RADO TYRES LIMITED

BLDG NO. 39/3B & 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011

BALANCE SHEET AS AT 31st March,2017

Particulars	Notes	As at March 31,2017 (₹)	As at March 31, 2016 (₹)	As at April 1, 2015 (₹)
Assets				
Non-current assets				
Property, plant and equipment	3	5,75,54,483	6,07,12,750	6,25,22,909
Capital work-in-progress	3	-	-	50,29,135
Intangible assets		-	-	-
Financial Assets:				
Non-current Investments	4	25,000	25,000	25,000
Long term loans and advances	5	25,88,694	17,03,464	13,77,604
Other non-current financial assets	6	11,34,879	21,53,265	18,65,734
Other non-current assets	7	22,272	22,272	2,16,000
Total Non-current assets		**6,13,25,328**	**6,46,16,751**	**7,10,36,382**
Current assets				
Inventories	8	34,28,165	33,44,099	32,73,145
Financial Assets:				
Trade and other receivables	9	40,51,012	86,86,180	8,61,181
Cash and cash equivalents	10	15,43,423	4,94,612	11,41,595
Short term loans and advances	11	48,94,454	55,09,356	42,59,110
Other current financial assets	12	3,79,992	3,68,240	1,76,146
Prepayments	13	15,01,551	7,54,042	8,51,649
Other current assets	14	1,73,890	5,26,365	4,21,740
Total Current assets		**1,59,72,487**	**1,96,82,894**	**1,09,84,566**
Total Assets		**7,72,97,815**	**8,42,99,645**	**8,20,20,948**
Equity and liabilities				
Equity				
Equity Share Capital	15	6,43,16,200	6,43,16,200	6,43,16,200
Other Equity	16			
Retained earnings		(5,87,82,472)	(4,63,54,339)	(3,39,08,274)
Other Reserves		13,18,432	13,18,432	13,18,432
Total Equity		**68,52,160**	**1,92,80,293**	**3,17,26,358**
		-	-	-
Share application money pending allotment		-	-	-
Non-current liabilities:				
Financial Liabilities				
Long term borrowings	17	3,50,00,000	3,50,00,000	50,17,001
Long-term provisions	18	1,74,18,886	1,60,71,474	1,17,45,749
Total non-current liabilities		**5,24,18,886**	**5,10,71,474**	**1,67,62,750**
Current liabilities:				
Financial Liabilities				
Trade and other payables	19	1,72,77,259	1,26,68,357	2,26,83,588
Other current financial liabilities	20	1,40,686	40,994	1,00,73,756
Other current liabilities	21	4,12,947	9,76,255	7,74,496
Short-term provisions	22	1,95,877	2,62,272	-
Total current liabilities		**1,80,26,769**	**1,39,47,878**	**3,35,31,840**
Liabilities associated with groups of assets held for disposal				
Total equity and liabilities		**7,72,97,815**	**8,42,99,645**	**8,20,20,948**

Significant Accounting Policies and notes on Accounts 1-32

The notes referred to above form an integral part of the Financial Statements.

As per our report of even date.

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

Cochin-11
21-Apr-17

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

Kamlesh Ramakant Talekar
Manager

For and on behalf of Board of Directors of Rado Tyres Ltd.

P. A. Krishnamoorthy
Director

John M John
Director

Cochin-11
21-Apr-17

RADO TYRES LIMITED COCHIN-11

RADO TYRES LIMITED

BLDG NO. 39/3B & 39/3B1, OPP. KRISHNA HOSPITAL, CHITTOOR ROAD, COCHIN-682011.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March,2017

Particulars	Notes	For the Year ended March 31, 2017	For the Year ended 31-03-2016
		(₹)	(₹)
Revenue from operations	23	8,83,55,321	11,92,30,711
Other Income	24	14,50,980	9,09,064
Total Revenue		**8,98,06,301**	**12,01,39,775**
Expenses:			
Conversion / Job Work Expenses	25	5,26,15,683	6,70,19,871
Employee benefit expense	26	4,03,24,455	5,26,27,732
Finance costs	27	10,69,268	11,80,269
Depreciation and amortization expense	28	31,97,884	38,61,063
Other expenses	29	50,38,368	62,55,514
Total Expenses		**10,22,45,658**	**13,09,44,449**
(Loss) before exceptional items and tax		**(1,24,39,357)**	**(1,08,04,674)**
Exceptional items		-	-
(Loss) before tax		**(1,24,39,357)**	**(1,08,04,674)**
Tax expense:			
Current tax		-	-
Deferred tax		-	-
(Loss) for the period		**(1,24,39,357)**	**(1,08,04,674)**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Actuarial gain/ (losses) for Gratuity		11,224	(16,41,391)
Total Comprehensive Income for the period (Comprising (Loss) and Other Comprehensive Income for the period)		**(1,24,28,133)**	**(1,24,46,065)**
Earnings per equity share :	30		
Basic		(0.77)	(0.77)
Diluted		(0.77)	(0.77)

Significant Accounting Policies and notes on Accounts 1-32

The notes referred to above form an integral part of the Financial Statements.

As per our report of even date.

For PAULSON & COMPANY
Chartered Accountants

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LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

Cochin-17
21-Apr-17

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

For and on behalf of Board of Directors of Rado Tyres Ltd.

P. A. Krishnamoorthy
Director

John M John
Director

Kamlesh Ramakant Talekar
Manager

RADO TYRES LIMITED COCHIN-11

Cochin-11
21-Apr-17

RADO TYRES LIMITED

Cash flow statement for the year ended 31st March,2017

(All amount are Indian rupees, except share data and where otherwise stated)

Particulars	For the year ended 31-03-2017	For the year ended 31-03-2016
	(₹)	(₹)
Cash flows from operating activities		
Loss before taxation	**(1,24,39,357)**	**(1,08,04,674)**
Adjustments:		
Depreciation and amortisation	31,97,884	38,61,063
Interest income	(9,14,847)	(3,29,428)
Interest charges	10,69,268	4,20,954
Loss on sales of fixed assets	-	11,04,259
Provision no-longer required written-back	-	(78,620)
Operating cash flows before working capital changes	**(90,87,052)**	**(58,26,446)**
(Increase)/decrease in trade recievables	46,35,168	(78,24,999)
(Increase)/decrease in inventories	(84,066)	(70,954)
(Increase)/decrease in loans and advances	3,53,024	(16,76,927)
Increase/(decrease) in liabilities and provisions	54,37,527	(80,89,320)
Cash from operations	**12,54,601**	**(2,34,88,646)**
Net cash from operating activities (A)	**12,54,601**	**(2,34,88,646)**
Cash flows from investing activities		
Purchase of fixed assets	(39,617)	(13,73,156)
Proceeds from sale of fixed assets, net	-	38,50,000
Interest received	9,03,095	1,37,334
Net cash used in investing activities (B)	**8,63,478**	**26,14,178**
Cash flows from financing activities		
12.5% Redeemable Cumulative Preference Shares	-	3,50,00,000
Repayment of borrowings, net	-	(1,17,50,004)
Interest paid	(10,69,268)	(30,22,511)
Net cash used in financing activities (C)	**(10,69,268)**	**2,02,27,485**
Net increase /(Decrease)in cash and cash equivalents (A+B+C)	10,48,811	(6,46,983)
Cash and cash equivalents at beginning of period	4,94,612	11,41,595
Cash and cash equivalents at end of the period (refer note 10)	**15,43,423**	**4,94,612**

Significant Accounting Policies and Notes on Accounts. 1 - 32

The notes referred to above form an integral part of the Financial Statements.

As per our report of even date.

For and on behalf of Board of Directors of Rado Tyres Ltd.

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
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RADO TYRES LIMITED COCHIN-11

Cochin-11
21-Apr-17

Statement of changes in equity for the year ended 31st March,2016

(₹)

Particulars	Issued & fully paid up capital	Share premium	Other capital reserves	Retained earnings	Cash flow hedge reserve	Availablefor-sale reserve	Foreign currency translation reserve	Asset revaluation reserve	Total
As at 1 April 2015	6,43,16,200	-	13,18,432	(3,39,08,274)	-	-	-	-	3,17,26,358
Loss for the period		-	-	(1,08,04,674)	-	-	-	-	(1,08,04,674)
Other comprehensive income	-	-	-	(16,41,391)	-	-	-	-	(16,41,391)
Total comprehensive income	6,43,16,200	-	13,18,432	(4,63,54,339)	-	-	-	-	1,92,80,293
Issue of share capital	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
As at 31st March,2016	**6,43,16,200**	**-**	**13,18,432**	**(4,63,54,339)**	**-**	**-**	**-**	**-**	**1,92,80,293**

Statement of changes in equity for the year ended 31st March,2017

(₹)

Particulars	Issued & fully paid up capital	Share premium	Other capital reserves	Retained earnings	Cash flow hedge reserve	Availablefor-sale reserve	Foreign currency translation reserve	Asset revaluation reserve	Total
As at 1 April 2016	6,43,16,200	-	13,18,432	(4,63,54,339)	-	-	-	-	1,92,80,293
Loss for the period		-	-	(1,24,39,357)	-	-	-	-	(1,24,39,357)
Other comprehensive income	-	-	-	11,224	-	-	-	-	11,224
Total comprehensive income	6,43,16,200	-	13,18,432	(5,87,82,472)	-	-	-	-	68,52,160
Issue of share capital	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	-	-
As at 31st March,2017	**6,43,16,200**	**-**	**13,18,432**	**(5,87,82,472)**	**-**	**-**	**-**	**-**	**68,52,160**

PAULSON & COMPANY
Chartered Accountants
COCHIN-682 017

RADO TYRES LIMITED
COCHIN-11

RADO TYRES LIMITED

REG. OFFICE: Bldg. No. 39/3B & 39/3BI, Opp. Krishna Nursing Home, Chittoor Road, Cochin - 682 011

NOTES FORMING PART TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

1. CORPORATE INFORMATION

Rado Tyres Limited is a public company incorporated in India under the provisions of the Companies Act. The Company is engaged in the business of an Automobile Tyre manufacturing based in Nellikuzhy near Kothamangalam. The company is manufacturing tyres for CEAT Limited.

As of 31st March 2017, CEAT Limited holding 58.6%, Instant Holding Ltd holding 17% and Swallo Associates LLP (formerly RPG Cellular investments) holding 9.6% of Company's equity share capitals are the major Shareholders. The Registered office of Company is situated in Cochin, Kerala.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

These financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets measured at fair value (refer accounting policy regarding financial instruments)

2. Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3. Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.
Revenue from contracts priced on a time and material basis is recognised as services are rendered and as related costs are incurred
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

4. Accounting for Government grants:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.
When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Export Incentives such as focus market scheme, Focus products scheme and special focus market scheme are recognized in the Statement of Profit and Loss as a part of other operating revenues.

5. Taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

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

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

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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RADO TYRES LIMITED COCHIN-11

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

6. <u>Non-current assets held for sale</u>

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required for completing the sale/ distribution should indicate that it is unlikely that significant change to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment once classified as held for sale/ distribution to owners are not depreciated or amortised.

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

7.**Property, plant and equipment**

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Asset Class	Useful life
Buildings	50 years - 60 years
Plant & Machinery	15 years - 20 years
Moulds	6 years
Computers	3 years
Furniture & Fixtures	10 years
Office Equipment	5 years
Motor Vehicles	8 years
Carpeted Roads- RCC	10 years
Computer Servers	6 years
Electrical Installations	20 years
Hand Carts, Trollies	15 years

The management has estimated, supported by independent assessment by professional, the useful lives of the following class of assets.

- Factory buildings - 50 years (Lower than those indicated in Schedule II of the Companies Act, 2013)
- Plant & Machinery – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)
- Electrical Installations – 20 years (Higher than those indicated in Schedule II of the Companies Act, 2013)

The management believes that the depreciation rates fairly reflect its estimation of the useful lives and residual values of the fixed assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

8. **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
Gains or losses arising from derecognition of an intangible asset are measured as the difference the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets are amortised on straight line method as under:

- Software expenditure have been amortised over a period of three years.
- Technical Know-how and Brands are amortised over a period of twenty years.

Research and development costs:

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

9. **Borrowing costs:**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

10. **Inventories:**

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost of raw material is net of duty benefits under Duty Entitlement Exemption Certificate (DEEC) scheme.

- Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

- Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

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RADO TYRES LIMITED COCHIN-11

11. Impairment of non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

12. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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13. <u>Retirement and other employee benefits:</u>

Defined Contribution plan

Retirement benefit in the form of provident fund, Superannuation, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plan

The Company provides for retirement benefit in the form of gratuity. The Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.

Remeasurement, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and

- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under short term provision in the Balance Sheet. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under long term provisions in the Balance Sheet. Such long-term compensated absences are provided for based

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on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Termination benefits

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefit falls due for more than 12 months after the balance sheet date, they are measured at present value of the future cash flows using the discount rate determined by reference to market yields at the balance sheet date on the government bonds.

14. <u>Financial instruments</u>

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

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Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

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Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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The following table shows various reclassifications and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

15. <u>Cash and cash equivalents:</u>

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

16. <u>Earnings per share:</u>

Basic Earnings per share (EPS) amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted

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average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

17. **Significant accounting judgments, estimates and assumptions**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the periods in which the results are known / materialised.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

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a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile.

b) Defined benefit plans (gratuity benefits)

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 19.

c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

18. Related party transactions:

Related Party: CEAT LIMITED (As certified by the Management) Refer Note 32

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19. Post-retirements benefit plan:

a) Defined Contribution plan

The Company has recognised and included in Note No.26 "Contribution to Provident and other funds" expenses towards the defined contribution plan as under:

Particulars	31 March 2017	31 March 2016
Contribution to Provident fund (Government)	25,83,024	30,07,309

b) Defined Benefit plan - Gratuity

The Company has a defined benefit gratuity plan which is funded with an Insurance company in the form of qualifying Insurance policy.
The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, every employee who has completed five years of service gets a gratuity on separation @ 15 days of last drawn salary for each completed year of service.

i) Change in present value of the defined benefit obligation are as follows:

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Opening present value of Defined Benefit obligation	1,67,81,768	1,30,22,946
2.	Current Service Cost	8,19,458	6,66,221
3.	Interest Cost	12,71,561	9,99,638
4.	Benefits paid	(5,24,994)	(5,54,760)
5.	Actuarial (Gain) / Loss on obligation	(67,995)	26,47,724
6.	Net transfer in / (out) (including the effect of any business combinations / divestures)	-	-
7.	**Closing present value of obligation**	**1,82,79,798**	**1,67,81,768**

ii) Changes in Fair value of Plan Assets during the year ended March 31, 2017

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Fair value of plan assets as at April 1	26,44,353	26,70,254
2.	Expected return on plan assets	2,02,293	2,40,323
3.	Contributions made	-	3,00,000
4.	Benefits paid	(5,24,994)	(5,54,760)
5.	Actuarial gain / (Loss) on plan assets	(56,771)	(11,464)
6.	**Fair value of plan assets as at March 31**	**22,64,881**	**26,44,353**

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iii) Changes in the Effect of Asset Ceiling are as below:

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Effect of Asset Ceiling at the beginning	-	-
2.	Interest Expense or Cost (to the extent not recognised in net interest expense)	-	-
3.	Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling	-	-
4.	**Effect of Asset Ceiling at the end**	-	-

iv) Expenses recognised during the period:

Particulars	31 March 2017	31 March 2016
In Income Statement	18,88,726	14,25,536
In Other Comprehensive Income	(11,224)	26,59,187
Total Expenses recognised during the period	**18,77,502**	**40,84,723**

v) Net employee benefits expenses recognized in the employee cost

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Current Service Cost	8,19,458	6,66,221
2.	Interest Cost on benefit obligation	10,69,268	7,59,315
3.	**Net benefit expense***	**18,88,726**	**14,25,536**

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vi) **Expenses recognized in other comprehensive income:**

Particulars	31 March 2017	31 March 2016
Actuarial changes arising from changes in demographic assumptions	-	1,45,382
Actuarial changes arising from changes in financial assumptions	7,92,392	1,56,154
Actuarial changes arising from changes in experience variance	(8,60,387)	23,46,188
Return on plan assets, excluding amount recognized in net interest expense	56,771	11,464
Components of defined benefit costs recognized in other comprehensive income	**(11,224)**	**26,59,187**

vii) Net Assets / (Liability) as at March 31, 2017

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Closing Present value of the defined benefit obligation	1,82,79,798	1,67,81,768
2.	Closing Fair value of plan Assets	22,64,881	26,44,353
3.	Net Assets / (Liability) recognized in the Balance Sheet	1,60,14,917	1,41,37,415

viii) Actual return on plan assets for the year ended March 31, 2017:

Sr. No.	Particulars	31 March 2017	31 March 2016
1.	Expected return on plan assets	2,02,293	240,323
2.	Actuarial gain / (loss) on plan assets	(56,771)	(11,464)
3.	Actual return on plan assets	1,45,522	2,28,859

ix) The major categories of Plan Assets as a percentage of the Fair Value of Plan Assets are as follows:

Particulars	31 March 2017	31 March 2016
Investment with Insurer		100%

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x) **The principal assumptions used in determining gratuity and leave encashment for the Company's plan are shown below:**

Particulars	**31 March 2017**
Discount Rates (per annum)	7.05%
Salary growth rate (per annum)	7.00%
Rate of return on plan assets.	7.05%
Mortality Table	Indian Assured Lives Mortality (IALM) (2006-08) Modified Ultimate
Disability	5.00% of mortality rate
Withdrawal (rate of employee turnover)	Up to Age 30: 3% p.a. 31-45 years: 2% p.a. 46 years and above: 1% p.a.
Retirement Age	58 years

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.
The sensitivity analysis above have been determined based on reasonably possible change of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

20. First-time adoption of Ind AS

The Company had prepared its financial statements in accordance with the Accounting Standards (AS) notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) for and including the year ended March 31, 2016. The Company has prepared its first Ind AS (Indian Accounting Standards) compliant Financial Statements for the year ended March 31, 2017 with restated comparative figures for the year ended March 31, 2016 in compliance with Ind AS. Accordingly, the Opening Balance Sheet, in line with IND AS transitional provisions, has been prepared as at April 1, 2015, the date of Company's transition to Ind AS. The principal adjustments made by the Company in restating its Indian GAAP financial statements for the Financial year ending March 31, 2016 and the balance sheet as at April 1, 2015 are as mentioned below:

Exemptions applied

Ind AS 101 on First Time Adoption of Ind AS allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- There is no change in the functional currency of the Company and accordingly, it has elected to continue with the carrying values for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as the deemed cost at the transition date subject to the

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adjustments for decommissioning liabilities. As per the exemption under Ind AS 101, decommissioning liability was measured in accordance with Ind AS 37 at the date of transition to Ind AS. To the extent the liability was within the scope of Appendix-A of Ind AS 16, estimated liability that would have been included in the cost of related asset was discounted by using best estimate of the historical risk adjusted discount rate over the intervening period. Accumulated depreciation was calculated on that amount as at the date of transition to Ind AS on the basis of the current estimate of the useful life of the asset using the depreciation policy adopted by the Company in accordance with Ind AS.

- The Company has elected to use the previous GAAP carrying values as deemed cost at the transition date for all its intangible assets.
- Appendix C to Ind AS 17 requires the Company to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all relevant arrangements for leases based on conditions in place as at the date of transition.

Exceptions applied

Ind AS 101 specifies mandatory exceptions from retrospective application of certain requirements under IND AS for first-time adopters. Following exceptions are applicable to the Company:

I. Use of Estimates

The estimates at April 1, 2015 and March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on Expected Credit Loss (ECL) model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

II. Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 1, 2015.

IV. Derecognition of financial assets and financial liabilities

The Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the transition to Ind AS.

V. Classification and measurement of financial assets

The Company has classified the financial assets in accordance to Ind AS 109 on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

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Note 3: Property, plant and equipment (₹)

Particulars	Freehold land	Buildings	Plant and Machinery (Owned)	Furniture and Fixtures	Vehicles	Office equipments	Capital work in progress	Total
Cost:								
As at 1st April 2015	91,89,561	1,51,37,296	3,81,39,275	1	-	56,776	50,29,135	6,75,52,044
Additions	-	-	20,46,054	-	-	4,850		20,50,904
Disposals	-	-	-	-	-	-		-
Adjustments during the year	-	-	-	-	-	-	-50,29,135	-50,29,135
As at 31st March 2016	91,89,561	1,51,37,296	4,01,85,329	1	-	61,626	-	6,45,73,813
As at 1st April 2016	91,89,561	1,51,37,296	4,01,85,329	1	-	61,626	-	6,45,73,813
Additions	-	-	21,755	-	-	17,862	-	39,617
Disposals	-	-	-	-	-	-	-	-
Adjustments during the year	-	-	-	-	-	-	-	-
As at 31st March 2017	91,89,561	1,51,37,296	4,02,07,084	1	-	79,488	-	6,46,13,430
Accumulated Depreciation:								
As at 1st April 2015	-	-	-	-	-	-	-	-
Transferred to Reserve	-	-	-	-	-	-	-	-
Depreciation for the year	-	8,33,297	30,06,169	-	-	21,597	-	38,61,063
Disposals	-	-	-	-	-	-	-	-
Adjustments during the year	-	-	-	-	-	-	-	-
As at 31st March 2016	-	8,33,297	30,06,169	-	-	21,597	-	38,61,063
As at 1st April 2016	-	8,33,297	30,06,169	-	-	21,597	-	38,61,063
Depreciation for the year	-	3,25,832	28,57,477			14,575	-	31,97,884
Disposals	-						-	-
Adjustments during the year	-						-	-
As at 31st March 2017	-	11,59,129	58,63,646	-	-	36,172	-	70,58,947
Net Book Value:								
As at 1st April 2015	91,89,561	1,51,37,296	3,81,39,275	1	-	56,776	50,29,135	6,75,52,044
As at 31st March 2016	91,89,561	1,43,03,999	3,71,79,160	1	-	40,029	-	6,07,12,750
As at 31st March 2017	91,89,561	1,39,78,167	3,43,43,438	1	-	43,316	-	5,75,54,483

Net Book Value

	31 March 2017	31 March 2016	1 April 2015
Property, plant and equipment	5,75,54,483	6,07,12,750	6,25,22,909
Capital work in progress	-	-	50,29,135

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

4. NON-CURRENT INVESTMENTS

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Unquoted Non - Trade Investments (at Cost)			
a. National Saving Certificates VIII issue (Pledged as security for Sales Tax purpose)	15,000	15,000	15,000
b. 1,000 Shares of Rs.10 each in Rado Employees Cooperative Society	10,000	10,000	10,000
Less: Provision for diminution in value of investment	-	-	-
Total	25,000	25,000	25,000

5. LONG-TERM LOANS AND ADVANCES

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Unsecured, considered good:			
Capital advances	-	-	-
Security Deposits	25,88,694	17,03,464	13,77,604
Total	25,88,694	17,03,464	13,77,604

6. OTHER NON -CURRENT FINANCIAL ASSETS

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Unsecured, considered good:			
Margin Money Deposits	11,34,879	21,53,265	18,65,734
* The margin deposits are for bank guarantees given to statutory authorities for more than 12 months.			
Total	11,34,879	21,53,265	18,65,734

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Margin Money Deposit			
Held as Security for Bank Guarantee	5,64,069	8,36,505	5,48,974
Held as Security for Bank Guarantee - KSEB	5,70,810	13,16,760	13,16,760
	11,34,879	21,53,265	18,65,734

7. OTHER NON-CURRENT ASSETS

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Capital advances	22,272	22,272	2,16,000
Security Deposits	-	-	-
Loans and advance to related parties	-	-	-
Advance payment of Tax (Net of provision)	-	-	-
Total	22,272	22,272	2,16,000

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

8. INVENTORIES

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Stores and Spares	34,28,165	33,44,099	32,73,145
Total	34,28,165	33,44,099	32,73,145

9. TRADE AND OTHER RECEIVABLES

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Debts Outstanding for a period exceeding 6 months from the date they are due for payment :	-	-	-
Unsecured, considered good	-	-	-
Unsecured, considered doubtful	-	-	-
Less : Provision for doubtful debts	-	-	-
	-	-	-
Other Debts - Unsecured, considered good (Related Party: CEAT Ltd)	40,51,012	86,86,180	8,61,181
	40,51,012	86,86,180	8,61,181
Total	40,51,012	86,86,180	8,61,181

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

10. CASH AND CASH EQUIVALENTS

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Balances with Banks			
On current Accounts	15,35,482	4,89,219	11,34,225
Cash on hand	7,941	5,393	7,370
Others:	-	-	-
Total	15,43,423	4,94,612	11,41,595

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Balances with Banks			
On current Accounts	15,35,482	4,89,219	11,34,225
Cash on hand	7,941	5,393	7,370
Less: Bank overdraft	-	-	-
	15,43,423	4,94,612	11,41,595

Details of Specified Bank Notes (SBN)

Particulars	SBNs* (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	-	14,049	14,049
(+) Permitted receipts	-	1,89,520	1,89,520
(-) Permitted payments	-	1,82,127	1,82,127
(-) Amount deposited in banks	-	12,500	12,500
Closing cash in hand as on 30.12.2016	-	8,942	8,942

NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

11. SHORT TERM LOANS AND ADVANCES

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Unsecured, Considered Good:			
Advance Receivable in Cash or Kind or for Value to be Received	-	-	-
Balance with Statutory and Government authorities	48,94,454	55,09,356	42,59,110
Other Receivables	-	-	-
Unsecured, Considered Doubtful:	-	-	-
Loans advances and deposits	-	-	-
Less: Provision for doubtful advances and deposits	-	-	-
Total	48,94,454	55,09,356	42,59,110

12. OTHER CURRENT FINANCIAL ASSETS

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Interest Receivable	3,79,992	3,68,240	1,76,146
Total	3,79,992	3,68,240	1,76,146

Break up of financial assets carried at amortised cost

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Non-current Investments (Note 4)	25,000	25,000	25,000
Long term loans and advances (Note 5)	25,88,694	17,03,464	13,77,604
Other non-current financial assets (Note 6)	11,34,879	21,53,265	18,65,734
Trade and other receivables (Note 9)	40,51,012	86,86,180	8,61,181
Cash and cash equivalents (Note 10)	15,43,423	4,94,612	11,41,595
Short term loans and advances (Note 11)	48,94,454	55,09,356	42,59,110
Other current financial assets (Note 12)	3,79,992	3,68,240	1,76,146
Total	1,46,17,454	1,89,40,117	97,06,370

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

13. PREPAYMENTS

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Prepayments	15,01,551	7,54,042	8,51,649
Total	15,01,551	7,54,042	8,51,649

14. OTHER CURRENT ASSETS

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Advance Receivable in Cash or Kind or for Value to be Received	1,32,771	1,05,270	1,22,429
Balance with Statutory and Government authorities	41,119	4,21,095	2,99,311
Other Receivables	-	-	-
Total	1,73,890	5,26,365	4,21,740

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15. EQUITY SHARE CAPITAL

Sl. No:	PARTICULARS	As at 31-03-2017 (INR)	As at 31-03-2016 (INR)	As at 01-04-2015 (INR)
a.	Authorised Shares			
	2,25,00,000 Equity Shares of Rs.4/- each	9,00,00,000	9,00,00,000	9,00,00,000
	5,00,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each	5,00,00,000	5,00,00,000	5,00,00,000
		14,00,00,000	14,00,00,000	14,00,00,000
b.	Issued, Subscribed and fully Paid up shares			
	1,60,79,050 Equity Shares of Rs.4/- each, fully paid up	6,43,16,200	6,43,16,200	6,43,16,200
	3,50,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up	3,50,00,000	3,50,00,000	-
	Less: 3,50,000 , 12.5% Redeemable Cumulative Preference Shares of Rs. 100 each, fully paid up (Reclassified under Financial Liability. Refer Note.17)	(3,50,00,000)	(3,50,00,000)	-
		6,43,16,200	**6,43,16,200**	**6,43,16,200**
c.	Reconciliation of Equity shares outstanding at the beginning and at the end of the reporting period			

		As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		No. of shares	Amount (INR)	No. of shares	Amount (INR)	No. of shares	Amount (INR)
	At the beginning of the period	1,60,79,050	6,43,16,200	1,60,79,050	6,43,16,200	1,60,79,050	6,43,16,200
	<u>During the period:</u>						
	Add: Shares issued / Shares bought	-	-	-	-	-	-
	Outstanding at the end of the period	1,60,79,050	6,43,16,200	1,60,79,050	6,43,16,200	1,60,79,050	6,43,16,200

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d.	Terms/rights attached to equity shares. *Each holder of equity shares is entitled to one vote per share with a right to receive per share dividend declared by the Company. * The Company has only one class of shares referred to as equity shares having a par value of Rs.4. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time after subject to of dividend to preference shareholders. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On the account liquidation of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.
e.	(i) The Company has not issued shares for consideration other than cash during the period of five years immediately preceding the reporting date. (ii) The Company has not reserved shares for issue under options and contracts/commitments for the sale of shares/ disinvestment. (iii) The Company has not declared dividend to its equity shareholders.
f.	Details of shareholder's holding more than 5% Equity shares in the company

	Shareholders	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		No. of shares	% of holdings	No. of shares	% of holdings	No. of shares	% of holdings
1	Shares held by CEAT LTD	94,16,350	58.56%	94,16,350	58.56%	94,16,350	58.56%
2	Shares held by Instant Holdings LTD	27,45,310	17.07%	27,45,310	17.07%	27,45,310	17.07%
3	Shares held by Swallo Associates LLP (formerly RPG Cellular investments)	15,44,240	9.60%	15,44,240	9.60%	15,44,240	9.60%

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

16. OTHER EQUITY

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Retained Earnings:			
Deficit in the Statement of Profit and Loss			
Balance as per last financial statements	(4,63,54,339)	(3,39,08,274)	(3,03,87,015)
Add: Loss for the year	(1,24,28,133)	(1,24,46,065)	(22,77,495)
Less: Adjustment on account of changes in useful life of fixed assets			(12,43,764)
	(5,87,82,472)	(4,63,54,339)	(3,39,08,274)
Other Reserves:			
Capital Reserve			
Balance in Central & State Investment Subsidy Reserve,			
At the beginning of the period	13,18,432	13,18,432	13,18,432
During the period	-	-	-
	13,18,432	13,18,432	13,18,432
Total	(5,74,64,040)	(4,50,35,907)	(3,25,89,842)

17. LONG TERM BORROWINGS

Non-current portion

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Preference Share Capital			
3,50,000 , 12.5% Redeemable Cumulative Preference Shares of			
Rs. 100 each, fully paid up	3,50,00,000	3,50,00,000	-
	3,50,00,000	3,50,00,000	-
Loans and advances from related parties			
Unsecured Loan from CEAT Limited- Project 2	-	-	35,83,340
Unsecured Loan from CEAT Limited- Project 3	-	-	10,00,000
	-	-	45,83,340
Deferred payment Liabilities			
Interest due on above loan - Project 1	-	-	-
Deferred interest on loan - Project 2	-	-	3,18,018
Deferred interest on loan - Project 3	-	-	1,15,643
	-	-	4,33,661
Total	**3,50,00,000**	**3,50,00,000**	**50,17,001**

Current maturity of long term loans:

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Loans and advances from related parties			
Unsecured Loan from CEAT Limited- Project 2	-	-	71,66,664
Unsecured Loan from CEAT Limited- Project 3	-	-	-
	-	-	71,66,664
Deferred payment Liabilities			
Interest due on above loan - Project 1	-	-	-
Deferred interest on loan - Project 2	-	-	21,67,896
Deferred interest on loan - Project 3	-	-	-
	-	-	21,67,896
Total	-	-	**93,34,560**

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

Project -2 Unsecured loan of Rs. 215 Lakhs from CEAT LTD was sanctioned on 25th Jan, 2011 with 10% rate of interest. The loan including deferred interest on the said loan was repaid on 24 August 2015.

Project -3 Unsecured loan from CEAT LTD amounting to Rs.10 lakhs , received on 17.12.2013, at 10% rate of interest. The loan including deferred interest on the said loan was repaid on 24 August 2015.

Note on Preference Share Capital:

Reconciliation of 12.5% Redeemable Cumulative Preference Shares outstanding at the beginning and at the end of the reporting period

	As at 31-03-2017	
	No. of shares	Amount (₹)
At the beginning of the period	3,50,000	3,50,00,000
During the period:		
Add: Shares issued / Shares bought	-	-
Outstanding at the end of the period	3,50,000	3,50,00,000

	As at 31-03-2016	
	No. of shares	Amount (₹)
At the beginning of the period	-	-
During the period:		
Add: Shares issued / Shares bought	3,50,000	3,50,00,000
Outstanding at the end of the period	3,50,000	3,50,00,000

	As at 31-03-2015	
	No. of shares	Amount (₹)
At the beginning of the period	-	-
During the period:		
Add: Shares issued / Shares bought	-	-
Outstanding at the end of the period	-	-

Terms/rights attached to 12.5% Redeemable Cumulative Preference Shares

* Preference Shares carry preferential (cumulative) right to dividend, at the coupon rate (i.e. the rate of dividend) 12.50%, when declared.
* The dividend shall be calculated pro rata i.e. from the date of allotment(s) of such Preference Shares.
* The Preference Shares do not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act, 2013.
* The Preference Shares have a maximum redemption period of 20 years. However, the same may be redeemed fully or in such trenches, before the aforesaid period, at discretion of the Board. Only fully paid up Preference Shares shall be redeemed.
* The Preference Shares shall be redeemed at par as per applicable and available mode of redemption.
* The Preference Shares shall not be listed in any Stock Exchange in India or outside India

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

18. LONG TERM PROVISIONS

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Unsecured:			
Provision for gratuity (net)	1,60,14,917	1,41,37,415	1,17,45,749
Provision for compensated absenses	14,03,969	19,34,059	-
Total	**1,74,18,886**	**1,60,71,474**	**1,17,45,749**

Movement in Provision for Compensated Absence

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Provision for compensated absenses			
Long Term provision (Note 18)	14,03,969	19,34,059	-
Short Term Provision (Note 22)	1,95,877	2,62,272	-
Total	15,99,846	21,96,331	-

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Provision for compensated absenses			
As at the beginning of the year	21,96,331	-	-
Additions during the year	-	21,96,331	-
Utilised during the year	5,96,485	-	-
As at the end of the year	15,99,846	21,96,331	-

19. TRADE AND OTHER PAYABLES

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Trade Payables			
Dues to micro and small enterprises	66,43,000	2,42,622	26,14,143
Other trade payables	1,06,34,259	1,24,25,735	2,00,69,445
Total	**1,72,77,259**	**1,26,68,357**	**2,26,83,588**

The details of amount outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

Particulars	31st March 2017 (₹)	31st March 2016 (₹)	1st April 2015 (₹)
Principal amount due and remaining unpaid	66,43,000.00	2,42,622.00	26,14,143.00
Interest due on above and the unpaid interest	-	-	19,810.00
Interest paid	-	19,810.00	-
Payment made beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay	-	-	19,810.00
Interest accrued and remaining unpaid	-	-	19,810.00
Amount of further interest remaining unpaid due and payable in succeeding years	-	-	-

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NOTES FORMING PART OF BALANCESHEET AS AT MARCH 31, 2017

20. OTHER CURRENT FINANCIAL LIABILITIES

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Other current financial liabilities at amortised cost:			
Current maturities of long-term debt (refer note 17)	-	-	93,34,560
Payable to capital vendors	1,40,686	40,994	7,39,196
Total	**1,40,686**	**40,994**	**1,00,73,756**

Break up of financial liabilities carried at amortised cost

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Borrowings (non-current) (note 17)	3,50,00,000	3,50,00,000	50,17,001
Borrowings (current) (note 20)	-	-	93,34,560
Other financial liabilities (current) (note 20)	1,40,686	40,994	7,39,196
Trade payables (note 19)	1,72,77,259	1,26,68,357	2,26,83,588
Total	5,24,17,945	4,77,09,351	3,77,74,345

21. OTHER CURRENT LIABILITIES

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Statutory dues	4,12,947	9,76,255	7,74,496
Total	**4,12,947**	**9,76,255**	**7,74,496**

22. SHORT TERM PROVISIONS

Particulars	31st March 2017	31st March 2016	1st April 2015
	(₹)	(₹)	(₹)
Provision for employee benefits:			
Provision for compensated absences (Short term)	1,95,877	2,62,272	-
Provision for Gratuity	-	-	-
Total	**1,95,877**	**2,62,272**	-

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NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH, 2017

NOTE - 23 REVENUE FROM OPERATIONS

Sl. No:	PARTICULARS	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
a.	Sale of Services		
	Conversion Charges	8,83,55,321	11,92,30,711
	Other conversion income	-	-
	TOTAL	**8,83,55,321**	**11,92,30,711**

NOTE - 24 OTHER INCOME

Sl. No:	PARTICULARS	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
a.	Interest Income		
i.	Bank Deposits		
	Interest on Bank and Security Deposit	8,13,634	3,29,428
	Interest on Income Tax Refund	1,01,213	-
		9,14,847	3,29,428
b.	Other non- operating income		
	Income from Sale of Scrap	70,420	1,55,540
	Provision no Longer Required	-	78,620
	Other income	313	70,976
	Training Fees Received	4,65,400	2,74,500
		5,36,133	5,79,636
	TOTAL	**14,50,980**	**9,09,064**

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NOTE - 25 CONVERSION / JOB WORK EXPENSES

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
a	Stores and Spares Consumed	28,84,845	31,73,556
b	Outside Mixing Charges	3,00,890	18,69,004
c	Power and Fuel	3,41,40,750	4,22,61,065
d	Repairs to Machinery	28,81,038	53,35,274
e	Factory Expenses	97,22,069	1,21,54,702
f	Material usage variance	26,86,091	22,26,270
	TOTAL	**5,26,15,683**	**6,70,19,871**

NOTE - 26 EMPLOYEES BENEFITS EXPENSE

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
a.	Salaries, Wages and Bonus	3,13,60,127	4,38,21,955
b.	Contribution to Provident and other Funds	25,83,024	30,07,309
c.	Gratuity Expenses	8,19,458	1,23,087
d.	Staff Welfare Expenses	55,61,846	56,75,381
	TOTAL	**4,03,24,455**	**5,26,27,732**

NOTE - 27 FINANCE COSTS

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
a.	Interest Expenses - Interest on CEAT Loan	-	4,20,954
b.	Interest Cost / (income) on Gratuity	10,69,268	7,59,315
c.	Others	-	-
	TOTAL	**10,69,268**	**11,80,269**

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NOTE - 28 DEPRECIATION AND AMORTIZATION EXPENSE

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
a.	Depreciation on Property, Plant and Equipment	31,97,884	38,61,063
	TOTAL	**31,97,884**	**38,61,063**

NOTE - 29 OTHER EXPENSES

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
a	Rent Paid	1,17,600	1,17,600
b	Travelling and Conveyance Expenses	2,63,082	3,57,600
c	Fees, Rates & Taxes	3,54,025	3,51,567
d	Insurance Charges	56,226	73,140
e	Postage, Telephone and stationery	4,07,790	4,22,901
f	Audit Fees/Expenses	1,27,000	1,12,000
g	Consultancy & Legal expenses	8,65,956	12,34,914
h	Security Charges	10,34,440	9,40,937
I	Office Expenses	74,251	58,387
j	Water Charges	12,27,985	9,55,112
k	AGM, Meetings & Directors Sitting Fees	1,99,822	1,56,945
l	Food Expenses	72,089	78,841
m	Bank Charges	28,036	24,405
n	Repairs and maintenance - Buildings	1,29,097	1,54,420
o	Loss on Sale of Fixed Assets/CWIP	-	11,04,259
p	Miscellaneous Expenses	80,969	1,12,486
	TOTAL	**50,38,368**	**62,55,514**

Sl. No:	PARTICULARS	For the Year ended 31-03-2017	For the Year ended 31-03-2016
		(₹)	(₹)
	Payments to the auditor:		
a	As auditor		
	Audit fee	65,000	50,000
	Tax audit fee	20,000	20,000
	Limited review	42,000	42,000
b	In other capacity:		
	Taxation matters	35,500	-
	Total	1,62,500	1,12,000

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Details of CSR expenditure

Sl. No:	PARTICULARS	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
	Gross amount required to be spent during the year	-	-
	Amount spent during the year ending on 31 March 2017:	In cash	Yet to be paid in cash
	Construction/acquisition of any asset	-	-
	On purposes other than above	-	-
	Total	-	-

Sl. No:	PARTICULARS	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
	Donation to political parties:		
	Donation	-	-

NOTE - 30 EARNINGS PER SHARE

Sl. No:	PARTICULARS	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
a.	Net Loss as per Statement of Profit and Loss	(1,24,28,133)	(1,24,46,065)
b.	Loss available to Equity Share holders	(1,24,28,133)	(1,24,46,065)
c.	No. of equity Shares at year end	1,60,79,050	1,60,79,050
d.	Basic Earning Per Share	(0.77)	(0.77)
e.	Diluted Earning Per Share	(0.77)	(0.77)
f.	Face Value per Equity Share	4.00	4.00

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RADO TYRES LIMITED COCHIN-11

NOTE-31 : Capital management

PARTICULARS	31-Mar-17	31-Mar-16	01-Apr-15
	INR	INR	INR
Non current Borrowings	-	-	50,17,001
Current Borrowings	-	-	93,34,560
Trade payables (Note 19)	1,72,77,259	1,26,68,357	2,26,83,588
Less: cash and cash equivalents	15,43,423	4,94,612	11,41,595
Net debt	**1,88,20,682**	**1,31,62,969**	**3,81,76,744**
Total equity capital	68,52,160	1,92,80,293	3,17,26,358
Capital and net debt	**2,56,72,842**	**3,24,43,262**	**6,99,03,102**
Gearing ratio	**73%**	**41%**	**55%**

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

NOTE - 32 RELATED PARTY DICLOSURE

(₹ in lakhs)

Sl. No:	PARTICULARS	Name of Related Party	For the Year ended 31-03-2017 (₹)	For the Year ended 31-03-2016 (₹)
a.	Transactions			
	Conversion charges received	CEAT Limited	883.55	1,192.31
	Interest Paid	CEAT Limited	-	4.21
			883.55	**1,196.52**
b.	Amount due to / from related parties			
	Unsecured loan	CEAT Limited	-	-
	Interest Payable	CEAT Limited	-	-
	Debtors / Receivables	CEAT Limited	40.51	86.86
	Creditors/Advance	CEAT Limited	-	-
	TOTAL		**40.51**	**86.86**

Significant Accounting Policies and notes on Accounts 1-32

The notes referred to above form an integral part of the Financial Statements.

As per our report of even date. **For and on behalf of Board of Directors of Rado Tyres Ltd.**

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

P. A. Krishnamoorthy
Director

John M John
Director

Kamlesh Ramakant Talekar
Manager

Cochin-17
21.04.2017

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

Cochin-11
21.04.2017

Reconciliation of equity as at 31 March 2017

Particulars	Footnotes	Indian GAAP INR	Adjustments INR	Ind AS INR
Assets				
Non-current assets				
Property, plant and Equipment	3	5,75,54,483.00	-	5,75,54,483.00
Capital work-in-progress	3	-	-	-
Intangible assets		-	-	-
Intangible assets under development		-	-	
Financial Assets:				
Non-current Investments	4	25,000.00	-	25,000.00
Long term loans and advances	5	26,10,966.00	(22,272.00)	25,88,694.00
Other non-current financial assets	6	-	11,34,879.00	11,34,879.00
Deferred tax assets		-	-	-
Other non-current assets	7	-	22,272.00	22,272.00
Total non-current assets		**6,01,90,449.00**	**11,34,879.00**	**6,13,25,328.00**
Current assets				
Inventories	8	34,28,165.00	-	34,28,165.00
Financial Assets:				
Current Investments		-	-	-
Trade receivables	9	40,51,012.00	-	40,51,012.00
Cash and cash equivalents	10	26,78,302.00	(11,34,879.00)	15,43,423.00
Bank balances other than cash and cash equivalents		-	-	-
Short term loans and advances	11	65,69,895.00	(16,75,441.00)	48,94,454.00
Other current financial assets	12	-	3,79,992.00	3,79,992.00
Prepayments	13	-	15,01,551.00	15,01,551.00
Other current assets	14	3,79,992.00	(2,06,102.00)	1,73,890.00
Total Current assets		**1,71,07,366.00**	**(11,34,879.00)**	**1,59,72,487.00**
Total Assets		**7,72,97,815.00**	**-**	**7,72,97,815.00**
Equity and liabilities				
Equity				
Equity Share Capital	15	6,43,16,200.00	-	6,43,16,200.00
Other Equity	16	(5,74,64,040.00)	-	(5,74,64,040.00)
Total Equity		**68,52,160.00**	**-**	**68,52,160.00**
Non-current liabilities:				
Financial Liabilities				
Borrowings	17	3,50,00,000.00	-	3,50,00,000.00
Other financial liabilities		-	-	-
Provisions	18	1,74,18,886.00	-	1,74,18,886.00
Deferred tax liability (net)		-	-	-
Deferred revenue		-	-	-
Other non-current liabilities		-	-	-
Total non-current liabilities		**5,24,18,886.00**	**-**	**5,24,18,886.00**
Current liabilities:				
Financial Liabilties				
Borrowings		-	-	-
Trade payables	19	1,72,77,259.00	-	1,72,77,259.00
Other current financial liabilities	20	-	1,40,686.00	1,40,686.00
Deferred revenue		-	-	-
Other current liabilities	21	5,53,633.00	(1,40,686.00)	4,12,947.00
Provisions	22	1,95,877.00	-	1,95,877.00
Total current liabilities		**1,80,26,769.00**	**-**	**1,80,26,769.00**
Total equity and liabilities		**7,72,97,815.00**	**-**	**7,72,97,815.00**
		-	-	-

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

Reconciliation of equity as at 31 March 2016

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
		INR	INR	INR
Assets				
Non-current assets				
Property, plant and Equipment	3	6,07,12,750.00	-	6,07,12,750.00
Capital work-in-progress	3	-	-	-
Intangible assets		-	-	-
Intangible assets under development		-	-	
Financial Assets:				
Non-current Investments	4	25,000.00	-	25,000.00
Long term loans and advances	5	17,25,736.00	(22,272.00)	17,03,464.00
Other non-current financial assets	6	-	21,53,265.00	21,53,265.00
Deferred tax assets		-	-	-
Other non-current assets	7	-	22,272.00	22,272.00
Total non-current assets		**6,24,63,486.00**	**21,53,265.00**	**6,46,16,751.00**
Current assets				
Inventories	8	33,44,099.00	-	33,44,099.00
Financial Assets:				
Current Investments		-	-	-
Trade receivables	9	86,86,180.00	-	86,86,180.00
Cash and cash equivalents	10	26,47,877.00	(21,53,265.00)	4,94,612.00
Bank balances other than cash and cash equivalents		-	-	-
Short term loans and advances	11	67,89,763.00	(12,80,407.00)	55,09,356.00
Other current financial assets	12	-	3,68,240.00	3,68,240.00
Prepayments	13	-	7,54,042.00	7,54,042.00
Other current assets	14	3,68,240.00	1,58,125.00	5,26,365.00
Total Current assets		**2,18,36,159.00**	**(21,53,265.00)**	**1,96,82,894.00**
Total Assets		**8,42,99,645.00**	**-**	**8,42,99,645.00**
Equity and liabilities				
Equity				
Equity Share Capital	15	6,43,16,200.00	-	6,43,16,200.00
Other Equity	16	(4,50,35,907.00)	-	(4,50,35,907.00)
Total Equity		**1,92,80,293.00**	-	**1,92,80,293.00**
Non-current liabilities:				
Financial Liabilities				
Borrowings	17	3,50,00,000.00	-	3,50,00,000.00
Other financial liabilities		-	-	-
Provisions	18	1,60,71,474.00	-	1,60,71,474.00
Deferred tax liability (net)		-	-	-
Deferred revenue		-	-	-
Other non-current liabilities		-	-	-
Total non-current liabilities		**5,10,71,474.00**	**-**	**5,10,71,474.00**
Current liabilities:				
Financial Liabilties				
Borrowings		-	-	-
Trade payables	19	1,26,68,357.00	-	1,26,68,357.00
Other current financial liabilities	20	-	40,994.00	40,994.00
Deferred revenue		-	-	-
Other current liabilities	21	10,17,249.00	(40,994.00)	9,76,255.00
Provisions	22	2,62,272.00	-	2,62,272.00
Total current liabilities		**1,39,47,878.00**	**-**	**1,39,47,878.00**
Total equity and liabilities		**8,42,99,645.00**	**-**	**8,42,99,645.00**
		-	-	-

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)

Particulars	Footnotes	Indian GAAP	Adjustments	Ind AS
		INR	INR	INR
Assets				
Non-current assets				
Property, plant and Equipment	3	6,25,22,909.00	-	6,25,22,909.00
Capital work-in-progress	3	50,29,135.00	-	50,29,135.00
Intangible assets		-	-	-
Intangible assets under development		-	-	
Financial Assets:				
Non-current Investments	4	25,000.00	-	25,000.00
Long term loans and advances	5	15,93,604.00	-2,16,000.00	13,77,604.00
Other non-current financial assets	6	-	18,65,734.00	18,65,734.00
Deferred tax assets		-	-	-
Other non-current assets	7	-	2,16,000.00	2,16,000.00
Total non-current assets		**6,91,70,648.00**	**18,65,734.00**	**7,10,36,382.00**
Current assets				
Inventories	8	32,73,145.00	-	32,73,145.00
Financial Assets:				
Current Investments		-	-	-
Trade receivables	9	8,61,181.00	-	8,61,181.00
Cash and cash equivalents	10	30,07,329.00	-18,65,734.00	11,41,595.00
Bank balances other than cash and cash equivalents		-	-	-
Short term loans and advances	11	55,32,499.00	-12,73,389.00	42,59,110.00
Other current financial assets	12	-	1,76,146.00	1,76,146.00
Prepayments	13	-	8,51,649.00	8,51,649.00
Other current assets	14	1,76,146.00	2,45,594.00	4,21,740.00
Total Current assets		**1,28,50,300.00**	**-18,65,734.00**	**1,09,84,566.00**
Total Assets		**8,20,20,948.00**	**-**	**8,20,20,948.00**
Equity and liabilities				
Equity				
Equity Share Capital	15	6,43,16,200.00	-	6,43,16,200.00
Other Equity	16	-3,25,89,842.00	-	-3,25,89,842.00
Total Equity		**3,17,26,358.00**	**-**	**3,17,26,358.00**
Non-current liabilities:				
Financial Liabilities				
Borrowings	17	50,17,001.00	-	50,17,001.00
Other financial liabilities		-	-	-
Provisions	18	1,17,45,749.00	-	1,17,45,749.00
Deferred tax liability (net)		-	-	-
Deferred revenue		-	-	-
Other non-current liabilities		-	-	-
Total non-current liabilities		**1,67,62,750.00**	**-**	**1,67,62,750.00**
Current liabilities:				
Financial Liabilties				
Borrowings		-	-	-
Trade payables	19	2,26,83,588.00	-	2,26,83,588.00
Other current financial liabilities	20	-	1,00,73,756.00	1,00,73,756.00
Deferred revenue		-	-	-
Other current liabilities	21	1,08,48,252.00	-1,00,73,756.00	7,74,496.00
Provisions	22	-	-	-
Total current liabilities		**3,35,31,840.00**	**-**	**3,35,31,840.00**
Total equity and liabilities		**8,20,20,948.00**	**-**	**8,20,20,948.00**
		-	-	-

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

Reconciliation of profit or loss for the year ended 31 March 2017

Particulars	Notes	Indian GAAP	Adjustments	Ind AS
		INR	INR	INR
Revenue from operations	23	8,83,55,321.00	-	8,83,55,321.00
Other Income	24	14,50,980.00	-	14,50,980.00
Total Revenue		**8,98,06,301.00**	-	**8,98,06,301.00**
Expenses:				
Cost of material consumed		-	-	-
Purchase of stock-in-trade		-	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress		-	-	-
Conversion / Job Work Expenses	25	5,26,15,683.00	-	5,26,15,683.00
Employee benefit expense	26	4,03,24,455.00	-	4,03,24,455.00
Finance costs	27	10,69,268.00	-	10,69,268.00
Depreciation and amortization expense	28	31,97,884.00	-	31,97,884.00
Excise duty		-	-	-
Other expenses	29	50,38,368.00	-	50,38,368.00
Total Expenses		**10,22,45,658.00**	-	**10,22,45,658.00**
(Loss) before exceptional items and tax		**-1,24,39,357.00**	-	**-1,24,39,357.00**
Exceptional items		-	-	-
(Loss) before tax		**-1,24,39,357.00**	-	**-1,24,39,357.00**
Tax expense:				
Current tax		-	-	-
Deferred tax		-	-	-
(Loss) for the period		**-1,24,39,357.00**	-	**-1,24,39,357.00**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Actuarial losses for Gratuity		11,224.00	-	11,224.00
Income tax effect on actuarial losses for Gratuity		-	-	-
Movement in cash flow hedges		-	-	-
Income tax effect on movement in cash flow hedges		-	-	-
Total Comprehensive Income for the period (Comprising (Loss) and Other Comprehensive Income for the period)		**-1,24,28,133.00**	-	**-1,24,28,133.00**

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

Reconciliation of profit or loss for the year ended 31 March 2016

Particulars	Notes	Indian GAAP	Adjustments	Ind AS
		INR	INR	INR
Revenue from operations	23	11,92,30,711.00	-	11,92,30,711.00
Other Income	24	9,09,064.00	-	9,09,064.00
Total Revenue		**12,01,39,775.00**	-	**12,01,39,775.00**
Expenses:				
Cost of material consumed		-	-	-
Purchase of stock-in-trade		-	-	-
Changes in inventories of finished goods, stock-in-trade and work-in-progress		-	-	-
Conversion / Job Work Expenses	25	6,70,19,871.00	-	6,70,19,871.00
Employee benefit expense	26	5,26,27,732.00	-	5,26,27,732.00
Finance costs	27	11,80,269.00	-	11,80,269.00
Depreciation and amortization expense	28	38,61,063.00	-	38,61,063.00
Excise duty		-	-	-
Other expenses	29	62,55,514.00	-	62,55,514.00
Total Expenses		**13,09,44,449.00**	-	**13,09,44,449.00**
(Loss) before exceptional items and tax		**-1,08,04,674.00**	-	**-1,08,04,674.00**
Exceptional items		-	-	-
(Loss) before tax		**-1,08,04,674.00**	-	**-1,08,04,674.00**
Tax expense:				
Current tax		-	-	-
Deferred tax		-	-	-
(Loss) for the period		**-1,08,04,674.00**	-	**-1,08,04,674.00**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Actuarial losses for Gratuity		-16,41,391.00	-	-16,41,391.00
Income tax effect on actuarial losses for Gratuity		-	-	-
Movement in cash flow hedges		-	-	-
Income tax effect on movement in cash flow hedges		-	-	-
Total Comprehensive Income for the period (Comprising (Loss) and Other Comprehensive Income for the period)		**-1,24,46,065.00**	-	**-1,24,46,065.00**

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

RADO TYRES LIMITED COCHIN-11

INDEPENDENT AUDITOR'S REPORT

To the members of Rado Tyres Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Rado Tyres Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

PAULSON & COMPANY
Chartered Accountants
COCHIN-682 017

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.;

   b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;

PAULSON & COMPANY Chartered Accountants COCHIN-682 017

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts where ever required;

   iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

Cochin
21 April 2017

PAULSON & COMPANY
Chartered Accountants
COCHIN-682 017

Annexure to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals during the year and no discrepancies between the book records and the physical assets have been noticed.

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

(ii) The inventory of consumable stores and spare parts have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In our opinion the procedures of physical verification of inventories, followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. Further we were informed that no material discrepancies were noticed during the physical verification.

(iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register, maintained under section 189 of the Companies Act, 2013. Accordingly, sub clauses (a), (b) and (c) are not applicable.

(iv) The company has not granted any loans, made investments, or given guarantees, or given security.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the Company.

(vii) (a) According to the records of the company, the Employees Provident Fund and the Employee's State Insurance Act dues have been regularly deposited with appropriate authorities and no undisputed amounts payable in respect of Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs duty, Excise duty, Cess and other statutory dues, which are outstanding, as on 31st March, 2017, for a period of more than six months from the date they became payable.

(b) According to the records made available to us and the information and explanations given by the management, there are no dues of Income Tax/Sales Tax/Wealth Tax/Service Tax/Customs Duty/Excise Duty/Cess which have not been deposited with appropriate authorities on account of any dispute.

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Chartered Accountants
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(viii) The company does not have any dues to any financial institutions or banks, and there are no debenture holders.

(ix) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and there were no term loans.

(x) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

(xi) The company has not paid any managerial remuneration during the year.

(xii) The company is not a Nidhi Company.

(xiii) In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares and has not issued any fully or partly convertible debentures during the year under review.

(xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions, as mentioned under section 192, with the directors or persons connected with them.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

Cochin - 17
21 April 2017

PAULSON & COMPANY
Chartered Accountants
COCHIN-682 017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF RADO TYRES LIMITED

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

We have audited the internal financial controls over financial reporting of Rado Tyres Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

PAULSON & COMPANY
Chartered Accountants
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Opinion

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

For PAULSON & COMPANY
Chartered Accountants

CA. K.P. PAULSON
LL.B, FCA, DISA (ICAI)
Membership No. 21855; FR No. 002620S
PARTNER

Place: Cochin - 17
Date: 21 April 2017

PAULSON & COMPANY Chartered Accountants COCHIN-682 017