8(2)	21-Apr-04	12-Apr-04	N.A
17	8(1)	21-Apr-05	9-Apr-05	N.A
18	8(2)	21-Apr-05	9-Apr-05	N.A
19	7(1)	20-Nov-05	19-Nov-05	N.A
20	7(1)	23-Nov-05	22-Nov-05	N.A
21	8(1)	21-Apr-06	5-Apr-06	N.A
22	8(2)	21-Apr-06	5-Apr-06	N.A
23	7(1)	19-Oct-06	18-Oct-06	N.A
24	8(1)	21-Apr-07	10-Apr-07	N.A
25	8(2)	21-Apr-07	10-Apr-07	N.A
26	8(1)	21-Apr-08	08-Apr-08	N.A
27	8(2)	21-Apr-08	08-Apr-08	N.A
28	8(1)	21-Apr-09	10-Apr-09	N.A
29	8(2)	21-Apr-09	10-Apr-09	N.A

Note : Complied under SEBI Regularisation Scheme, 2002