

INNOVATIVE TYRES & TUBES LIMITED

ANNUAL REPORT

2016-17

CORPORATE INFORMATION:

Board of Directors:

Mr. Mukesh Desai – Chairman and Managing Director (w.e.f. 1st April, 2017)
Mr. Pradip Kothari – Whole Time Director (w.e.f. 1st April, 2017)
Mr. Nitin Mankad – Whole Time Director (w.e.f. 1st April, 2017)
Mr. Anandpadmanan Palghat – Director (upto 31st March 2017)
Mr. Keyoor Bakshi – Independent Director
Mr. Kalyanaraman Ganesan – Independent Director
Dr. Mrs. Kalpanaben Joshipura – Additional Director (w.e.f. 15th June 2017)

Audit Committee:

Mr. Keyoor Bakshi – Chairman
Mr. Kalyanaraman Ganesan – Member
Mr. Mukesh Desai – Member

Nomination and Remuneration Committee (Re-constituted w.e.f. 15th June, 2017):

Dr. Mrs. Kalpanaben Joshipura - Chairperson
Mr. Kalyanaraman Ganesan – Member
Mr. Keyoor Bakshi – Member

Stakeholders Relationship Committee (Constituted w.e.f. 15th June, 2017)

Dr. Mrs. Kalpanaben Joshipura - Chairperson
Mr. Mukesh Desai – Member
Mr. Pradip Kothari – Member

Chief Financial Officer:

CA. Arvind Tambi

Company Secretary:

CS. Sejal Desai

Statutory Auditors:

M/s. Parikh Mehta & Associates

Chartered Accountants
Happy Home Apt. No. 2,
10, Sampatrao Colony,
R.C. Dutt road,
Vadodara – 390007.

Cost Auditors:

M/s. V P & Associates
Cost Accountants
15, Yogeshwer Society, Part 3,
Ground floor, Subhanpura,
Vadodara – 390023.

Registered Office:

Govindkrupa Bungalow, Ground Floor
Opp. 15 Alkapuri Soc.,
B/H Alkapuri Police Chowki,
R.C. Dutt Road,
Vadodara – 390007.

DIRECTORS'REPORT

To,
Dear Members,

Your directors have pleasure in submitting their 22nd Directors' Report of the Company together with the audited financial statements of the company for the financial year ended 31st March, 2017.

1. FINANCIAL RESULTS:

Your company's financial performance for the year under review has been encouraging. Key aspects of your Company's financial position for the current financial year along with comparative previous year are tabulated here under:

(Amount in Rs.)		
Particulars	Year ended 31 st March 2017	Year ended 31 st March 2016
Total Revenue	132,53,92,021	126,03,89,570
Total expenses	126,35,78,784	121,70,42,970
Profit/(Loss) before taxation and extraordinary items	6,18,13,237	4,33,46,600
Exceptional & Extraordinary item- Loss due to fire	-	96,78,771
Profit/(Loss) before tax	6,18,13,237	3,36,67,829
Less: Tax Expense	1,29,59,826	26,81,176
Profit/(Loss) after tax	4,88,53,411	3,09,86,653
Add: Balance B/F from the previous year	19,31,32,695	16,21,46,041
Balance Profit / (Loss) C/F to the next year	19,39,98,890	19,31,32,695
Earnings per share (Basic)	4.24	3.08
Earnings per share (Diluted)	3.99	3.08

2. DIVIDEND:

Based on company's performance in the current year, profit of the company is increased as compared to last year but simultaneously, also decided to plan business growth, your Directors unanimously decided to preserve the profit of the company as a resources for its activities and therefore, do not propose any dividend for the financial year ended March 31, 2017.

3. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of section 124 read with section 125 of the Companies Act, 2013 (erstwhile section 205C of the Companies Act, 1956), your company has to transfer any amount to the Investor Education and Protection Fund, which was lying unclaimed/unpaid with the Company for a period of seven years after Declaration of Dividend.

In our company, there was no dividend declared and paid by the Company since last few years, hence, transfer of amount to Investor Education and Protection Fund was not arises, accordingly, the said provision is not applicable to us.

4. STATE OF THE COMPANY'S AFFAIRS:

The Company is engaged in the business of marketers and manufacturers of tyres & tubes and goods made from natural, synthetic, reclaimed rubber, plastic and its compounds including derivatives and substitute used for automobile vehicles, industrial and domestic purposes etc.

During the year under review, there has been no change in the business of the Company. The highlights of the Company's performance are as under:

1. Total Revenue:

During the year under review, total turnover of the Company increased by 5.15% from Rs. 126,03,89,570/- to Rs. 132,53,92,021/- as compared to the previous financial year due to consistent increase in the sales in domestic segment, marginal improvement in export sales as well as improvement in service charges/Job work income during the current financial year.

2. Total expenses:

During the year under review, the total expenses increased by 3.82% from Rs. 121,70,42,970/- to Rs. 126,35,78,784/- as compared to the previous financial year which is mainly due to increase in turnover and increase in employee benefit expenses, depreciation and other expenses.

3. Profit before Tax:

During the year under review, profit before tax expense increased from Rs. 3,36,67,829/- to Rs. 6,18,13,237/- which is mainly due to increase in turnover which turned into increase in revenue and reduction in finance cost. Besides this, the company incurred loss due to fire in previous year.

4. Net Profit after tax:

Net profit after tax for the current financial year increased by 57.66% from Rs. 3,09,86,653/- to Rs. 4,88,53,411/- as compared to the previous financial year which is mainly due to increase in margins and reduction in finance cost. Besides this, the company incurred loss due to fire in previous year.

Ultimately, the basic Earnings per Share of the Company has increased from Rs. 3.08/- to Rs. 4.24/- and diluted Earnings per Share increased from Rs. 3.08/- to Rs. 3.99/-.

The Board of Directors of the Company are ensuring that the Company will take various measures to rationalise its operating costs and other expenses, whenever necessary. The Company is focusing on improvement in revenue and reduction of cost in the next years. During the year under review, tax expenses are too high as compared to last year and one of the reasons to restrict our company's profit.

5. MATERIAL CHANGES AND COMMITMENT:

The Board of Directors of the Company have at their meeting held on 1st April, 2017 approved issue of further shares to the public by way of Initial Public Offer (IPO) with an issue size of not exceeding Rs. 35 Crores and the same were approved by the members in Extraordinary General Meeting held on 25th May 2017.

The Board, in the aforesaid meeting, has further modified the terms of redeemable preference shares and made them convertible. Subsequent to that all the convertible preference shares were converted into equity share capital and the same were approved by the members in Extraordinary General Meeting held on 25th May 2017.

6. RISK MANAGEMENT:

A key factor in determining a Company's capacity to create sustainable value is the risks that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively. Our Company is mainly in manufacturing and supply of tubes and tyres. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

The Company has laid down a risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitor and non – business risks. In our company, audit committee has an additional oversight in the area of financial risks and its controls. Other major operational risks are being identified by the management of the Company from time to time.

7. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company do not have any subsidiaries/joint ventures/associates during the year under review.

8. CONSOLIDATED FINANCIAL STATEMENTS:

The Company do not have any subsidiaries hence, there is no need to prepare consolidated financial statement for the financial year 2016-17.

9. DISCLOSURE ON DEPOSITS UNDER CHAPTER V:

The Company has neither accepted nor renewed any deposits during the financial year 2016-17 in terms of Chapter V of the Companies Act, 2013. Further, the Company is not having any unpaid or unclaimed deposits at the end of the financial year.

10. TRANSFER TO RESERVE:

In view of the financial strength of the Company, Board of Directors proposes to transfer entire sum of profit amounting Rs. 4,88,53,411/- to General Reserves during the financial year ended 31st March, 2017 and the said amount will be reinvested for operating purposes only.

11. INTERNAL FINANCIAL CONTROL SYSTEM:

According to section 134(5)(e) of the Companies Act, 2013, the term Internal Financial Control (IFC) means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

The Company has a well-placed, proper and adequate internal financial control system which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly.

Your Company has appointed Chief Financial Officer with effect from 10th February, 2017 to focus on review of business processes and suggest improvements as applicable. Independence of the audit and compliance is ensured by direct reporting to the Audit Committee of the Board.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The appointment of Key Managerial Personnel's (KMPs) of the Company is in accordance with the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) for the time being in force). During the year under review and thereafter, following changes took place with regard to Directors and Key Managerial Personnel:

Sr. No.	Name of Directors/KMP	Appointment/Cessation/Change in Designation	Effective Date
1.	Mr.Mukesh Desai	Appointed as Managing Director	1 st October, 2016
		Designated as Chairman and Managing Director	1 st April, 2017
2.	Mr.NitinMankad	Change in Designation as Director	1 st October, 2016
		Re-designated as Whole time Director	1 st April, 2017
3.	Mr.Pradip Kothari	Re-designated as Whole time Director	1 st April, 2017
4.	CS. Sejal Desai	Appointed as whole time Company Secretary	1 st July, 2016
5.	CA. ArvindTambi	Appointed as Chief Financial Officer	10 th February, 2017
6.	Dr.Mrs.KalpanabenJoshiPura	Appointed as an Additional Director	15 th June, 2017

13. DECLARATION BY INDEPENDENT DIRECTORS AND RE-APPOINTMENT, IF ANY:

The Provision of Section 149 of Companies Act, 2013 read with Rules 4 of The Companies (Appointment and Qualification of Directors) Rules, 2014 pertaining to the appointment of Independent Directors states that Independent directors need to be appointed by every listed public company and public companies (i) having paid up share capital of ten crore rupees or more; or (ii) having turnover of one hundred crore rupees or more; or (iii) have in aggregate, outstanding loans, debenture, and deposits, exceeding fifty crore rupees.

The Company has appointed Mr.KeyoorBakshi (DIN No. 00133588) and Mr.KalyanaramanGanesan (DIN No. 02013349) as an Independent Director of the Company with effect from 1st June, 2015 for the period of 3 consecutive years. Besides the above, Dr. Mrs. KalpanabenJoshiPura (DIN: 07849507) was also appointed as additional director w.e.f. 15th June 2017. In the ensuing Annual General meeting her appointment would be regularized and appointed as an Independent director. In the opinion of the Board, all of the abovedirectors fulfill the conditions of independence as specified in the Companies Act, 2013 and Rules made there under and are independent of the Management.

During the year under review, the Independent Directors met on 24th September, 2016 to carry out the evaluation for the financial year 2015–16 and inter alia, discussed the following:

- * Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- * Evaluation of the performance of the Chairman, taking into account the views of the executive and non-executive Directors;
- * Evaluation of quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonable perform its duties. All Independent Directors were present at the Meeting.

14. AUDITORS AND AUDITORS' REPORT:

Presently, the company's statutory auditor is M/s.Parikh Mehta & Associates, Chartered Accountants, Vadodara. They were appointed as Statutory Auditor at the Annual General Meeting dated 24th August, 2014 for the period of five years. However, in terms of the provisions of Section 139 of the

Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and amendments made there under, the term of appointment of M/s. Parikh Mehta & Associates will be completed in the ensuing Annual General Meeting.

The members of the Audit committee at their meeting held on 25th May, 2017 have recommended appointment of M/s. Maloo Bhatt & Co., Chartered Accountants, Vadodara having Firm Registration Number - 129572W as Statutory Auditors of the Company subject to the approval of members of the Company at their ensuing Annual General Meeting of the Company to conduct the audit for the 5 (five) financial years subject to the ratification at every Annual General Meeting at such remuneration as may be decided by the Board and auditors mutually. Their appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from proposed statutory auditor, to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 read with the rules, if any.

The notes on financial statement referred to in the Auditors Report are self-explanatory and do not call for any further comments. The Auditors Report does not contain any qualification, reservation or adverse remark.

15. COST AUDITORS:

The Audit Committee of the Company has recommended and the Board of Directors at their meeting held on 25th May, 2017 have approved appointment of M/s. V. P. & Associates, Cost Accountants, for audit of cost records of the Company for the financial year 2017-18 at a remuneration of Rs. 50,000/- plus applicable taxes & out of pocket expenses subject to ratification by the members of the Company at the ensuing Annual General Meeting.

The Company has filed Cost Audit Report for the F.Y. ended 31st March, 2016 as on 7th October, 2016.

16. BOARD'S COMMENT ON THE AUDITORS' REPORT:

Your Board is happy to inform you that there were no qualifications, reservations or adverse remarks made by the Auditors in their report. Hence, no need to provide any clarification/reply of any comments.

17. CHANGES IN SHARE CAPITAL:

During the year under review, following changes took place in the share capital of the Company:

Change in authorized capital:

1. The members of the Company at their Extraordinary General Meeting held on 9th April, 2016, approved re-classification of the existing share capital of the Company of Rs. 17,00,00,000/- (Rupees Seventeen Crores Only) divided into 1,30,00,000 equity shares of Rs. 10 each & 40,00,000 cumulative redeemable preference shares of Rs. 10 each to Rs. 17,00,00,000 (Rupees Seventeen Crores Only) divided into 1,05,00,000 (One Crore Five Lakhs) equity shares of Rs. 10/- (Rupees ten Only) each, 40,00,000 cumulative redeemable preference shares of Rs. 10/- each & 25,00,000 convertible preference shares of Rs. 10/- each.
2. The members of the Company at their Extraordinary General Meeting held on 7th January, 2017 increased authorized capital from Rs. 17,00,00,000 (Rupees Seventeen Crores) divided into 1,05,00,000 (One Crore Five Lakhs) equity shares of Rs. 10 each and 40,00,000 (Forty Lakhs) cumulative redeemable preference shares of Rs. 10/- each and 25,00,000 (Twenty five Lakhs) convertible preference shares of Rs. 10/- each to 19,00,00,000 (Rupees Nineteen Crores) divided

into 1,05,00,000 (One Crore Five Lakhs) equity shares of Rs. 10/- each and 60,00,000 (Sixty Lakhs) cumulative redeemable preference shares of Rs. 10/- each and 25,00,000 (Twenty Five Lakhs) convertible preference shares of Rs. 10/- each by insertion of new 20,00,000 (Twenty Lakhs) cumulative redeemable preference shares.

3. The members of the Company at their Extraordinary General Meeting held on 7th February, 2017 approved re-classification of the existing share capital of the Company of Rs. 19,00,00,000/- (Rupees Nineteen Crores only) comprising of Rs. 10,50,00,000/- (Rupees Ten Crores Fifty Lakhs only) divided into 1,05,00,000 equity shares of Rs. 10/- each, 6,00,00,000 (Rupees Six Crores only) divided into 60,00,000 cumulative redeemable preference shares of Rs. 10/- each and Rs. 2,50,00,000 (Rupees Two Crores Fifty Lakhs only) divided into 25,00,000 convertible preference shares of Rs. 10/- each TO Rs. 10,50,00,000/- (Rupees Ten Crores Fifty Lakhs only) divided into 1,05,00,000 equity shares of Rs. 10/- each, 4,00,00,000 (Rupees Four Crores only) divided into 40,00,000 cumulative redeemable preference shares of Rs. 10/- each and Rs. 4,50,00,000 (Rupees Four Crores Fifty Lakhs only) divided into 45,00,000 convertible preference shares of Rs. 10/- each.”

Change in Paid up capital:

During the year under review, the company has changed its paid up share capital from time to time as details as under:

1. The members of the Company at their Extraordinary General Meeting held on 15th April, 2016 approved issue and allotment of 22,80,000 convertible preference shares of Rs. 10/- each.
2. The members of the Company at their Extraordinary General Meeting held on 21st November, 2016 approved issue and allotment of 5,00,000 cumulative redeemable preference shares of Rs. 10/- each.
3. The members of the Company at their Extraordinary General Meeting held on 4th March, 2017 approved issue and allotment of 10,75,000 convertible preference shares of Rs. 10/- each.

Consecutively, as on 31st March, 2017, the authorized capital of the company is Rs. 19,00,00,000/- and paid up capital is Rs. 16,94,81,370/-.

A. Buy Back of Securities

The Company has not bought back any of its securities during the year underreview.

B. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

C. Bonus Shares

No Bonus Shares were issued during the year under review.

D. Employees Stock Option Plan

The Company has not provided any Stock Option Scheme to the employees.

18. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014, in Form No. MGT-9, for the financial year ending 31st March, 2017 is annexed hereto as Annexure I and forms part of this report.

19. MEETINGS OF BOARD OF DIRECTORS:

The Company had conducted total 12(twelve)Board meetings, dated6thApril, 2016, 5th May, 2016, 27th June, 2016, 10th August, 2016,24th September, 2016, 24thOctober, 2016, 21stNovember, 2016,10thDecember, 2016,12th January, 2017, 7th February, 2017, 10th February, 2017 and 20th March, 2017 during the financial year under review. The Company has complied the provisions of Companies Act and Secretarial Standards – 1 i.e. gap between two Board Meetings was less than one Hundred and Twenty days.

The name of members of the Board and their attendance at the Board Meetings are as under:

Name of Directors	Number of Meetings attended / Total Meetings held during the F.Y.2016-2017.
Mr. NitinbhaiMankad	12/12
Mr. Mukesh Desai	12/12
Mr.AnandPadmanabhanBalkrishnanPalghat	01/12
Mr. PradipkumarKothari	12/12
Mr. KeyoorBakshi	12/12
Mr. KalyanaramanGanesan	12/12

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

During the year under review,the Company has not made any Loans, Investment, given any guarantee and securities under section 186 of the Companies Act, 2013.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year ended 31st March, 2017 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted. Further, there are no materially significant related party transactions during the year under review made by the Company with Promoters, Directors, or other designated persons which may have a potential conflict with the interest of the Company at large except managerial remuneration paid to Director. Thus, disclosure in Form AOC-2 is not required. However, the disclosure of transactions with related party for the year, as per Accounting Standard – 18 i.e. Related Party Disclosures is given in Note no. 2(B)(6) to the Balance Sheet as at 31st March, 2017.

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

A. Conservation of Energy, Technology Absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have been furnished in Annexure II.

B. Foreign Exchange earnings and Outgo

(Amount in Rs.)

Particulars	2016-17	2015-16
Total foreign exchange outgo	16,63,397	10,99,459
Total foreign exchange inflow	39,51,97,828	40,88,83,623

23. REVALUATION OF FIXED ASSETS:

During the year under review, the Company has revalued its Land. As a result of the revaluation, the value of land has been increased by Rs. 728.49 Lakhs (from Rs. 52.17 Lakhs to Rs. 780.66 Lakhs). The said amount has been included in Revaluation Reserve.

24. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR):

The CSR provisions is applicable to every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year. As our company does not fall in any of the above criteria, hence the Company is not required to develop and implement any Corporate Social Responsibility initiatives as the said provisions are not applicable to our Company.

25. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is applicable to every listed company and public companies (i) having paid up capital of Ten crore rupees or more; (ii) having turnover of one hundred crore rupees or more; (iii) having in aggregate, outstanding loans or borrowings or debenture or deposits exceeding fifty crore rupees or more.

The Company has constituted its Audit Committee with following members.

Name of Member	Category
Mr. KeyoorBakshi	Chairman to the Committee
Mr. KalyanaramanGanesan	Member to the Committee
Mr. Mukesh Desai	Member to the Committee

During the year under review, members of the audit committee meeting met on 10th August, 2016.

26. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are applicable to every listed company and public companies (i) having paid up capital of Ten crore rupees or more; (ii) having turnover of one hundred crore rupees or more; (iii) having in aggregate, outstanding loans or borrowings or debenture or deposits exceeding fifty crore rupees or more. The Board of Directors of the Company have approved and adopted Nomination & Remuneration Policy at their meeting held on 15th June, 2017.

The Company has re-constituted its Nomination & Remuneration Committee with following members'w.e.f. 15th June, 2017.

Name of Member	Category
Dr. Mrs. KalpanabenJoshipura	Chairperson
Mr. KeyoorBakshi	Member
Mr. KalyanaramanGanesan	Member

27. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(3) (C) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- f) The Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.

28. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:

No significant and material order has been passed by any other regulators, courts, tribunals impacting the going concern status and Company's operations in future.

29. GENERAL:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. The Company has no subsidiary and neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
5. CSR is not applicable on the Company.

30. DISCLOSURE OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE UNDER WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company is committed to provide a safe and conducive work environment to its employees, during the year under review.

31. ACKNOWLEDGEMENTS:

It is our strong belief that caring for our business constituents has ensured our success in the past and will do so in future. The Board acknowledges with gratitude the co-operation and assistance provided to your company by its bankers, Financial Institutions, and government as well as Non-government agencies. The Board wishes to place on record its appreciation to the contribution made by employees of the company during the year under review. The Company has achieved impressive growth through the competence, hard work, solidarity, cooperation and support of employees at all levels. Your Directors thank the customers, clients, vendors, other business associates and consultants for their continued support in the Company's growth.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INNOVATIVE TYRES & TUBES LIMITED**

**Sd/-
CHAIRMAN & MANAGING DIRECTOR**

Date:15.06.2017

Place:Vadodara

Although care has been taken to ensure the accuracy, completeness and reliability of the information provided, I assume no responsibility therefore. Users of this information are expected to refer to the relevant existing provisions of the Companies Act and Rules. The user of the information agrees that the information is subject to change without notice. I assume no responsibility for the consequences of use of such information. IN NO EVENT I SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL OR INCIDENTAL DAMAGE RESULTING FROM, ARISING OUT OF OR IN CONNECTION WITH THE USE OF THE INFORMATION.

**ANNEXURE I
MGT-9**

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U25112GJ1995PLC086579
Registration Date	:	28/11/1995
Name of the Company	:	INNOVATIVE TYRES & TUBES LIMITED
Category / Sub-Category of the Company	:	Public Company / Limited by Share
Address of the Registered office and contact details	:	Govindkrupa Bungalow, Ground Floor Opp.15 Alkapuri Soc., B/H Alkapuri Police Chowki, R.C. Dutt Road Vadodara, Gujarat-390007 INDIA
Whether listed company	:	Yes / No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacture of rubber and plastics products	Division 22	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name and address of the Company	CIN / GLN	Holding subsidiary / associate	% of shares held	Applicable section
NIL					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year	No. of Shares held at the end of the year	% Change during the year
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[illegible]

ADRs									
Grand Total (A+B+C)	-	9593137	9593137	100%	-	9593137	9593137	100%	-

ii. **SHAREHOLDING OF PROMOTERS:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Ashwinkumar Mehta	10	0.00%	-	10	0.00%	-	-
2	Mr. Sanjay Mankad	271660	2.83%	-	271660	2.83%	-	-
3	Mrs. Minakshi Mankad	220410	2.30%	-	220410	2.30%	-	-
4	Mr. Bipin Mankad	228310	2.37%	-	50010	0.52%	-	(1.85)%
	Total	720390	7.50%	-	542090	5.65%	-	(1.85)%

iii. **CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Mr. Bipin Mankad				
	At the beginning of the year	228310	2.37%	228310	2.37%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease e.g. allotment/transfer/bonus/ sweat equity etc) - TRANSFER	(178300)	(1.85)%	(178300)	(1.85)%
	At the End of the year	50010	0.52%	50010	0.52%

iv. **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	M/s. Maxim Gold Development Limited.				
	At the beginning of the year	38,43,137	40.06%	38,43,137	40.06%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	(22,05,406)	(22.99)%	(22,05,406)	(22.99)%
	At the End of the year (or on the date of separation, if separated during the year)	16,37,731	17.07%	16,37,731	17.07%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2.	Kirit Vassa				
	At the beginning of the year	1,25,000	1.30%	1,25,000	1.30%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	14,93,323	15.57%	14,93,323	15.57%
	At the End of the year (or on the date of separation, if separated during the year)	16,18,323	16.87%	16,18,323	16.87%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	M/s. Goldmine Stocks Private Limited.				
	At the beginning of the year	9,56,790	9.97%	9,56,790	9.97%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	9,56,790	9.97%	9,56,790	9.97%

Sl.		Shareholding at the beginning	Cumulative Shareholding
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No.		of the year		during the year	
4.	Sharmishthaben Shah and Rajubhai Shah	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	9,96,410	10.38%	9,96,410	10.38%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	(162523)	(1.69)%	(162523)	(1.69)%
	At the End of the year (or on the date of separation, if separated during the year)	8,33,887	8.69%	8,33,887	8.69%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	Rachit Mankad and Nitin Mankad	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	95,000	0.99%	95,000	0.99%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	95,000	0.99%	95,000	0.99%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	Kashmira Desai	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	75,000	0.78%	75,000	0.78%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	75,000	0.78%	75,000	0.78%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	Rajeshree Kothari	No. of shares	% of total	No. of shares	% of total

			shares of the Company		shares of the Company
	At the beginning of the year	43,000	0.45%	43,000	0.45%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	43,000	0.45%	43,000	0.45%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
8.	Vaishali Mankad	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	35,000	0.36%	35,000	0.36%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	35,000	0.36%	35,000	0.36%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
9.	Bina Mankad / Vaishali Mankad and Minakshi Mankad	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	31,180	0.33%	31,180	0.33%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	31,180	0.33%	31,180	0.33%

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. Mukesh Desai	No. of shares	% of total	No. of shares	% of total

	(jointly with Mrs. Kashmira Desai)		shares of the Company		shares of the Company
	At the beginning of the year	176400	1.84%	176400	1.84%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	176400	1.84%	176400	1.84%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. Nitin Mankad (jointly with Mrs. Minakshi Mankad)	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	327300	3.41%	327300	3.41%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the End of the year	327300	3.41%	327300	3.41%

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. Pradip Kothari	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	1531020	15.96%	1531020	15.96%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) - TRANSFER	1336114	13.93%	1336114	13.93%
	At the End of the year	2867134	29.89%	2867134	29.89%

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				

i) Principal Amount	17,06,15,585	-	-	17,06,15,585
ii) Interest due but not paid		-	-	
iii) Interest accrued but not due	2,53,193	-	-	2,53,193
Total (i+ii+iii)	17,08,68,778	-	-	17,08,68,778
		-	-	
Change in Indebtedness during the financial year		-	-	
Addition	2,19,99,021	-	-	2,19,99,021
Reduction		-	-	
Net Change	2,19,99,021	-	-	2,19,99,021
Indebtedness at the end of the financial year		-	-	
Principal Amount	19,28,03,097	-	-	19,28,03,097
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	64,702	-	-	64,702
Total	19,28,67,799	-	-	19,28,67,799

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager				Total Amount
		Mr. Mukesh Desai (Managing Director)	Mr. Pradip Kothari	Mr. Nitin Mankad		
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,00,000	10,50,000	10,50,000	-	48,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total (A)	27,00,000	10,50,000	10,50,000	-	48,00,000
	Ceiling as per the Act					76,23,331

B. Remuneration to Other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
	1. Independent Directors	Mr. Keyoor Bakshi	Mr. Kalyanaraman Ganesan	-	-	-
	Fee for attending board / committee meetings	1,00,000	1,00,000	-	-	2,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	1,00,000	1,00,000	-	-	2,00,000
	2. Other Non-Executive Directors	-	-	Mr. Anand Palghat	-	-
	Fee for attending board / committee meetings	-	-	10,000	-	10,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	10,000	-	10,000
	Total (B)=(1+2)	1,00,000	1,00,000	10,000	-	2,10,000
	Total Managerial Remuneration	1,0,0000	1,00,000	10,000	-	2,10,000
	Overall Ceiling as per the Act	14,00,000	14,00,000	1,00,000	-	29,00,000

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,84,500	-	1,84,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	1,84,500	-	1,84,500

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	--	-	-	-
Punishment	-	-	-	-	-
Compounding					
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FOR INNOVATIVE TYRES & TUBES LIMITED**Sd/-****MUKESH DESAI****CHAIRMAN & MANAGING DIRECTOR**

ANNEXURE 'II' TO THE DIRECTOR'S REPORT

Additional information as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY

Following jobs were carried out during the year for conservation of energy.

- i) In house training and awareness programmes for supervisors were regularly carried out during the year.
- ii) Energy Conservation measures taken.
- iii) Improved thermal insulations of hot surface base in curing and utility department.
- iv) Staggered usage of Machinery
- v) Better Utilisation of Equipments.
- vi) Consumption:

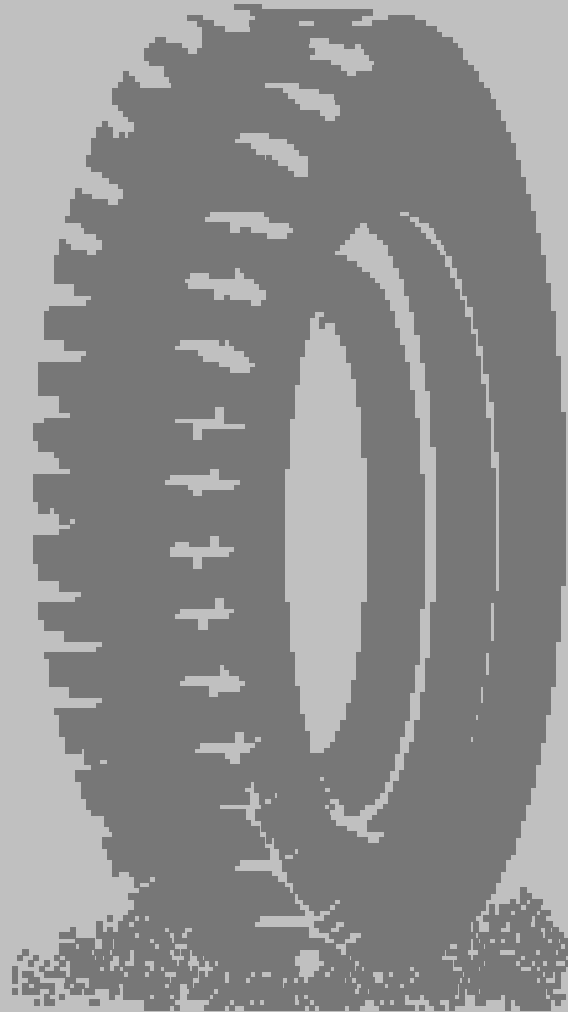
		2016-17		2015-16	
		For Tyres	For Tubes	For Tyre	For Tubes
Power	Unit per Kg	1.24	0.97	1.27	1.05
Lignite/Coal/fire wood Etc.	Kg per Kg of tyre W/H	1.11	0..32	1.14	0.39

(B) TECHNOLOGY ABSORPTION / R&D

Efforts in brief made towards technology absorption, adaptation and innovation.

- i) In House development of new size in New sizes of tyre ULT and LCV Creation of in house testing facility like endurance test and Breaking energy.

Audited Balance Sheet as at 31st March'2017



Innovative Tyres & Tubes Ltd.

PARIKH MEHTA & ASSOCIATES
Chartered Accountants

D.B.Parikh
M.Com., F.C.A.

S.J.Mehta
B.Com. F.C.A. Grad. C.W.A.

Ashish D Parikh
B.Com. A.C.A.

Mrs. H.M.Desai
B.Com., F.C.A., LL. B.
Mrs Tejal A Parikh
B.Com. F.C.A.

Happy Home Apt. No. 2, 10, Sampatrao Colony, R.C.Dutt Road, Vadodara – 390 007.

Tel. No. : (0265) 6581665/ 2338100 Fax No. : (0265) 3057834 Mobile – S.J.Mehta – 94260 19863

INDEPENDENT AUDITOR'S REPORT

To the Members of Innovative Tyres & Tubes Limited

Report On the Financial Statement

We have audited the accompanying financial statements of **Innovative Tyres & Tubes Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act 2013 (the Act) with respect to the preparation of these financial statements that give a true and fair view of the financial position, and financial performance of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of internal finance control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by

Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

As required by the Companies (Auditor's Report) Order 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet and Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f. With respect to adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us,
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts required to be transferred to the Investor education and protection fund.

- iv. The company has provided requisite disclosures in the financial statements as to holding and dealing in specified bank notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company.

**For Parikh Mehta & Associates
Chartered Accountants**

**Vadodara
May 25, 2017**

**Sd/-
Sachin J. Mehta
M.No.039258
FRN No.112832W**

ANNEXURE I TO THE AUDITORS' REPORT

(Referred to in paragraph (9) of our report of even date on the financial statement of Innovative Tyres & Tubes Limited for the year ended March 31, 2017)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

(b) We have been informed that substantial portion of fixed assets have been physically verified by the Management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.

The Company has not disposed off any part of fixed assets during the year.

(c) The title deeds of immovable properties are held in the name of the company.

2. As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

The Company is maintaining proper records of inventory and as explained to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.

3. The principal amounts are repayable over varying periods up to five years, while the interest is payable annually, both at the discretion of the company.

In respect of the said loans and interest thereon, there are no overdue amounts.

4. The company has not granted any loans or guarantees or security to the parties covered under the sections 185 and 186 of the Act. According to information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investment made by the Company.

5. According to the information and explanations give to us, the Company has not accepted any deposits from the public during the year. Therefore, the provisions of Para (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under section 148 (1) (d) of the Companies Act 2013 and are of the opinion that , prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to information and explanations given to us and the records of the Company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, Income Tax, Sales Tax, Duty of Custom, Duty of Excise, Service tax, Professional Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities. According to information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.

According to information and explanations given to us, there are no amounts due to be transferred to the Investor Education and Protection Fund in accordance with the section 125 of the Act and rules made there under has been transferred to such fund within time.

8. Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayments of dues to a financial institutions or banks. The Company has not raised money via debentures.
9. The company has not raised money by way of initial public offer or further public offer during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
11. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. According to information and explanations given to us, the Company is not a Nidhi Company and hence, provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of sections 177 and 188 of the Act.
14. According to information and explanations given to us and to the best of our knowledge and belief the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence para 3(xiv) of the Order is not applicable to the Company. However the company has issued 5,00,000 Cumulative Preference shares and 33,55,000 Convertible preference shares have been allotted.
15. According to information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected to them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.
16. According to information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Parikh Mehta & Associates
Chartered Accountants**

**Sd/-
Sachin J. Mehta
Partner
Membership No. 039258
FRN No: 112832W**

**Vadodara
May 25, 2017**

PARIKH MEHTA & ASSOCIATES
Chartered Accountants

D.B.Parikh
M.Com., F.C.A.

S.J.Mehta
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**ANNEXURE TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE OF
INNOVATIVE TYRES & TUBES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of
Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Innovative Tyres & Tubes Limited** (“the Company”) as at 31st March, 2017 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management’s Responsibility for the Financial Statements:

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of the reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility:

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design, and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Parikh Mehta & Associates
Chartered Accountants**

**Vadodara
May 25, 2017**

**Sd/-
Sachin J Mehta
M.No.039258
FRN No.112832W**

INNOVATIVE TYRES & TUBES LIMITED

AUDITED BALANCE SHEET AS AT 31ST MARCH, 2017

		AMOUNT IN(RS)	AMOUNT IN(RS)
Particulars	Notes No	As at 31st March,2017	As at 31st March,2016
I. EQUITY AND LIABILITIES			
<u>(1) Shareholder's Funds</u>			
(a) Share Capital	3	169,481,370	130,931,370
(b) Reserves and Surplus	4	359,493,387	289,032,720
<u>(2) Share Application Money Pending Allotment</u>	5	-	22,800,000
<u>(3) Non-Current Liabilities</u>			
(a) Long-Term Borrowings	6	35,406,642	1,599,462
(b) Deferred Tax Liabilities (Net)	7	75,758,827	22,575,589
(c) Other Long Term Liabilities	8	252,895,826	237,564,253
(d) Long Term Provisions	9	8,535,602	6,911,459
<u>(4) Current Liabilities</u>			
(a) Short Term Borrowings	10	157,396,455	169,016,123
(b) Trade Payables			
(i) Due to Micro and Small Enterprises	11	580,767	1,607,839
(ii) Due to Others	11	250,577,772	294,051,064
(c) Other Current Liabilities	12	51,290,893	54,235,908
(d) Short-Term Provisions	13	34,038,636	22,986,205
TOTAL		1,395,456,177	1,253,311,992
II.ASSETS			
<u>(1) Non-Current Assets</u>			
(a) Fixed Assets			
(i) Tangible Assets	14	651,717,821	599,995,621
(ii)Intangible Assets	14	40,917	56,817
(iii) Capital Work-in-progress	14	152,957,293	130,397,480
(b) Non-Current Investment.	15	33,400	33,400
(c) Long term loans and advances	16	8,162,916	15,637,542
<u>(2) Current Assets</u>			
(a) Inventories	17	306,416,626	209,744,551
(b) Trade receivables	18	143,469,344	156,896,355
(c) Cash and cash equivalents	19	42,718,742	38,710,379
(d) Short-term loans and advances	20	78,894,066	61,775,317
(e) Other Current Assests	21	11,045,052	40,064,530
TOTAL		1,395,456,177	1,253,311,992

Significant Accounting Policies Note No.2

The accompanying notes are an integral part of the financial statements

For Parikh Mehta & Associates
Chartered Accountants

For Innovative Tyres & Tubes Limited

sd/-
Sachin J. Mehta
Partner
Membership No. : 039258
Firm Reg. No.: 112832W
Place : Vadodara
Date : 25th May, 2017

sd/-
Mukesh G Desai
(Chairman & Managing Director)

sd/-
Pradip R Kothari
(Whole Time Director)

sd/-
Arvind Tambi
(Chief Financial officer)
Place : Vadodara
Date : 25th May, 2017

sd/-
Sejal Desai
(Company Secretary)

INNOVATIVE TYRES & TUBES LIMITED

AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH,2017

			AMOUNT IN(RS)	AMOUNT IN(RS)
Sr. No	Particulars	Notes No	Year Ended 31.03.2017	Year Ended 31.03.2016
I	Revenue from operations	22	1,321,755,878	1,235,519,179
II	Other Income	23	3,636,143	24,870,391
III	III. Total Revenue (I +II)		1,325,392,021	1,260,389,570
IV	<u>Expenses:</u>			
	Cost of materials consumed	24	858,181,375	694,359,370
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	(102,349,768)	61,401,492
	Employee Benefit Expense	26	51,645,288	46,650,008
	Financial Costs	27	42,014,034	51,882,750
	Depreciation and Amortization Expense	28	40,008,256	39,090,376
	Other Expenses	29	374,079,599	323,658,974
	Total Expenses (IV)		1,263,578,784	1,217,042,970
V	Profit before exceptional and extraordinary items and tax	(III - IV)	61,813,237	43,346,600
VI	Loss due to Fire		-	9,678,771
VII	Profit Before Tax	(V-VI)	61,813,237	33,667,829
VIII	<u>Tax expense:</u>			
	(1) Current tax		19,740,592	10,995,726
	(2) Deferred tax		1,941,380	2,140,011
	(3) Short Provision for Income Tax		(532,629)	620,738
	(4) MAT Credit		(8,189,517)	(11,075,299)
IX	Profit/(Loss) for the period	(VII-VIII)	48,853,411	30,986,653
X	Earning per equity share:			
	(1) Basic		4.24	3.08
	(2) Diluted		3.99	3.08

Significant Accounting Policies Note No.2

The accompanying notes are an integral part of the financial statements

**For Parikh Mehta & Associates
Chartered Accountants**

For Innovative Tyres & Tubes Limited

**sd/-
Sachin J. Mehta
Partner
Membership No. : 039258
Firm Reg. No.: 112832W
Place : Vadodara
Date : 25th May, 2017**

**sd/-
Mukesh G Desai
(Chairman & Managing Director** **sd/-
Pradip R Kothari
(Whole Time Director)**

**sd/-
Arvind Tambi
(Chief Financial officer)
Place : Vadodara
Date : 25th May, 2017**

**sd/-
Sejal Desai
(Company Secretary)**

INNOVATIVE TYRE & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 3 Share Capital

Amount in Rs.

Sr. No	Particulars	As at 31st March, 2017	As at 31st March, 2016
1	<u>AUTHORIZED CAPITAL</u>		
i)	105,00,000 Equity Shares of Rs. 10/- each. (Previous year 105,00,000 of Rs.10/- each)	105,000,000	105,000,000
ii)	40,00,000 Cumulative redeemable Preference shares of Rs. 10/- each (Previous Year 40,00,000 of Rs.10/- each)	40,000,000	40,000,000
iii)	45,00,000 Convertible Preference shares of Rs. 10/- each (Previous Year 25,00,000 of Rs.10/- each)	45,000,000	25,000,000
		190,000,000	170,000,000
2	<u>ISSUED , SUBSCRIBED & PAID UP CAPITAL</u>		
i)	95,93,137 Equity Shares of Rs. 10/- each fully paid up (Previous year 93,43,137 of Rs.10/- each)	95,931,370	95,931,370
ii)	40,00,000 Cumulative redeemable Preference shares of Rs. 10/- each (Previous Year 35,00 000)	40,000,000	35,000,000
iii)	33,55,000 Convertible Preference shares of Rs. 10/- each (Previous Year Nil)	33,550,000	-
	Total in (Rs)...	169,481,370	130,931,370

Note: During the year Company has increased Preference authorised share capital from 65,00,000 to 85,00,000 having face value of Rs.10/- each . The Company has issued 5,00,000 Cumulative redeemable Preference Shares and 33,55,000 Convertible Preference Shares having face value of Rs10 each to the existing shareholders.

(a) Reconciliation of number of equity shares and amount outstanding at the beginning & end of the reporting

S. No	Particulars	No. of Shares as at 31st March, 2017	Amt in Rs. as at 31st March, 2017	No. of Shares as at 31st March, 2016	Amt in Rs. as at 31st March, 2016
1	At the beginning of the year	9,593,137	95,931,370	9,593,137	95,931,370
	-Addition/Substraction during the year	-	-	-	-
	Closing Balance at the end of the year	9,593,137	95,931,370	9,593,137	95,931,370

(b) Terms/Rights attached to equity shares

- * The Company has equity shares and redeemable preference share having a par value of Rs. 10 each.
- * The equity shares have rights, preferences and restrictions which are in accordance with the provisions of the law, in particular the Companies Act, 2013.

(C) Details of shareholders holding more than 5% Equity shares in the Company.

S. No	Name of the shareholder	AS at 31st March, 2017		As at 31st March, 2016	
	Equity shares of Rs. 10/- each fully paid	No. of Shares	% of holding	No. of Shares	% of holding
1	Maxim Gold Development Limited	1,637,731	17.07	3,843,137	40.06
2	Goldmine Stocks Pvt Ltd.	956,790	9.97	956,790	9.97
3	Sharmistha C Shah	833,887	8.70	996,410	10.39
4	Pradeep R Kothari	2,867,134	29.89	1,531,020	15.96
5	Kirit T Vassa	1,618,323	16.87	-	-

INNOVATIVE TYRES & TUBES LIMITED

Note : 4 Reserves & Surplus

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	<u>Securities Premium</u>	92,645,383	92,645,383
	Balance as at the beginning & end of the year		
2	<u>General Reserve</u>		
	Balance as at the beginning and at the end of the year	3,254,642	2,800,237
	Addition(Deduction) during the year	(3,254,642)	454,405
	Closing Balance at the year end	-	3,254,642
3	<u>Revaluation Reserve</u>		
	Balance as at the beginning of the year	-	
	Addition during the year(Revaluation of Land)	72,849,114	
	Closing Balance at the year end	72,849,114	-
	TOTAL	165,494,497	95,900,025
4	<u>Surplus in the Statement of Profit & Loss Account</u>		
	Balance as at the beginning of the year	193,132,695	162,146,041
	Profit of previous years transferred	3,254,642	-
	Less: DTL of Prior Years	51,241,857	-
	Add: Profit for the year	48,853,411	30,986,654
	Balance as at the end of the year	193,998,890	193,132,695
	GRAND TOTAL	359,493,387	289,032,720

Note : 5 Share Application Money Pending Allotment

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
	Share Application Money pending Allotment	-	22,800,000
	TOTAL	-	22,800,000

Note : 6 Long Term Borrowings

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Secured Loan		
	- Term Loan Account from State Bank of India	42,959,571.00	23,065,924
	Less : Current Maturity of long terms borrowings	8,340,000.00	23,065,924
	Total (a)	34,619,571	-
	(Refer Note No.12)		

6.1.Secured by mortgage of Land, Building admeasuring 27833 Sq mtr situated at plot no 1201,1202,1203 RS no 1559/P & 2422/P, GIDC Halol, Panchmahal .		
6.2. Hypothecation of entire Plant & Machinery of the Company.		
6.3 Hypothecation of Plant & Machinery aquired/ to be aquired out of new term Loan.		
6.4.Extension of mortgage charges over residential flat no.6 admeasuring 948 sq ft , Block A Type B , RS No 614,P,Siddharthnagar Apartment Co-operative Housing Society Gorwa, Dist- Vadodara and land & Building situated at plot no 1704 admeasuring 11200Sq mtr RS No 1583/P, GIDC Halol, Dist-Panchmahal.		
6.5. Pledge of Shares 20,32,850 shares of Company and personally guaranteed by all executive directors of company.		
6.6.Interest Payable monthly @ 13.40%. p. a. Repayable in 54 monthly installments. First 46 Installments of Rs.8.34 lacs starts from June.2017 to March 2021, next 7 installments of Rs.14.55 lacs from April 2021 to Oct 2021 and last installment of Rs.14.51 lacs will be payable in Nov.2021		
-Term Loans (Vehicle) from Various Banks	1,604,461	2,536,201
Less : Current Maturity of long terms borrowings (Secured by Hypothecation of Vehicles) (Refer Note No.12)	817,390	936,739
Total (b)	787,071	1,599,462
Total (a) + (b)	35,406,642	1,599,462

Note : 7 Deferred Tax Liabilities (Net)

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Deferred Tax Liabilities		
	Opening Balance at the begning of the Year	22,575,589	20,435,579
	Add: DTL for Prior years	51,241,857	
	Add: DTL for the year	1,941,381	2,140,010
	Closing Balance at the end of Year	75,758,827	22,575,589
	Total in (Rs)...	75,758,827	22,575,589

Note : 8 Other Long Term Liabilities

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Trade Payables (Other Than Micro, Small & Medium Enterprise)	223,251,243	204,803,254
2	Other Creditors	-	-
	- Security Deposit	28,490,602	32,394,330
	- For Capital Goods	1,153,981	366,669
	Total	252,895,826	237,564,253

Note : 9 Long Term Provisions

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Gratuity Liability	6,842,918	5,524,069
2	Leave Liability	1,692,684	1,387,390
	Total	8,535,602	6,911,459

Note : 10 Short Term Borrowings

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
	Secured Loan		
1	-Cash Credit Limit a/c 31563436900	149,396,175	149,019,669
2	- PCFC / Buyers Credit / Stand by Line of Credit	8,000,280	19,996,454
	Total	157,396,455	169,016,123

Note:

(i) Hypothecation charge over Raw material, stock in process, finished goods, book debts/receivables and other current assets.

(ii) Extension of mortgage charges over residential flat no.6 admeasuring 948 sq ft , Block A Type B, RS No 614,P,Siddharthnagar Apartment Co-operative Housing Society Gorwa, Dist-Vadodara and land & Building situated at plot no 1704 admeasuring 11200Sq mtr RS No 1583/P, GIDC Halol, Dist-Panchmahal.Pleage of Shares 20,32,850 shares of Company and personally guaranteed by Directors of the Company.

(iii) Mortgage charge over Factory Land and Building admeasuring 27833 Sq mtr situated at plot no 1201,1202,1203 RS no 1559/P & 2422/P, GIDC Halol, Panchmahal .

(iv) Cash Credit is repayable on demand and carries variable interest (average for the year 13.40%)

(v) Stand by Line of Credit is due maximum upto 3 months and carry variable interest (average for the year 14.40%)

Note : 11 Trade Payables

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Due to Micro,Small and Medium Enterprises.* (To the Extent Identified on the basis of information available with the company)	580,767	1,607,839
2	Due to Others	250,577,772	294,051,064
	Total	251,158,539	295,658,903

*Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "Suppliers" regarding their status under the Micro,Small and Medium Enterprises Development Act, 2006.

Note : 12 Other Current Liabilities

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Current Maturity of long terms borrowings		
	- Term Loan from SBI	8,340,000	23,065,924
	- Term Loan (Vehicle)	817,390	936,739
	(Refer Note No. 5)	-	-
2	Advance received from Sundry Debtors	24,115,094	20,515,295
3	Unpaid Salary & wages	7,236,470.5	6,894,125
4	TDS Payable	1,621,289	1,008,238
5	Interest on SLC payable	64,702	253,193
6	Contribution to PF and ESIC	737,080	649,580
7	Current Account credit Balances:		
	State Bank of India -C/A No. 10184845681	848	-
	State Bank of India -C/A No. 30050608062	2	2
	State Bank of India, Halol -C/A No. 10462017617	1,924	-
8	Other Liabilities	8,356,093	912,811
	Total	51,290,893	54,235,908

Note : 13 Short Term Provisions

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	Provision for Employees Benefits		
	- Leave Liability	239,002	208,851
	- Gratuity Liability	696,549	744,155
	- Bonus	2,550,000	4,200,000
2	Provision for Excise Duty	10,812,493	6,837,473
3	Provision for Income Tax - 2015-16	-	10,995,726
4	Provision for Income Tax - 2016-17	19,740,592	-
	Total	34,038,636	22,986,205

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 14 Fixed Asset

Amount in Rs.

Sr. No	Particulars	Gross Block				Depreciaton					Net Blok	Net Blok
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Transferr ed to/from General Reserve	Value at the end	WDV as on 31.03.2017	WDV as on 31.03.2016
I	<u>Tangible Assets</u>											
	Free Hold Land	5,216,886	72,849,114	-	78,066,000	-	-	-	-	-	78,066,000	5,216,886
1	Plant & Equipment	722,401,443	18,902,788	-	741,304,231	185,452,746	34,543,427	-	-	219,996,173	521,308,058	536,948,697
2	Electrical Installation	19,746,802	1,037,274	-	20,784,076	5,562,575	1,909,755	-	-	7,472,330	13,311,746	14,184,227
3	Laboratory Equipments	1,215,322	277,440	-	1,492,762	226,891	121,088	-	-	347,979	1,144,783	988,431
4	Building	50,479,328	-	-	50,479,328	18,012,168	1,600,195	-	-	19,612,363	30,866,965	32,467,160
5	Furniture & Fixtures	1,945,967	64,638	-	2,010,605	1,933,089	13,165	-	-	1,946,254	64,351	12,878
6	Office Equipments	3,853,912	5,800	-	3,859,712	2,171,384	674,750	-	-	2,846,134	1,013,578	1,682,528
7	Vehicles	8,536,554	603,415	250,000	8,889,969	2,676,644	989,802	144,594	-	3,521,852	5,368,117	5,859,910
8	Computer & Peripherals	1,678,404	229,493	-	1,907,897	1,193,500	140,174	-	-	1,333,674	574,223	484,904
9	Salvage F-270	2,150,000	-	2,150,000	-	-	-	-	-	-	-	2,150,000
	TOTAL (A)	817,224,618	93,969,962	2,400,000	908,794,580	217,228,997	39,992,356	144,594	-	257,076,759	651,717,821	599,995,621
II	<u>Intangible Assets</u>											
10	Technical Knowhow	12,618,561	-	-	12,618,561	12,618,561	-	-	-	12,618,561	-	-
11	Trade Mark	138,000	-	-	138,000	81,183	15,900	-	-	97,083	40,917	56,817
	TOTAL (B)	12,756,561	-	-	12,756,561	12,699,744	15,900	-	-	12,715,644	40,917	56,817
	Total (A+B)(Current Year)	829,981,179	93,969,962	2,400,000	921,551,141	229,928,741	40,008,256	144,594	-	269,792,403	651,758,738	600,052,438
	(Previous Year)	792,768,944	67,623,309	30,411,074	829,981,179	195,158,261	39,090,376	3,865,491	454,405	229,928,741	600,052,438	597,610,685
	Capital work in progress										152,957,293	130,397,480
	Total										804,716,031	730,449,918

Note: The additional in land RS. 7,28,49,114/- above represents re-valuation of land carried out during the year. The revaluation reserve has been created to that

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 15 Non-Current Investment (Valued at Cost)

Sr. No	Particulars	Amount in Rs	Amount in Rs
		As at 31st March 2017	As at 31st March 2016
1	<u>Other Investments</u> - Quoted: 1100 shares of Rs. 10 each of Indian Overseas Bank at a premium of Rs.14 (At the Beginning And at the End of the Year. Market Rate Rs26.80/- (P.Y.Rs30.03/-)	26,400	26,400
2	- Unquoted: 140 shares of Rs. 50 each, fully paid up of The Halol Mercantile Co-Operative Bank Ltd., Halol (At the Beginning And at the End of the Year.)	7,000	7,000
	TOTAL	33,400	33,400

Note : 16 Long Term Loans and Advances

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	<u>a) Unsecured, Considered Good :</u> Capital Advance	45,687	1,049,064
2	Other Advance for Purchase	6,106,361	12,577,610
3	Balance With Government Authorities	2,010,868	2,010,868
	TOTAL	8,162,916	15,637,542

Note : 17 Inventories (As Certified By the Management)

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	At lower of Cost or Net Realisable Value Consumables Stores and Spares	17,984,217	11,734,605
2	Raw Material	26,951,533	38,878,838
3	Work In Progress	164,168,440	97,593,855
4	Finished Goods - Tyres	85,653,730	49,461,613
	- Tubes	8,532,556	9,723,238
	- Flaps	3,126,150	2,352,402
	TOTAL	306,416,626	209,744,551

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 18 Trade Receivables

Sr. No	Particulars	Amount in Rs	Amount in Rs
		As at 31st March 2017	As at 31st March 2016
1	<u>Trade receivables outstanding for a period more than Six Months.</u>		
	a) Unsecured , Considered Good:	16,282,108	12,887,321
2	<u>Other trade receivables</u>		
	a) Unsecured, Considered Good :	127,187,236	144,009,034
	TOTAL	143,469,344	156,896,355

Note : 19 Cash & Cash Equivalent

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	<u>Cash-in-Hand</u>		
	Cash Balance	586,901	2,551,792
	Sub Total (A)	586,901	2,551,792
2	<u>Balance with Banks</u>		
	Fixed Deposit with SBI (Margin Money)	31,066,076	31,066,076
3	<u>In Current Account</u>		
	State Bank of India -C/A No. 30094419858	10,226,412	3,865,309
	State Bank of India -C/A No. 10184845681	-	1,137,688
	State Bank of India, Halol -C/A No. 10462017606	11,361	11,361
	State Bank of India, Halol -C/A No. 10462017617	-	13,654
	State Bank of India -C/A No. 3004803240	809,809	39,475
	Uco Bank A/c No. 20310210001363	-	6,841
	The Halol Mercantile Co-Op. Bank Ltd.	450	450
4	State Bank of India EEFC a/c No. 30536291123	17,733	17,733
	Sub Total (B)	42,131,841	36,158,588
	Total [A + B]	42,718,742	38,710,379

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note :20 Short Terms Loans and Advances

Sr. No	Particulars	Amount in Rs	Amount in Rs
		As at 31st March 2017	As at 31st March 2016
1	<u>(a)Unsecured, Considered Good :</u>		
1	Security Deposit		
	- Telephone Deposit 223480	10,146	10,146
	- Security Deposit with GEB/MGVCL	6,894,246	6,894,246
	- ITI Godhara Deposit	500	500
	- Internet Deposit - VSNL	1,000	1,000
	- Rent Deposit	132,000	70,000
	- Telephone Deposit	38,987	38,987
	- Infrastructure Deposit with HGIA	223,750	223,750
	- Gas Connection Deposit	7,650	7,650
	- Halol G.I.D.C. Industries Association	157,343	157,343
	- Telephone Deposit Tata Tele. No. 223480	500	500
	- Rent Deposit Hasuben D. Patel	63,691	63,691
	- Earnest Money Deposit	228,238	228,238
	- Nandesari Environment Control Ltd	98,603	83,708
2	Capital Advance	7,759,252	939,423
3	Advance to Sundry Creditors	2,458,665	4,201,750
4	Advance To Employees	355,362	150,500
5	Advance To Directors	-	38,614
6	Balnace with Revenue Authorities	58,849,349	48,329,560
7	Prepaid Expenses	1,614,784	335,712
	TOTAL	78,894,066	61,775,317

Note :21 Other Current Assets

Sr. No	Particulars	As at 31st March 2017	As at 31st March 2016
1	<u>(a Current Assets :</u>		
	- Insurance Claim Receivable	-	30,954,394
	- Accrued income	11,045,052	9,110,136
	TOTAL	11,045,052	40,064,530

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 22 Revenue from Operations		Amount in Rs	Amount in Rs
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Sale of Products. - Export Sale - Domestic Sale	577,633,170 445,112,464	557,758,495 388,841,650
	Less : Excise Duty on Domestic Sale	1,022,745,634 41,937,949	946,600,145 37,987,375
		980,807,685	908,612,770
2	Sale of Services-Job Work	325,511,911	311,202,912
3	Other Operating Revenue - Scarp Sale - Export Incentives - Exchange Rate Difference	2,049,751 - 13,386,531	3,204,085 1,331,988 11,167,425
	Total	1,321,755,878	1,235,519,179

Note : 23 Other Income			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Interest on MGVCL	530,360	556,012
2	Interest on Fixed Deposit from Bank	2,618,278	2,601,510
3	Insurance Claim		16,237,582
4	Sundry Balance W/off	469,421	4,095,552
5	Other Income	3,934	1,991
6	Prior Period Adjustment (Net)	14,151	1,377,744
	Total	3,636,143	24,870,391

Note : 24 Cost of Material Consumed			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Opening Stock of Raw Material	38,878,838	46,314,234
	Add: Purchases	846,254,070	686,923,974
	Total	885,132,908	733,238,208
	Less: Closing Stock of Raw Material	26,951,533	38,878,838
	Total	858,181,375	694,359,370

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note: 24.1 Details of Raw Material Consumed		Amount in Rs	Amount in Rs
		Year Ended 31.03.2017	Year Ended 31.03.2016
1	- Carbon Black	113,422,350	108,631,454
2	- Rubber Process Oil	17,988,134	17,883,372
3	- Chemicals	45,268,190	43,593,470
4	- Bead Wire	22,831,476	21,413,697
5	- Fabrics	156,073,766	151,205,858
6	- Rubber	414,157,921	300,048,851
7	- Bladder	7,449,255	6,597,316
8	- Zinc Oxide	15,868,144	14,225,541
9	- Valve , Nuts, Washers and Other	10,401,778	8,091,994
10	- Compound	37,307,150	
11	-Freight Inward	17,413,211	22,667,817
	Total	858,181,375	694,359,370

Note : 25 Change in Inventories of Finished Goods, Work-in-Progress & Scrap			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Opening Stock		
	Finished Goods	61,537,253	97,361,825
	Work In Process	97,593,855	122,988,596
	Scrap	-	182,179
		159,131,108	220,532,600
2	Closing Stock		
	Finished Goods	97,312,436	61,537,253
	Work In Process	164,168,440	97,593,855
		261,480,876	159,131,108
	Total	(102,349,768)	61,401,492

Note : 26 Employment Benefit Expenses			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Salary Expenses	34,689,839	35,085,481
2	Gratuity	1,779,200	782,799
3	Leave Encashment	1,160,283	312,246
4	Directors Remuneration	4,800,000	4,800,000
5	Bonus Expenses	3,904,887	1,200,000
6	Employer's Contribution to ESIC Fund	1,337,399	1,245,194
7	Employer's Contribution to Provident Fund	2,872,756	2,695,433
8	Employer's Contribution to Labour Welfare Fund	5,628	3,807
9	Staff Welfare Expenses	1,095,296	525,048
	Total	51,645,288	46,650,008

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note :27 Financial Cost		Amount in Rs	Amount in Rs
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	<u>Interest on Borrowings</u>		
	Interest on Term loan	2,156,010	5,715,047
	Less: Interest on Term Loan Capitalised	638,449	-
		1,517,561	5,715,047
	Interest on Unsecured Loan	872,230	632,254
	Interest on C.C. Limit	20,057,638	20,866,545
	Interest on SLC	1,365,675	2,967,283
	Interest to Financial Institutions	229,260	372,154
	Interest to Creditor on L.C.	3,655,945	6,004,334
2	<u>Interest Others</u>		
	LC Opening Charges	9,753,254	10,388,540
	Interest on delayed payment of Statutory Liabilities	535,262	1,344,005
3	<u>Other Borrowing Costs</u>		
	Bank Charges on Foreign Currency	259,243	377,832
	Bank Charges	3,767,966	3,214,756
	Total	42,014,034	51,882,750

Note : 28 Depreciation & Amortised Cost			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Depreciation of Tangible Asset	39,992,356	39,074,476
2	Depreciation of InTangible Asset	15,900	15,900
	Total	40,008,256	39,090,376

Note : 29 Other Expenses			
Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
1	Manufacturing Expenses		
	Consumption of Stores and Spareparts (Including Packing Material & Repairs & Maintainance)	21,130,279	17,342,372
	Excess Material Consumption	795,064	1,313,410
	Rejection Tube/Tyre claims	105,403	1,008,486
	Labour Charges	15,034,000	13,283,467
	Conversion Charges TTF	194,685,418	174,573,675
	Conversion/Mixing charges	5,341,405	782,287
	Power & Fuel	98,058,269	90,174,563
	Water Charges	3,262,851	2,376,587
	Weighing Charges	147,520	138,340
	Factory Expenes	101,491	90,729
	Provision for Excise Duty	3,975,020	(3,980,508)

INNOVATIVE TYRES & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Sr. No	Particulars	Year Ended 31.03.2017	Year Ended 31.03.2016
2	Adiministrative, Selling & Distribution Expenses, and Other Misc. Expenses		
	Payment to Auditors as		
	- Auditor	143,750	114,500
	- For Reimburshment of Expenses	12,418	-
	Sundry Balances written off	180,779	726,163
	Conveyance	38,000	1,270
	Donation & Charity	142,000	46,000
	Cash Discount	478,449	915,094
	Insurance Expenses	1,907,914	1,540,710
	Membership fees and Subscription	75,512	195,804
	Legal & Professional Expenses	4,297,020	3,348,097
	Loss on Sale of Assets	680,406	-
	Miscellaneous Expenses	10,158	23,142
	Office Expenses	179,395	70,614
	Repairs and Maintenance to others	29,953	-
	Repairs to Building	-	32,280
	Repairs to Computer	45,575	19,751
	Postage & Courier Expenses	488,165	193,232
	Printing & Statoinery	312,752	105,582
	Rates & Taxes	1,026,957	569,448
	Security Expenses	1,570,775	1,480,416
	Telephone Expenses	675,064	713,953
	Travelling Expenses	657,808	440,145
	Vehicle Expenses	806,363	447,064
	Penalty	160,874	-
	Vat Exps	1,119,613	2,692,495
	Fee for Late Filling Return	124,500	-
	Krishi Kalyan Cess@0.5%	152,684	-
	Swachh Bharat Cess @0.5%	155,205	-
	Director Sitting Fees	210,000	-
	Advertisement Expenses	31,000	-
	Sales/Business Promotion Expenses	296,926	322,379
	ROC Filing fee for increase in Authorised Capital	323,600	-
	Freight and Forwarding Expenses	15,109,264	12,557,428
	Total	374,079,599	323,658,974

INNOVATIVE TYRES & TUBES LIMITED			
Cash Flow Statement for the year ended on 31 st March, 2017			
Sr. No.	Particulars	31st March 2017	31st March 2016
1)	Cash Flow from Operating Activities		
	Profit before taxation	61,813,237	43,346,600
	Adjustment for:		
	(Profit)/Loss on sale of Fixed Assets	680,406	-
	Depreciation	40,008,256	39,090,376
	Security Premium Received	-	-
	Debit/Credit Balance no longer required written back	469,421	4,095,552
	Interest Received	(3,148,638)	(3,157,522)
	Interest and finance charges	42,014,034	51,882,750
	Operating profit before working capital changes	141,836,716	135,257,756
	(Increase)/Decrease in		
	Inventories	(96,672,075)	56,931,239
	Trade Receivables	13,427,010	43,635,258
	Short Term Loans and Advances	(8,929,232)	(19,775,576)
	Other current assets	29,019,479	-
	Long Term loans and Advances	7,474,626	6,743,588
	Increase/ (Decrease) in		
	Long Term Provisions	1,624,143	(6,596,266)
	Trade payables	(44,500,363)	(62,526,679)
	Other current liabilities	(2,945,015)	(34,377,584)
	Short-term provisions	11,052,431	3,906,508
	Short-Term Borrowings	(11,619,669)	2,195,363
	Debit/Credit Balance no longer required written back	(469,421)	(4,095,552)
	Other Long Term Liabilities	15,331,572	(20,209,496)
	Cash generated from operations	54,630,203	101,088,559
	Income taxes and other taxes (net of refunds)	(19,207,963)	(9,210,000)
	Net cash from Operating Activities - A	35,422,240	91,878,559
2)	Cash flow from Investment Activities		
	Purchase of fixed assets	(21,120,848)	(67,623,309)
	Increase in WIP	(22,559,813)	4,703,716
	Sale of Fixed Assets	1,575,000	19,206,210
	Interest Received	3,148,638	3,157,522
		-	-
	Net cash from Investment Activity - B	(38,957,023)	(40,555,861)
3)	Cash Flow from Financing Activities:		
	Net Proceeding from Long Term Borrowings	33,807,180	(17,389,722)
	Net Proceeding from Share Capital/Share Application Money	15,750,000	22,800,000
	Interest and Finance Charges Paid	(42,014,034)	(51,882,750)
	Net cash from Financing Activities - C	7,543,146	(46,472,472)
	Net Increase/(decrease) in Cash and cash equivalents (A+B+C)	4,008,363	4,850,226
	Cash and cash equivalents as on 1 st April, 2016	38,710,379	33,860,153
	Cash and cash equivalents as on 31st March, 2017*	42,718,742	38,710,379
As per our attached report of even date			
For Parikh Mehta & Associates		For and on behalf of the Board of Directors	
Chartered Accountants			
sd/-		sd/-	sd/-
Sachin J Mehta		Mukesh G Desai	Pradip R Kothari
Partner		(Chairman & Managing Director)	(Whole Time Director)
Membership No : 039258		sd/-	sd/-
Firm Reg. No.: 112832W		Arvind Tambi	Sejal Desai
Place : Vadodara		(Chief Financial officer)	(Company Secretary)
Date: 25th May 2017		Place : Vadodara	
		Date:25th May 2017	

INNOVATIVE TYRES & TUBES LIMITED

NOTE No. 1

Brief of the Company:

Innovative Tyres & Tubes Ltd was incorporated on 28-11-1995 with a view to set up Project for manufacturing of Butyl Rubber Tubes for 4 wheelers like Car, LCV, Truck, Bus etc for Ceat Ltd and made a dent in the supply market of butyl inner tubes during first few years of its operations with high standard of quality product which has helped to consolidate more co-operation and strong tie-up with Ceat Ltd.

Innovative Tyres & Tubes Ltd. is a leading manufacturer of automotive and industrial tyres and tubes based in Gujarat, India.

Innovative Tyres offers a wide range of products in the Truck / Bus, Agricultural & OTR and Motorcycle / 3-wheeler segments. Our full range of products along with our tubes/flaps manufacturing facility allows us to offer you un-paralleled flexibility of products and delivery.

Quality at Innovative is not an act, but a habit. Our manufacturing facility maintains the highest standards of quality and strict in-process controls so that you are assured of a superior quality product. Our tyre testing centre includes compound testing, testing of chemical and physical properties and product performance testing like plunger tests and pulley-wheel testing.

Our manufacturing plants are located at Halol, Gujarat in India in the industrial friendly state of Gujarat. Our location on the upcoming Delhi-Mumbai Industrial Corridor ensures that we are in the middle of strong industrial belt with good base infrastructure and access to all key market areas.

Over a period of time, Innovative has established in-process controls that control quality and ensure that end-products are defect free. We routinely are subjected to audit by third-party certification authorities and key customers.

At Innovative, we believe in a business ethics and values and LIVE BY IT. Innovative stands for the values we believe in – that only socially responsible and ethical businesses would prosper in the long run. Most of all, we pride ourselves in putting PEOPLE FIRST – our employees, our business partners and the stakeholders at large.

INNOVATIVE TYRES & TUBES LIMITED
NOTES ON FORMING PART OF THE ACCOUNTS

NOTE No.2

(A) Significant Accounting Policies

1. Basis of preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities, if any, as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for income tax and the useful lives of fixed assets. The difference between the actual results and estimates are recognized in the period in which results are known or materialized

3. Revenue Recognition

(i) Sales

Sales are recognized on the basis of dispatch to customer and are net of Sales Tax, VAT, Trade discount, rebates and returns but inclusive of excise duty.

(ii) Service Charges

Service Charges are recognized on completion of job work and are shown net of claims.

(iii) Other Income

Other income is recognized on accrual basis except when realization of such income is uncertain.

(iv) Insurance Claims

Claims lodged with the Insurance Company in respect of risks covered are accounted for as and when claim is approved by the Insurance Company.

4. Fixed Assets

Fixed Assets other than re-valued assets are stated at cost, net of CENVAT credit, if any, after reducing accumulated depreciation until the date of the Balance Sheet. Direct cost are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition. Capital work - in- progress includes the cost of fixed assets that are not yet ready for the intended use, advances paid to acquire fixed assets and the cost of assets not put to use before the balance sheet date.

The company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in accordance with Companies (Accounting Standards) Amendment Rules 2011 on Accounting Standard 11 (AS-11) as notified by Government of India on March 31, 2011. Accordingly the effect of

exchange differences on long term monetary liabilities of the company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets.

5. Depreciation

- (i) Depreciation is provided Straight Line Method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Except in respect of assets, where useful life is different than those prescribed in Schedule II.
- (ii) In case of re-valued assets the additional charge of depreciation on account of revaluation, if any is withdrawn from the revaluation reserve and credited to Profit and Loss Account.
- (iii) As per AS 26 Accounting for Intangible Assets, Intangible Asset has been written off over useful the life of the underlying assets.

6. Inventories:

Inventories are valued at cost or net realizable value, whichever is lower. The basis of determining cost for various categories of inventories is as follows -

- | | |
|--------------------|---|
| 1. Raw materials | First-In-First-Out basis. |
| 2. Work in process | At Cost of Production (Cost of Materials and overhead up to the Completed Stage of Production) |
| 4. Finished Goods | Finished Goods are valued at lower of cost or net realisable value. Finished goods are valued based on weighted average cost of production, including appropriate proportion of cost of conversion. Excise duty is included in the value of finished goods inventory. |
| 5. Scrap | Scrap is valued at net realisable value. Excise duty is included in the value of finished goods inventory. |

7. Investments

Long term Investments are shown at cost. However, when there is decline, other than temporary in the value of a long term investment, the carrying amount is reduced to recognize the decline.

8. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expense in the period in which they are incurred.

9. Employee Benefits

Short Term Employee Benefits:

- (i) All employee Benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as Salaries, wages, and short term compensated absences etc. is recognised in the period in which the employee renders the related service.

Post Employment Benefits:

- (i) For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses comprised experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the profit and loss account.
- (ii) Termination Benefits are recognized as an expense as and when incurred.

10. Taxes on Income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

(i) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

(ii) Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes- down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

11. Provisions and Contingent Liabilities

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made.

Contingent Liability is disclosed for:

- a) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or

b) Present obligations arising from the past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

12. Prior Period Adjustments

All identifiable items of income and expenditure pertaining to prior period are accounted through "Prior Period Adjustments Account".

13. Impairment of Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the Balance Sheet date, there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

14. Cash Flow:

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. Cash flows from operating, investing and financing activities of the Company are segregated, accordingly

15. Earnings Per Share:

In determining the Earnings Per share, the company considers the net profit after tax which does not include any post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

The number of shares used in computing Diluted earnings per share comprises the weighted average number of equity shares and convertible preference shares considered for computing Basic Earnings per share and also the weighted number of equity shares that would have been issued on conversion of all potentially dilutive shares.

16. Foreign Currency Transactions:

Transaction denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction and any income or expenses on account of exchange difference either on settlement or on translation is recognized in the Statement of profit and Loss except in case where they relate to acquisition of fixed assets in which case they are adjusted with the carrying cost of such assets.

B) NOTES TO ACCOUNTS

1. Contingent Liabilities provided for in respect of :

Details of Contingent Liabilities are given as under:

(Amount in Rs.)

	Particulars	Year ended 31 st March, 2017	Year ended 31 st March, 2016
1	Bank Guarantee	77,10,600	84,60,600
2	Export Obligation	1,51,68,198	-----
3	Income Tax Demand A.Y.2016-17	3,31,760	-----
4	Capital Commitments	91,96,017	-----
	TOTAL	3,24,06,575	84,60,600

2. Auditors' Remuneration (including service tax, wherever applicable):

(Amount in Rs.)

	Particulars	Year ended 31 st March, 2017	Year ended 31 st March, 2016
1	Audit fees	94,300	74,425
2	Tax Audit fees	49,450	40,075
	TOTAL	1,43,750	1,14,500

3. Managerial Remuneration

(Amount in Rs)

Name of Director	Year ended 31 st March, 2017	Year ended 31 st March, 2016
1.Mukesh G Desai	27,00,000	27,00,000
2.Nitin J Mankad	10,50,000	10,50,000
3.Pradip R Kothari	10,50,000	10,50,000
TOTAL	48,00,000	48,00,000

4. Employee Benefits.

(i) Defined contribution plans

The Company has recognized an amount of Rs. 94,71,153/- (Previous Year Rs. 78,64,465/- as expenses under the Defined Contribution Plan in the Profit & Loss account for the period ended 31st March, 2017.

.(ii) Defined benefit plan

The Company makes annual contributions to the Employees' Group Gratuity of the LIC, a funded defined benefit plan for employees. The scheme provides for payment to vested employees as under:

a) Normal retirement/ early retirement/ withdrawal/resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity and leave encashment were carried out at March 31, 2017 by an actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the status of the gratuity plan and leave encashment and the amounts recognized in the Company's financial statements as at March 31, 2017.

(Amount in Rs.)

Sr. No	Particulars	Gratuity (Funded) As on 31 st March, 17	Gratuity (Funded) As on 31 st March, 16
I	<u>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</u>		
	Current Service Cost	15,24,616	14,14,884
	Interest Cost	5,73,288	5,17,298
	Actuarial (gain) / losses	(2,08,235)	(11,66,313)
	Expected Return on Plan	--	--
	Benefits paid	(5,07,957)	--
	Past service cost	--	--
	PVO at the beginning of the year	76,07,243	68,41,374
	PVO at end of the year	89,88,955	76,07,243
II	<u>Change in fair value of plan assets :</u>		
	Expected return on plan assets	1,13,389	1,23,109
	Actuarial gain/(losses)	(2,920)	(19,917)
	Contributions by the employer	--	--
	Benefits paid	--	--
	Fair value of plan assets at beginning of the year	13,39,019	12,35,827
	Fair value of plan assets at end of the year	14,49,488	13,39,019

III	<u>Reconciliation of PVO and fair value of plan assets:</u>		
	PVO at end of period	--	--
	Fair Value of planned assets at end of year	14,49,488	13,39,019
	Net asset/ (liability) recognized in the balance sheet	94,71,153	78,64,465
IV	<u>Net cost for the year ended March 31, 2017 :</u>		
	Current Service cost	18,01,096	16,72,397
	Interest cost	6,89,649	6,17,791
	Adjustment to Fund	--	--
	Expected return on plan assets	(1,13,389)	(1,23,109)
	Actuarial (gain) / losses	(2,62,711)	(12,22,265)
	Net cost	21,14,645	9,44,814
V	<u>Category of assets as at 31st March'2017:</u>		
	Insurer Managed Funds (100%)	100%	100%
VI	<u>Actual return on the plan assets</u>	--	--
VII	<u>Assumption used in accounting for the gratuity plan:</u>	--	--
	Discount rate (%)	7.25%	7.80%
	Salary escalation rate (%)	7.00%	7.00%
	Withdrawal Rates	5% at younger ages reducing to 1% at older age	5% at younger ages reducing to 1% at older age

5. Earnings per Share has been calculated as follows:

(Amount in Rs)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Profit/(Loss) after tax and extraordinary Items	4,88,53,411	3,09,86,653
Add: Loss due to fire	-----	96,78,771
Less: Mat Credit	81,89,517	1,10,75,299
Profit/(Loss) after tax	4,06,63,894	2,95,90,125
Weighted average number of Equity Shares :	95,93,137	95,93,137
Basic Earnings per Share (in Rs.)	4.23	3.08
Weighted diluted average number of Equity Shares :	1,01,93,982	95,93,137
Basic and diluted Earnings per Share (in Rs.)	3.99	3.08

6. Related Party Disclosures :

Disclosures as required by Accounting Standard -18 are given below:-

Name of Related Parties	Nature of Relationship
Mukesh G Desai	Chairman & Managing Director
Nitin J Mankad	Whole Time Director
Pradip R Kothari	Whole Time Director
Keyoor Bakshi	Independent Director
Kalyanaraman Ganesan	Independent Director
Anand Padaman	Director
Sanjay J Mankad	Brother of Director
Raman Enterprises	Director is Proprietor
Kosync	Son of Director is Proprietor
Future Tyres Private Limited	Common Directors
Gaia Batteries Pvt Ltd	Son of Director is a Director/Member
Arvind Tambi	Chief Finance Officer
Sejal Desai	Company Secretary

Name of Related Parties	Nature of Transaction	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1.Mukesh G Desai	Director Remuneration	27,00,000	27,00,000
2.Nitin J Mankad	Director Remuneration	10,50,000	10,50,000
3.Pradip R Kothari	Director Remuneration	10,50,000	10,50,000
4.Bipin Mankad	Salary	Nil	8,75,000
5.Sanjay J Mankad	Salary	Nil	8,75,000
6.Mukesh G Desai	Reimbursement of Expenses	95,947	1,10,105
7.Nitin J Mankad	Reimbursement of Expenses	20,149	26,119

8.Bipin Mankad	Reimbursement of Expenses	Nil	28,011
9.Sanjay J Mankad	Reimbursement of Expenses	Nil	22,543
10.Raman Enterprises	Opening Balance	4,86,80,007	23,24,57,437
	Purchase/Interest /Receipt	16,34,39,156	16,30,94,612
	Sales/Payment	20,83,10,659	36,68,72,042
	Closing Balance	38,08,504	4,86,80,007
11.Future Tyres Pvt Ltd	Opening Balance	(2,96,81,841)	(7,48,043)
	Purchase/Job Work/Receipt	26,69,84,994	18,25,03,209
	Sales/Payment	25,35,52,390	21,14,37,007
	Closing Balance	(1,62,49,237)	(2,96,81,841)
12.Kosync	Opening Balance	Nil	Nil
	Purchase/Interest	2,81,24,044	25,95,000
	Payment	88,14,337	25,95,000
	Closing Balance	1,93,09,707	Nil
13.Gaia Batteries Pvt Ltd	Opening Balance	Nil	Nil
	Purchase	1,29,428	Nil
	Payment	48,914	Nil
	Closing Balance	80,514	Nil
14. Keyoor Bakshi	Sitting Fee	1,00,000	Nil
15.Kalyanaraman Ganesan	Sitting Fee	1,00,000	Nil
16. Anand Padaman	Sitting Fee	10,000	Nil
17.Sejal Desai	Salary	1,85,000	Nil

Outstanding balance for Managerial Personnel:

Sr. No	Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
1.	Key Managerial Personnel	24,34,926	6,44,226
2.	Independent Director /Relatives of Key Managerial Personnel	1,90,000	Nil
	TOTAL	26,24,926	6,44,226

Note: Brackets reflect debit balances of party.

7. Micro, Small and Medium Enterprises Development Act, 2006

As per requirement of Section 22 of Micro, Small & Medium Enterprises Development Act, 2006 following information is disclosed to the extent identifiable:

S no.	Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
	(i) The Principal amount remaining unpaid to any supplier at the end of accounting year.	5,80,767	16,07,839
a)	(ii) The interest due on above		-
b)	Amount of interest paid by the buyer in terms of Section 16 of the Act along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of Act.	-	-

8. Deferred Taxation

The deferred tax (assets)/liabilities arising out of significant timing differences are as under

(Amount in Rs)

Particulars	Year Ended 31st March, 2017	Year Ended 31st March, 2016
Deferred Tax Liability		
Opening Balance:	2,25,75,589	2,04,35,579
Add: Deferred Tax Liability for prior years	5,12,41,857	-----
Add: Deferred Tax Liability for the Current Year	19,41,381	21,40,010
(Difference between book depreciation and tax depreciation and 43B of Income Tax)		
Closing Balance:	7,57,58,827	2,25,75,589

9. Recognition of Exchange Differences.

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, should be recognized as income or as expenses in the period in which they arise. The Company recognized exchange gain on settlement of parties transactions and exchange gain arise on the date of reporting period of company on account of receivable and payable by applying closing rate during the year amounting of Rs.1,33,86,531/- in previous year Rs.1,11,67,425/-.

10. Additional information pursuant to the Provisions of Paragraphs 3, 4C, and 4D of part II of the Companies Act 2013.

a) Consumption of Raw Materials:

(Amount in Rs.)

Particulars		2016-2017		2015-2016	
Item	Unit	Quantity	(Rs.)	Quantity	(Rs.)
Carbon Black	KGS	22,88,961	11,34,22,350	20,64,080	10,86,31,454
Process Oil	KGS	5,92,375	1,79,88,134	4,77,749	1,78,83,372
Chemicals	KGS	4,15,483	4,52,68,190	3,58,509	4,35,93,470
Bead Wire	KGS	3,50,471	2,28,31,476	3,31,230	2,14,13,697
Rubber	KGS	35,93,535	41,41,57,921	31,74,240	30,00,48,851
Fabrics	KGS	8,22,206	15,60,73,766	7,51,682	15,12,05,858
Bladders	NOS	2,612	74,49,255	2,366	65,97,315
Zinc Oxide	KGS	1,04,815	1,58,68,144	1,13,604	1,42,25,541
Valves, Nuts, washers, and others	NOS	17,66,514	10401778	12,66,658	80,91,995
Compound	KGS	3,08,730	3,73,07,150	-----	-----
Freight Inward			1,74,13,211		2,26,67,817
TOTAL		--	85,81,81,375		69,43,59,370

b) Value of Imported and Indigenous consumption of Raw Material and Stores, Spares and tools.

(Amount in Rs.)

Particulars	2016-2017		2015-2016	
Raw Materials	%	Amount in Rs.	%	Amount in Rs.
Imported	35.85	30,14,06,914	53.48	35,05,18,902
Indigenous	64.15	53,93,61,250	46.52	30,49,35,069
TOTAL	100.00	84,07,68,164	100.00	65,54,53,971
Stores, Spares and Tools				
Imported	---	-----	--	--
Indigenous	100.00	5,24,32,630	100.00	4,27,03,384
TOTAL	100.00	5,24,32,630	100.00	4,27,03,384

c) CIF Value of Imports:

(Amount in Rs)

Particulars	2016-2017	2015-2016
i) Raw Materials	29,30,96,728	36,09,74,624
ii) Consumable, Stores and Spares	-----	-----
iii) Capital Goods	36,66,260	8,46,063
TOTAL	29,67,62,988	36,18,20,687

d) Expenditure in Foreign currencies on account of:

(Amount in Rs)

Particulars	2016-2017	2015-2016
i) Travelling	5,79,143	2,70,025
ii) Testing Charges (GCC and RDW)	8,25,011	4,51,602
ii) Foreign Bank Charges	2,59,243	3,77,832
TOTAL	16,63,397	10,99,459

e) Earnings in Foreign exchange on account of:

(Amount in Rs)

	2016-2017	2015-2016
FOB value of Exports	39,51,97,828	40,88,83,623
TOTAL	39,51,97,828	40,88,83,623

11. Specified Bank Notes Details :

Details of Specified Bank Notes (SBN) held and transaction during the period 08th November 2016 to 30th December 2016.

Particulars	SBN	Other Denomination	Total
Closing Cash in Hand as on 08.11.2016	36,000	1,94,779	2,30,779
Add: Receipts	0	1,61,004	1,61,004
:Withdrawal from Bank	0	10,24,000	10,24,000
Less: Payments	36,000	5,21,135	5,21,135
Less: Deposit in Bank	0	0.00	0.00
Closing Cash in Hand as on 30.12.2016	0	8,58,648	8,58,648

The Company had 72 Specified Bank Notes of 500 denominations as on 08th November 2016.

12. Segment Reporting:**a) Primary Segment:**

The Company has identified 'Tyres, Tubes and Flaps' as the only primary reportable segment.

b) Secondary Segment (By Geographical Segment)

	Segment Revenue:	2016-2017	2015-2016
1.	India	96,25,58,050	82,66,35,556
2.	Rest of World:		
	Africa	6,76,80,824	12,60,26,600
	Asia	29,05,98,149	26,00,04,279
	Other than Asia & Africa	3,69,18,855	2,28,52,744
	Total ROW	35,91,97,828	40,88,83,623
	Total Segment Revenue	1,32,17,55,878	1,23,55,19,179
	Segment Assets:		
	India	10,44,64,391	15,05,40,012
	Rest of World:		
	Africa	41,08,904	18,197
	Asia	3,34,68,288	63,38,145
	Other than Asia & Africa	14,27,760	-----
	Total ROW	3,90,04,952	63,56,342
	Total Segment Assets	14,34,69,343	15,68,96,355

In view of the inter-mixed nature of business and manufacturing facility, other secondary Segmental information is not ascertainable.

13. The value of realization of Current Assets, Loans and Advances in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet.
14. The balances of Debtors, Creditors are subject to adjustments, if any, on reconciliation / settlement.
15. The Company has issued cumulative redeemable Preference Shares and convertible Preference Shares during the year amounting to Rs.50,00,000/-and 3,35,50,000/- respectively.

16. Figures of the previous year have been regrouped / re-arranged wherever required including Unsecured Long Term outstanding, which has been reclassified into other non- current liability.

**For Parikh Mehta & Associates.
Chartered Accountants**

For Innovative Tyres & Tubes Limited

**sd/-
Sachin J Mehta
Partner
Membership No. 039258
Firm Reg. No.112832W
Place: Vadodara
Date: 25th May 2017**

**sd/-
Mukesh G Desai
(Chairman & Managing Director)**

**sd/-
Pradip R Kothari
(Whole Time Director)**

**sd/-
Arvind Tambi
(Chief Financial Officer)**

**sd/-
Sejal Desai
(Company Secretary)**

**Place: Vadodara
Date: 25th May 2017**