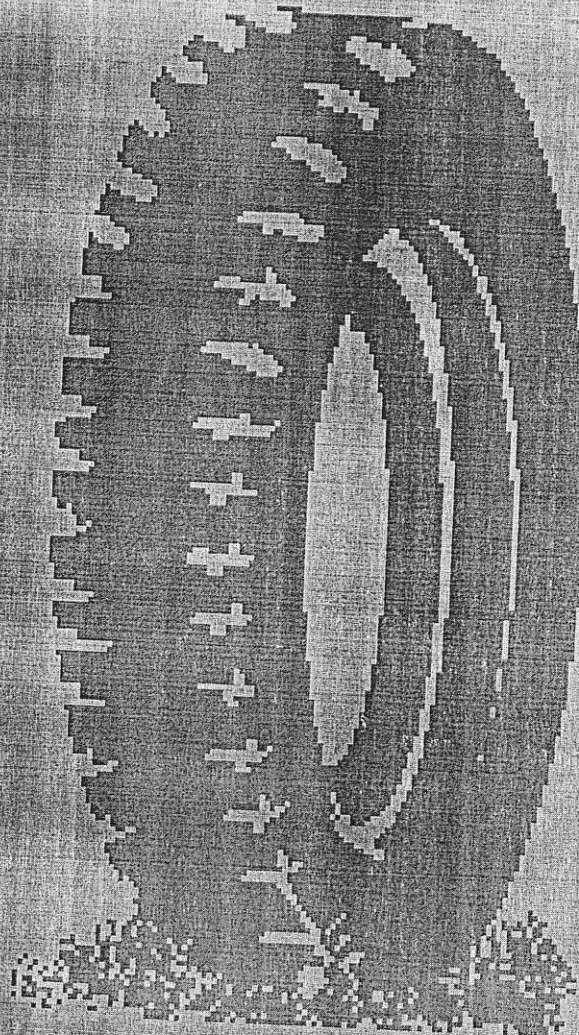


Balance Sheet  
as at  
31st March'2014



*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 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, 2014, 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.

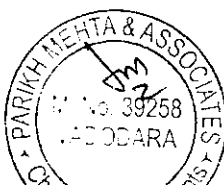
**Management's Responsibility for the Financial Statements:**

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.

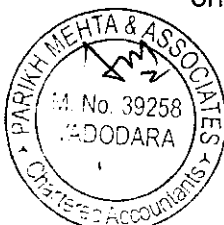
### **Opinion**

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 31/03/2014;
- 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.

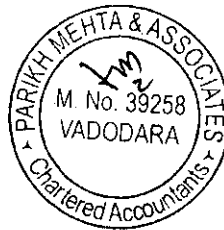
### **Report on Other Legal and Regulatory Requirements:**

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, 2014, and taken on record by the Board of Directors,



none of the directors is disqualified as on March 31, 2014, 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 : 18/08/2014**

**Place : Vadodara.**

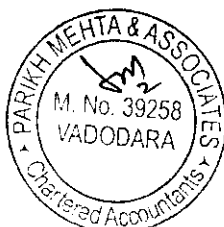
## ANNEXURE

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. 25,730/- (Previous Year Rs 68,06,000).
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 2014 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**

A handwritten signature in black ink, appearing to read "Sachin J Mehta".

**(SACHIN J MEHTA)**

**PARTNER**

**Membership No.039258**

**FRN No.112832W.**

**Place: Vadodara**

**Date: 18/08/2014**



**AUDITED BALANCE SHEET AS AT 31ST MARCH, 2014**

Amount In ₹


Particulars	Notes No	As at 31 March, 2014	As at 31 March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	3	93,431,370	78,431,370
(b) Reserves and Surplus	4	227,020,021	189,040,611
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	234,133,623	274,843,288
(b) Deferred Tax Liabilities (Net)	6	12,899,287	23,800,076
(c) Other Long Term Liabilities	7	66,855,550	38,270,182
(d) Long Term Provisions	8	10,848,386	11,257,726
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	9	149,663,041	143,309,460
(b) Trade Payables	10	196,739,599	175,003,509
(c) Other Current Liabilities	11	72,218,339	69,358,181
(d) Short-Term Provisions	12	9,425,177	2,258,052
<b>TOTAL</b>		<b>1,073,234,393</b>	<b>1,005,572,456</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	13	608,393,578	605,910,903
(ii) Intangible Assets	13	1,360,074	2,628,561
(iii) Capital Work-in-progress	13	84,495,358	52,793,710
(b) Long term loans and advances	14	40,956,295	30,283,868
(c) Other non-current assets	15	33,400	33,400
<b>(2) Current Assets</b>			
(a) Inventories	16	178,065,383	197,359,395
(b) Trade receivables	17	78,691,821	48,363,192
(c) Cash and cash equivalents	18	40,319,164	33,131,066
(d) Short-term loans and advances	19	40,919,320	35,068,361
<b>TOTAL</b>		<b>1,073,234,393</b>	<b>1,005,572,456</b>

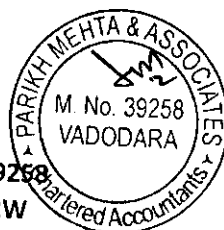
**Significant Accounting Policies Note No.2**

*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.*

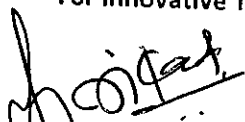
**For Parikh Mehta & Associates**  
**Chartered Accountants**

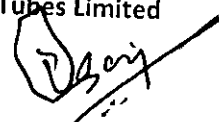
**For Innovative Tyres & Tubes Limited**

  
**Sachin J. Mehta**  
**Partner**



**Membership No. : 039258**  
**Firm Reg. No.: 112832W**  
**Place : Vadodara**  
**Date : 18th August'2014**

  
**Nitin J. Mankad**  
**(Director)**

  
**Mukesh G Desai**  
**(Director)**

**Place : Vadodara**  
**Date : 18th August'2014**

**INNOVATIVE TYRES & TUBES LIMITED**

**AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Amount In ₹

Sr. No	Particulars	Notes No	Year Ended 31.3.2014	Year Ended 31.3.2013
I	Revenue from operations	20	1,262,133,536	1,029,767,943
II	Other Income	21	3,301,768	4,448,492
III	<b>III. Total Revenue (I + II)</b>		<b>1,265,435,304</b>	<b>1,034,216,435</b>
IV	<u>Expenses:</u>			
	Cost of materials consumed	22	739,973,675	633,594,740
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	5,874,134	(55,000,979)
	Employee Benefit Expense	24	36,486,511	37,531,006
	Financial Costs	25	44,621,710	56,343,232
	Depreciation and Amortization Expense	26	19,148,526	17,728,529
	Other Expenses	27	385,391,130	320,965,057
	<b>Total Expenses (IV)</b>		<b>1,231,495,686</b>	<b>1,011,161,585</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>33,939,618</b>	<b>23,054,850</b>
VI	<u>Tax expense:</u>			
	(1) Current tax		6,861,000	4,922,662
	(2) Deferred tax		- 10,900,789	- 14,720,140
VII	Profit/(Loss) for the period (XI + XIV)		<b>37,979,407</b>	<b>32,852,328</b>
VIII	Earning per equity share:			
	(1) Basic		4.06	4.19
	(2) Diluted		4.06	4.19

**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 : 18th August'2014

Nitin J. Mankad  
(Director)

Mukesh G Desai  
(Director)

Place : Vadodara

Date : 18th August'2014

# INNOVATIVE TYRE & TUBES LIMITED

Notes Forming Integral Part of Financial Statements

Note : 3 Share Capital

Amount In ₹

Sr. No	Particulars	As at 31st March, 2014	As at 31st March, 2013
1	<b>AUTHORIZED CAPITAL</b> 80,00,000 Equity Shares of Rs. 10/- each. (Previous year 80,00,000 of Rs.10/- each)	95,000,000	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)	93,431,370	78,431,370
	<b>Total in (Rs)...</b>	<b>93,431,370</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, 2014	As at 31st March' 2014	No. of Shares as at 31st March, 2013	As at 31st March' 2013
1	At the beginning of the year	7,843,137	78431370	7,843,137	78,431,370
	-Addition/Substraction during the year	1,500,000	15000000		
	Closing Balance at the year end	9,343,137	93,431,370	7,843,137	78,431,370
	<b>At the end of the year</b>	<b>9,343,137</b>	<b>93,431,370</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, 2014		As at 31st March, 2013	
	<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	3,843,137	41.13	3,843,127	49.00
2	Mani Market Creators Limited	1,003,790	10.74	1,003,790	12.80
3	Chandravadan K Shah	700,010	7.49	700,010	8.93

Note : 4 Reserve & Surplus

Sr. No	Particulars	As at 31st March' 2014	As at 31st March' 2013
1	<b>Securities Premium</b> Balance as at the beginning & end of the year	92,645,383	92,645,383
2	<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>
3	<b>Surplus in the Statement of Profit &amp; Loss Account</b> Balance as at the beginning of the year Add: Profit for the year Balance as at the end of the year	95,681,149 37,979,409 133,660,559	62,828,821 32,852,328 95,681,149
	<b>GRAND TOTAL</b>	<b>227,020,021</b>	<b>189,040,611</b>



Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	<b>Secured Loan</b>		
	- Term Loan Account from State Bank of India	85,686,569	125,176,246
	Less : Current Maturity of long terms borrowings	39,000,000	39,000,000
	<b>Total (a)</b>	<b>46,686,569</b>	<b>86,176,246</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	2,720,604	4667569
	Less : Current Maturity of long terms borrowings	1,023,550	1643603
	<b>Total (b)</b>	<b>1,697,054</b>	<b>3023966</b>
2	<b>UnSecured Loan</b>		
	- From Directors	1,549,760	2,854,000
	- From Others	184,200,240	182,789,076
	<b>Total ( C )</b>	<b>185,750,000</b>	<b>185,643,076</b>
	<b>Total (a) + (b) + ( C )</b>	<b>234,133,623</b>	<b>274,843,288</b>

## Note : 6 Deferred Tax Liabilities (Net)

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	<b>Deferred Tax Liabilities</b>		
	Depreciation Allowance	23,800,076	38,520,216
	Less: Total DTA for the year	10,900,789	14,720,140
2	<b>Deferred Tax Assets</b>		
	Disallowance u/s 43B of the Income Tax Act, 1961	-	-
		12,899,287	23,800,076
	<b>Total in (Rs)...</b>	<b>12,899,287</b>	<b>23,800,076</b>



**Note : 7 Other Long Term Liabilities**

Amount In

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	Trade Payables ( Other Than Micro, Small & Medium Enterprise )	29,349,941	13,800,465
2	Other Creditors - Security Deposit - For Capital Goods	35,213,700 2,291,909	20,127,537 4,342,180
	<b>Total</b>	<b>66,855,550</b>	<b>38,270,182</b>

**Note : 8 Long Term Provisions**

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	Gratuity (LIC)		
2	Provision for Income Tax - 2011-12	2,652,723	3,062,063
3	Provision for Income Tax - 2012-13	3,273,000	3,273,000
		4,922,663	4,922,663
	<b>Total</b>	<b>10,848,386</b>	<b>11,257,726</b>

**Note : 9 Short Term Borrowings**

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
	<b>Secured Loan</b>		
1	-Cash Credit Limit a/c Hypothecation of entire current assets of the company including raw material, stock in trade, finished goods and receivable of the company.	42,351,407	85,989,324
2	- PCFC / Buyers Credit Hypothecation of entire current assets of the company including raw material, stock in trade, finished goods and receivable of the company.	107,311,634	57,320,136
	<b>Total</b>	<b>149,663,041</b>	<b>143,309,460</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**

Amount In

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	Due to Micro & Small Enterprise. ( To the Extent Identified on the basis of information available with the company)	2,196,893	1,413,640
2	Due to Others	194,542,706	173,589,869
	<b>Total</b>	<b>196,739,599</b>	<b>175,003,509</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.

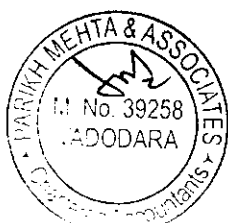
**Note : 11 Other Current Liabilities**

Amount in Rs.

Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
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 1,023,550	39,000,000 1,643,603
2	Advance received from Sundry Debtors	31,743,274	28,017,832
3	Professional Tax	12,410	89,110
4	Unpaid Salary & wages	105,488	105,488
5	TDS Payable	333,617	502,149
	<b>Total</b>	<b>72,218,339</b>	<b>69,358,181</b>

**Note : 12 Short Term Provisions**

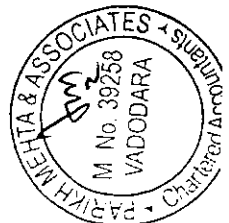
Sr. No	Particulars	As at 31st March'2014	As at 31st March'2013
1	Provision for Employees Benefits - Contribution to PF and ESIC - Leave Encashment - Bonus	- 42,444 806,621 1,800,000	- - 1,008,052 1,250,000
2	Provision for Income Tax - 2013-14	6,861,000	-
	<b>Total</b>	<b>9,425,177</b>	<b>2,258,052</b>



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

**INNOVATIVE TYRES & TUBES LIMITED**

Sr. No	Particulars	Rate	Gross Block				Depreciation				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	WDV as on 31.03.2014	WDV as on 31.03.2013
I	<b>Tangible Assets</b>											
1	Free Hold Land		5,216,886			5,216,886	124,987,770	14,176,146	2,397,373	136,766,543	5,216,886	5,216,886
2	Plant & Equipment	4.75%	664,103,987	20,323,344	5,346,460	679,080,871	2,181,692	788,389		2,970,081	542,314,328	539,116,217
3	Electrical Installation	4.75%	16,094,227	1,257,872		17,352,099	149,443	15,119		164,562	14,382,018	13,912,535
4	Laboratory Equipments	4.75%	319,020			319,020	11,067,219	1,685,852		12,753,071	154,458	169,577
5	Building	3.34%	50,479,328			50,479,328	978,158	113,458		1,091,616	37,726,257	39,412,109
6	Furniture & Fixtures	6.33%	1,751,117	181,551		1,932,668	949,446	171,329		1,120,775	841,052	772,959
7	Office Equipments	4.75%	2,815,695	249,929		3,065,624	2,072,476	767,676	829,540	2,010,612	1,944,849	1,866,249
8	Vehicles	9.50%	7,380,227	2,013,393	1,569,278	7,824,342	1,489,201	157,070		1,646,271	5,813,730	5,307,751
	Computer & Peripherals	16.21%	1,625,821	20,450		1,646,271						136,620
	<b>TOTAL (A)</b>		<b>749,786,308</b>	<b>24,046,539</b>	<b>6,915,738</b>	<b>766,917,109</b>	<b>143,875,405</b>	<b>17,875,039</b>	<b>3,226,913</b>	<b>158,523,531</b>	<b>608,393,578</b>	<b>605,910,903</b>
II	<b>Intangible Assets</b>											
9	Technical Knowhow	10.00%	12,597,561			12,597,561	10,078,048	1,259,756		11,337,804	1,259,757	2,519,513
10	Trade Mark	10.00%	133,000	5,000		138,000	23,952	13,731		37,683	100,317	109,048
	<b>TOTAL (B)</b>		<b>12,730,561</b>	<b>5,000</b>		<b>12,735,561</b>	<b>10,102,000</b>	<b>1,273,487</b>		<b>11,375,487</b>	<b>1,360,074</b>	<b>2,628,561</b>
	<b>Total (A+B) (Current Year)</b>		<b>762,516,869</b>	<b>24,051,539</b>	<b>6,915,738</b>	<b>779,652,670</b>	<b>153,977,405</b>	<b>19,148,526</b>	<b>3,226,913</b>	<b>169,899,018</b>	<b>609,753,652</b>	<b>608,539,464</b>
	<b>(Previous Year)</b>		<b>735,818,766</b>	<b>32,776,972</b>	<b>6,078,868</b>	<b>762,516,870</b>	<b>138,145,498</b>	<b>17,728,529</b>	<b>1,896,622</b>	<b>153,977,405</b>	<b>608,539,464</b>	<b>597,673,284</b>
	<b>Capital work in progress</b>										<b>84,495,358</b>	<b>52,793,710</b>
	<b>Total</b>										<b>694,249,010</b>	<b>661,333,174</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, 2014	As at 31st March, 2013
1	<b>a) Unsecured, Considered Good :</b>		
	<b>Security Deposit</b>		
	- Telephone Deposit 223480	10,146	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	70,000
	- Telephone Deposit	38,987	38,987
	- 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	193,750
	- Gas Connection Deposit	7,650	7,650
	- Halol G.I.D.C. Industries Association	187,343	187,343
	- Mobile Phone Deposit -	2,000	2,000
	- Telephone Deposit Tata Tele. No. 223480	500	500
	- Rent Deposit Hasuben D. Patel	55,000	-
	- Earnest Money Deposit	228,238	228,238
	- Nandesari Environment Control Ltd	83,708	50,000
2	<b>Capital Advance</b>	2,278,613	1,476,793
3	<b>Other Advance for Purchase</b>	1,043,948	326,172
4	<b>Balance With Government Authorities</b>	19,813,514	12,383,978
5	<b>FMS Receivable</b>	12,158,742	10,524,155
6	<b>DEPB Income Receivable</b>	818,506	818,506
	<b>TOTAL</b>	<b>40,956,295</b>	<b>30,283,868</b>





**INNOVATIVE TYRES & TUBES LIMITED**

*Notes Forming Integral Part of Financial Statements*

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

Sr. No	Particulars	Amount In ₹	
		As at 31st March,2014	As at 31st March,2013
1	<b><u>Other Investments</u></b>		
	- 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,2014	31st March,2013
	<b>At lower of Cost or Net Realisable Value</b>		
1	Consumables Stores and Spares	12,714,472	19,817,378
2	Raw Material	11,939,498	18,256,470
3	Packing Materials	130,438	130,438
4	Work In Progress	70,838,096	84,859,952
5	<b>Finished Goods</b>		
	- Tyres	55,940,506	68,162,197
	- Tubes	17,659,827	3,962,643
	- Flaps	8,273,182	1,939,466
6	Scrap Material	569,364	230,851
	<b>TOTAL</b>	<b>178,065,383</b>	<b>197,359,395</b>

**Note : 17 Trade Receivables**

Sr. No	Particulars	As at	
		31st March,2014	31st March,2013
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:	3,455,851	2,111,706
2	<b><u>Other trade receivables</u></b>		
	a) Unsecured, Considered Good :	75,235,970	46,251,486
	<b>TOTAL</b>	<b>78,691,821</b>	<b>48,363,192</b>



*Notes Forming Integral Part of Financial Statements*

**Note : 18 Cash & Cash Equivalent**

Amount In ₹

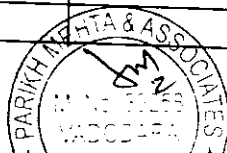
Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	<b>Cash-in-Hand</b>		
	Cash Balance	1,342,446	166,423
	<b>Sub Total (A)</b>	<b>1,342,446</b>	<b>166,423</b>
2	<b>Balance with Banks</b>		
	Fixed Deposit with State Bank of India	33,619,884	29,068,507
	Interest on F.D. Accured	5,124,094	2,426,770
3	<b>In Current Account</b>		
	State Bank of India -C/A No. 30094419858	390,891	2,903,687
	State Bank of India -C/A No. 10184845681	(1386851)	(1291393)
	State Bank of India -C/A No. 30050608062	69	4,869
	State Bank of India, Halol -C/A No. 10462017617	(33736)	(191891)
	State Bank of India, Halol -C/A No. 10462017606	12,776	12,928
	State Bank of India -C/A No. 3004803240	1,224,567	2,425
	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	28,291
	<b>Sub Total (B)</b>	<b>38,976,718</b>	<b>32,964,643</b>
	<b>Total [ A + B ]</b>	<b>40,319,164</b>	<b>33,131,066</b>
Of the above, the balances that meets the defination of cash and cash equivalants as per AS 3 is		<b>1,575,186</b>	<b>1,635,789</b>

Notes:

- (1) Fixed Deposit mentioned above includes, long term deposit which has maturity of more than 12 months. (C.Y.= Rs.33619884) (P.Y.= Rs.30447349). 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.33619884) (P.Y.= Rs.30447349). Further, Interest has been calaulated on propornate basis. (C.Y.=Rs.998410) (P.Y.=904197)

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

Sr. No	Particulars	As at 31st March,2014	As at 31st March,2013
1	<b>(a)Unsecured, Considered Good :</b>		
	- Capital Advance	1,250,080	928,631
	- Advance to Sundry Creditors	8,831,008	10,015,767
	- Advance To Employees	605,837	632,423
	- Balnace with Revenue Authorities	19,284,788	20,380,560
	- Advance Others	10,812,185	2,550,323
	- Prepaid Expenses	135,422	560,657
	<b>TOTAL</b>	<b>40,919,320</b>	<b>35,068,361</b>



**Notes Forming Integral Part of Financial Statements**

**Note : 20 Revenue from Operations**

Amount In ₹

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Sale of Products.		
	- Export Sale	813,780,415	510,471,816
	- Domestic Sale	120,585,838	247,277,917
		<b>934,366,253</b>	<b>757,749,733</b>
	Less : Excise Duty on Domestic Sale	13,260,799	27,740,623
		<b>921,105,454</b>	<b>730,009,110</b>
2	Sale of Services		
	- Job Work Charges CEAT Ltd	136,869,781	131,160,744
	- Job Work Charges Export Division	171,960,377	143,491,883
3	Other Operating Revenue		
	- Scarp Sale	1,328,280	4,012,458
	- FMS Income	3,186,660	5,708,836
	- DEPB Income		
	- Duty Drawback Income	3,500,000	
	- Exchange Rate Difference-Debtors	10,552,391	6,884,803
	- Exchange Rate Difference-Creditors	4,990,037	7,169,454
	- Exchange Rate Difference - PCFC SBI	6,689,741	285,030
	- Profit on Sale of Assets	1,456,666	735,897
	- Sundry Balance W/o	494,149	281,475
	- Other Income	-	28,253
	<b>Total</b>	<b>1,262,133,536</b>	<b>1,029,767,943</b>

**Note : 21 Other Income**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Interest on VAT Refund	-	266,654
2	Interest on Income Tax Refund		
3	Interest on Fixed Deposit Gross (Tax deducted at source Rs. 304958/-)	3,298,798	4,176,888
4	Dividend	2,970	4,950
	<b>Total</b>	<b>3,301,768</b>	<b>4,448,492</b>

**Note : 22 Cost of Material Consumed**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Opening Stock of Raw Material	18,256,470	26,844,293
	Add: Purchases	733,656,703	625,006,917
	<b>Total</b>	<b>751,913,173</b>	<b>651,851,210</b>
	Less: Closing Stock of Raw Material	11,939,498	18,256,470
	<b>Total</b>	<b>739,973,675</b>	<b>633,594,740</b>

**Note: 22.1 Details of Raw Material Consumed**

1	- Carbon Black	141,946,125	91,644,617
2	- Rubber Process Oil	19,705,234	13,398,101
3	- Chemicals	32,038,248	26,513,582
4	- Bead Wire	16,683,672	11,204,951
5	- Fabrics	179,819,714	135,552,666
6	- Rubber	323,637,209	337,871,342
7	- Bladder	4,656,912	3,576,585
8	- Zinc Oxide	14,283,252	10,529,791
9	- Valve , Nuts, Washers and Other	7,203,399	5,318,880
	<b>Total</b>	<b>739,973,765</b>	<b>635,610,515</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>-</b>	<b>2,015,775</b>
	<b>Total</b>	<b>739,973,765</b>	<b>633,594,740</b>



**INNOVATIVE TYRES & TUBES LIMITED**

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

Amount In ₹

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Opening 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
2	Closing Stock		
	Finished Goods	81,873,515	74,064,306
	Work In Process	70,838,096	84,859,952
	Scrap	569,364	230,851
		153,280,975	159,155,109
	<b>Total</b>	<b>5,874,134</b>	<b>(55,000,979)</b>

**Note : 24 Employment Benefit Expenses**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Salary Expenses	25,452,441	28,554,891
2	Directors Remuneration	5,850,000	3,149,000
3	Bonus Expenses	1,800,000	1,250,000
4	Employer's Contribution to ESIC Fund	1,191,119	1,178,490
5	Employer's Contribution to Provident Fund	1,924,437	1,878,327
6	Employer's Labour Welfare Fund	3,873	3,732
7	Staff Welfare Expenses	264,641	1,516,566
	<b>Total</b>	<b>36,486,511</b>	<b>37,531,006</b>

**Note :25 Financial Cost**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	<b>Interest on Borrowings</b>		
	Interest on Term loan	16,115,206	21,747,857
	Less: Interest on Term Loan Capitalised	-	-
		16,115,206	21,747,857
	Interest on Unsecured Loan	1,509,786	1,805,788
	Interest on C.C. Limit	3,991,871	12,748,758
	Interest on Working Capital Demand Loan	3,164,560	474,228
	Interest to Financial Institutions	730,061	413,095
	Interest on L.C.	8,173,377	4,003,332
2	<b>Interest Others</b>		
	Interest to Creditors	6,846,361	8,215,113
	Interest on delayed payment of Statutory Liabilities	93,076	390,123
3	<b>Other Borrowing Costs</b>		
	Bank Charges on Foreign Currency	393,892	295,257
	Cancellation charges for Forward Contract	-	-
	Bank Charges	3,603,520	6,249,681
	Exchange Rate Fluctuation on L.C.	-	-
	<b>Total</b>	<b>44,621,710</b>	<b>56,343,232</b>

**Note : 26 Depreciation & Amortised Cost**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
1	Depreciation of Tangible Asset	17,875,039	16,456,424
2	Depreciation of InTangible Asset	1,273,487	1,272,105
	<b>Total</b>	19,148,526	17,728,529
	Less : Charged to Revaluation Reserve	-	-
	<b>Total</b>	<b>19,148,526</b>	<b>17,728,529</b>



**Note : 27 Other Expenses**

**Amount In ₹**

Sr. No	Particulars	Year Ended 31.3.2014	Year Ended 31.3.2013
<b>1</b>	<b><u>Manufacturing Expenses</u></b>		
	Consumption of Stores and Spareparts (Including Packing Material & Repairs & Maintenance)	67,904,822	62,271,322
	Less: Boiler Fuel	38,818,239	42,953,927
	<b>Total</b>	<b>29,086,583</b>	<b>19,317,395</b>
	<b>{ Refer 23 (i) Below }</b>		
	Excess Material Consumption	4,018,290	4,756,960
	Rejection Tube/Tyre claims	1,411,980	1,736,748
	Labour Charges	13,956,301	12,174,999
	Conversion Charges TTF	171,960,377	143,491,883
	Conversion/Mixing charges	49,115	154,830
	Power & Fuel	89,767,758	89,739,050
	Water Charges	1,647,318	1,152,203
	Weighing Charges	147,440	133,520
	Factory Expenses	264,201	272,287
	Freight Inward	18,715,713	16,843,786
	<b><u>Administrative, Selling &amp; Distribution Expenses, and</u></b>		
<b>2</b>	<b><u>Other Misc. Expenses</u></b>		
	<b>Payment to Auditors as</b>		
	- Auditor	154,420	154,420
	- For Company Law Matters	130,000	25,519
	- For Reimbursement of Expenses	33,680	97,789
	Sundry Balances written off	97,435	133,337
	Conveyance	198,070	254,164
	Donation & Charity	3,101	88,902
	Insurance Expenses	2,348,750	1,669,268
	Membership fees and Subscription	110,625	275,332
	Legal & Professional Expenses	1,482,152	1,566,066
	Loss on Sale of Assets	-	1,113,643
	Miscellaneous Expenses	29,016,211	5,536,389
	Office Expenses	140,879	74,165
	Repairs and Maintenance to others	96,836	145,000
	Repairs to Building	550	151,399
	Postage & Courier Expenses	450,254	419,146
	Printing & Stationery	315,782	452,457
	Rates & Taxes	313,838	635,632
	Security Expenses	1,156,812	1,429,813
	Telephone Expenses	777,742	631,340
	Travelling Expenses	584,315	783,971
	Vehicle Expenses	2,214,633	2,535,881
	Advertisement Expenses	39,420	66,625
	Sales Promotion Expenses	1,586,388	630,997
	Freight and Forwarding Expense	12,971,986	13,445,083
	Prior Period Adjustment (Net)	142,175	1,124,941
	<b>Total</b>	<b>385,391,130</b>	<b>320,965,058</b>



# INNOVATIVE TYRES & TUBES LIMITED

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

Amount In ₹

A	Consumables	Year Ended 31.3.2014	Year Ended 31.3.2013
	Opening Stock	14,960,892	6,123,051
	Add : Purchases		-
	Lignite/Imported Coal	33,529,172	39,080,301
	Freight For Purchase for Coal	2,023,571	10,501,726
	Diesel	709,469	738,509
	Fuel	210,747	839,507
	Other Misc. Consumable stores and spare parts	16,993,584	14,090,973
		<b>68,427,435</b>	<b>71,374,067</b>
	Less : Closing Stock	9,655,054	14,960,892
	<b>TOTAL (A)</b>	<b>58,772,381</b>	<b>56,413,175</b>

B	Packing Materials	Year Ended 31.3.2014	Year Ended 31.3.2013
	Opening Stock	130,438	130,438
	Add : Purchases	1,550,208	1,210,151
		1,680,646	1,340,589
	Less : Closing Stock	130,438	130,438
	<b>TOTAL (B)</b>	<b>1,550,208</b>	<b>1,210,151</b>
C	Repairs and Maintenance		
	Opening Stock	4,856,486	1,582,924
	Add : Purchases	5,785,164	7,921,558
		<b>10,641,650</b>	<b>9,504,482</b>
	Less : Closing Stock	3,059,418	4,856,486
	<b>TOTAL (C)</b>	<b>7,582,233</b>	<b>4,647,996</b>
	<b>TOTAL (A) + (B) + (C) =</b>	<b>67,904,822</b>	<b>62,271,322</b>



## I FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2014

Particulars	Year Ended March 2014	31st	Year Ended March 2013	31st
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and Extra Ordinary items		34,081,793		21,929,911
Adjustment for Non-cash items / items required to be disclosed Separately				
Add :				
Depreciation (Net)	19,148,526		17,728,529	
Deferred Revenue Expenditure written off	-		-	
Bad Debt	97,435		133,337	
Interest expenses	44,621,710		56,343,230	
Unrealised Foreign Exchange Loss/Gain	-		-	
Loss on sale of fixed assets	-		1,113,643	
<b>Total Addition</b>	<b>63,867,671</b>		<b>75,318,739</b>	
Less :				
Short term Investment Income	3,298,798		4,443,542	
Dividend	2,970		4,950	
Profit on Sale of Assets	1,456,666		735,897	
Credit Balance written Back	494,149		281,475	
Prior Period income/Expense	142,175		1,124,941	
<b>Total Deduction</b>	<b>5,394,758</b>		<b>4,340,923</b>	
<b>Operating Profit before change in working capital</b>	<b>92,554,706</b>		<b>92,907,727</b>	
Adjustment for change in working capital and provisions :				
Sundry Debtors	- 30,426,064		3,713,393	
Inventories	- 19,294,013		- 58,524,559	
Loans and Advances	- 16,523,386		- 24,051,671	
Current Liabilities	47,758,254		22,087,913	
Provisions	6,757,785		757,074	
<b>Cash Generated from operations</b>	<b>119,415,307</b>		<b>36,889,878</b>	
Income/Vat Tax Refund			- 1,729,194	
Income Tax Refund				
<b>Net Cash Generated from operating activities</b>		<b>119,415,307</b>		<b>35,160,684</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	- 24,051,539		- 32,776,972	
Increase in Capital WIP	- 31,701,648		- 52,793,710	
Sale of Fixed Assets	5,145,491		3,804,500	
Short term Investment Income	3,298,798		4,443,542	
Dividend Received	2,970		4,950	
<b>Net Cash used in Investing Activities</b>		<b>- 47,305,928</b>		<b>-77,317,690</b>



Sr. No.	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
Sr. No.	Particulars	Year Ended 31st March 2014	Year Ended 31st March 2013
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in paid up Share capital	15,000,000	-
	Increase in Share premium	-	-
	Increase / (Decrease) in Working Capital loans	6,353,581	1,851,090
	Increase / (Decrease) in Secured Term loans	- 30,237,135	- 33,887,160
	Increase / (Decrease) in Vehicle Loan	- 1,946,965	- 2,569,657
	Increase / (Decrease) in Unsecured Loans from members	- 7,433,053	- 273,000
	Increase / (Decrease) in Unsecured Loans / Others	- 1,092,512	- 109,433,754
	Interest Payments	- 44,621,710	- 56,343,230
	<b>Net Cash used in financing activities</b>	<b>- 63,977,794</b>	<b>23,897,111</b>
	Net Change in Cash and Cash equivalents (A+B+C)	8,131,585	-18,259,895
	Cash and Cash equivalents (Opening Balance )	32,187,578	50,447,475
	Net Change in Cash and Cash equivalents	8,131,585	-18,259,895
	Cash and Cash equivalents (Closing Balance )	40,319,164	32,187,578
	Net Change in Cash and Cash equivalents		
1	Notes:		
	Cash and Cash equivalents comprise of :		
	Cash On hand	1,342,446	166,421
	Balance in Current Accounts :		
	In Current Accounts	5,356,834	2,952,650
	Fixed Deposits (Margin Money)	33,619,884	29,068,507
	Total	40,319,164	32,187,578

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

As per our attached report of even date

For Parikh Mehta & Associates  
Chartered Accountants

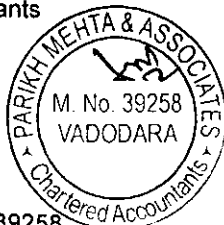
Sachin J Mehta  
Partner

Membership No : 039258

Firm Reg. No.: 112832W

Place : Vadodara

Date: 18th August, 2014



For and on behalf of the Board of Directors

Nitin J Mankad  
Director

Mukesh G Desai  
Director

Place : Vadodara

Date: 18th August, 2014



## 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.



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

There is no any Contingent liabilities not provided for.

The Company has given guarantees aggregating Rs.1,26,00,000/- on behalf of others. As at 31<sup>st</sup> March'2014, the contingent liabilities under these guarantees amounts to Rs.1,26,00,000/- .

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

Particulars	(Amount in Rs.)	
	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
Audit fees	49,635	49,635
Tax Audit	27,575	27,575

**3. Managerial Remuneration**

Particulars	(Amount in Rs)	
	Year ended 31 <sup>st</sup> March, 2014A	Year ended 31 <sup>st</sup> March, 2013
Director	58,50,000 m	46,12,500

0

**4. Borrowing Cost**

The amount of borrowing cost during the year amounts Rs.1,61,15,206/- (Previous Year Rs.2,17,47,857/-).

**5. Employee Benefits.**

**(i) Defined contribution plans**

The Company has recognised an amount of Rs. 34,59,344/-. (Previous Year Rs.40,70,115/-) as expenses under the Defined Contribution Plan in the Profit & Loss account for the period ended 31<sup>st</sup> March, 2014.

**(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:

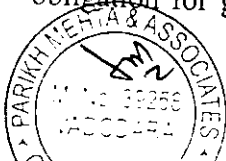
a) Normal retirement/ early retirement/ withdrawal/resignation:

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, 2014 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 recognised in the Company's financial statements as at March 31, 2014.

(Amount in Rs.)

Sr. No	Particulars	Gratuity (Funded) As on 31 <sup>st</sup> March, 14	Gratuity (Funded) As on 31 <sup>st</sup> March, 13
I	<b><u>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</u></b>		
	Current Service Cost	7,11,328	7,07,402
	Interest Cost	2,71,756	2,61,719
	Actuarial (gain) / losses	3,00,887	2,95,195
	Expected Return on Plan	(79,657)	--
	Benefits paid		(4,18,734)
	Past service cost	15,715	--
	PVO at the beginning of the year	40,63,685	32,88,410
	PVO at end of the year	37,86,509	41,24,158
II	<b><u>Change in fair value of plan assets :</u></b>		
	Expected return on plan assets	(79,657)	(88,508)
	Actuarial gain/(losses)	(7,966)	(9,834)
	Contributions by the employer	--	--
	Benefits paid	--	--
	Fair value of plan assets at beginning of the year	10,62,095	9,83,421
	Fair value of plan assets at end of the year	11,33,786	10,62,095
III	<b><u>Reconciliation of PVO and fair value of plan assets:</u></b>		
	PVO at end of period		--
	Fair Value of planned assets at end of year	11,33,786	10,62,095
	Net asset/ (liability) recognised in the balance sheet	26,52,723	30,62,063



IV	<b>Net cost for the year ended March 31, 2014 :</b>		
	Current Service cost	7,11,328	7,07,402
	Interest cost	2,71,756	2,61,719
	Adjustment to Fund	--	--
	Expected return on plan assets	(79,657)	(88,508)
	Actuarial (gain) / losses	3,00,887	2,85,361
	Net cost	12,20,429	11,75,808
V	<b>Category of assets as at 31<sup>st</sup> March'2014:</b>		
	Insurer Managed Funds (100%)	100%	100%
VI	<b>Actual return on the plan assets</b>	--	--
VI I	<b>Assumption used in accounting for the gratuity plan:</b>	--	--
	Discount rate (%)	9.10%	8.20%
	Salary escalation rate (%)	9.00%	9.00%
	Annual Increase in Salary Cost	6.00%	6.00%

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

(Amount in Rs)		
Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Profit/(Loss) after tax		3,28,52,328
Weighted average number of Equity Shares :	93,43,137	78,43,137
Basic and diluted Earnings per Share (in Rs.)		4.19

**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
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 Shah	Relative of Key Management Personnel
Nihar M Desai	Relative of Key Management personnel
Pritee H Shah	Relative of Key Management personnel
Yatish H. Shah	Relative of Key Management personnel



Nature of Transaction	Associates	Key Mgt. personnel	(Amount in Rs.)	
			Relatives of Key Mgt. Personnel	Total
<b><u>Transaction during the year</u></b>				
Remuneration	Nil (Nil)	58,50,000 (46,12,500)	Nil (4,50,000)	58,50,000 (50,62,500)
Reimbursement of expense	Nil (Nil)	2,06,081 (2,44,144)	71,242 (44,311)	2,77,323 (2,88,455)
Interest on Deposit	3,04,478 (2,38,182)	2,87,511 (2,93,187)	7,58,729 (9,72,244)	13,50,718 (15,03,613)
Loan Taken	Nil (40,33,000)	Nil (2,73,000)	Nil (25,00,000)	Nil (68,06,000)
Loan Repaid	42,81,300 (Nil)	15,63,000 (Nil)	91,55,700 (5,88,909)	1,50,00,000 (5,88,909)
<b><u>Balances as on 31<sup>st</sup> March'2014</u></b>				
Balance Payables				
Unsecured Loan	25,730 (40,33,000)	15,49,760 (28,54,000)	9,46,580 (94,47,000)	25,22,070 (1,63,34,000)
Managerial Remuneration Payable	Nil (Nil)	2,96,469 (2,71,828)	Nil (Nil)	2,96,469 (2,71,828)

(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

Particulars	(Amount in Rs)	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Deferred Tax Liability</b>		
Difference between book depreciation and tax depreciation	2,38,00,076	3,85,20,216
<b>Deferred Tax Asset</b>		
Gratuity and Leave encashment	--	--
<b>Deferred Tax Liability</b>	-1,09,00,789	-1,47,20,140
Unabsorbed depreciation and Losses	Nil	Nil
Net Deferred Tax Liability / (Asset)	1,28,99,287	2,38,00,076





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		2013-2014		2012-2013	
Item	Unit	Quantity	(Rs.)	Quantity	(Rs.)
Carbon Black	M.T.	17,27,941	14,19,46,125	12,26,965	9,16,44,617
Process Oil	M.T.	3,87,843	1,97,05,234	2,79,396	1,33,98,101
Chemicals	M.T.	2,59,416	3,20,38,248	2,21,033	2,65,13,582
Bead Wire	M.T.	2,33,785	1,66,83,672	1,57,343	1,12,04,951
Rubber	M.T.	25,41,922	32,36,37,119	21,31,706	33,39,51,842
Fabrics	M.T.	6,74,308	17,98,19,714	5,12,839	13,55,52,666
Bladders	NOS	1,453	46,56,912	1,180	34,64,535
Zinc Oxide	M.T.	1,15,905	1,42,83,252	98,075	1,05,29,791
Valves, Nuts, washers, and others	NOS	6,23,647	72,03,399	5,14,130	53,18,880
<b>TOTAL</b>			73,99,73,675		63,15,78,965

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

Particulars		2013-2014		2012-2013
<b>Raw Materials</b>	%	Amount in Rs.	%	Amount in Rs.
Imported	44.52	32,94,62,392	21.01	13,27,10,280
Indigenous	55.48	41,05,11,283	78.99	49,88,68,685
<b>TOTAL</b>	100	73,99,73,675	100	63,15,78,965
<b>Stores, Spares and Tools</b>				
Imported	--	--	1.39	8,50,863
Indigenous	100	6,63,54,614	98.61	6,02,16,307
<b>TOTAL</b>	100	6,63,54,614	100	6,10,67,170

c) CIF Value of Imports:

(Amount in Rs)		
Particulars	2013-2014	2012-2013
i) Raw Materials	32,92,31,404	15,64,74,138
ii) Consumable, Stores and Spares	1,72,152	8,50,863
iii) Capital Goods	--	1,04,12,360
<b>TOTAL</b>	32,94,03,556	16,77,37,361

d) Expenditure in Foreign currencies on account of:

(Amount in Rs)		
Particulars	2013-2014	2012-2013
i) Travelling	--	88,475
ii) Testing Charges (GSC)	4,36,785	2,68,399
ii) Others	3,93,892	2,95,257
<b>TOTAL</b>	8,30,677	6,52,131



e) Earnings in Foreign exchange on account of:

	(Amount in Rs)	
	2013-2014	2012-2013
i) FOB value of Exports	81,37,80,415	51,04,71,816
<b>TOTAL</b>	81,37,80,415	51,04,71,816


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

10. 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.

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.

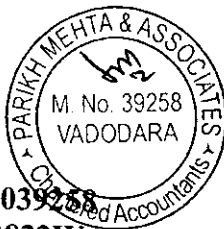
**For Parikh Mehta & Associates.**  
**Chartered Accountants**

  
**Sachin J Mehta**  
**Partner**

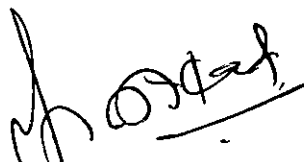
**Membership No. 039258**


**Firm Reg. No.112832W**

**Place: Vadodara**



**For Innovative Tyres & Tubes Limited**

  
**Nitin J. Mankad**  
**Director**

  
**Mukesh G Desai**  
**Director**

**Date: 18<sup>th</sup> August' 2014**

**Place: Vadodara**  
**Date: 18<sup>th</sup> August' 2014**

**Place: Vadodara**