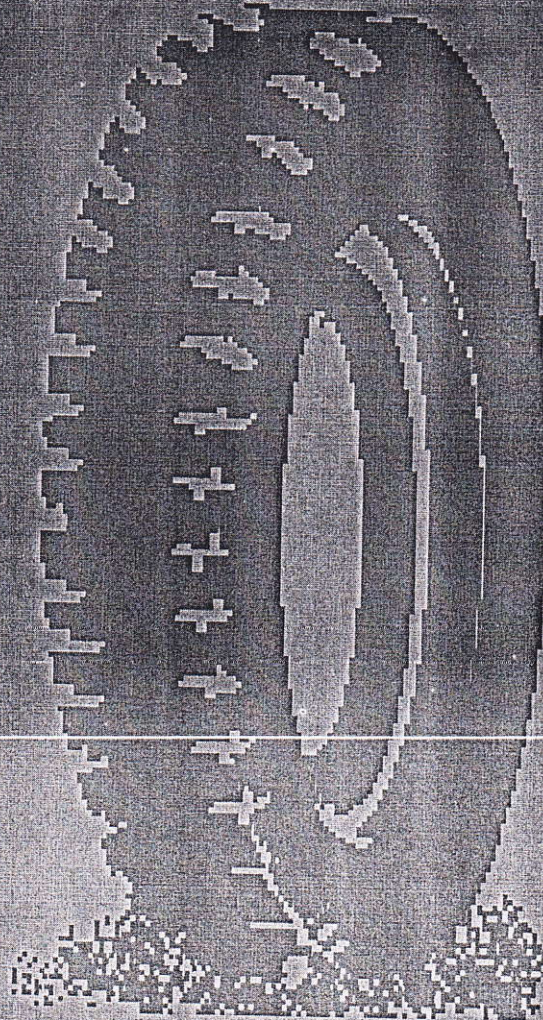


**Audited Balance Sheet**  
**as at**  
**31st March'2013**



*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, Sampat Rao Colony, R.C.Dutt Road, Vadodara – 390 007.

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

**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 31<sup>st</sup> march, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

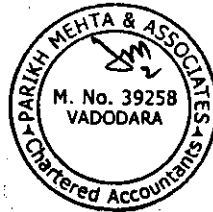
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31/03/2013;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;



- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.



**For Parikh Mehta & Associates  
Chartered Accountants**

  
**Sachin J. Mehta**

**Partner**

**Membership No. 039258**

**FRN No: 112832W**

**Date : 12/11/2013**

**Place : Vadodara.**

## ANNEXURE

Ref.: **Innovative Tyres and Tubes Limited**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) We are informed that the management during the year has physically verified fixed assets of the Company. In our opinion, the frequency of verification is reasonable, having regard to the size of the company and the nature of business. We are informed that no serious discrepancies between the book records and physical verification have been noticed.  
  
(c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year
2. (a) The inventory of consumables and spares has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the company and the Nature of its business.  
  
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. We are informed that no material discrepancies have been noticed on physical verification of stocks as compared to books of account.
3. (a) The Company has taken unsecured loans from companies, firms or other parties listed in register maintained u/s 301 of the Company Act 1956. The company has not granted any loans to parties listed in register maintained under section 301 of company act 1956.



- (b) During the year, the company has taken unsecured loans from persons listed in the register maintained under Section 301 of the companies Act, 1956. The total year-end balance amounted to Rs. 68,06,000 /- (Previous Year Rs73,97,000).
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. According to the information and explanations given to us, there are contracts or arrangements referred to section 301 of the Companies Act, 1956 that need to be entered in a register required to be maintained under that section.
6. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA or any other relevant provision of the Act and the Companies (Acceptance of Deposits) rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company. The Company has received unsecured loan from Directors their family members & shareholders during the year.
7. The Company has established formal Internal Audit System and its control procedures ensure reasonable internal checking of its financial and other records.
8. In our opinion and according to information and explanations given to us, the company is not required to maintain cost records as required under Section 209(1) (d) and the company has taken the compliance certificate from Cost Accountant.
9. Company is regular in depositing statutory dues in respect of provident Fund, Professional Tax, Income Tax & Other material statutory dues applicable to it with appropriate authorities. There are no arrears of outstanding statutory dues as at 31st March 2013 for a period of more than six months from the date they became payable

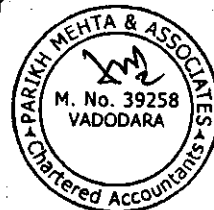


10. The accumulated losses of the company at the end of the year are not less than fifty percent of its net worth and the company has not incurred cash losses in the current financial year and also in the immediately preceding financial year.
11. According to the records of the company examined by us, the company has taken cash credit loans from banks. Company has not borrowed any money from financial institutions or issued any debentures.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, Clause 4(xiii) of the companies (Auditor's Report) order 2003 is not applicable to the company.
14. The company has maintained proper records of transactions and contracts and made timely entries therein in respect of investments made by the company. The company's investments are held in its own name.
15. The company has not given any guarantee for loans taken by others from any bank or financial institutions.
16. To the best of our knowledge and belief and according to the information and explanation given to us the company has not availed any term loan during year and hence requirement of utilization of same is not applicable.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis, prima facie, which have been used for long-term investment.



18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

**FOR PARIKH MEHTA & ASSOCIATES  
CHARTERED ACCOUNTANTS**



**(SACHIN J MEHTA)**

**PARTNER**

**Membership No.039258**

**FRN No.112832W.**

**Place: Vadodara**

**Date: 12/11/2013**



# INNOVATIVE TYRES & TUBES LIMITED

**AUDITED BALANCE SHEET AS AT 31ST MARCH, 2013**

Amount in ₹

Particulars	Notes No	As at 31 March, 2013	As at 31 March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b><u>(1) Shareholder's Funds</u></b>			
(a) Share Capital	3	78,431,370	78,431,370
(b) Reserves and Surplus	4	189,040,611	156,188,283
<b><u>(2) Non-Current Liabilities</u></b>			
(a) Long-Term Borrowings	5	274,843,288	197,171,325
(b) Deferred Tax Liabilities (Net)	6	23,800,076	38,520,216
(c) Other Long Term Liabilities	7	18,145,888	12,573,324
(d) Long Term Provisions	8	11,257,726	7,277,989
<b><u>(3) Current Liabilities</u></b>			
(a) Short Term Borrowings	9	143,309,460	141,458,369
(b) Trade Payables	10	175,003,509	189,257,351
(c) Other Current Liabilities	11	69,358,182	54,558,189
(d) Short-Term Provisions	12	22,382,346	7,020,571
<b>TOTAL</b>		<b>1,005,572,456</b>	<b>882,456,987</b>
<b>II. ASSETS</b>			
<b><u>(1) Non-Current Assets</u></b>			
(a) Fixed Assets			
(i) Tangible Assets	13	605,910,903	593,782,119
(ii) Intangible Assets	13	2,628,561	3,891,165
(iii) Capital Work-in-progress	13	52,793,710	-
(b) Long term loans and advances	14	30,283,868	19,609,540
(c) Other non-current assets	15	33,400	33,400
<b><u>(2) Current Assets</u></b>			
(a) Inventories	16	197,359,395	138,834,837
(b) Trade receivables	17	48,363,192	52,209,922
(c) Cash and cash equivalents	18	33,131,066	51,437,234
(d) Short-term loans and advances	19	35,068,361	22,658,770
<b>TOTAL</b>		<b>1,005,572,456</b>	<b>882,456,987</b>

**Significant Accounting Policies Note No.2**

*The accompanying notes are an integral part of the financial statements*

*As per tax audit report u/s 44ab of the Income Tax Act' 1961.*

For Parikh Mehta & Associates

For Innovative Tyres & Tubes Limited

Chartered Accountants

Sachin J. Mehta

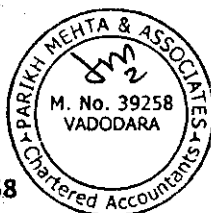
Partner

Membership No. : 039258

Firm Reg. No.: 112832W

Place : Vadodara

Date : 12th November'2013



*[Signature]*  
Nitin J. Mankad  
(Director)

*[Signature]*  
Bipin C. Mankad  
(Director)

Place : Vadodara

Date : 12th November'2013

# INNOVATIVE TYRES & TUBES LIMITED

## AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Amount in ₹

Sr. No	Particulars	Notes No	Year Ended 31.3.2013	Year Ended 31.3.2012
I	Revenue from operations	20	1,025,714,025	869,618,263
II	Other Income	21	4,448,492	2,723,316
III	<b>III. Total Revenue (I + II)</b>		<b>1,030,162,517</b>	<b>872,341,579</b>
IV	<b>Expenses:</b>			
	Cost of materials consumed	22	633,594,740	589,411,973
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(55,000,979)	(42,400,701)
	Employee Benefit Expense	24	37,531,006	36,399,238
	Financial Costs	25	56,343,232	31,962,181
	Depreciation and Amortization Expense	26	17,728,529	16,800,006
	Other Expenses	27	316,911,139	223,980,063
	<b>Total Expenses (IV)</b>		<b>1,007,107,667</b>	<b>856,152,760</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>23,054,850</b>	<b>16,188,819</b>
VI	<b>Tax expense:</b>			
	(1) Current tax		4,922,662	3,266,000
	(2) Deferred tax	-	14,720,140	8,269,741
VII	Profit/(Loss) for the period (XI + XIV)		<b>32,852,328</b>	<b>4,653,078</b>
VIII	Earning per equity share:			
	(1) Basic		4.19	0.59
	(2) Diluted		4.19	0.59

**Significant Accounting Policies Note No.2**

**The accompanying notes are an integral part of the financial statements**

**As per tax audit report u/s 44ab of the Income Tax Act' 1961.**

**For Parikh Mehta & Associates**

**Chartered Accountants**

**For Innovative Tyres & Tubes Limited**

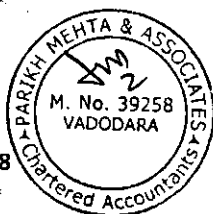
Sachin J. Mehta  
Partner


Membership No. : 039258

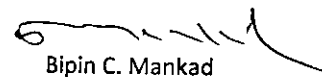
Firm.Reg. No.: 112832W

Place : Vadodara

Date : 12th November'2013



  
Nitin J. Mankad  
(Director)

  
Bipin C. Mankad  
(Director)

Place : Vadodara

Date : 12th November'2013

# 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, 2013	As at 31st March, 2012
1	<b>AUTHORIZED CAPITAL</b> 80,00,000 Equity Shares of Rs. 10/- each. (Previous year 80,00,000 of Rs.10/- each)	80,000,000	80,000,000
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> 78,43,137 Equity Shares of Rs. 10/- each fully paid up (Previous year 78,43,137 of Rs.10/- each)	78,431,370	78,431,370
	<b>Total in (Rs)...</b>	<b>78,431,370</b>	<b>78,431,370</b>

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

Sr. No	Particulars	No. of Shares as at 31st March, 2013	As at 31st March, 2013	No. of Shares as at 31st March, 2012	As at 31st March, 2012
1	At the beginning of the year	7,843,137	78,431,370	7,843,137	78,431,370
	-Addition/Substraction during the year				
	Closing Balance at the year end	7,843,137	78,431,370	7,843,137	78,431,370
	<b>At the end of the year</b>	<b>7,843,137</b>	<b>78,431,370</b>	<b>7,843,137</b>	<b>78,431,370</b>

(b) Terms/Rights attached to equity shares

- \* The Company has only one class of equity shares having a par value of Rs. 10.
- \* The equity shares have rights, preferences and restrictions which are in accordance with the provisions of the law, in particular the Companies Act, 1956

(d) Details of shareholders holding more than 5% shares in the Company other than as shown (c) above.

Sr. No	Name of the shareholder	As at 31st March, 2013		As at 31st March, 2012	
	<b>Equity shares of Rs. 10/- each fully paid</b>	<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>	<b>% of holding</b>
1	Maxim Gold Development Limited	3,843,127	49.00	3,843,127	49.00
2	Mani Market Creators Limited	1,003,790	12.80	1,003,790	12.80
3	Chandravadan K Shah	700,010	8.93	700,010	8.93

Note : 4 Reserve & Surplus

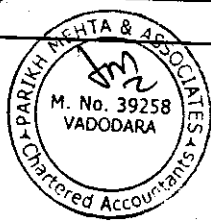
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	<b>Revaluation Reserve</b> Balance as at the beginning of the year	-	472,010
	Less: Transfer from P&L account	-	472,010
	Balance as at the end of the year	-	-
2	<b>Securities Premium</b> Balance as at the beginning & end of the year	92,645,383	92,645,383
3	<b>General Reserve</b> Balance as at the beginning and at the end of the year	714,079	714,079
	<b>TOTAL</b>	<b>93,359,462</b>	<b>93,359,462</b>
4	<b>Surplus in the Statement of Profit &amp; Loss Account</b> Balance as at the beginning of the year	62,828,821	58,175,743
	Add: Profit for the year	32,852,328	4,653,078
	Balance as at the end of the year	95,681,149	62,828,821
	<b>GRAND TOTAL</b>	<b>189,040,611</b>	<b>156,188,283</b>

**Note : 5 Long Term Borrowings**

Sr. No	Particulars	As at 31st March'2013	As at 31st March,2012
1	<b>Secured Loan</b>		
	- Term Loan Account from State Bank of India	125,176,246	159,063,406
	Less : Current Maturity of long terms borrowings	39,000,000	39,000,000
	<b>Total (a)</b>	<b>86,176,246</b>	<b>120,063,406</b>
	<b>(Refer Note No.11)</b>		
	(Secured by equitable mortgage of Land, Building, Plant & Machinery of the Company and personally guaranteed by Directors of the Company.)		
	(Interest Payable monthly @ 14.35%. Repayable in 60 monthly installments. First Installment starts from Feb.2012 & last installment will be payable in Nov.2017)		
	-Term Loans (Vehicle ) from Various Banks	4667569	2097912
	Less : Current Maturity of long terms borrowings	1643603	926315
	<b>Total (b)</b>	<b>3023966</b>	<b>1171597</b>
	(Secured by Hypothecation of Vehicles)		
	<b>(Refer Note No.11)</b>		
	- Export Packing Credit A/c with SBI	0	0
	(Secured by equitable mortgage of Land, Building, Plant & Machinery of the Company and personally guaranteed by Directors of the Company.)		
	<b>Total ( c )</b>	<b>0</b>	<b>0</b>
2	<b>UnSecured Loan</b>		
	- From Directors	2854000	2581000
	- From Others	182789076	73355322
	<b>Total ( d )</b>	<b>185643076</b>	<b>75936322</b>
	<b>Total (a) + (b) + ( c ) + (d)</b>	<b>274,843,288</b>	<b>197,171,325</b>

**Note : 6 Deferred Tax Liabilities (Net)**

Sr. No	Particulars	As at 31st March'2013	As at 31st March.2012
1	<b>Deferred Tax Liabilities</b>		
	Depreciation Allowance	38,520,216	38,520,216
	Less: Total DTA for the year	14,720,140	
2	<b>Deferred Tax Assets</b>		
	Disallowance u/s 43B of the Income Tax Act, 1961	-	-
		23,800,076	38,520,216
	<b>Total in (Rs)...</b>	<b>23,800,076</b>	<b>38,520,216</b>





**Note : 7 Other Long Term Liabilities**

Sr. No	Particulars	Amount in	
		As at 31st March'2013	As at 31st March,2012
1	Trade Payables ( Other Than Micro, Small & Medium Enterprise )	13,800,465	10,095,272
2	Other Creditors		
	- Security Deposit	3,243	3,243
	- P.F. Contribution from Leave Encashment deducted but not paid to the Government.	-	22,043
	- For Capital Goods	4,342,180	2,452,766
	<b>Total</b>	<b>18,145,888</b>	<b>12,573,324</b>

**Note : 8 Long Term Provisions**

Sr. No	Particulars	As at 31st March'2013	As at 31st March,2012
1	Gratuity (LIC)	3,062,063	2,304,989
2	Provision for Income Tax - 2011-12	3,273,000	4,973,000
3	Provision for Income Tax - 2012-13	4,922,663	-
	<b>Total</b>	<b>11,257,726</b>	<b>7,277,989</b>

**Note : 9 Short Term Borrowings**

Sr. No	Particulars	As at 31st March'2013	As at 31st March,2012
1	<b>Secured Loan</b>		
	-Cash Credit Limit a/c	85,989,324	89,642,468
	Hypothecation of entire current assets of the company including raw material, stock in trade, finished goods and receivable of the company.		
2	- Buyers Credit	57,320,136	51,815,901
	Hypothecation of entire current assets of the company including raw material, stock in trade, finished goods and receivable of the company.		
	<b>Total</b>	<b>143,309,460</b>	<b>141,458,369</b>

Note

- (i) Cash Credit is repayable on demand and carries variable interest (average for the year 13.95%)
- (ii) Buyer's Credits are generally due within 180 days and carry variable interest (average for the year 2%)



**Note : 10 Trade Payables**

Sr. No	Particulars	As at 31st March'2013	As at 31st March,2012
1	Due to Micro & Small Enterprise. ( To the Extent Identified on the basis of information available with the company)	1,413,640	1,240,586
2	Due to Others	173,589,869	188,016,765
	<b>Total</b>	<b>175,003,509</b>	<b>189,257,351</b>

\*Dues to micro and small 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 MicroSmall and medium Enterprises Development Act. 2006. The Company does not have any information regarding payment made to suppliers beyond the due dates during the year.

**Note : 11 Other Current Liabilities**

Sr. No	Particulars	Amount in	
		As at 31st March'2013	As at 31st March,2012
1	Current Maturity of long terms borrowings - Term Loan from SBI - Term Loan (Vehicle) - Interest on Vehicle Loan accrued but not due (Refer Note No. 5)	39,000,000 1,643,603	39,000,000 926,315 1,193
2	Interest to Creditors	-	-
3	Advance received from Sundry Debtors	28,017,832	14,134,014
4	Professional Tax	89,110	76,040
5	Unpaid Salary & wages	105,488	-
6	TDS Payable	502,149	420,627
	<b>Total</b>	<b>69,358,182</b>	<b>54,558,189</b>

**Note : 12 Short Term Provisions**

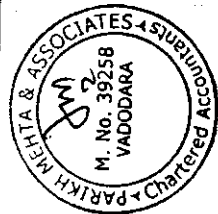
Sr. No	Particulars	As at 31st March'2013	As at 31st March,2012
1	Provision for Employees Benefits - Salary and Wages and Overtime - Contribution to PF and ESIC - Leave Encashment - Bonus	20,124,294 - 1,008,052 1,250,000	5,512,367 203,076 805,128 500,000
	<b>Total</b>	<b>22,382,346</b>	<b>7,020,571</b>



# **INNOVATIVE TYRES & TUBES LIMITED**

Notes Forming Integral Part of Financial Statements  
Note : 13 Fixed Asset

Sr. No	Particulars	Rate	Gross Block				Depreciaton			Amount In	
			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	Value at the end	Net Block
I	<b>Tangible Assets</b>										
1	Free Hold Land		5216886			5216886					
2	Plant & Equipment	4.75%	644,905,059	24,670,419	5,471,491	664,103,987	112,858,183	13,704,104	1,574,517	124,987,770	5216886
3	Electrical Installation	4.75%	10,072,431	6,021,796	-	16,094,227	1,779,181	402,511		2,181,692	539116217
4	Laboratory Equipments	4.75%	319,020		-	319,020	134,999	14,444		149,443	13912535
5	Building	3.34%	50,431,328	48,000	-	50,479,328	9,820,085	1,247,134		11,067,219	169577
6	Furniture & Fixtures	6.33%	1,672,332	78,785	-	1,751,117	879,889	98,269		978,158	39412109
7	Office Equipments	4.75%	2,501,703	313,992	-	2,815,695	801,609	147,837		949,446	772959
8	Vehicles	9.50%	6,411,471	1,521,883	553,127	7,380,227	1,659,233	682,348	269,105	2,072,476	1866249
	Computer & Peripherals	16.21%	1,567,474	112,597	54,250	1,625,821	1,382,424	159,777	53,000	1,489,201	5307751
	<b>TOTAL (A)</b>		<b>723,097,704</b>	<b>32,767,472</b>	<b>6,078,868</b>	<b>749,786,308</b>	<b>129,315,603</b>	<b>16,456,424</b>	<b>1,896,622</b>	<b>143,875,405</b>	<b>136620</b>
II	<b>Intangible Assets</b>										
9	Technical Knowhow	10.00%	12,597,561			12,597,561	8,818,292	1,259,756		10,078,048	605,910,903
10	Trade Mark	10.00%	123,500	9,500		133,000	11,603	12,349		23,952	2519513
	<b>TOTAL (B)</b>		<b>12,721,061</b>	<b>9,500</b>	<b>-</b>	<b>12,730,561</b>	<b>8,829,895</b>	<b>1,272,105</b>	<b>-</b>	<b>10,102,000</b>	<b>109048</b>
	<b>Total (A+B)(Current Year)</b>		<b>735,818,765</b>	<b>32,776,972</b>	<b>6,078,868</b>	<b>762,516,869</b>	<b>138,145,498</b>	<b>17,728,529</b>	<b>1,896,622</b>	<b>153,977,405</b>	<b>2,628,561</b>
	<b>(Previous Year)</b>		<b>355,154,696</b>	<b>381,319,392</b>	<b>655,305</b>	<b>735,818,783</b>	<b>121,349,700</b>	<b>17,272,017</b>	<b>476,218</b>	<b>138,145,499</b>	<b>608,539,464</b>
	<b>Capital work in progress</b>										<b>597,673,284</b>
	<b>Total</b>										<b>52,793,710</b>
											<b>661,333,174</b>
											<b>233,804,934</b>



# INNOVATIVE TYRES & TUBES LIMITED

*Notes Forming Integral Part of Financial Statements*

**Note : 14 Long Term Loans and Advances**

Amount in ₹

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
	<b>a) Unsecured, Considered Good :</b>		
1	<b>Security Deposit</b>		
	- Telephone Deposit 223480	10,146	-
	- Security Deposit with GEB/MGVCL	3,953,150	3,953,150
	- ITI Godhara Deposit	500	500
	- Internet Deposit - VSNL	1,000	1,000
	- Rent Deposit	70,000	28,000
	- Telephone Deposit	38,987	20,146
	- Cell Phone Deposit	5,000	5,000
	- Cell Phone Deposit- Birla A T & T	3,000	3,000
	- Cell Phone Deposit- Fascell	3,000	3,000
	- Infrastructure Deposit with HGIA	193,750	223,750
	- Gas Connection Deposit	7,650	5,850
	- Halol G.I.D.C. Industries Association	187,343	157,343
	- Mobile Phone Deposit -	2,000	2,000
	- Telephone Deposit Tata Tele. No. 223480	500	500
	- Earnest Money Deposit	228,238	891,000
	- Nandesari Enviornment Control Ltd	50,000	50,000
2	<b>Capital Advance</b>	1,476,793	577,638
3	<b>Other Advance for Purchase</b>	326,172	-
4	<b>Balance With Government Authorities</b>	12,383,978	7,923,703
5	<b>FMS Receivable</b>	10,524,155	5,763,960
6	<b>DEPB Income Receivable</b>	818,506	-
	<b>TOTAL</b>	<b>30,283,868</b>	<b>19,609,540</b>





# INNOVATIVE TYRES & TUBES LIMITED

*Notes Forming Integral Part of Financial Statements*

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

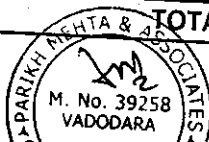
Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
	<b><u>Other Investments</u></b>		
1	- Quoted: 1100 shares of Rs. 10 each of Indian Overseas Bank at a premium of Rs.14 (At the Beginning And at the End of the Year)	26,400	26,400
2	- Unquoted: 140 shares of Rs. 50 each, fully paid up of The Halol Mercantile Co-Operative Bank Ltd., Halol (At the Beginning And at the End of the Year.)	7,000	7,000
	<b>TOTAL</b>	<b>33,400</b>	<b>33,400</b>

**Note : 16 Inventories ( As Certified By the Management)**

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
	<b>At lower of Cost or Net Realisable Value</b>		
1	Consumables Stores and Spares		
2	Raw Material	19,817,378	7,705,975
3	Packing Materials	18,256,470	26,844,293
4	Work In Progress	130,438	130,438
5	Finished Goods	84,859,952	64,981,615
	- Tyres		
	- Tubes	68,162,197	36,364,046
	- Flaps	3,962,643	1,811,644
		1,939,466	931,457
6	Scrap Material		
	<b>TOTAL</b>	<b>230,851</b>	<b>65,369</b>
		<b>197,359,395</b>	<b>138,834,837</b>

**Note : 17 Trade Receivables**

Sr. No	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	<b><u>Trade receivables outstanding for a period exceeding Six Months from the date they were due for payment</u></b>		
	a) Unsecured , Considered Good:		
2	<b><u>Other trade receivables</u></b>	2,111,706	3,520,935
	a) Unsecured, Considered Good :		
	<b>TOTAL</b>	<b>46,251,486</b>	<b>48,688,987</b>
		<b>48,363,192</b>	<b>52,209,922</b>



# INNOVATIVE TYRES & TUBES LIMITED

*Notes Forming Integral Part of Financial Statements*

**Note : 18 Cash & Cash Equivalent**

Sr. No	Particulars	As at 31st March,2013	As at 31st March,2012
1	<u>Cash-in-Hand</u> Cash Balance		
	Sub Total (A)	166,423	351,415
2	<u>Balance with Banks</u>	166,423	351,415
	Fixed Deposit with State Bank of India	29,068,507	48,146,854
	Interest on F.D. Accured	2,426,770	1,429,821
3	<u>In Current Account</u>		
	State Bank of India -C/A No. 30094419858	2,903,687	629,530
	State Bank of India -C/A No. 10184845681	(1291393)	(252149)
	State Bank of India -C/A No. 30050608062	4,869	26,681
	State Bank of India, Halol -C/A No. 10462017617	(191891)	(187912)
	State Bank of India, Halol -C/A No. 10462017606	12,928	12,928
	State Bank of India -C/A No. 3004803240	2,425	1,270,036
	The Halol Mercantile Co-Op. Bank Ltd.	450	450
4	State Bank of India EEFC a/c No. 30536291123	28,291	9,580
	Sub Total (B)	32,964,643	51,085,819
	Total [ A + B ]	33,131,066	51,437,234

Of the above, the balances that meets the defination of cash and cash equivalents as per AS 3 is

1,635,789	1,860,559
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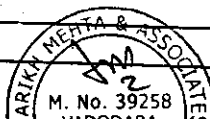
Notes:

(1) Fixed Deposit mentioned above includes, long term deposit which has maturity of more than 12 months. (C.Y.= Rs.30447349) (P.Y.= Rs.12600000). Further, there are no fixed deposits which have maturity of less than 3 months in the C.Y. & P.Y.

(2) Interest on Deposit Accured mentioned above includes, Interest on deposit which have maturity of more than 12 months. (C.Y.= Rs.30447349) (P.Y.= Rs.12600000). Further, Interest has been calaulated on propornate basis. (C.Y.=Rs.904197) (P.Y.=374183)

**Note :19 Short Terms Loans and Advances**

Sr. No	Particulars	As at 31st March,2013	As at 31st March,2012
	<u>(a)Unsecured, Considered Good :</u>		
	- Capital Advance	928,631	1,876,251
	- Advance to Sundry Creditors	10,015,767	4,792,802
	- Advance To Employees	632,423	508,367
	- Balnace with Revenue Authorities	20,380,560	12,274,295
	- Advance Others	2,550,323	2,451,180
	- Prepaid Expenses	560,657	755,875
	TOTAL	35,068,361	22,658,770



# INNOVATIVE TYRES & TUBES LIMITED

## Notes Forming Integral Part of Financial Statements

### Note : 20 Revenue from Operations

Amount in ₹

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	Sale of Products.		
	- Export Sale	510,471,816	347,330,751
	- Domestic Sale	247,277,917	266,572,054
		757,749,733	613,902,805
	Less : Excise Duty on Domestic Sale	27,740,623	25,941,099
		730,009,110	587,961,706
2	Sale of Services		
	- Job Work Charges CEAT Ltd	131,160,744	150,404,232
	- Job Work Charges Export Division	143,491,883	121,281,488
3	Other Operating Revenue		
	- Scarp Sale	4,012,458	677,643
	- FMS Income	5,708,836	1,718,124
	- DEPB Income		2,909,164
	- Exchange Rate Difference-Debtors	5,754,892	3,721,409
	- Exchange Rate Difference-Creditors	4,245,447	885,900
	- Exchange Rate Difference - PCFC SBI	285,030	0
	- Profit on Sale of Assets	735,897	0
	- Sundry Balance W/o	281,475	57,061
	- Other Income	28,253	1,536
	<b>Total</b>	<b>1,025,714,025</b>	<b>869,618,263</b>

### Note : 21 Other Income

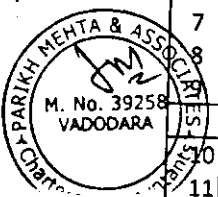
Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	Interest on VAT Refund	266,654	192,534
2	Interest on Income Tax Refund		190,580
3	Interest on Fixed Deposit Gross (Tax deducted at source Rs. 293457/-) (P.Y. Rs. 190529/-)	4,176,888	2,334,702
4	Dividend	4,950	5,500
	<b>Total</b>	<b>4,448,492</b>	<b>2,723,316</b>

### Note : 22 Cost of Material Consumed

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	Opening Stock of Raw Material	26,844,293	22,778,789
	Add: Purchases	625,006,917	593,477,477
	<b>Total</b>	<b>651,851,210</b>	<b>616,256,266</b>
	Less: Closing Stock of Raw Material	18,256,470	26,844,293
	<b>Total</b>	<b>633,594,740</b>	<b>589,411,973</b>

### Note: 22.1 Details of Raw Material Consumed

1	- Carbon Black	91,644,617	64,039,022
2	- Rubber Process Oil	13,398,101	15,499,674
3	- Chemicals	26,513,582	15,333,967
4	- Bead Wire	11,204,951	9,280,850
5	- Fabrics	135,552,666	102,416,782
6	- Rubber	333,951,842	366,951,326
7	- Bladder	3,464,535	2,348,238
	- Zinc Oxide	10,529,791	7,105,067
	- Valve , Nuts, Washers and Other	5,318,880	6,437,047
	<b>Total</b>	<b>631,578,965</b>	<b>589,411,973</b>
10	- Less: Sale of Raw Material - Rubber and Bladder	1,959,750	-
11	- Less: Sale of Raw Material - Bladder	56,025	-
	<b>Total</b>	<b>2,015,735</b>	



# **INNOVATIVE TYRES & TUBES LIMITED**

**Note : 23 Change in Inventories of Finished Goods, Work-in-Progress & Scrap**

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	Opening Stock		
	Finished Goods	39,107,146	29,935,118
	Work In Process	64,981,615	31,687,790
	Scrap	65,369	130,521
		104,154,130	61,753,429
2	Closing Stock		
	Finished Goods	74,064,306	39,107,146
	Work In Process	84,859,952	64,981,615
	Scrap	230,851	65,369
		159,155,109	104,154,130
	<b>Total</b>	<b>(55,000,979)</b>	<b>(42,400,701)</b>

**Note : 24 Employment Benefit Expenses**

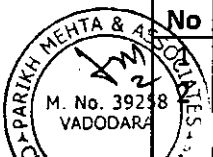
Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	Salary Expenses	28,554,891	28,736,415
2	Directors Remuneration	3,149,000	2,051,000
3	Bonus Expenses	1,250,000	500,000
4	Employer's Contribution to ESIC Fund	1,178,490	1,383,958
5	Employer's Contribution to Provident Fund	1,878,327	1,968,309
6	Employer's Labour Welfare Fund	3,732	4,068
7	Staff Welfare Expenses	1,516,566	1,755,488
	<b>Total</b>	<b>37,531,006</b>	<b>36,399,238</b>

**Note :25 Financial Cost**

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	<b>Interest on Borrowings</b>		
	Interest on Term loan	21,747,857	12,907,387
	Less: Interest on Term Loan Capitalised	-	12,907,387
		21,747,857	-
	Interest on Unsecured Loan	1,805,788	926,319
	Interest on C.C. Limit	12,748,758	13,003,886
	Interest on Working Capital Demand Loan	474,228	158
	Interest to Financial Institutions	413,095	308,896
	Interest on L.C.	4,003,332	4,113,392
2	<b>Interest Others</b>		
	Interest to Creditors	8,215,113	8,980,255
	Interest on delayed payment of Statutory Liabilities	390,123	-
3	<b>Other Borrowing Costs</b>		
	Bank Charges on Foreign Currency	295,257	407,091
	Bank Charges	6,249,681	1,688,839
	Exchange Rate Fluctuation on L.C.		2,533,345
	<b>Total</b>	<b>56,343,232</b>	<b>31,962,181</b>

**Note : 26 Depreciation & Amortised Cost**

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
	Depreciation of Tangible Asset	16,456,424	16,000,883
	Depreciation of InTangible Asset	1,272,105	1,271,133
	<b>Total</b>	<b>17,728,529</b>	<b>17,272,016</b>



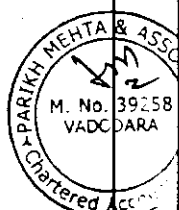


# INNOVATIVE TYRES & TUBES LIMITED

**Note : 27 Other Expenses**

Amount ₹

Sr. No	Particulars	Year Ended 31.3.2013	Year Ended 31.3.2012
1	<b><u>Manufacturing Expenses</u></b>		
	Consumption of Stores and Spareparts (Including Packing Material & Repairs & Maintainance)	62,271,322	65,745,072
	Less: Boiler Fuel	42,953,927	49,622,379
	<b>Total</b>	<b>19,317,395</b>	<b>16,122,693</b>
	<b>{ Refer 23 (i) Below }</b>		
	Excess Material Consumption	4,756,960	2,749,540
	Rejection Tube/Tyre claims	1,736,748	201,058
	Labour Charges	12,174,999	13,001,449
	Conversion Charges TTF	143,491,883	60,981,488
	Conversion/Mixing charges	154,830	1,002,785
	Power & Fuel	89,739,050	94,156,199
	Water Charges	1,152,203	1,414,709
	Weighing Charges	133,520	141,700
	Factory Expenses	272,287	676,921
	Freight Inward	16,843,786	9,977,031
	<b><u>Adiministrative, Selling &amp; Distribution Expenses, and Other Misc. Expenses</u></b>		
2	<b>Payment to Auditors as</b>		
	- Auditor	154,420	154,420
	- For Company Law Matters	25,519	11,620
	- For Reimburshment of Expenses	97,789	91,276
	Sundry Balances written off	133,337	339,270
	Conveyance	254,164	401,775
	Donation & Charity	88,902	1,801
	Insurance Expenses	1,669,268	1,117,429
	Membership fees and Subscription	275,332	134,254
	Legal & Professional Expenses	1,566,066	1,559,012
	Loss on Sale of Assets	1,113,643	100,587
	Miscellaneous Expenses	1,482,471	1,844,939
	Office Expenses	74,165	42,826
	Repairs and Maintenance to others	145,000	87,145
	Repairs to Building	151,399	34,845
	Postage & Courier Expenses	419,146	277,263
	Printing & Statoinery	452,457	447,630
	Rates & Taxes	635,632	602,707
	Security Expenses	1,429,813	1,238,591
	Telephone Expenses	631,340	647,772
	Travelling Expenses	783,971	563,046
	Vehicle Expenses	2,535,881	2,018,912
	Advertisement Expenses	66,625	27,898
	Sales Promotion Expenses	630,997	867,728
	Freight and Forwarding Expense	13,445,083	9,014,164
	Prior Period Adjstment (Net)	1,124,941	1,927,581

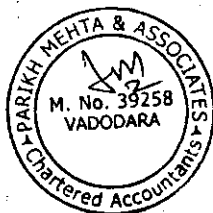


# INNOVATIVE TYRES & TUBES LIMITED

## **Note No. 27 (i) Consumption of Stores & Spare Parts**

<b>A</b>		<b>Year Ended 31.3.2013</b>	<b>Year Ended 31.3.2012</b>
	<b>Consumables</b>		
	Opening Stock	6,123,051	5,927,535
	Add : Purchases	-	12,491
	Coal Handling Charges		
	Lignite/Imported Coal	39,080,301	27,901,900
	Freight For Purchase for Coal	10,501,726	7,555,125
	Diesel	738,509	578,074
	Fuel - Ceat		1,085,588
	Fuel	839,507	2,858,184
	Other Misc. Consumable stores and spare parts	14,090,973	18,817,820
		71,374,067	64,736,718
	Less : Closing Stock	14,960,892	6,123,051
	<b>TOTAL (A)</b>	<b>56,413,175</b>	<b>58,613,667</b>

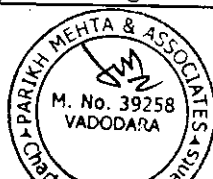
<b>B</b>		<b>Year Ended 31.3.2013</b>	<b>Year Ended 31.3.2012</b>
	<b>Packing Materials</b>		
	Opening Stock	130,438	-
	Add : Purchases	1,210,151	1,188,434
		1,340,589	1,188,434
	Less : Closing Stock	130,438	130,438
	<b>TOTAL (B)</b>	<b>1,210,151</b>	<b>1,057,996</b>
<b>C</b>	<b>Repairs and Maintenance</b>		
	Opening Stock	1,582,924	2,076,442
	Add : Purchases	7,921,558	5,579,890
		9,504,482	7,656,332
	Less : Closing Stock	4,856,486	1,582,924
	<b>TOTAL (C)</b>	<b>4,647,996</b>	<b>6,073,408</b>
	<b>TOTAL (A) + (B) + (C) =</b>	<b>62,271,322</b>	<b>65,745,072</b>



**INNOVATIVE TYRES & TUBES LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2013**

Amount in Rs.

Particulars		Year Ended 31st March 2013		Year Ended 31st March 2012	
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax and Extra Ordinary items			22,205,802		18,116,398
Adjustment for Non-cash items / items required to be disclosed Separately :					
Add :					
Depreciation (Net)		17,728,529		16,800,006	
Deferred Revenue Expenditure written off		-			
Bad Debt		133,337		339,270	
Interest expenses		56,343,230		29,428,836	
Unrealised Foreign Exchange Loss/Gain		-			
Loss on sale of fixed assets		1,113,643		100,587	
Total Addition		75,318,739		46,668,699	
Less :					
Short term Investment Income		4,443,542		2,717,816	
Dividend		4,950		5,500	
Profit on Sale of Assets		735,897			
Credit Balance written Back		281,475		57,061	
Prior Period income/Expense		(1,124,941)		1,927,581	
Total Deduction		4,340,923		4,707,958	
Operating Profit before change in working capital		93,183,618		60,077,140	
Adjustment for change in working capital and provisions :					
Sundry Debtors		3,713,393		(5,933,812)	
Inventories		(58,524,559)		(46,774,233)	
Loans and Advances		(24,051,671)		(9,610,417)	
Current Liabilities		21,812,022		97,372,649	
Provisions		757,074		(627,632)	
Cash Generated from operations		36,889,878		94,503,694	
Income/Vat Tax Refund		(1,729,194)		(2,861,574)	
Income Tax Refund					
Net Cash Generated from operating activities			35,160,684		91,642,120
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Fixed Assets		(32,776,972)		(381,319,392)	
Increase in Capital WIP		(52,793,710)		198,221,927	
Sale of Fixed Assets		3,804,500		78,500	
Short term Investment Income		4,443,542		2,717,816	
Dividend Received		4,950		5,500	
Net Cash used in Investing Activities			(77,317,690)		(180,295,649)
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>					
Increase in paid up Share capital					
Increase in Share premium					
Increase / (Decrease) in Working Capital loans		1,851,090		52,959,401	
Increase / (Decrease) in Secured Term loans		(33,887,160)		103,408,537	
Increase / (Decrease) in Vehicle Loan		2,569,657		25,708	
Increase / (Decrease) in Unsecured Loans from members		273,000		1,200,000	
Increase / (Decrease) in Unsecured Loans / Others		109,433,754		(1,620,496)	
Interest Payments		(56,343,230)		(29,428,836)	
Net Cash used in financing activities			23,897,111		126,544,315



Particulars		Year Ended 31st March 2013	Year Ended 31st March 2012
Net Change in Cash and Cash equivalents (A+B+C)		(18,259,895)	37,890,787
Cash and Cash equivalents (Opening Balance )		50,447,475	12,556,731
Net Change in Cash and Cash equivalents		(18,259,895)	37,890,787
Cash and Cash equivalents (Closing Balance )		32,187,578	50,447,475
Notes :			
1	Cash and Cash equivalents comprise of :		
	Cash On hand	166,421	351,415
Balance in Current Accounts :			
	In Current Accounts	2,952,650	1,949,206
	Fixed Deposits (Margin Money)	29,068,507	48,146,854
Total		32,187,578	50,447,475

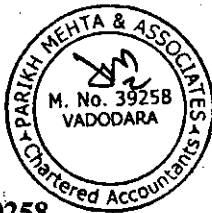
2 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow

As per our attached report of even date

For Parikh Mehta & Associates  
Chartered Accountants


Innovative Tyres & Tubes Limited,

  
Sachin J Mehta  
Partner



Membership No : 039258  
Firm Reg. No.: 112832W  
Place : Vadodara  
Date: 12th November'2013

  
Nitin J Mankad  
Director

  
Bipin C Mankad  
Director

Place : Vadodara  
Date: 12th November'2013



## **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., part of the Innovative Group, 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 under the historical cost convention in accordance with the standards on accounting issued by the Ministry of Corporate Affairs and referred to in section 211(3C) of the Companies Act, 1956.

**2. Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

**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.

**Conversion Charges**

Conversion Charges are recognized on Warehousing of the goods and are shown net of claims.

**(ii) Other Income**

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

**(iii) Insurance Claims**

Claims lodged with the Insurance Company in respect of risks covered are accounted for as and when received from the Insurance Company.

**4. Fixed Assets**

Fixed Assets other than re-valued during the year 1995-96 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 2009 on Accounting Standard 11 (AS-11) as notified by Government of India on March 31, 2009. 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 on fixed assets has been provided on Straight Line Method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) In case of re-valued assets the additional charge of depreciation on account of revaluation 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 the period of ten years.

## 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                                     | For Conversion: At Cost of Conversion<br>For Export: At Cost (Cost of Materials and overhead up to the Completed Stage of Production)     |
| 3. Consumables, Stores and spares and Packing Material | First-In-First-Out basis.   |
| 4. Finished Goods                                      | At Cost or Net realizable value, whichever is lower. (Cost represents Material, Labour and Manufacturing expenses including depreciation) |

## 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

- (i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.



(iii) 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.

(iv) Termination Benefits are recognized as an expense as and when incurred.

#### **10. Taxes on Income**

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### **11. Provisions and Contingent Liabilities**

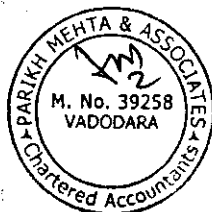
The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or 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.



## B) NOTES TO ACCOUNTS

### 1. Contingent Liabilities not provided for in respect of :-

There is no any Contingent liabilities not provided for.

### 2. Auditors' remuneration\* (including service tax, wherever applicable):

(Amount in Rs.)		
Particulars	Year ended 31 <sup>st</sup> March, 2013	Year ended 31 <sup>st</sup> March, 2012
Audit fees	49,635	49,635
Tax Audit	27,575	27,575

### 3. Managerial Remuneration

(Amount in Rs)

Particulars	Year ended (31 <sup>st</sup> March, A 2013 m	Year ended 31 <sup>st</sup> March, 2012
Director	46,12,500 o	41,51,000

### 4. Borrowing Cost

The amount of borrowing cost during the year amounts Rs.2,17,47,857/- (Previous Year Rs.1,29,07,387/-).

### 5. Employee Benefits.

#### (i) Defined contribution plans

The Company has recognised an amount of Rs.40,70,115/-. (Previous Year Rs.31,10,117) as expenses under the Defined Contribution Plan in the Profit & Loss account for the period ended 31<sup>st</sup> March, 2013

#### (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, 2013 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 recognises 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 recognised in the Company's financial statements as at March 31, 2013.

(Amount in Rs.)

Sr. No	Particulars	Gratuity (Funded) As on 31 <sup>st</sup> March, 13	Gratuity (Funded) As on 31 <sup>st</sup> March, 12
I	<b><u>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</u></b>		
	Current Service Cost	7,07,402	6,50,068
	Interest Cost	2,61,719	2,41,941
	Actuarial (gain) / losses	2,95,195	(1,93,163)
	Expected Return on Plan	--	--
	Benefits paid	(4,18,734)	(3,42,952)
	Past service cost	--	--
	PVO at the beginning of the year	32,88,410	29,32,620
	PVO at end of the year	41,24,158	32,88,410
II	<b><u>Change in fair value of plan assets :</u></b>		
	Expected return on plan assets	(88,508)	(80,960)
	Actuarial gain/(losses)	(9,834)	--
	Contributions by the employer	--	--
	Benefits paid	--	--
	Fair value of plan assets at beginning of the year	9,83,421	6,62,734
	Fair value of plan assets at end of the year	10,62,095	9,83,421
III	<b><u>Reconciliation of PVO and fair value of plan assets:</u></b>		
	PVO at end of period	--	32,88,410
	Fair Value of planned assets at end of year	10,62,095	9,83,421
	Net asset/ (liability) recognised in the balance sheet	30,62,063	23,04,989
IV	<b><u>Net cost for the year ended March 31, 2013 :</u></b>		
	Current Service cost	7,07,402	6,50,068
	Interest cost	2,61,719	2,41,941

	Adjustment to Fund	--	2,33,809
	Expected return on plan assets	(88,508)	80,960
	Actuarial (gain) / losses	2,85,361	1,93,268
	Net cost	11,75,808	6,17,887
V	<b><u>Category of assets as at 31<sup>st</sup> March'2013:</u></b>		
	Insurer Managed Funds (100%)	100%	199%
VI	<b><u>Actual return on the plan assets</u></b>	--	--
VI I	<b><u>Assumption used in accounting for the gratuity plan:</u></b>	--	--
	Discount rate (%)	8.20%	8.50%
	Salary escalation rate (%)	9.00%	9.00%
	Annual Increase in Salary Cost	6.00%	8.00%

**6. Earning per Share has been calculated as follows:**

(Amount in Rs)		
Particulars	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Profit/(Loss) after tax	3,28,52,328	46,53,078
Weighted average number of Equity Shares :	78,43,137	78,43,137
Basic and diluted Earnings per Share (in Rs.)	4.19	0.59

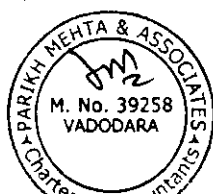
**7. Related Party Disclosures :**

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

**Name of Related Parties**

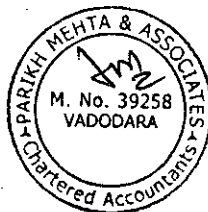
**Nature of Relationship**

Nitin J. Mankad	Key Management Personal
Bipin C. Mankad	Key Management Personal
Sanjay J. Mankad	Key Management Personal
Mukesh G. Desai	Key Management Personal
Narendra R. Shah	Key Management Personal
Narendra R Shah (HUF)	Key Management Personal
Nilaben J Mankad	Relative of Key Management Personnel
Binduben N Shah	Relative of Key Management Personnel
Shital Parikh	Relative of Key Management Personnel
Vishal Parikh	Relative of Key Management Personnel
Rachit Mankad	Relative of Key Management Personnel
Sharmisthaben C Shah	Relative of Key Management Personnel
Drashti S Mankad	Relative of Key Management Personnel
Nihar M Desai	Relative of Key Management personnel
Pritee H Shah	Relative of Key Management personnel
Yatish Shah	Relative of Key Management personnel



(Amount in Rs.)				
Nature of Transaction	Associates	Key Mgt. personnel	Relatives of Key Mgt. Personnel	Total
<b><u>Transaction during the year</u></b>				
Remuneration	Nil (Nil)	46,12,500 (41,51,000)	4,50,000 (6,00,000)	50,62,500 (47,51,000)
Reimbursement of expense	Nil (4972)	2,44,144 (2,11,862)	44,311 (31,384)	2,88,455 (2,43,246)
Interest on Deposit	2,38,182 (Nil)	2,93,187 (2,00,235)	9,72,244 (2,79,741)	15,03,613 (4,79,976)
Loan Taken	40,33,000 (Nil)	2,73,000 (18,00,000)	25,00,000 (55,97,000)	68,06,000 (73,97,000)
Loan Repaid	Nil (Nil)	Nil (Nil)	5,88,909 (1,65,000)	5,88,909 (1,65,000 )
<b><u>Balances as on 31<sup>st</sup> March'2013</u></b>				
Balance Payables				
Unsecured Loan	40,33,000 (Nil)	28,54,000 (25,81,000)	94,47,000 (75,33,424)	1,63,34,000 (1,01,14,424)
Managerial Remuneration Payable	Nil (Nil)	2,71,828 (3,50,000)	Nil (50,000)	2,71,828 (4,00,000)

(Figures for the previous year are indicated in brackets)





## 8. Deferred Taxation

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

Particulars	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>Deferred Tax Liability</b>		
Difference between book depreciation and tax depreciation	3,85,20,216	3,02,50,475
<b>Deferred Tax Asset</b>		
Gratuity and Leave encashment		--
<b>Deferred Tax Liability</b>	-1,47,20,140	82,69,741
Unabsorbed depreciation and Losses	Nil	Nil
<b>Net Deferred Tax Liability / (Asset)</b>	2,38,00,076	3,85,20,216

## 9. Additional information pursuant to the Provisions of Paragraphs 3, 4C, and 4D of part II of -

### a) Consumption of Raw Materials:

(Amount in Rs.)					
Particulars		2012-2013		2011-2011	
Item	Unit	Quantity	(Rs.)	Quantity	(Rs.)
Carbon Black	M.T.	12,26,965	9,16,44,617	8,83,860	6,40,39,022
Process Oil	M.T.	2,79,396	1,33,98,101	3,17,834	1,54,99,674
Chemicals	M.T.	2,21,033	2,65,13,582	1,54,074	1,53,33,967
Bead Wire	M.T.	1,57,343	1,12,04,951	1,39,355	92,80,850
Rubber	M.T.	21,31,706	33,39,51,842	19,22,721	36,93,48,401
Fabrics	M.T.	5,12,839	13,55,52,666	3,97,178	10,24,16,782
Bladders	NOS	1,180	34,64,535	739	23,48,238
Zinc Oxide	M.T.	98,075	1,05,29,791	71,750	71,05,067
Valves, Nuts, washers, and others	NOS	5,14,130	53,18,880	3,89,404	40,39,973
<b>TOTAL</b>			63,15,78,965		58,94,11,974

### b) Value of Imported and Indigenous consumption of Raw Material and Stores, Spares and tools. (Amount in Rs.)

Particulars		2012-2013		2011-2012
<b>Raw Materials</b>	%	Amount in Rs.	%	Amount in Rs.
Imported	23.82	15,59,65,368	20.37	11,68,75,467
Indigenous	76.18	49,88,68,685	79.63	47,25,36,507
<b>TOTAL</b>	100	65,48,34,053	100	58,94,11,974
<b>Stores, Spares and Tools</b>				
Imported	1.39	8,50,863	Nil	Nil
Indigenous	98.61	6,02,16,307	100	6,53,85,291
<b>TOTAL</b>	100	6,10,67,170	100	6,53,85,291



c) CIF Value of Imports:

(Amount in Rs)		
Particulars	2012-2013	2011-2012
i) Raw Materials	15,64,74,138	11,95,76,424
ii) Consumable, Stores and Spares	8,50,863	Nil
iii) Capital Goods	1,04,12,360	Nil
<b>TOTAL</b>	<b>16,77,37,361</b>	<b>11,95,76,424</b>

d) Expenditure in Foreign currencies on account of:

(Amount in Rs)		
Particulars	2012-2013	2011-2012
i) Travelling	88,475	23,961
ii) Testing Charges (GSC)	2,68,399	Nil
ii) Others	2,95,257	6,52,149
<b>TOTAL</b>	<b>6,52,131</b>	<b>6,76,110</b>

e) Earnings in Foreign exchange on account of:

(Amount in Rs)		
	2012-2013	2011-2012
i) FOB value of Exports	51,04,71,816	34,73,30,771
<b>TOTAL</b>	<b>51,04,71,816</b>	<b>34,73,30,771</b>

f) Additional information pursuant to para 4C of Part II of schedule VI to the Companies Act, 1956.

10. The value of realisation 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.

11. The balances of Debtors, Creditors are subject to adjustments, if any, on reconciliation / settlement.

12. Figures of the previous year have been regrouped / reclassified wherever necessary.

For Parikh Mehta & Associates.  
Chartered Accountants

For Innovative Tyres & Tubes Limited

Sachin J Mehta  
Partner

Membership No. 039258

Firm Reg. No.112832W

Place: Vadodara



Nitin J. Mankad  
Director

Bipin C. Mankad  
Director

Date: 12<sup>th</sup> November'2013

Place: Vadodara

Date: 12<sup>th</sup> November'2013

Place: Vadodara