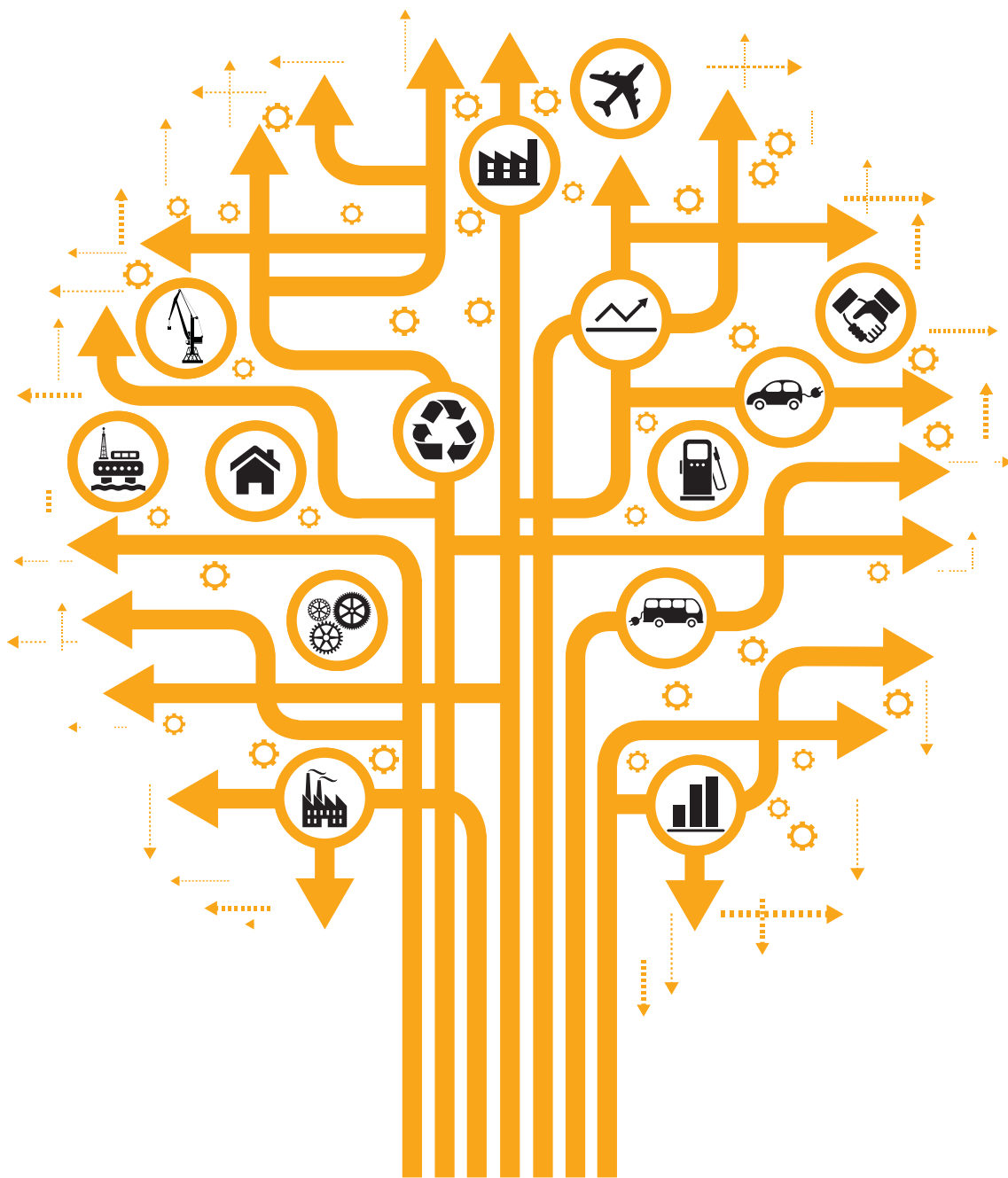


Improving Processes
Innovating Products
Creating Sustainable Value



Innoventive Industries Limited

21st Annual Report | 2011-12

Corporate Information

BOARD OF DIRECTORS

(As on August 7, 2012)

Mr. Chandu Chavan	Chairman & Managing Director
Mr. Ravindra Katre	Whole Time Director
Mr. Sanjay Waghulade	Whole Time Director
Mr. K. V. Ramarathnam	Whole Time Director
Mr. William Sean Sovak	Nominee Director
Mr. Rahul Raisurana	Nominee Director
Mr. Yashpaul Gupta	Independent Director
Mr. Pradeep Tupe	Independent Director
Dr. Rajendra Jagdale	Independent Director
Mr. Ramprasad Joshi	Independent Director
Mr. Sanjay Asher	Independent Director
Ms. Bhagyam Ramani	Independent Director

STATUTORY AUDITORS

B. K. Khare & Co.,
Chartered Accountants,
Pune

INTERNAL AUDITORS

AMB & Co.,
Chartered Accountants,
Pune

COMPANY SECRETARY

Mr. Mahesh G. Bagla (Till May 30, 2012)
Ms. Neha Joshi (From May 31, 2012)

BANKERS

Allahabad Bank
Axis Bank
Bank of Baroda
Bank of India
Central Bank of India
Export Import Bank of India
ICICI Bank
IDBI Bank Ltd.
Indian Overseas Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Mysore
The Saraswat Co-op Bank Ltd.
UCO Bank
United Bank of India

REGISTERED OFFICE

Gat No. 1261, Sanaswadi,
Pune Nagar Road,
Tal: Shirur, Dist: Pune - 412 208

CORPORATE OFFICE

Office No. 601 & 602,
Nucleus Mall, 1 Church Road,
Camp, Pune – 411 001

PLANTS

Unit I

Gat No. 1261, Sanaswadi,
Pune Nagar Road,
Tal: Shirur, Dist: Pune - 412 208

UNIT – II

Gat No. 56/3/4/5; Pimple Jagtap,
Tal: Shirur, Dist: Pune - 412 208

Forward looking statement

In this Annual Report, we have disclosed forward-looking statements to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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OUR MISSION

Install the core values of Excellence, Freedom, Integrity, Respect and Harmony

OUR VISION

To evolve globally as value creator for customers by specializing in Total Engineering Solutions and Supply Chain Management



At Innoventive Industries,
we have given a
whole new meaning to
'Thinking Out of the Box'.

Creating Sustainable
Value – through
innovative engineering
and improving processes
– that's what we have
been delivering
consistently.

We at Innoventive are driven by consistent innovation. We have been instrumental in creating sustainable value for our customers by continuously improving the quality of our products. By engaging with our customers right at product development stage, we have been consistently re-engineering processes, reducing costs and delivering value. Our quick turnaround times, strong distribution network and supply chain management have enabled us to penetrate deeper into domestic and global markets. We have a diversified product portfolio that has applications in multiple sectors including Transportation, General Engineering, Oil & Gas and Power.

Innoventive in Last 5 Years

1

We are now a **Multi-product engineering company** catering to over 500 international and domestic customers across various sectors.

2

Our **Increasing global footprint** made our exports (as % of total revenue) jump 5 times over years FY 2008-12 (Exports were 24% of our consolidated revenues in FY 2012).

3

Our consolidated **Revenue, EBITDA and Profit After Tax grew at 25%, 55%, 78% CAGR** respectively, over years FY 2008-12.

4

We create **Sustainable value through our high-quality, low cost products** by integrating R&D at shop floor, reengineering processes, and developing competencies.

5

Innoventive group employs **More than 1,500 people** across its 5 manufacturing facilities and offices, and has substantial **Women employment**.



6

Our products i.e. precision steel tubes & related products, motor vehicle parts, oil & gas components and membrane panel strips cater to four key sectors viz. **Transportation, General Engineering, Oil & Gas and Power**.

7

We aim to reach a capacity of 76,701 MT in CEW / DOM tubes and allied products, up 2.7 times from the existing capacity.

8

Our latest facility received a '**Mega Project**' status from Maharashtra state government, with 75% of investment (₹ 562 crore) eligible for monetary benefits (i.e. VAT refund for 9 years till FY 2018).

9

Consistent horizontal & vertical expansion: We have enhanced our presence in the engineering value chain and products through new incubations and recent acquisitions.

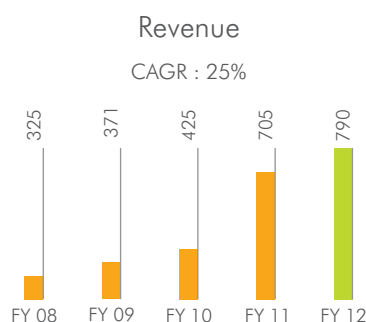
10

Our CSR initiative – **Jaldoot** – has been delivering over 14.6 million litres of **Safe drinking water to rural households** every year, while **Empowering rural women** with self employment options.

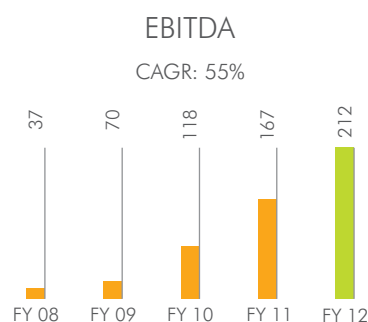
Consolidated Financial Highlights

5-YEAR FINANCIAL HIGHLIGHTS

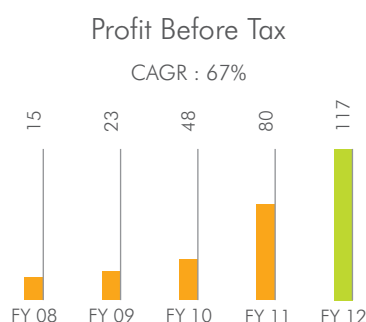
(All Figures in ₹ Crore)



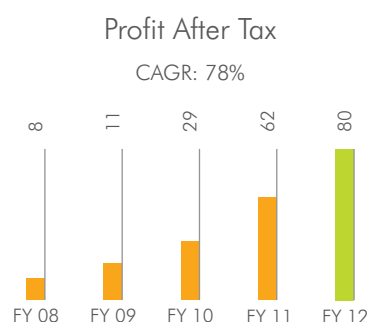
- Increasing share of exports due to enhanced product range in overseas market
- Increasing share of high value products in the revenue mix



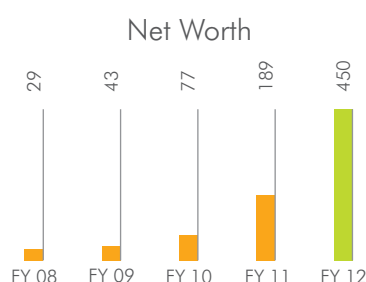
- EBITDA margin improved 2.4 times to 27% in FY 2012 from 11% in FY 2008
- Significant improvement in working capital cycle resulting in higher operating cash flows



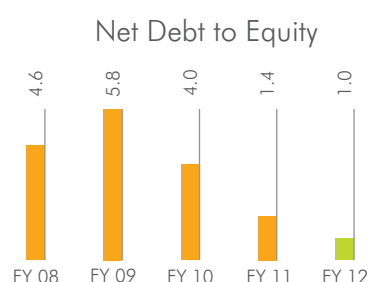
- PBT margin has grown 3-fold from 5% in FY 2008 to 15% in FY 2012



- Remarkable expansion of PAT margin i.e. Five-fold increase to 10% in FY 2012 from just 2% in FY 2008



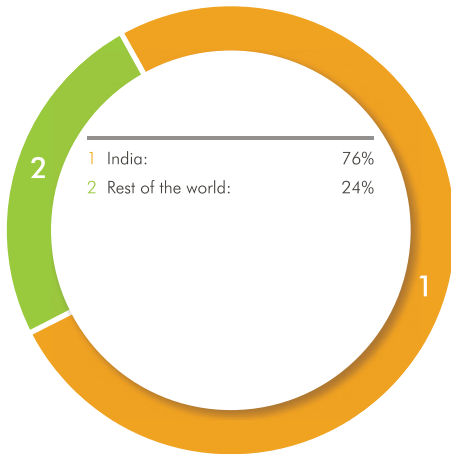
- Consistent increase in Net worth owing to contribution from internal accruals as well as fund-raising through IPO



- Significant improvement in debt to equity ratio due to IPO proceeds and improved profitability
- Debt to Equity ratio on Standalone basis was 0.75x

Our Presence

GEOGRAPHICAL DISTRIBUTION OF REVENUE



The group has been continuously expanding its global footprint. It has presence in US, Canada, Germany, France, England, Middle-East and Latin America. It also exports to various geographies across the globe including Europe, Middle East and Latin America.

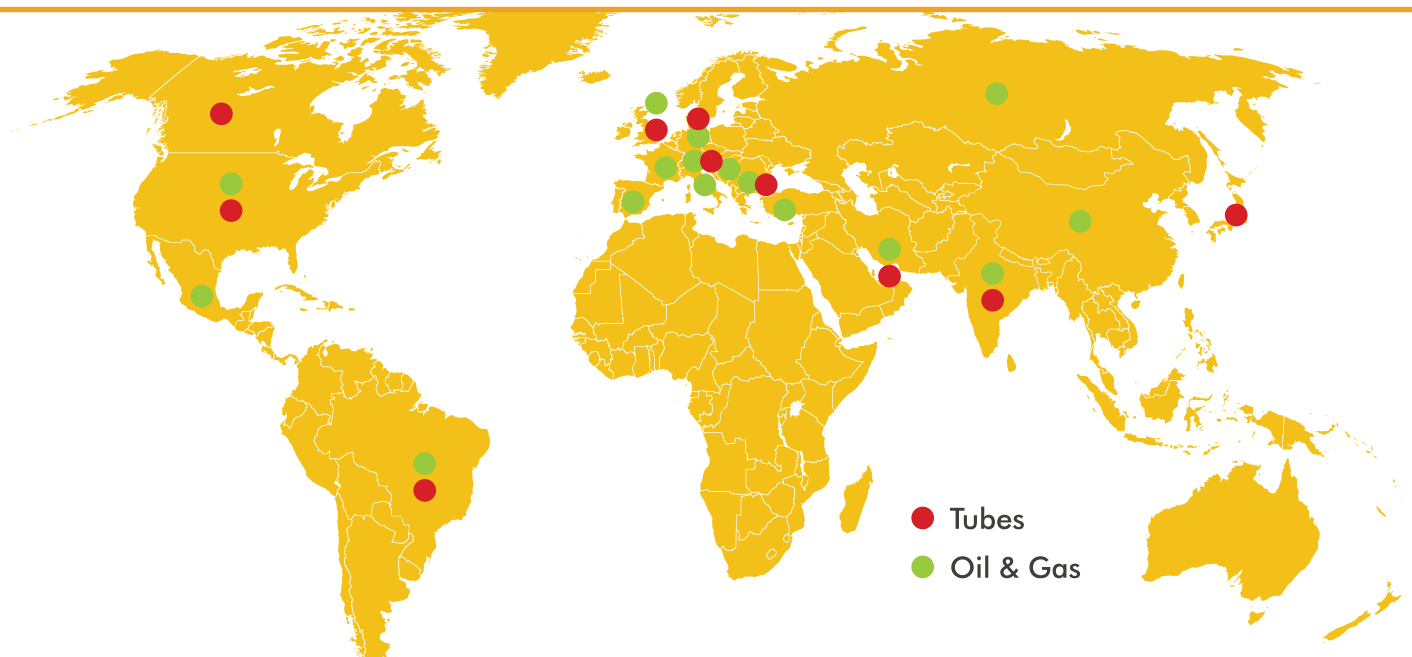
We have 5 facilities in India, of which 4 are located around Pune and 1 in Silvassa. The locations include:

- Sanaswadi Shirur, Pune
- Pimple Jagtap, Shirur, Pune
- Nanekarwadi, Chakan, Pune
- Karandi, Shirur, Pune
- Galonda, Kilvani Road, Silvassa

Our facilities / presence outside India, through our subsidiaries include:

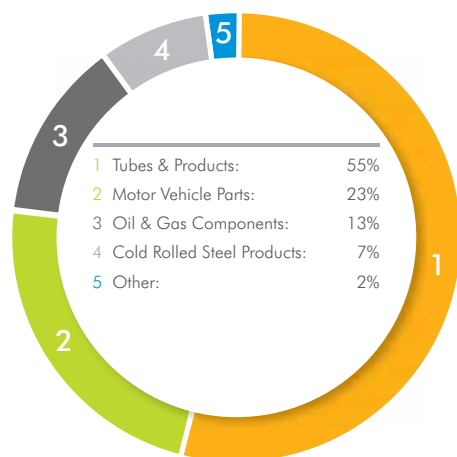
- Salem Steel NA, LLC (USA)
- Sankalp Americas Inc. (USA)

Our export destinations truly represent a global customer base



Our Products

PRODUCT-WISE DISTRIBUTION OF REVENUE



We are a multi-product engineering company engaged in the business of precision steel tubes, tubular components, auto components, membrane panel strips, oil & gas components and other steel products.

TUBES & PRODUCTS

These are premium products manufactured by us. These tubes have advanced physical & mechanical properties and also have clearly defined inner & outer diameters.

- **Electric Resistance Welded (ERW) Tubes:** These tubes are formed by rolling steel coils and welding along the length of the tube. We manufacture ERW precision steel tubes from mild and carbon steel alloys that conform to various industrial standards as desired by our customers from transportation, power and general engineering sectors.
- **Drawn over Mandrel (DOM)/ Cold Drawn Electric Welded (CEW) Tubes:** CEW tubes are value added products manufactured by cold drawing ERW tubes using draw benches and/or cold pilgering respectively. We also machine these tubes to manufacture tubular components. Our CEW tubes and components find applications in power, farm equipments, transportation and general engineering sectors.
- **Power Equipment Components:** We are the largest producer and supplier of customized flat products i.e. membrane panel strips for power boilers used in thermal power plants & co-generation units. Industries prefer to use these panel strips over conventional flats because of the myriad advantages around cost, quality, tolerance and aesthetic appeal. We manufacture power tubes that are used for boilers and heat exchangers.



OIL & GAS COMPONENTS

- Our subsidiary, Sankalp, manufactures fully machined ready-to-assemble parts such as machined tubing, coupling, casing couplings, pup joints, crossovers, etc., which are used in oil rigs and oil wells.
- We also manufacture open die / closed die forgings and castings used in precision engineering components, oil fields and auto components.



MOTOR VEHICLE PARTS (AUTO COMPONENTS)

- We manufacture a variety of press fabricated parts, machined components, welded components and assemblies mainly used by automobile manufacturers.
- These products are used in arm assembly, stands, engine / head lamps, guide kick for two-wheelers, foot steps, brace fender.



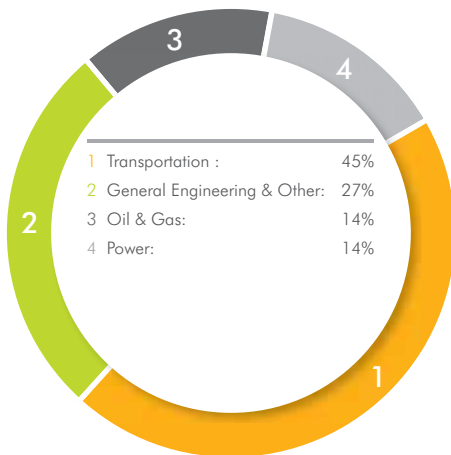
COLD ROLLED STEEL PRODUCTS

- Our subsidiary Saicon is engaged in manufacturing Cold Rolled (CR) coils from Hot Rolled (HR) steel coils by passing them through cold rolling mills. CR coils have better mechanical properties compared to HR coils and are used for various applications such as panels, vehicle bodies and electrical appliance casings, amongst others.



Our User Industries

SECTOR-WISE DISTRIBUTION OF REVENUE



General Engineering, Oil & Gas and Power businesses are set to increase their contribution to our revenue. Our Membrane Strip used in power & general engineering sectors have emerged as a key import substitute whereas various couplings required in oil drilling are approved by global O&G explorers.



TRANSPORTATION

We offer value added products i.e. machined, fabricated and welded components and assemblies that are primarily made from tubes and sheets. Innoventive enjoys long-term relationships with its customers in this space with its excellent quality and consistency in meeting customer requirements.

GENERAL ENGINEERING

Our products include DOM / CEW precision steel tubes and other machined components that are used in products such as elevators, hydraulics, cylinder tubes, construction equipment, etc.

OIL & GAS

Sankalp, our subsidiary, is one of the largest manufacturers and exporters of couplings for Oil & Gas exploration industry in India with acceptance in both onshore and offshore projects. Globally, there is limited availability of equipment and skilled resources in this space and we have approvals from American Petroleum Institute (API) and large O&G players such as Arcelor Mittal, Shell, Petrobras, Welded Tube of Canada, etc.

POWER

Our products include narrow width Membrane Strips that are used in sub-critical, super-critical boilers & heat exchangers and power tubes. Our high precision and customized products combined with preference for Membrane Strips over conventional flat products provide company with high margins in this space.

Our Key Subsidiaries



- Innoventive Industries is the Flagship company of the group, that is listed on Indian stock exchanges (BSE and NSE).
- Promoted by a group of first generation technocrat entrepreneurs led by Mr. Chandu Chavan, Chairman & Managing Director

2012



● Acquired 85%

Salem Steel NA, LLC

- * Salem Steel, USA is the group's leading distributor of value-added products. The group's primary rationale for the acquisition was vertical integration
- * Salem distributes ERW/DOM/seamless tubing, conforming to most international standards. It specializes in Cold Drawn Mechanical tubing, as well as hydraulic, pressure, bearing quality tubing and others. Its unique selling proposition is customized sizes, tubing requiring high-quality craftsmanship, experience and ingenuity

2008

● Increased stake to 51%



2007

● Acquired 26%

Sankalp Forgings Pvt. Ltd.

- * Acquisition of Sankalp Forging was a big catalyst for increasing revenues from Oil & Gas, mainly exports
- * The company was established in 1996 in Pune and is a leading manufacturer of closed die forgings, open die forgings, machined forged and tubular components in India. Its products are used in the oil & gas and power industries. Its key products include oil well drilling couplings (tubing/ casing), pup joints, gear blanks, axle shafts, hubs, rollers, cross forgings, rotors, etc.



2007

● Acquired 51%

Saicon Steels Pvt. Ltd.

- * Saicon was established in 2003, with an intention of entering into Cold Rolled (CR) Steel products space. It has a manufacturing facility in Silvassa.
- * Saicon is engaged in converting hot rolled coils (steel) to cold rolled coils. It manufactures a wide range of low carbon, medium carbon & special grade CR products. Saicon has developed a sound infrastructure for high quality assurance in terms of technical personnel and laboratory equipment

Corporate Social Responsibility

Rural India houses a mammoth population of over 700 million people, residing in about 1.4 million habitations and spread over 15 diverse ecological regions. Scarcity of potable drinking water is a serious concern in rural India and providing drinking water to such a large mass of population is a challenge which is magnified by diverse demographics, level of disposable income, education, socio-economic development and customs that exist in the country.

Another key challenge faced by rural India is that majority of rural working women are involved in unorganised sectors including jobs such as domestic help, small trading, artisans, field labour or family farm. Most of these jobs are unskilled and low paying and workers don't enjoy the benefits of employment with organised sector.

As a first step towards our Corporate Social Responsibility (CSR), women form over 30% of the overall workforce in Innoventive Group factories. We firmly believe that women empowerment through social entrepreneurship development can bring a real change in rural India, reduce the income disparity and lead to sustainable socio-economic development.

With this vision to empower women through self employment, educational, cultural and health development, Innoventive Group promoted a NGO, "Swayamsiddha" in 2004. Swayamsiddha is working on several projects to create health awareness.

It has introduced 'Jaldoot', a self-employment model for rural women. Jaldoot is a technology based low cost solution to provide potable water. It has a UF-Filtration system mounted on a 3-wheeler rickshaw vehicle. It supplies purified drinking water at the doorstep of rural households at an affordable price. The multi stage filtration system is exhaustive yet built in simple manner and easy to operate. It's a truly low cost filtration solution with no requirement of additional electricity for filtration and runs on power drawn from vehicle engine.



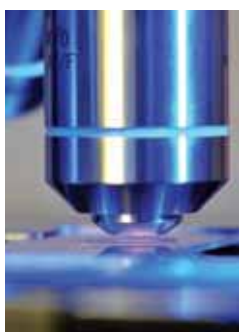
Jaldoot drivers are trained to operate the unit on daily basis including testing of water at the point of filtration before & after.

Innoventive offers Intensive Entrepreneurship Development programme to woman entrepreneurs along with Jaldoot and thus, provides income generating and sustainable self-employment opportunities to educated women. We have successfully launched the pilot project in Shirur taluka in Pune. In just one village (Sanaswadi), we have 23 Jaldoots in operation which distribute over 40,000 litres of pure drinking water per day and employ 25 operators of which 18 are women. We have not only covered 12,000 inhabitants of the village but also helped generate sustainable income stream for entrepreneurs and operators.



Our Strategy

We have focused our business around the delivery of some strategic priorities, which aim to increase growth, reduce risk and improve our long-term financial performance.



Focus on technology based innovative products

We aim to deliver a pipeline of pioneering products and processes that deliver value for our consumer industries. At Innoventive, R&D is a continuous activity and innovation is our emphasis, which is largely bottom driven. Our R&D activities have led to a series of pioneering ideas resulting in quality alternatives at better prices for our customers



This has helped us in identifying new business opportunities with existing as well as new customers.

Steps taken

- A competent team with product and industry expertise in place
- We undertake stringent inspection at all levels. We have invested in state-of-the art equipment such as spectrometer, micro hardness tester, compression testing equipment, etc. to ensure top quality of our products.
- We have pioneered usage of high strength micro-alloyed steel in automotive components. This reduces thickness of tubes to get same strength, lower weight, leading to cost benefits.



Consistently reengineer processes, deliver value

Continuously innovating our engineering processes always calls for a multi-faceted approach. We review the entire value chain right from supplier relationships, supply chain management, inventory management to on-time delivery.

Steps taken

- In 2012, we have been awarded a patent for our 'Cold Pilgering' technology to manufacture novel CEW/DOM tubes, which leads to quality tubes with enhanced characteristics in a most energy efficient and cost effective manner. This process has reduced the energy consumption, material wastage and labour cost significantly compared to the conventional draw bench process, thereby improving the margins. The patent granted for this technology is valid over a period of 20 years effective from April 24, 2009.
- We developed the process of manufacturing membrane panel strips (narrow width ~ 10.3mm) with a radical change compared to the conventional process, resulting in improved quality and import substitution at a significantly lower cost.
- We have developed a range of products such as bearing spacers, bi-metallic tubes, etc. which showcase our valuable engineering capabilities.





Increasing presence across value chain, flexibly

In addition to expanding our customer base, we are moving closer to our end-customers, thus strengthening our relationships with them and understanding their requirements better.

This enables us to work more closely with our clients and address specific issues across the entire supply-chain. Our flexibility allows us to provide customized solutions according to client requirements & specifications. These are typically high-end engineered products that provide high margin on a sustainable basis.

This also opens a market for diversified products catering to each and every need of the industry. Preferred vendor status by clients allows us to deliver across their product range, which results in high volumes

Steps taken

- Innoventive, through its existing facilities, manufactures top quality tubes that meet customers' exact requirements, whether in size or other specifications, adding value to their business.
- We acquired our overseas customer, Salem Steel, which is also a supplier of DOM & seamless tubes across North America



Grow a diversified, global business model

We are diversifying our business to create a more balanced product portfolio and move away from any customer / product / sector dependency.

We expect to generate future sales growth by strengthening our presence in varied sectors such as General Engineering, Power, and Oil & Gas. This involves focus on products such as DOM tubes, Oil & Gas components, Membrane Panel strips and other value added products.

Steps taken

- Major capacity expansion during last and current year for CEW/DOM tube and allied products wherein we enjoy higher margins.
- Acquisition of Sankalp Forging has been a stepping stone for entry in the Oil & Gas sector. Oil & Gas segment currently contributes 13% to group revenues and is set to emerge as another major segment, being a preferred supplier for oil & gas supplies across the globe.
- Acquisition of Salem Steel is in line with our strategy to augment our position in developed markets.
- These acquisitions have also helped us expand business in 2 key overseas markets i.e. Americas and Middle East





Message from the Chairman

Dear Shareholders,

At the outset, I would like to thank all of you, and especially those who joined recently through the IPO, for reposing confidence in Innoventive Industries Limited. It's an honour to present you the Company's 21st Annual Report for the Financial year ending March 31, 2012.

FY 2012 has been a momentous year in your company's existence as it marked its transformation into a listed company. The IPO in April, 2011 announced the next phase of your Company's journey.

However, the Financial year gone by has also been one with significant turmoil. The global economy continued to be plagued by several challenges. Apart from a slower than expected recovery of the US economy, last year also witnessed many European countries being weighed down by the sovereign debt crisis that had its effect across the capital markets world over. The slowing growth in BRIC nations coupled with natural disasters in Japan and Indonesia also impacted world trade.

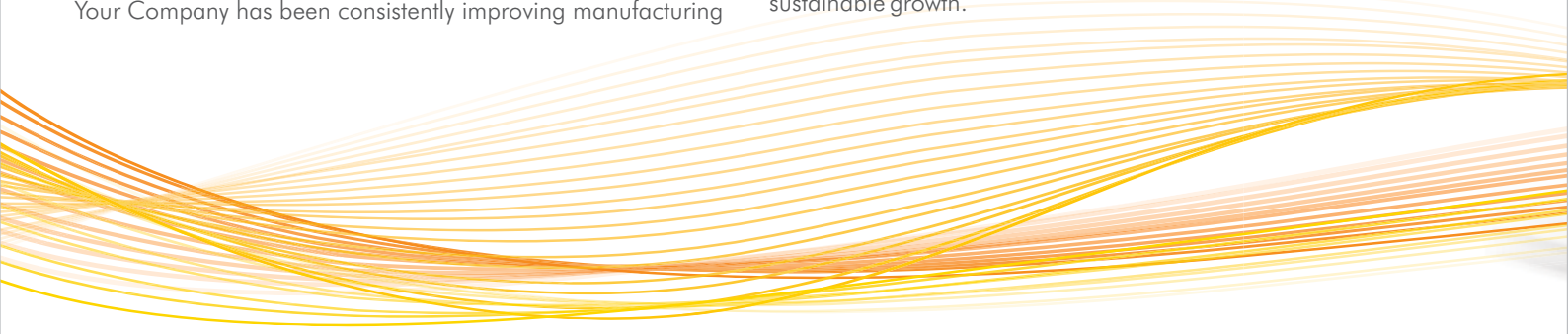
Repercussions of these events were also seen in the Indian economy. The macro business environment has been uncertain and GDP growth of the domestic economy contracted to 6.9% compared to 8.5% a year earlier (advanced estimates of CSO).

Your company was able to effectively navigate the global turmoil through its sound business strategies and robust business model. Your Company has been consistently improving manufacturing

processes, innovating products, leveraging latest technology and capitalizing on high growth markets. This enabled your Company to deliver a sound performance in a difficult business environment. Revenues grew at 12% over the previous year while profits expanded by 28%.

The funds raised through the IPO, have been appropriately deployed into the business for expansion of manufacturing facilities, repayment of debt and general corporate purpose, enhancing shareholders' value. The Company stepped up its forward integration initiatives by acquiring a 85% stake in one of its customers; US based Salem Steel North America, LLC. In addition to improving its margins, this acquisition will allow your company to gain a foothold in the North American markets. This is in tune with our strategy to expand our selling and distribution presence and acceptance in developed markets, while leveraging India as a manufacturing base due to the cost competitiveness of our operations here. It is also heartening to see the exponential rise in exports with increasing market presence in Middle-East, Europe and Latin America, indicating growing acceptability of our value-added products.

Our prospects continue to look bright as several of our customers have indicated increased demand for our products. Our efforts over the last few years to widen our global presence should also bear fruit with the addition of customers in new markets. The impending introduction and scalability of our pipeline of new products should also contribute to steady and sustainable growth.



A highlight of FY 2012 has been the performance of our subsidiary Sankalp Forgings which manufactures machined tubing, pup joints, crossovers and is one of the largest manufacturer of couplings in India with integrated forging, machining and heat treatment facility. We acquired Sankalp in FY 2007 when it reported revenues of ₹ 2.92 crore and PAT of ₹ 0.03 crore. In FY 2012 its revenues stood at ₹102 crore and PAT of ₹13.5 crore and we are confident that our recent order wins will lead to even greater traction.

Additionally the 'Mega Project' status granted to us by the Government of Maharashtra has been extended for a period of two years to FY 2018 and the amount has been capped at ₹ 562 crore, thereby extending our eligibility for the receipt of subsidy in the form of VAT refund till FY 2018.

I am pleased to share that we have also been awarded a patent for our 'cold pilgering' technology which is used to manufacture CEW/DOM tubes. This technology has been instrumental in enhancing our competitiveness as a global manufacturer. The patent has been granted for a period of 20 years effective from April 24, 2009.

FY 2012 has been a remarkable year and we appreciate the efforts of a dedicated team of professionals and skilled employees, advisors and associates, whose contribution has been invaluable in achieving the company's growth. Our R&D efforts have played a vital role in creating value-added products and processes which enhance our competitiveness. Our trade

partners provided us unstinting support in expanding our outreach to customers. We would like to thank every one of them.

We have the expertise in leveraging our ever expanding capacities to face challenges, transform them into opportunities and ultimately evolve as a market leader. We are positive and confident of making further strides even in the current challenging economic environment & sustain the growth momentum demonstrated over the last decade.

We look forward to your continued faith in our capabilities to reach new heights of success in coming years. I, hereby, express my gratitude for your consistent support and confidence in us.

Warm Regards,



Chandu Chavan

Chairman & Managing Director

Directors' Profiles

MR. CHANDU L. CHAVAN

Chairman & Managing Director, 42 years

Mr. Chavan completed his Diploma in Mechanical Engineering from Cusrow Wadia Institute of Technology, Maharashtra in 1987. He started his career in the material procurement department of Bajaj Auto Ltd. After nine years of service he left Bajaj Auto and incorporated a proprietorship firm, M/s. Phoenix Enterprises to capitalise on opportunities envisaged by him in the precision tubes industry. In 2002, he acquired Innoventive Industries then operating under the name of Arihant Domestic Appliances Pvt. Ltd.

His experience and expertise has helped immensely in the growth and development of the Company. Mr. Chavan joined the Board of Directors on March 5, 2002; since then he has been an integral part of the Company's management team. Being a first generation entrepreneur, he has been a driving force behind growth strategy of the Group and entry of the Group in product segments and new markets. He has also been instrumental in driving many domestic and international acquisitions done by the Company. He is a Promoter of Innoventive Venture Limited (IVL) which is a core investment company with a fresh new approach to both traditional and emerging markets.

MR. RAVINDRA W. KATRE

Whole Time Director, 46 years

Mr. Katre completed his Diploma in Mechanical Engineering from Cusrow Wadia Institute of Technology, Pune, in 1984. Mr Katre is a post graduate in Management Sciences from the University of Pune. He joined Bajaj Auto Ltd in 1985, where he handled the materials department for a period of 14 years. He joined M/s. Phoenix Enterprises in 1999. Mr Katre joined the Board of Directors of the Company on November 1, 2002 and has since been an integral part of the Company's management team. He oversees raw material procurement of the Company. He is also looking after the activities of the sheet division of the Company.

MR. SANJAY H. WAGHULADE

Whole-time Director, 47 years

Mr. Waghulade completed BE from Bapuji Institute of Engineering and Technology, Karnataka, in 1987. He joined Bajaj Auto Ltd where he handled procurement of components, forging and casting. In 1991, he joined Kalyani Seamless Metal Tubes, where he handled procurement of project components. He joined Saw Pipes Limited in 1993 as an Assistant Manager, Purchases and was in charge of all activities related to procurement up to 1995. During these stints, he gained expertise in the tubes business. He joined the Board of Directors of the Company in 2002.

MR. K.V. RAMARATHNAM

Whole Time Director, 64 years

Mr. Ramarathnam has served as the Managing Director of Mahindra Ugin Steel Co. Ltd since April 1, 2004 and has over 35 years of experience in the steel and allied industries. He has served as a business head for over five years in the Indonesian unit of the Texmaco Group. Prior to that, he has worked for over 17 years in Kalyani Steels Ltd and Kalyani Seamless Tubes Ltd across diverse functions. Prior to joining Innoventive Industries, he was the CEO of Masscorp Ltd.

MR. RAHUL RAISURANA

Nominee Director (Standard Chartered PE), 43 years

Mr. Raisurana holds a Masters degree in International Management from Thunderbird, USA, Masters degree in Business Administration from Clark University, USA and a Bachelor of Commerce (Honours) degree from the University of Calcutta. He is currently the Managing Director, Standard Chartered PE Advisory (India) Ltd. wherein he founded and currently heads the Midcap focused PE business. His 20+ years of professional experience includes senior managerial and leadership roles in PE, investment banking, corporate finance and risk management with leading global financial institutions in India and USA. Prior to Standard Chartered, he co-founded India's first project-level infrastructure investment fund jointly sponsored by Citigroup and IDFC. Previously he also served as Deutsche Bank India's Head of Institutional and Corporate Credits, India. He has also worked with Moody's Investors Services in New York and with Citigroup's Corporate & Investment Banking group in India. He serves as a Director on the Boards of PI Industries Ltd, Man Infraconstruction Ltd, Bush Foods Overseas Pvt Ltd, Privi Organics Ltd

MR. WILLIAM SEAN SOVAK

Nominee Director, Kavos Capital, 39 years

Mr. Sovak graduated in Finance from University of Pennsylvania's Wharton School. He has served on the board of the Business Advisory Committee to the UN and the Wharton Club of New York. He previously served as MD and Chief Acquisitions Officer for W. P. Carey & Co. LLC, a NYSE-listed investment company with over \$7 billion in assets under management. He was responsible for sourcing, underwriting and structuring of middle market financing transactions. His experience runs across industries, from plastics to warehousing, from distribution to manufacturing, retail, health & fitness, education, auto parts, semiconductors and aviation. Most recently, he led W. P. Carey's investment entry into India, focusing on both equity and real estate opportunities for the firm.

MR. SANJAY ASHER**Independent Director, 48 years**

Mr. Sanjay Asher has 20+ years of experience in the field of law and corporate matters. He is presently a partner at Crawford Bayley and Co., and deals with corporate laws and laws of mergers and acquisitions. He has a bachelor's degree in commerce and a bachelor's degree in law from the University of Bombay. He is also a qualified Chartered Accountant and a solicitor

He serves as a Director of Ashok Leyland Ltd, Bajaj Allianz General Insurance Co Ltd, Bajaj Allianz Life Insurance Co Ltd, Balkrishna Industries Ltd, Finolex Cables Ltd, Finolex Plasjon Industries Ltd, Kryfs Power Components Ltd, Mandhana Industries Ltd, Repro India Ltd, Schlafhorst Machines Private Ltd

MR. YASHPAUL GUPTA**Independent Director, 62 years**

Mr Gupta holds a Bachelor's Degree in Physical Science from Birla Institute of Technology and Science (BITS), Pilani, Rajasthan and is a Master in Business Administration from IIM, Ahmedabad. He worked with the Union Bank of India for a period of 28 years, in various capacities, including the post of field General Manager. During his long stint with UBI, he gained knowledge and expertise in various areas such as credit administration, regional/zonal development, recovery and NPA administration, audit etc.

DR. RAJENDRA JAGDALE**Independent Director, 52 years**

Dr. Jagdale has a Masters in Botany and a Ph.D in Forest Ecology from the University of Pune. He has vast experience in the field of Urban transformation using Science and Technology, IT open source software, Intellectual Property Management and Technology Transfer and business incubation. He is presently the Director General of Science and Technology Park, an autonomous institute established by Govt. of India and is also a member of Bureau of Indian Standards and Chairman of Association of Small and Medium Knowledge Industries, Pune. He has also been accredited with multiple awards such as, "Knight of the Order of Academic Palms" - One of the highest civilian titles by the Govt. of France, Environmental Leadership Award by the US Agency of International Development.

MR. PRADEEP TUPE**Independent Director, 54 years**

Mr Tupe, holds a Diploma in Business Management. He has cleared AMIE Examination and also a Diploma in Mechanical Engineering. He worked with reputed companies such as KSB Pumps, Kirloskar Brothers, Rath Industrial Equipment, Gujarat Steel Tubes and Atlas Steel Tubes in the Marketing/Sales roles. He was the Chairman of Institution of Engineers (India) Maharashtra State Centre. He served as the Vice President of Laghu Udyog Bharati, an all India organization for small scale industries. At present, he is the Coordinator at MIT Group of Institutions and Hon Secretary at All India Management Association. He is a Charter Member of Rotary Club, Pune University and chairs of Environmental Awareness in a Rotary district. He is a Certified Lead Assessor for QMS (ISO 9001:2008).

MR. RAMPRASAD JOSHI**Independent Director, 42 years**

Mr Ramprasad Joshi holds a 'B.E in Computers' from Shivaji University, Kolhapur and 'M.E in Computers' from Veermata Jijabai Technological Institute, Mumbai University. After Engineering, he worked as a Lecturer with Veermata Jijabai Technological Institute for a few years. He was a Project Engineer, IIT Mumbai in the Aerospace Engineering department in 1993-94. He served as Software & Hardware Engineer at Venus Engineers for a couple of years. Thereafter, he worked as an Assistant Professor PICT, Pune from 1998 to 2002. At present. He is pursuing Ph.D. in Computer Science from BITS Pilani

MS. BHAGYAM RAMANI**Independent Director, 60 years**

Ms. Ramani is the Ex-Director & GM of General Insurance Corporation of India (GIC-Re). She has worked in GIC-Re in various capacities and has extensive expertise in Treasury & Corporate Credit. She has managed a corpus of ₹ 40,000 crore in GIC-Re. In 2009 she was elevated to the position of Director on the Board of GIC and has represented GIC-Re on the Boards of L&T, NSE India, IDBI Trusteeship Services Ltd, Milestone Capital Advisors Ltd and the Agricultural Insurance Company Ltd. Ms. Ramani has also served on the Investment Committee of IRDA as a Trustee on the PF committee of the Tariff Advisory Board and as a member on the Education Board of the Insurance Institute of India.

Notice

NOTICE is hereby given that the 21st Annual General Meeting of Innoventive Industries Limited will be held on Friday the 28th Day of September, 2012 at 10.30 a.m. at 'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208

Ordinary Business:

Item No. 1: Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the Financial Year ended March 31, 2012 together with the Directors' Report and Auditors' Report thereon.

Item No. 2: Declaration of dividend

To declare final dividend for the Financial Year ended March 31, 2012.

Item No. 3: Reappointment of Mr. Ramprasad Joshi

To appoint a Director in place of Mr. Ramprasad Joshi who retires by rotation and being eligible offers himself for re-appointment.

Item No. 4: Reappointment of Mr. Sanjay Waghulade

To appoint a Director in place of Mr. Sanjay Waghulade who retires by rotation and being eligible offers himself for re-appointment.

Item No. 5: Reappointment of Dr. Rajendra Jagdale

To appoint a Director in place of Dr. Rajendra Jagdale who retires by rotation and being eligible offers himself for re-appointment.

Item No. 6: Appointment of Auditor

To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board / Audit Committee to fix their remuneration.

Special business:

Item No. 7: Appointment of Mr. Sanjay Asher as a Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT Mr. Sanjay Asher who was co-opted as Additional Director by the Board of Directors of the Company (the Board), with effect from December 16, 2011 and who holds office up to the date of this Annual General Meeting pursuant to Article 152 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member in writing, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company liable to retire by rotation with immediate effect on such terms

and conditions as may be mutually agreed by and between Mr. Sanjay Asher & the Board.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No. 8: Appointment of Mr. Rahul Raisurana as a Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT Mr. Rahul Raisurana who was co-opted as Additional Director by the Board of Directors of the Company (the Board), with effect from December 16, 2011 and who holds office up to the date of this Annual General Meeting pursuant to Article 152 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member in writing, proposing his candidature for the office of Director, be and is hereby appointed as Nominee Director of the Company (representing the interest of Standard Chartered Private Equity) liable to retire by rotation with immediate effect on such terms and conditions as may be mutually agreed by and between Mr. Rahul Raisurana and the Board.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No. 9: Appointment of Ms. Bhagyam Ramani as a Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT Ms. Bhagyam Ramani who was co-opted as Additional Director by the Board of Directors of the Company (the Board), with effect from August 7, 2012 and who holds office up to the date of this Annual General Meeting pursuant to Article 152 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member in writing, proposing her candidature for the office of Director, be and is hereby appointed as Independent Director of the Company liable to retire by rotation with immediate effect on such terms and conditions as may be mutually agreed by and between Ms. Bhagyam Ramani & the Board.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or

Notice

expedient to give effect to this Resolution."

Item No. 10: Appointment of Mr. Ravindra Katre as a Whole Time Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT in accordance with the provisions of Article 190 of the Articles of Association of the Company read along with Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), and subject to necessary approvals as may be necessary, Mr. Ravindra Katre be and is hereby appointed as a Whole Time Director of the Company, for a period of 5 (five) years with effect from May 30, 2012 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with authority to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No. 11: Appointment of Mr. Chandu Chavan as a Managing Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT in accordance with the provisions of Article 182 and 183 of the Articles of Association of the Company read along with Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), and subject to necessary approvals as may be necessary, Mr. Chandu Chavan be and is hereby appointed as a Managing Director designated as Chairman cum Managing Director (CMD) of the Company, for a period of 5 (five) years with effect from May 30, 2012 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with authority to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms

and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No. 12: Appointment of Mr. K. V. Ramarathnam as a Whole Time Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or any re-enactment thereof, Mr. K. V. Ramarathnam, who was co-opted as an Additional Director by the Board of Directors of the Company (the Board), with effect from August 7, 2012, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) appointment of Mr. K. V. Ramarathnam as a Whole Time Director of the Company with effect from August 7, 2012 for a period of 5 (five) years be and is hereby ratified / confirmed by the members on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with an authority to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board (which includes its Working Group Committee) be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No. 13: Increase in the limit of Maximum Number of Directors and consequential alteration in the Articles of Association of the Company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution;

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"RESOLVED THAT pursuant to Sections 258, 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the maximum number of Directors, that can be appointed on the Board of Directors of the Company be increased from twelve to fourteen.

RESOLVED FURTHER THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), existing Article 144 of the Articles of Association of the Company shall stand altered with effect from

the date of Central Government's approval in accordance with the provisions of the Companies Act, 1956:

144. Until otherwise determined by a General Meeting of the Company and subject to provisions of Section 252 of the Act, the number of Directors shall not be less than 3 (three) and shall not be more than 14 (fourteen).

RESOLVED FURTHER THAT the Company Secretary and or any Directors be and is hereby authorized to take all such steps including making, filling, submitting any applications or forms as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board
For **Innoventive Industries Limited**

Company Secretary

Pune, August 7, 2012

Registered Office:

Gat No. 1261, Village: Sanaswadi,

Tal: Shirur, Dist: Pune – 412 208

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the time appointed for the meeting.
3. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item No.7 to 13 above, is annexed.
4. The Register of Members and Share Transfer Register will remain closed from September 24, 2012 to September 28, 2012 (both days inclusive)
5. Investor Grievance Redressal:
The Company has designated an exclusive e-mail id viz. investor.grievance@innoventive.in to enable investors to register their complaints, if any.

Notice

6. The dividend, if any declared, shall be payable to those shareholders whose name(s) stand registered:
 - a) As Beneficial Owner as at the end of business on September 21, 2012 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - b) As Member in the Register of Members of the Company / Registrar & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business on September 21, 2012.
7. Shareholders seeking any information with regard to accounts and operations of the company are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.
8. Members who are holding shares in demat mode are requested to notify any change in their residential address, Bank A/c details and/or email addresses immediately to their respective Depository Participants.
9. The annual accounts of the subsidiary companies are available for inspection at the Registered Office of the Company and of the subsidiaries concerned and copies will be made available to shareholders of Innoventive Industries Limited and its subsidiaries upon request.
10. Pursuant to the requirements of the Listing Agreement of Stock Exchanges with respect to Corporate Governance, the information about the Directors proposed to be re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
11. Corporate members intending to send their Authorized Representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution/Power of Attorney authorizing their representatives to attend and vote on their behalf at the meeting.
12. Members are requested to bring their attendance slip and copy of the annual report at the meeting.
13. Innoventive Industries Limited is concerned about the environment and utilizes natural resources in a suitable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos. 17/ 2011 and 18/ 2011, dated April 21, 2011 and April 29, 2011 respectively, permitted the Companies to send the official documents to their shareholders electronically as part of its green initiative in the Corporate Governance. We request you to update your email address with your Depository Participant to ensure that the annual report and other documents reach you on preferred email account.

By Order of the Board
For **Innoventive Industries Limited**

Pune, August 7, 2012

Company Secretary

Registered Office:
Gat No. 1261, Village: Sanaswadi,
Tal: Shirur, Dist: Pune – 412 208

Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Mr. Sanjay Asher was co-opted as Additional Director of the Company with effect from December 16, 2011 pursuant to Section 260 of the Companies Act, 1956. Mr. Sanjay Asher holds office of Director up to the date of Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. Sanjay Asher for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors other than Mr. Sanjay Asher is interested or concerned in the resolution.

The Board of Directors accordingly recommends the resolution as set out in Item no. 7 of the Notice for approval of Members.

Item No. 8

Mr. Rahul Raisurana, [Nominee Director representing Standard Chartered Private Equity] was co-opted as Additional Director of the Company with effect from December 16, 2011 pursuant to Section 260 of the Companies Act, 1956. Mr. Rahul Raisurana holds office of Director up to the date of Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. Rahul Raisurana for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors other than Mr. Rahul Raisurana is interested or concerned in the resolution.

The Board of Directors accordingly recommends the resolution as set out in Item no. 8 of the Notice for approval of Members.

Item No. 9

Ms. Bhagyam Ramani was co-opted as Additional Director of the Company with effect from August 7, 2012 pursuant to Section 260 of the Companies Act, 1956. Ms. Bhagyam Ramani holds office of Director up to the date of Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Ms. Bhagyam Ramani for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Director other than Ms. Bhagyam Ramani is interested or concerned in the resolution.

The Board of Directors accordingly recommends the resolution as set out in Item No. 9 of the Notice for approval of Members.

Item No. 10

The Board of Directors of the Company (the 'Board'), at its meeting held on November 5, 2007 has re-appointed Mr. Ravindra Katre as Managing Director for a period of 5 years with effect from November 5, 2007. Further, Mr. Ravindra Katre has resigned from the post of Managing Director with effect from May 30, 2012. The Board in their meeting held on May 30, 2012 appointed Mr. Ravindra Katre as Whole Time Director with effect from May 30, 2012 for a period of 5 years. Consequently, the designation of Mr. Ravindra Katre has been changed from Managing Director to Whole Time Director. The said appointment is subject to the approval of Members in General Meeting.

Hence, it is proposed to seek Members approval for the appointment of and remuneration payable to Mr. Ravindra Katre in terms of the applicable provisions of the Act.

Broad particulars of the terms of reappointment of and remuneration payable to Mr. Ravindra Katre are as under:

Category	Particulars
Tenure	Period of five years with effect from May 30, 2012 to May 29, 2017.
Basic Salary	₹ 500,000/- per month <i>The Board of Directors may alter the remuneration from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956.</i>
Commission	Payment of commission of such amount for each corporate financial year as may be decided by the Board of Directors or committee thereof for each financial year.
Perquisites and Allowances	Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Notice

Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.

Club Fees: Fees of two clubs subject to a maximum of two clubs excluding admission and life membership fees.

Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.

Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity: Gratuity at the rate of half month's salary for each completed year of service.

Leave: Leave with full pay or encashment thereof as per the Rules of the Company.

Newspapers & Periodicals: As per requirement.

Other perquisites: Subject to the overall ceiling on remuneration mentioned hereinabove, additional benefits and / or perquisites may be provided by the Board of Directors (which includes any committee thereof) as they may deem fit.

Amenities

Conveyance facilities: Whole Time Director will be provided with a car and driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.

Communication facilities: The Company shall provide telephone at the residence.

Minimum Remuneration: Where in any financial year during the currency of the tenure if the Company has no profits or the profits are inadequate the Company may pay remuneration by way of salary, dearness allowances, perquisites and any other allowances as detailed above subject to provision of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

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Item No. 11

The Board of Directors of the Company (the Board), at its meeting held on June 30, 2008 has, appointed Mr. Chandu Chavan as Whole Time Director for a period of 5 years with effect from June 30, 2008. The said appointment was approved by Members in its Extra-ordinary General Meeting held on July 10, 2008. Further, the Board of Directors have appointed Mr. Chandu Chavan as Managing Director designated as Chairman cum Managing Director (CMD) in its meeting dated May 30, 2012 with effect from May 30, 2012 for a period of 5 years. Consequently, the designation of Mr. Chandu Chavan has been changed from Whole time Director / Chairman to Chairman cum Managing Director. The said appointment is subject to approval of Members' in General Meeting.

Hence, it is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. Chandu Chavan in terms of the applicable provisions of the Act. None of the Directors other than Mr. Chandu Chavan is interested or concerned in the Resolution.

Broad particulars of the terms of appointment of and remuneration payable to Mr. Chandu Chavan are as under:

Category	Particulars
Tenure	Period of five years with effect from May 30, 2012 to May 29, 2017.
Basic Salary	₹ 250,000/- per month <i>The Board of Directors may alter the remuneration from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956.</i>
Commission	Payment of commission of such amount for each corporate financial year as may be decided by Board of Directors or committee thereof for each financial year.
Perquisites and Allowances	<p>Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.</p> <p>Club Fees: Fees of two clubs subject to a maximum of two clubs excluding admission and life membership fees.</p> <p>Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p> <p>Gratuity: Gratuity at the rate of half month's salary for each completed year of service.</p> <p>Leave: Leave with full pay or encashment thereof as per the Rules of the Company.</p> <p>Newspapers & Periodicals: As per requirement.</p> <p>Other perquisites: Subject to the overall ceiling on remuneration mentioned hereinabove, additional benefits and / or perquisites may be provided by the Board of Directors (which includes any committee thereof) as they may deem fit.</p>

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Amenities

Conveyance facilities: CMD will be provided with a car with driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.

Communication facilities: Company shall provide telephone at the residence.

Minimum Remuneration: Where in any financial year during the currency of the tenure if the Company has no profits or the profits are inadequate the Company may pay remuneration by way of salary, dearness allowances, perquisites and any other allowances as detailed above subject to provision of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

Item No. 12

The Board of Directors of the Company (the Board), at its meeting held on August 7, 2012 has, appointed Mr. K. V. Ramarathnam as Additional and Whole Time Director for a period of 5 years with effect from August 7, 2012 subject to necessary approvals. He will be responsible for the day-to-day management of the Company.

Hence, it is proposed to seek Members' approval for the appointment of and remuneration payable to Mr. K. V. Ramarathnam in terms of the applicable provisions of the Companies Act, 1956. None of the Director other than Mr. K. V. Ramarathnam is interested or concerned in the resolution.

Broad particulars of the terms of appointment of and remuneration payable to Mr. K. V. Ramarathnam are as under:

Category	Particulars
Tenure	Period of five years with effect from August 7, 2012 to August 6, 2017.
Basic Salary	₹ 500,000 per month <i>The Board of Directors may alter the remuneration from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956.</i>
Commission	Payment of commission of such amount for each corporate financial year as may be decided by the Board of Directors or committee thereof for each financial year.
Perquisites and Allowances	<p>House rent Allowance: Payment of House rent allowance ₹ 10,000/- per month</p> <p>Conveyance Allowance: Payment of Conveyance Allowance ₹ 20,000/- per month</p> <p>Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.</p> <p>Club Fees: Fees of two clubs subject to a maximum of two clubs excluding admission and life membership fees.</p> <p>Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p>

Notice

Gratuity: Gratuity at the rate of half month's salary for each completed year of service.

Leave: Leave with full pay or encashment thereof as per the Rules of the Company.

Newspapers & Periodicals: As per requirement.

Variable Pay: A sum of ₹2,500,000/- per annum or such other sum as may be determined by the Board of Directors (which includes any committee thereof) will be paid to Mr. K. V. Ramarathnam based on performance.

Amenities

Conveyance facilities: Mr. K. V. Ramarathnam will be provided with a car and driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and mobile as well as telephone at residence will not be considered as perquisite.

Communication facilities: The Company shall provide mobile as well as telephone at the residence.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

Item No. 13

Increase in the limit of Maximum Number of Directors and Consequential Alteration of Articles of Association of the Company

Keeping in view the expansion as well as future business strategy of the Company, need has been felt to include two of the Senior Management Personnel among the Board of Directors (Board) of the Company along with two Independent Directors. This will ensure, increase in efficiency as well as rise in accountability of the Board and would help the management to carry out its duties more effectively.

The Board of the Directors at its Meeting held on May 30, 2012 have proposed to increase the maximum number of directors that can be appointed on the Board of Directors of the Company from present limit of 12 to 14 Directors. In terms of Section 259 of the Companies Act, 1956, the aforesaid amendment requires approval of the Central Government besides obtaining approval of the shareholders in a General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are, in any way, concerned or interested in the said resolution.

By Order of the Board
For **Innoventive Industries Limited**

Pune, August 7, 2012

Company Secretary

Registered Office:
Gat No. 1261, Village: Sanaswadi,
Tal: Shirur, Dist: Pune 412 208

Notice

ANNEXURE

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED IS FURNISHED BELOW:

I. RAMPRASAD JOSHI

Profile and expertise:

Mr. Ramprasad Joshi, aged 42 years, is an Independent Director of our Company. He holds a 'Bachelor of Engineering in Computers' from Shivaji University, Kolhapur and 'M.E in Computers' from Veermata Jijabai Technological Institute, Mumbai University. After Engineering, he worked as a Lecturer with Veermata Jijabai Technological Institute for a few years. He was a Project Engineer, IIT Mumbai in the Aerospace Engineering department in 1993-94. He served as Software & Hardware Engineer at Venus Engineers for a couple of years. Thereafter, he worked as an Assistant Professor PICT, Pune from 1998 to 2002. At present, he is pursuing Ph.D. in Computer Science from BITS Pilani.

Public Companies (other than Innoventive Industries Limited) in which Mr. Ramprasad Joshi hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Innoventive Venture Limited (Erstwhile Platinum Ocean Energy Limited, KaytonTrade & Finance Limited)	Innoventive Venture Limited • Shareholders / Investors' grievance Committee	Innoventive Venture Limited • Audit committee

Mr. Ramprasad Joshi does not hold any shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Ramprasad Joshi is concerned or interested in the above item.

II. SANJAY WAGHULADE

Profile and expertise

Mr. Waghulade, aged 47 years, completed his Bachelor of Engineering from Bapuji Institute of Engineering and Technology, Davengere, Karnataka, in 1987. He joined BAL in 1987, where he handled procurement of components, forging and casting along with general purchase. In 1991, he joined Kalyani Seamless Metal Tubes Limited. ("KSMTL"), Baramati, where he handled procurement of project components including cement, steel and sophisticated machinery. He joined Saw Pipes Limited ("SPL") in 1993 as an assistant manager, purchase; and was in charge of all activities related to procurement up to 1995. During his engagement with KSMTL and SPL he gained expertise with regards to the working of the tubes business.

Mr. Waghulade joined the Board of Directors of our Company on November 1, 2002; and has since been an integral part of our Company's management team.

Notice

Public Companies (other than Innoventive Industries Limited) in which Mr. Sanjay Waghulade hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Arihant Auto Components Pvt. Ltd.		
Seven Star Electrodes Pvt. Ltd.	Nil	Nil
(Both companies are subsidiaries of a public company)		

Mr. Sanjay Waghulade holds 31,30,601 equity shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Sanjay Waghulade is concerned or interested in the above item.

III. DR. RAJENDRA JAGDALE

Profile and expertise:

Dr. Rajendra Jagdale, aged 52 years, is an Independent Director of our Company. He holds a Master's degree in Botany and a Ph.D. in Forest Ecology from the University of Pune. He has vast experience in the field of Urban e-transformation using Science and Technology tools, IT open source and freeware, Intellectual Property Management and Technology Transfer, Business incubation and promoting innovation driven cluster development. He is presently the Director General of Science and Technology Park, a not for profit autonomous institute established by Department of Science and Technology (DST), Government of India, is also a member of Bureau of Indian Standards and Chairman of Association of Small and Medium Knowledge Industries, Pune. He has also been accredited with one of the highest civilian titles, "Knight of the Order of Academic Palms" by the Government of France and has been awarded the Environmental Leadership Award from United States Agency of International Development and the Entrepreneurs International Award from Entrepreneurs International, Pune.

Public Companies (other than Innoventive Industries Limited) in which Dr. Rajendra Jagdale hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Indo Japan Business Council Limited	Nil	Nil

Dr. Rajendra Jagdale does not hold any shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Dr. Rajendra Jagdale is concerned or interested in the above item.

Notice

IV. SANJAY ASHER

Profile and expertise:

Mr. Sanjay Asher, aged 48 years, has over 20 years of experience in the field of law and corporate matters. He is presently a partner at Crawford Bayley and Co., and deals with corporate laws, Mergers & Acquisitions, cross border Mergers & Acquisitions, joint ventures, and capital markets. Some of the Companies with which he has been associated as a Director are Tribhovandas Bhimji Zaveri Ltd, Ashok Leyland Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Finolex Cables Limited, Finolex Plasson Industries Limited, Sharp India Limited, Shree Renuka Sugars Limited, Sudarshan Chemicals Industries Limited, Morgan Stanley Investment Management Private Limited etc.

He was an invitee to the committee formed by the Government of India, Department of Disinvestment for the purposes of standardizing the transaction documents in relation to privatization of the public sector enterprises of the Government of India. Mr. Asher is also a member of the committee in respect of Indo-US Financial Institutions Reforms and Expansion Projects - Capital Markets for the purpose of development of securities law bar and the securities law course in India. He was admitted as a Solicitor in the year 1993. Mr. Asher is a leading authority in legal and tax related matters. He has been a Fellow member of the Institute of Chartered Accountants of India and a Commerce and Law graduate from the Bombay University.

Public Companies (other than Innoventive Industries Limited) in which Mr. Sanjay Asher hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
<ul style="list-style-type: none"> Ashok Leyland Limited Bajaj Allianz General Insurance Company Limited Bajaj Allianz Life Insurance Company Limited Balkrishna Industries Limited Finolex Cables Limited Kryfs Power Components Limited Mandhana Industries Limited Repro India Limited Sanghvi Movers Limited Sharp India Limited Shree Renuka Sugars Limited Sudarshan Chemical Industries Limited Tribhovandas Bhimji Zaveri Limited Finolex Industries Limited 	<ul style="list-style-type: none"> Repro India Limited <ul style="list-style-type: none"> Remuneration Committee Ashok Leyland Limited <ul style="list-style-type: none"> Shareholders and Investor Grievance Committee Shree Renuka Sugars Limited <ul style="list-style-type: none"> Audit Committee Share Transfer and Investor Grievance Committee Sharp India Limited <ul style="list-style-type: none"> Share Transfer and Investor Grievance Committee 	<ul style="list-style-type: none"> Finolex Cables Limited <ul style="list-style-type: none"> Audit Committee Remuneration Committee Repro India Limited <ul style="list-style-type: none"> Audit Committee Ashok Leyland Limited <ul style="list-style-type: none"> Audit Committee Shree Renuka Sugars Limited <ul style="list-style-type: none"> Remuneration Committee Sharp India Limited <ul style="list-style-type: none"> Audit Committee Remuneration Committee Mandhana Industries Limited <ul style="list-style-type: none"> Audit Committee Remuneration Committee Tribhovandas Bhimji Zaveri Limited <ul style="list-style-type: none"> Remuneration Committee

Mr. Sanjay Asher does not hold any shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Sanjay Asher is concerned or interested in the above item.

Notice

V. RAHUL RAISURANA

Profile and expertise:

Mr. Rahul Raisurana, aged 43 years, is the Nominee Director representing Standard Chartered Private Equity.

Mr. Rahul Raisurana is Managing Director, Standard Chartered Private Equity Advisory (India) Limited wherein he founded and currently heads Standard Chartered's Midcap focused private equity business in India. His over 20 years of professional experiences includes senior managerial and leadership roles in private equity, corporate and investment banking, corporate finance and risk management with leading global financial institutions in India and USA.

Prior to joining Standard Chartered, he was Managing Director, Investments at IDFC Project Equity Company Limited and co-founded India's first project-level infrastructure investment fund jointly sponsored by Citigroup and IDFC. Previously he was also a senior member of Deutsche Bank India's Executive and Management Committee in his capacity as Head of Institutional and Corporate Credits, India. His other professional assignments included roles with Moody's Investors Services in New York and with Citigroup's Corporate & Investment Banking group in India.

Mr. Raisurana currently serves as a Director on the Boards of PI Industries Limited, Man Infraconstruction Limited, Bush Foods Overseas Pvt. Ltd and Privi Organics Limited. He holds a Masters degree in International Management from Thunderbird, USA, Masters Degree in Business Administration from Clark University, USA and Bachelor of Commerce (Hons) degree from the University of Calcutta, India.

Public Companies (other than Innoventive Industries Limited) in which Mr. Rahul Raisurana hold directorships and committee memberships.

Directorships	Chairman of Board Committees	Member of Board Committees
<ul style="list-style-type: none"> PI Industries Limited Man Infraconstruction Limited Privi Organics Limited 	NIL	PI Industries Limited <ul style="list-style-type: none"> Audit committee Remuneration Committee Man Infraconstruction Limited <ul style="list-style-type: none"> Audit committee Remuneration Committee Privi Organics Limited <ul style="list-style-type: none"> Audit committee Remuneration Committee Share Transfer & Allotment Committee

Mr. Rahul Raisurana does not hold any shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Rahul Raisurana is concerned or interested in the above item.

Notice

VI. BHAGYAM RAMANI

Ms. Bhagyam Ramani aged 60 years, Ex-Director and GM of General Insurance Corporation of India (GIC- Re) is a post graduate in Economics (Hons) from Bombay University with specialization in Industrial & Monetary Economics.

Started her career in General Insurance Corporation of India, a Government of India Undertaking, as a direct recruit Officer and worked in various capacities with the company before assuming the office of General Manager in 2005. As a General Manager, she was in charge of finance and Accounts Department of the corporation. She was elevated to the position of Director on the Board of GIC-Re in 2009.

She possesses relevant expertise in Treasury & Corporate Credit. She has an experience of managing a corpus of ₹40,000 crore in GIC-Re, excellent networking skills and ability of independent judgment.

Public Companies (other than Innoventive Industries Limited) in which Ms. Bhagyam Ramani hold directorships and committee memberships.

Directorships	Chairman of Board Committees	Member of Board Committees
Money Matters Financial Services Limited	Nil	Money Matters Financial Services Limited • Audit Committee • Risk Management Committee

Ms. Bhagyam Ramani does not hold any equity shares of the Company.

She is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Ms. Bhagyam Ramani is concerned or interested in the above item.

VII. RAVINDRA KATRE

Profile and expertise:

Mr. Katre, aged 46 years, completed his Diploma in Mechanical Engineering from Cusrow Wadia Institute of Technology, Pune, in 1984. Mr. Katre is a post graduate in Management Science from the University of Pune. He joined BAL in 1985, where he handled the materials department for a period of 14 years. He joined M/s. Phoenix Enterprises in 1999. Mr. Katre joined the Board of Directors of our Company on November 1, 2002; and has since been an integral part of our Company's management team. Mr. Katre oversees raw material procurement of our Company. He also looks after the activities of the sheet division of our Company, in addition to Saicon Steels Private Limited.

Public Companies (other than Innoventive Industries Limited) in which Mr. Ravindra Katre hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Nil	Nil	Nil

Mr. Ravindra Katre holds 21,02,500 equity shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Ravindra Katre is concerned or interested in the above item.

Notice

VIII. CHANDU CHAVAN

Profile and expertise:

Mr. Chandu Chavan, aged 42 years, is the Chairman and Managing Director of our Company. Mr. Chavan completed his Diploma in Mechanical Engineering from Cusrow Wadia Institute of Technology, Maharashtra in the year 1987. He started his career by joining the materials department of Bajaj Auto Limited ("BAL"), where he handled various functional roles such as procurement of raw materials, imports, development of various components, etc. After nine years of service he left BAL in December 1996.

After leaving BAL, he incorporated a proprietorship firm in the name and style of M/s. Phoenix Enterprises ("Phoenix") in order to capitalise on opportunities envisaged by him in the precision tubes industry. Through Phoenix, Mr. Chavan dealt with selling precision tubes to auto ancillaries by purchasing tubes from the market. Thereafter, in the year 2002 he acquired our Company then operating under the name of Arihant Domestic Appliances Private Limited.

In the year 2007, forward integration was achieved by investing in Seven Star Electrodes Private Limited, a company manufacturing auto components. Further, in the same year our Company, under the leadership of Mr. Chavan, ventured into a new line of business by acquiring 26% equity stake in Sankalp Forgings Private Limited a company carrying out oil well drilling coupling and other ancillary activities. To achieve backward integration, Saicon Steels Private Limited, a company involved in the conversion of hot rolled coils to cold rolled coils was acquired with 51% equity stake into it.

Under his leadership, in January 2012, the Company acquired 85% stake in USA based Salem Steel, a Limited Liability Company, represents international producers of DOM (Drawn over Mandrel) and seamless tubing, supplied in carbon and alloy grades; as well as welded and seamless stainless steel tubing in the USA Market.

His experience and expertise has helped in the growth and development of our Company. Mr. Chavan joined the Board of Directors of our Company on March 5, 2002; and has since been an integral part of our Company's management team.

Mr. Chavan is also a Promoter of Innoventive Venture Limited (IVL) which is a core investment company with a fresh new approach to both traditional and emerging markets. The Company has created a diversified investment portfolio which presents the optimal balance between the return on investment and future growth. IVL is currently listed on BSE.

Public Companies (other than Innoventive Industries Limited) in which Mr. Chandu Chavan hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Nil	Nil	Nil

Mr. Chandu Chavan holds 131,56,700 equity shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than Mr. Chandu Chavan is concerned or interested in the above item.

Notice

IX. K. V. RAMARATHNAM

Mr. K. V. Ramarathnam, B.E.(Mechanical) served as Managing Director of Mahindra Ugine Steel Co. Ltd. Mr. Ramarathnam has rich experience of 35 years in Steel and related industries. He served as SBU Head (Steel Division) of Perkasa Indobaja, Subang, Indonesia (Texmaco Group) for more than 7 years heading Seamless Tubes, Hot Rolling Mill, Steel Melting shop. Mr. Ramarathnam was also associated as a Key Personnel for more than 17 years with Kalyani Steels Ltd. and Kalyani Seamless Tubes Ltd. Mr. Ramarathnam has handled all areas of operations including Production, Marketing, Process and equipment selection, Project appraisal and implementation, Cost Control, Recruitment & Training, Review of all MIS & action plans, Funds Flow management etc. Mr. Ramarathnam has widely traveled on different assignments and is an effective team leader. He is a Graduate in Mechanical Engineering from University of Madras. Before joining IIL, he was the CEO of Masscorp Ltd.

Public Companies (other than Innoventive Industries Limited) in which Mr. K. V. Ramarathnam hold directorships and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
<ul style="list-style-type: none"> Marmagao Steels Limited Shimoga Steels Limited 	Nil	Marmagao Steels Limited <ul style="list-style-type: none"> Audit Committee

Mr. K. V. Ramarathnam holds 1,650 equity shares of the Company.

He is not related to any other director on the Board of the Company as per Section 6 of the Companies Act, 1956.

No Director other than K. V. Ramarathnam is concerned or interested in the above item.

Directors' Report

To,
The Members of,
Innoventive Industries Limited,
Pune

The Board of Directors (the Board) is pleased to present the performance of your Company for the year ended March 31, 2012. The Financial highlights of the year under review are as follows:

FINANCIAL HIGHLIGHTS:

PARTICULARS	₹ in lacs Except per share data	
	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Turnover/Income (Gross).....	68,604.09	62,067.77
Turnover/Income (Net).....	63,830.59	59,037.32
Other income.....	1,174.90	144.43
Total expenditure (Including interest & depreciation)	56,152.45	52,909.43
Profit before tax	8,853.04	6,272.32
Provision for tax		
- Current.....	1,765.36	1,432.01
- Deferred.....	1,414.87	706.47
- MAT (Credit).....	(1,427.01)	(877.16)
Reversal of tax provision of earlier period		
- Current tax.....	-	(489.12)
- Deferred tax.....	-	(155.18)
Profit after tax	7,099.82	5,655.30
Balance brought forward from last year.....	6,328.18	5,674.35
Profit available for appropriation.....	13,428.00	11,329.65
Appropriations		
Proposed dividend on equity shares.....	1,789.32	1,192.88
Corporate dividend distribution tax.....	290.27	198.12
General reserve	709.99	565.53
Less: Utilisation for issue of Bonus Shares.....	-	3,044.94
Surplus carried over to Balance Sheet.....	10,638.42	6,328.18
EPS (Face value - ₹ 10/- per equity share)*.....	12.27	15.59

*EPS for the period ended March 31, 2012 is not comparable due to issue of shares in IPO.

Note: Figures of previous year have been regrouped wherever necessary.

Directors' Report

SUBSIDIARIES AND STEP-DOWN SUBSIDIARIES:

The previous year saw your Company and its subsidiaries venture into new markets and territories with a view to increase its presence in the overseas markets. The details of various subsidiary companies of Innoventive Industries Limited (IIL) are displayed below:

During the Financial Year 2011-12, the Company has incorporated a Wholly Owned Subsidiary, named 'Innoventive Americas, INC' (IAI) in the Delaware State of United States of America to acquire business of Salem Steel North America, LLC (Salem). Salem was incorporated as a Limited Liability Corporation in the year 2002 and it represents international producers of DOM (Drawn over Mandrel) and seamless tubing, supplied in carbon and alloy grades, as well as welded and seamless stainless steel tubing in the US market.

IIL started supplying DOM/ CEW tubes to Salem in March 2009 and since then it marketed its product in USA through a

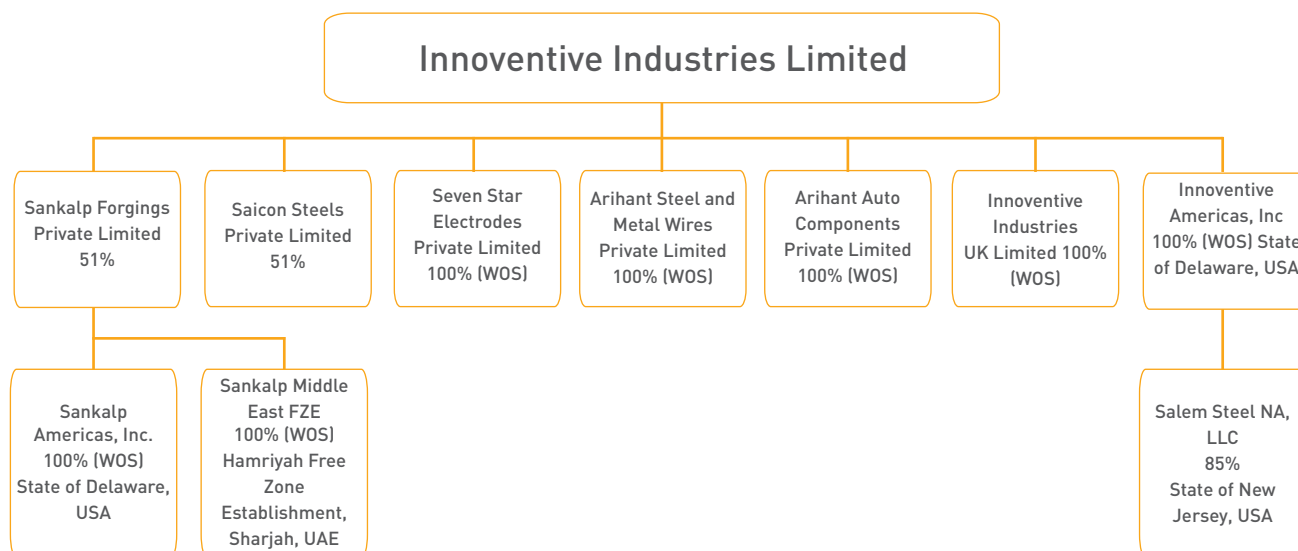
long term arrangement Salem. Salem caters various industries such as aircraft, construction, automotive, boilers and heat exchanges etc.

The Company has formed a step down subsidiary known as 'Salem Steel NA, LLC' to acquire the business of Salem. Accordingly, Innoventive Americas, INC has 85% stake in Salem Steel NA, LLC.

Your Company is also looking forward to establish strong footprint in Europe and with the goal in view the Company has incorporated 'Innoventive Industries UK Limited' at London, United Kingdom (UK) to explore market potential for Company's products in UK.

Further, Sankalp Forgings Private Limited (Sankalp) has incorporated its Wholly Owned Subsidiary (WOS) in the United States of America (USA), named 'Sankalp Americas, INC.' The Board of Directors of Sankalp desires to expand Company's customer base, sales, revenue through this WOS.

Recently, Sankalp has also incorporated a Wholly Owned Entity in Sharjah, UAE by name Sankalp Middle East FZE.



Directors' Report

'MEGA PROJECT' – PIMPLE JAGTAP

It is a great pleasure to share that the Company continues to enjoy the 'Mega Project' status granted by the Government of Maharashtra in the year 2007, for the Company's plant located at Pimple Jagtap. This entitles the Company for some monetary benefits which include; Industrial Promotion Subsidy (IPS) in the form of VAT refund equivalent to 75% of the eligible investment made in the plant with effect from March 28, 2007, subject to certain terms & conditions. In the previous year the eligible investment limit granted to the Company has been increased to ₹ 562 Crores and the tenure to receive this VAT refund has been increased to 9 years from 7 years.

The Government of Maharashtra, Directorate of Industries has disbursed amount of ₹ 25.46 Crores for the year 2010-11 as IPS claim in the form of VAT refund. This disbursement represents the third consecutive refund which in turn validates that the Company's business practices are in-line with the requisite regulatory guidelines required to continue being eligible for the 'Mega Project' status. The incentive sanction received further enhances the value proposition for the Company.

FINANCIAL STATEMENTS OF THE SUBSIDIARY COMPANIES

As per Section 212 of the Companies Act, 1956 the Company is required to attach Directors' Report, Balance Sheet and Profit & Loss Account of its subsidiaries. However, the Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011 has granted general exemption to companies from complying with under Section 212, provided such companies publish the audited consolidated financial statement in the Annual Report. Accordingly, the Annual Report 2011-12 does not contain the annual reports of our subsidiaries. A statement containing summarized financials which includes reserves, total assets, total liabilities, investments, total sales, profit before tax etc. of all subsidiaries is included in this report. The audited annual accounts and related information of our subsidiaries will be made available upon request. These documents will also be available for inspection during business hours at our registered office.

DIVIDEND

Considering the Company's financial performance, the Board of Directors is pleased to recommend a Final dividend of ₹ 3/-

per share. The said dividend, if approved by the Members, would involve a cash outflow of ₹ 17,89,31,997/- (excluding applicable taxes).

PARTICULARS OF EMPLOYEES

Employees are driving force for any industry. The Company has created a favorable work environment that encourages innovation. Further, the industrial relations are cordial at all units of the Company. The support from the workforce and union is upbeat and positive.

The relevant details required to be mentioned under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given below:

Particulars	Details
Name & Designation,	Ravindra W. Katre, Managing Director#
Qualification	Post Graduate in Management Science and Diploma in Mechanical Engineering.
Age	46 years
Date of Joining	November 1, 2002
Experience (Years)	26 Years
Gross Remuneration (₹In Lacs)	94.32
Previous Employment Designation	Phoenix Enterprises - Head Commercial
Details of Shareholding	21,02,500 equity shares are held in his name whereas 17,15,437 equity shares are held in the name of his wife.

ceased to be Managing Director and appointed as Whole time Director w.e.f. May 30, 2012

Directors' Report

DEPOSITS

The Company has not accepted deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet date.

DIRECTORS

During the last year Mr. Sanjay Asher and Mr. Rahul Raisurana were inducted to the Board of Directors of the Company as Additional Directors holding office till the ensuing Annual General Meeting. Mr. Sanjay Asher is an Independent Director whereas Mr. Rahul Raisurana is Nominee Director representing interest of Standard Chartered Private Equity. The Board has recommended their appointment as Directors to the Members.

Further, pursuant to Section 255 & 256 of the Companies Act, 1956, Mr. Sanjay Waghulade, Mr. Ramprasad Joshi and Dr. Rajendra Jagdale retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Mr. Ravindra Katre has resigned as the Managing Director of the Company with effect from May 30, 2012 and continues as a Whole Time Director of the Company subject to necessary approvals. Mr. Chandu Chavan is appointed as Chairman cum Managing Director (CMD) with effect from May 30, 2012 subject to necessary approvals.

The information about the Directors proposed to be appointed/re-appointed at the Annual General Meeting is given in the annexure to the Notice calling 21st Annual General Meeting.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' Report and certificate from the Auditors of the Company confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, who are the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them to examine and audit the accounts of the Company for the Financial Year 2012-13. M/s B. K.

Khare & Co., Chartered Accountants have, under Section 224(1) of the Companies Act, 1956, furnished a certificate of their eligibility for re-appointment.

COST AUDIT

Pursuant to Section 233B and other applicable provisions, if any, of the Companies Act, 1956 and Order passed by Ministry of Corporate Affairs vide F. No. 52/26/CAB-2010 dated May 3, 2011, the Company carries out an audit of cost accounts. The Board has re-appointed M/s. A. J. Paranjape & Co., Cost Accountant, to audit the cost accounts of the Company for the Financial Year 2012-13.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company is committed to improve the quality of life of the work force and their families and also the community. Further, the Company believes that undertaking activities in such a manner that promote the interest of all stake holders and society will help overall development of the society.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Annexure A to the Directors' Report contains details of information in relation to energy conservation and research and development activities undertaken by the Company. This information is as per the provision of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings (FOB value of exports) - ₹ 6,567.18 Lacs (previous year ₹ 2,581.04 Lacs) Foreign exchange outgo ₹ 4,401.62 Lacs (previous year ₹ 196.59 Lacs).

Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under the section 217(2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the annual accounts for the financial year ended on March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the accounts for the financial year ended on March 31, 2012 on a 'Going Concern basis'.

CAUTIONARY STATEMENT

The Company has taken due caution while preparing this Annual Report ('the Report'). The Report may contain futuristic or forward looking statements, which the management believes are true to the best of its knowledge and actual results, may differ from those mentioned in the Report.

ACKNOWLEDGEMENT

The Board of Directors of your Company wishes to record their appreciation for co-operation, support from all the stakeholders of the Company. Your Directors also gratefully acknowledge the sincere efforts and guidance extended to the Company by its customers, vendors, government authorities, bankers, employees.

For and on Behalf of the Board of Directors
INNOVENTIVE INDUSTRIES LIMITED

Place: Pune

Date: May 30, 2012

CHANDU CHAVAN
Chairman and Managing Director

Directors' Report

ANNEXURE 'A'

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Directors' Report

(A) Power and Fuel Consumption

SR. NO.	PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
1.	Electricity:		
(A)	Purchased		
	Units(KW).....	14,731,079	14,943,676
	Total Amount.....	92,379,560	71,806,448
	Rate/Unit (₹).....	6.27	4.80
(b)	Own Generation.....	N. A.	N. A.
2.	Coal:	NIL	NIL
3.	Furnace Oil:		
	Quantity.....	261,910	219,450
	Total Amount.....	83,78,225	60,52,531
	Average Rate.....	32	27.58
4.	Other/Internal Generation:	NIL	NIL

(B) Consumption per Unit of Production

In view of the heterogeneous product mix the consumption per unit of product has not been indicated for the various products/units. However the efforts are being made to arrive at such figures in years to come.

Directors' Report

CONSERVATION OF ENERGY

Your Company is committed to conservation of energy and therefore innovated the use of cold pilgering process to make CEW tubes directly from ERW tubes without the use of draw bench. This process results in energy, labour and process-related cost saving and provides tubes with enhanced mechanical properties like better surface finish, dimensional accuracy and strength, compared to typical CEW tubes.

TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND RESEARCH & DEVELOPMENT

Your Company has made significant investments in building state of the art Manufacturing facilities and developing its In-house Research and Development (R&D) to improve the Company's processes and product Innovations.

This has led to significant savings in resources and increased competitiveness. The Company's patent for its unique manufacturing process (Pilgering process for CEW/DOM Tubes from ERW Tubes) has passed the public domain and the Company is in the process of filing additional patents for other products and processes.

In-house R&D efforts have helped the Company to develop processes, tools and technology to include Special Purpose Machines to make manufacturing process more efficient and broaden its product range.

For and on Behalf of the Board of Directors
INNOVENTIVE INDUSTRIES LIMITED

Place: Pune
Date: May 30, 2012

CHANDU CHAVAN
Chairman and Managing Director

Statement pursuant to Section 212

OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Particulars	Arihant Auto Components Pvt. Ltd.	Arihant Steel and Metal Wires Pvt. Ltd.	Seven Star Electrodes Pvt. Ltd.	Saicon Steels Pvt. Ltd	Sankalp Forgings Pvt. Ltd.	Innoventive Industries UK Ltd.	Innoventive Americas, INC	Salem Steel NA, LLC	Sankalp Americas, INC.
1	Capital	190.00	80.00	40.00	445.00	43.90	0.08	0.05	3,182.43	0.05
2	Reserve & surplus	-232.97	-64.90	1,186.22	700.85	3679.31	0.74	2611.93	187.11	-0.10
3	Total assets	1,060.45	1,093.35	1,642.50	6,897.22	14,594.25	0.82	2,867.63	6,256.82	305.43
4	Total liabilities	1,060.45	1,093.35	1,642.50	6,897.22	14,594.25	0.82	2,867.63	6,256.82	305.43
5	Investments	NIL	0.25	NIL	5.00	2.54	NIL	2,867.54	NIL	NIL
6	Total sales (Net)	NIL	113.55	336.20	5,798.85	10,410.29	NIL	NIL	2,011.79	NIL
7	Profit before tax	192.99	-137.32	7.63	650.93	2,075.27	NIL	158.83*	186.90	-0.10
8	Provision for tax	58.58	-24.33	13.98	222.94	685.32	NIL	66.52	66.52	NIL
9	Profit after tax	134.41	-112.99	-6.35	427.99	1,389.95	NIL	92.31	120.38	-0.10
10	Proposed dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: * 85% Share of a Profit booked for 2 months (February & March 2012) as a result of investment made in Salem Steel NA, LLC

Date: May 30, 2012
Place: Pune

For and on Behalf of the Board of Directors

C. L. CHAVAN
Chairman &
Managing Director

R. W. KATRE
Whole Time Director

M. G. BAGIA
Company Secretary

Management Discussion & Analysis

I) GLOBAL ECONOMY

The Global Economy has seen significant challenges in 2011-2012 due to the unfolding of the Eurozone sovereign debt crisis and a sluggish performance by the US economy. The political crisis in the Middle East, Natural Disaster in Japan and diminishing growth in BRIC nations have also added to the challenges. Persistent inflation and high interest rate regimes in China and India have also contributed to slowing growth. The IMF projected the growth in emerging economies to slow down to 5.4% this year, from 6.2% last year.

II) INDIAN ECONOMY

The challenges in the global economy, had an impact on the domestic economy which is now increasingly integrated. In addition, the high interest rate regime, sluggish industrial activity which resulted into moderation in growth of tax revenues, increasing prices of crude oil as well as other commodities and higher than expected subsidies resulted in an expanded fiscal deficit. This has led to a decline in the value of the rupee against major currencies.

The combined impact of all these events led to moderation in GDP growth which, as estimated by the Central Statistical Organisation (CSO) diminished to 6.5% in 2011-2012 from 8.4% in 2010-2011. Persistent inflation which forced the RBI to continue with its stringent monetary policy has shown no sign of abating. The financial challenges plaguing central and state governments and key sectors of the economy will need to be addressed head on in order to enable the domestic economy to return to a high growth trajectory.

Outlook: Despite a 50 bps repo rate cut by RBI in its annual monetary policy review for FY13, the overall guidance on future monetary policy statements continues to remain neutral. The central bank has projected a similar GDP growth for 2012-2013 at ~6.5%.

III) INNOVENTIVE INDUSTRIES LTD (IIL)

Innoventive Industries Ltd is a multi-product engineering company which manufactures precision steel tubes, power equipment components, auto components, oil & gas components, and other steel products catering to applications in diverse sectors such as Transportation, Oil & Gas, Power and General Engineering.

Business Review: The year 2011-2012 has been a year of growth for the Company amidst a challenging business environment. With IIL's established business segments (precision tubes, oil & gas and auto components) faring well, overall company has performed exceptionally well in the turbulent times. The total income for the year grew by 12.1% to ₹ 790 crore from ₹ 705 crore in FY11. The EBITDA margin improved to 26.7% in FY12 from 23.7% in FY11 and PAT margin improved modestly to 10.1% in FY12 from 8.8% in FY11. The Board of Directors has recommended a dividend of ₹ 3 per share. During the year, the Company acquired 85% stake in the business of US based Salem Steel North America, LLC for ₹ 25.5 crore which will help it to expand its footprints in developed markets.

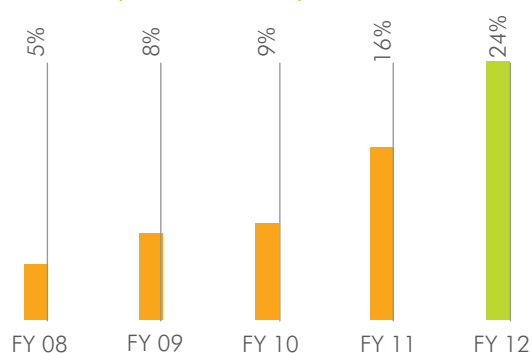
With IIL's established business segments (Precision Tubes, Oil & Gas and Auto Components) faring well, overall company has performed exceptionally well in the turbulent times.

Outlook: The company targets a rising customer base through various initiatives undertaken coupled with an increase in the number of products. Going forward, innovation through R&D will continue to be an integral part of IIL, leading to enhancement of cost competitiveness in existing processes, developing newer products and discovering newer product applications. IIL's endeavour will be focused on increasing presence in export markets with products of unmatched quality.

Exports jumped nearly 5 times over last 5 years to reach 24% of group revenue. The Salem acquisition will help the Company to forward integrate and strengthen relationships with end customers in the North American markets.

Management Discussion & Analysis

Rising Contribution of
Exports in Group Revenues



9.6% and 9.3% respectively during the same period (Source: Frost and Sullivan Report).

Business Performance: This segment's revenue stood at ₹ 426.18 crore in FY 2012 as compared to ₹ 349.47 crore in FY 2011 achieving a Y-o-Y growth of 22%. Within Precision Tubes segment, ERW tubes are basic steel tubes made by rolling HR coils and welding along the length of the tube. CEW / DOM tubes are made from ERW tubes by reducing its diameter and wall thickness through various processes such as our patented cold pilgering and cold drawing. Typically, CEW tubes are more complex in nature compared to ERW tubes. These manufacturing complexities coupled with the low volume requirements from customers deter large manufacturers from employing economies of scale in production of CEW tubes. However, CEW tubes enjoy higher realisations and margins compared to ERW tubes. The Company enjoys a cost advantage compared to global CEW tubes producers due to its low cost of production arising out of its patented technology. The overall tube segment margins were also enhanced by increased revenues of Membrane Panel Strips (Narrow width ~10.3 mm), which is an import substitute.

ILL's current capacity for ERW tubes is ~70,000 tonnes and it is on the verge of completing its capacity expansion of the high margin CEW tubes by 2.7x to 76,701 MT p.a.

Outlook: In the wake of a global slowdown, the Company continues to remain optimistic of demand for its range of tubes manufactured by its unique processes across the geographies. The need for superior products at competitive price is pushing customers to opt for products from suppliers meeting these criteria. Further, the implementation of the capacity expansion coupled with a pipeline of new products will help the Company successfully meet its customers' demand and requirements. The Company is well positioned to tap this opportunity, thereby increasing its presence across markets.

The Company is confident of its membrane panel strip which finds applications in heat exchangers and boilers and is an import substitute. Membrane panel strip is a well-established product and we are hopeful of maintaining the growth momentum.

IV) PERFORMANCE OF BUSINESS SEGMENTS

A) SEGMENT-WISE REVENUE

₹ Crore

Particulars	Consolidated Year Ended	
	March 31, 2012	March 31, 2011
Tubes & Products	426.18	349.47
Auto Components	174.35	174.80
Oil & Gas	101.37	82.18
Cold Rolled Coils	57.99	45.76
Others	17.52	51.80
Total	777.40	704.02

B) PRECISION TUBE SEGMENT

The Company enjoys a cost advantage compared to global CEW tubes producers due to its low cost of production arising out of its patented technology.

Industry Overview: The Indian precision tubes market is expected to double over a 5 year period between 2009-10 to 2014-15 (Represents a CAGR of 16.8%, with industry growing from ₹ 3,490 crore in FY 2010 to ₹ 7,590 crore in FY 2015). Within Precision tubes, the market volume for Cold-drawn Electric Welded (CEW) tubes is expected to grow at a CAGR of 14.2%, whereas that of Electric Resistance Welded (ERW) and seamless tubes will grow at a CAGR of

Management Discussion & Analysis

C) AUTO COMPONENTS SEGMENT

Industry Overview: The auto sector is facing challenging times with slowing industrial growth, rising fuel cost, fluctuating currencies, high inflation and interest rates. These factors have led to mixed sentiments for the sector, affecting the growth of Original Equipment Manufacturers (OEMs) in the domestic and overseas markets. However, the two-wheeler segment has been able to grow at a moderate pace.

Business Performance: IIL group's revenue in this segment remained at ₹ 174.35 crore in FY 2012 as compared to ₹ 174.8 crore in FY 2011. The Company manufactures a variety of machined components, press fabricated parts, welded components and assemblies, catering to the automobile sector. The auto components are manufactured from precision steel tubes, sheets and other raw material. India's leading two-wheeler manufacturer, Bajaj Auto, has been one of our esteemed long established customers for the Auto Components division and continues to repose faith in our capabilities.

Outlook: We believe that the auto industry may continue to face challenges due to macro factors discussed earlier. To capitalize on the growing opportunities of the two-wheeler market, the Company is constantly developing new products for its customers and making strategic moves.

D) OIL & GAS COMPONENTS SEGMENT

The Company expects to be a preferred supplier for oil & gas supplies across the globe, with various API (American Petroleum Institute) certifications and major Oil & Gas approvals in place. Favourable trends in Oil & Gas exploration and drilling are resulting in robust demand for the Company's products such as couplings, pup joints and crossovers, etc.

Industry Overview: World daily crude oil production has remained fairly stagnant at ~70 million bpd (+2%) over the last five years. (Source: OPEC Annual Statistical Bulletin 2012) Global demand has remained buoyant despite moderating demand in developed economies, high prevailing oil prices and supply shocks due to the state of the global economy. Global demand has been sustained by emerging economies which have experienced an increase in per capita income, rising consumption and the need to satisfy the growing appetite for energy from high growth economies.

Further, natural gas has emerged as an effective addition in the global energy chain due to its emission properties and the advent of new technologies enabling its extraction and use.

The easily accessible reserves of crude and natural gas have already been exploited and are responsible for a large majority of the oil and gas produced today. Oil & Gas companies are now forced to venture into wells and regions which were previously regarded as difficult, unfeasible and expensive to access. However, improved seismic data, new extraction technologies and improved realizations have made hitherto unfeasible reserves viable. Further, improved financial strength of global oil & gas producers have enhanced their ability to spend on discovery and extraction. As demand for energy is expected to sustain for several years, it is expected that investments on oil & gas exploration will continue to grow.

Business Performance: Revenue in this segment stood at ₹ 101.37 crore in FY 2012 as compared to ₹ 82.18 crore in FY 2011 achieving a Y-o-Y growth of 23%. Under this segment, the Company manufactures fully machined, ready-to-assemble parts such as machined tubings, couplings, casing couplings, pup joints, cross-overs, open-die and closed-die forgings. The Company has added new international customers such as Welded Tube of Canada, Gulf International Pipe Industry LLC, etc. in this segment. It has also received approvals from companies such as Petrobras, Shell, Petroleum Development Oman, etc.

Outlook: The Company expects to be a preferred supplier for oil & gas supplies across the globe with various API certifications and Shell audit in place. While this business has been increasing steadily over the last few quarters, we see a potential to increase it even further as the Oil & Gas exploration market is subject to favourable trends. Oil producers are now drilling newer oil wells which are located deeper underground and in terrain that is more difficult to access. This has been made possible as sustained increases in the price of end products made these oil wells viable. Also, the tonnage per well has been increasing continuously since past few years. This is resulting in robust demand for the Company's products such as couplings, pup joints, crossovers, valves, etc.

Management Discussion & Analysis

E) COLD ROLLED COILS & OTHER PRODUCTS SEGMENT

Industry Overview (General Engineering and Indian Manufacturing Industry): As per National Manufacturing Competitiveness Council (NMCC), manufacturing is an important segment of the Indian economy, contributing ~16% to the GDP and employing ~13% of the total workforce in India. Indian manufacturing is an emerging sector and has all qualities to further enhance the economic development of the country.

As targeted by NMCC, manufacturing is set to contribute 25% to the GDP by 2025 compared to the current share of ~16%. According to '2010 Global Manufacturing Competitiveness Index' by Deloitte Touche Tohmatsu and US Council on Competitiveness, India ranked 2nd in terms of manufacturing competence. As per the same source, India would continue to dominate the global manufacturing sector over the next five years. The Index of Industrial Production (IIP) recorded a growth of 2.8% in FY 2012 w.r.t. FY 2011, while manufacturing recorded a growth 2.9% over the same period.

Business Performance: Revenue from this segment stood at ₹ 57.98 crore in FY 2012 as compared to ₹ 45.76 crore in FY 2011. Others contributed ₹ 17.52 crore in the total revenue for FY 2012. Under this segment, the Company and its subsidiaries manufacture Cold Rolled (CR) Coils, Cold Rolled Sheets Strips, Metal Wires, Laminates and Stampings, etc.

Outlook: While other products are expected to grow at similar levels, the CR coil division will continue to focus on low batch size and value added products within the space.

V) OPERATIONAL REVIEW

During FY 2012, Innoventive Industries raised ₹ 217.41 crore through its IPO. The proceeds have been utilised for expansion of capacity, repayment of debt and general corporate purposes. Also, Innoventive has received disbursement of ₹ 25.46 crore as VAT refund for FY 2011 which represents 85% of the total eligible claim amount of ₹ 29.95 crore from the Directorate of Industries, Government of Maharashtra (GoM). Further, in FY 2012, GoM has increased the eligible investment limit for IIL's facility at Pimple Jagtap to ₹ 562 crore under the Industrial Promotion Subsidy (IPS). GoM has also increased the tenure for receiving VAT refunds under IPS for this facility to 9 years

from 7 years earlier (from FY 2016 to FY 2018). The company has implemented SAP systems across its operations to facilitate real time reporting of information and improved internal controls, leading to higher efficiencies.

VI) SALEM ACQUISITION

As a part of the Company's strategy to drive growth and improve penetration in developed markets, Innoventive acquired 85% stake in the business of US based Salem Steel North America for ₹ 25.5 crore. The balance 15% is being held by one of the existing promoters to ensure smooth functioning of the Company. With this transaction in place, it will help the Company to forward integrate and strengthen relationships with end customers in the North American markets. Further, the Company will be in a better position to cross sell other products in its portfolio in US markets. Another upside is the Company will realize distributor and manufacturer margins on products sold, thereby enhancing existing margins. The payback period for this acquisition is expected be approximately two years.

Management Discussion & Analysis

VII) SWOT Analysis

A) STRENGTHS

Process Expertise: IIL has developed a proprietary 'cold pilgering' technology for manufacturing Cold Drawn Electric Welded Tubes (CEW) / Drawn Over Mandrel (DOM) tubes. This patented technology significantly reduces the requirement of resources such as material, labour, electricity, etc. when compared to the conventional draw bench technology. Apart from savings in cost, the end product is augmented in characteristics through better surface finish, higher tensile strength and improved quality. IIL received the patent grant for this technology in July 2012, which is valid for a period of 20 years. IIL is focused on leveraging its technological expertise to manufacture wide range of products. Its expertise in this technology results in the cost competitiveness in manufacturing at a global level.

Diversified Operations: IIL manufactures a wide range of products which find applications in diverse sectors.

It is a highly competitive manufacturer and caters to a varied customer base. It operates in multiple sectors, multiple end-user industries, and across multiple geographies. The product, market and geographical diversification lend a de-risked nature to the business model.

Regulatory Incentives: Under the Industrial Promotional Subsidy (IPS) scheme, the Company's Pimple Jagtap plant has been awarded a 'Mega Project' status under which it is eligible for VAT refunds for sales in Maharashtra. Further, this tenure has been increased by 2 years till FY 2018 and the investment amount has been capped at ₹ 562 crore. This has significantly improved the capital outlay in setting up capacity and has enhanced the Company's financial strength to its high-capex low-opex business model.

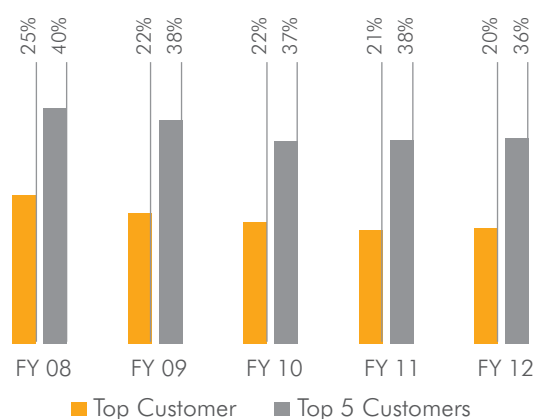
Strong Leadership Team: IIL is led by a team of experienced technocrats and well qualified professionals. Most of its employees and management personnel have several years of experience in the industry and possess relevant industry knowledge and expertise, including the ability to improve operational performance of acquired assets. Through this team, IIL enjoys deep and relevant expertise in the sector and well positioned to establish global operations.

Barriers to Entry: The Company enjoys several advantages such as proprietary technologies, robust track record, rich customer base and API certifications, etc., which act as entry barriers for competition. The API certification is an industry standard for manufacturers aiming to cater to the oil & gas exploration sector. It is a time consuming process and can

take up to 24 months to receive such approval. The company has received a host of API certifications and customer approvals, putting it ahead of its peers. The company is now well positioned to tap business opportunities with the help these approvals.

Customer Base: The Company through its consistent delivery of quality products has built long term relationships with several companies. Some of its marquee customers include reputed companies such as Bajaj Auto, BHEL, Arcelor Mittal, Welded Tube of Canada, Volvo-Eicher, etc.

Top Customers of IIL (% of Revenue)



Strong R&D Setup: The in-house R&D setup has helped the Company to develop products, processes, tools & technology to make its manufacturing process more efficient and broaden its product range. Further initiatives are underway to explore improvements to manufacturing processes of synergistic products and to discover new applications for existing products. The company has inculcated a bottom driven innovation culture.

B) WEAKNESSES

Capital Intensity: The Company's business has significant requirements for both capital outlay as well as working capital. In order to set up capacities, significant investments are required in land, building, plant and machinery before commencing operations. Similarly, working capital investments in materials, resources, labour, machine implements, tools and dies are also fairly significant. Due to the peculiar nature, where small batch quantities, high precision and special grade materials are required, the overall investment requirement is high.

Management Discussion & Analysis

The Company has availed Government incentives which help ease the burden of capital outlay significantly and have entered into negotiations with suppliers, banks and customers to effectively manage ILL's working capital requirements.

Susceptible to Delays: The Company is susceptible to any delay in setting up capacity or delay in timely procurement of raw materials. Further, the Company may face delays in obtaining approvals to transact business in new markets. These delays or cost escalations may impact its profitability.

C) OPPORTUNITIES

Improve Product Mix: The Company's product portfolio comprises recently added products as well as products which have been in existence for several years. Further, the industries that it caters to are at different phases of growth and its customers have varying requirements. The margins on its products vary and some of its niche products which require higher manufacturing complexity enjoy better margins. Additionally, ILL has launched some unique products which have specific applications. (e.g. bimetallic tubes, bearing spacers, etc.) There is an opportunity for the company to alter the product mix and to increase the share of niche, high value products, which will result in an improvement in blended margins at the Company level. Also, the potential of most of current customers is high as the Company is supplying only a part of their total requirements and with increased capacities, it will be in a position to increase its share of supplies.

New Markets: While the revenue from exports represents 24% of overall revenues, it is still in a growth phase. ILL's manufacturing capabilities and technologies are highly competitive and it aims to leverage its process expertise to exploit cost arbitrage in several markets. The company is currently focused on expanding its global reach and distribution network to allow it to access a wider customer base by entering in newer markets and regions.

New Industries: While ILL currently caters to the precision tubes, automobile components, oil & gas, and general engineering segments, there are several other industries which may require similar products or whose manufacturing processes can realize synergies by using the Company's products and processes. In order to enhance its capabilities and strengthen its business model, the Company will look to broaden its product range to cater to newer industries which demonstrate significant potential.

Acquire Niche Assets: The Company has been able to

successfully identify and acquire businesses, which have great potential but lacked financial ability to grow further, at an attractive value. The Company has been able to successfully integrate and grow such businesses profitably and thereby, enhancing its presence into newer segments and increasing the Company's scope of activities. Enhancing the product portfolio, newer segments and geographical presence would be the key drivers to acquire such niche assets.

D) THREATS

Increasing Competition: The increasing size, scale and popularity of the Indian manufacturing sector on a global scale as well as the healthy demand for the Company's products may attract more players resulting in intensifying competition. In long run, this may result in re-pricing of products as well as firming up of cost of resources such as labour, materials and suitable operating sites which are in limited supply. All of these factors could have a bearing on growth and performance of its business.

Regulatory and Political risks: Any measures adopted by the government to regulate the industries or the companies the Company serves or specific to ILL's industry can impact its progress. Any adverse changes in regulation or the incidence of higher levy and charges could also hamper profitability. A premature withdrawal of subsidies and incentives granted to it can alter expected returns. The uncertain political environment resulting in policy flip flops can have an adverse effect on aggregate demand for the Company's products.

Disruptive Technologies: The pace of technological change has increased and industries can be impacted by disruptive technology. Any new technology that impacts the Company's customer industries could also affect the requirement for its products catering to those industries.

VIII) Financial Performance

For the full year ended March 31, 2012, the Company has reported on a consolidated revenues of ₹ 790 crore resulting in the growth of 12% in comparison to revenues of ₹ 705 crore in FY 2011.

Consolidated EBITDA for FY 2012 stood at ₹ 212 crore, higher by 27% when compared to FY 2011 (₹167 crore). PAT at consolidated level for FY 2012 was ₹ 80 crore, higher by 29% when compared to ₹ 62 crore in FY 2011 including reversal of excess tax provision of earlier period.

Management Discussion & Analysis

EPS (consolidated) stood at ₹13.83 per share on enhanced capital base following IPO in April, 2011 as against FY 2011 EPS of ₹ 17.20 per share. The Board has recommended a final dividend of ₹ 3 per share on Face Value of ₹10 each.

IX) Internal Controls

The Company and its management have implemented comprehensive systems and processes commensurate with the Company's size to ensure the highest level of internal controls. These ensure that its assets and interests are carefully protected; checks and balances are in place to determine the accuracy and reliability of accounting data. Well documented processes have been implemented throughout the organization to ensure that policies are promoted and adhered to. There are clear demarcation of roles and responsibilities at various levels of operations. The Internal Control system aims to make sure that the business operations function efficiently. It also ensures that the applicable laws, rules, regulations and policies of the Company are followed and the company adheres to the highest standards of financial reporting. The Finance Department implements and monitors the internal control environment and compliance with statutory requirements.

X) Company Outlook

The Company expects the coming year to be both exciting and challenging. Challenging because the weak macro-economic conditions are expected to continue into the coming year which in turn is exciting as it presents a huge ocean of opportunities for the Company. Over the last couple of years, acquisitions, R&D efforts and product innovations have helped the Company put together the building blocks to tackle the impending global slowdown. R&D continues to be an integral part of the Company. It has helped the Company innovate newer processes to manufacture a host of the Company's products and also find newer applications for some of its existing products. The Company's diversifications of products, geographies and customers have taken it a long way in mitigating risks associated with a single revenue source. The Company has incubated newer businesses and have done well in most of the ventures undertaken, which has led increased revenues. The Company in the coming years will continue to look out for nascent businesses with promising opportunities to further expand its horizons. The Company would look forward to the coming year and would take the opportunities and disappointments in its stride.

XI) Human Resources

The Company understands the value of a talented workforce and keeping this in mind, it has put various talent retention policies in place. The Company has worked towards building a more effective organizational structure across all its business verticals and creating a leadership pipeline. Active engagement of employees in the business, strong employee oriented HR policies and competitive compensations have helped in enhancing the productivity of the workforce. All the employees of Innoventive are shareholders through the Employee Trust.

Periodically, various training programs have been conducted to improve both their professional and personal lives, thereby improving individual growth and achieving the organizational goals. As per recognised industry standards, various safety and health measures have been initiated. The cordial industrial relations were maintained during the year under review.

XII) Risk Management

The Company recognizes the importance of risk management as a constituent of business strategy and a key ingredient for long-term sustainability. It has a well-structured risk mitigation framework covering key elements of its global operations. The Board periodically reviews the risk assessment procedure and risk mitigation procedures laid down by the Company.

Risk Management Framework

Risk Management is an integral part of the Company's business model. The business practices at IIL are oriented to leverage risk management to optimise returns while keeping risks below a defined level. The Risk Management Framework encompasses risks under the following categories:

Strategy: Relates to the impact on the organization, which arises out of the strategic decisions taken by management.

Operational: These risks have the potential to impact the efficiency and effectiveness of the Company's operations.

Financial & Reporting: Relates to transmission of timely and accurate information to shareholders and accurate representation of financial statements

Management Discussion & Analysis

Compliance: Relates to inadequate compliance with existing or new regulations, inappropriate conduct of contractual obligation and inadequate safeguard of Intellectual Property leading to litigation or loss of reputation.

Forex: Relates to key operational risks and risks of fluctuations in foreign currency exchange rates.

RISKS	MITIGATION
Currency Fluctuations <ul style="list-style-type: none"> Foreign currency loans and Imported machineries Exports of products exposes us to fluctuation risks 	<p>Simultaneous imports and exports provide us with a natural hedge. Wherever required, the company undertakes plain vanilla forward contracts and other derivative instruments to hedge its net exposure.</p>
Human Resources challenge <ul style="list-style-type: none"> Attracting and retaining employees in a competitive engineering space 	<p>Senior Management is actively engaged with employees to ensure their commitment. An employee trust has been created by the Company to ensure that every employee is a stakeholder and thereby, views the company as an owner and long term partner.</p>
Raw Material Volatility <ul style="list-style-type: none"> Fluctuations in prices of steel Higher inventory build up 	<p>The Company undertakes strategic sourcing initiatives and tie-ups with steel producers to reduce the price fluctuations and ensures rationalization of inventory on a periodic basis. Better technology has offset the rising raw material costs, thereby enabling us to maintain our margins.</p>
Intellectual Property <ul style="list-style-type: none"> The company utilises various niche processes to improve profitability. Any infringement of these processes could affect the profitability of the Company. 	<p>The Company has received patent for its cold pilgering process to manufacture CEW tubes. Patents for other products and processes are underway.</p>
Customer Concentration <ul style="list-style-type: none"> The Company has traditionally been reliant on the Auto Sector. Bajaj Auto remains the largest customer of the Company 	<p>The company has reduced its dependence on a single industry and is in the process of expanding its customer and end user industry base by enhancing the product profile. The company has also steadily increased exports which will help to diversify its geographies and currencies of operations.</p>
Technology Development <ul style="list-style-type: none"> Any disruptive technology or innovation may affect the competitiveness of the Company's manufacturing operations against its peers. 	<p>R&D is an integral part of the Company and it is continuously developing newer processes, products and finding newer application for its products. IIL is also abreast of technology innovations in its industry and are focussed on maintaining its competitive edge.</p>
Increasing Competition <ul style="list-style-type: none"> Competition from unorganized and integrated steel mills 	<p>Improving its product profile and timely delivery with consistent quality is something being followed very closely. Various customer engagement programs in place.</p>
Capacity under-Utilisation <ul style="list-style-type: none"> The Company has been increasing its capacities over the last one year and any drop in demand for its products could affect its performance. 	<p>A wide range of products catering to a diversified client base both domestically and globally is being manufactured at IIL's existing facilities and demand across varied sectors will ensure the right capacity utilization levels. The Company is aggressively enhancing its distribution infrastructure which will lead to new clients and increased demand for its products.</p>

Report on Corporate Governance

1 PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values. The Corporate Governance initiatives of the Company are in compliance with the Listing Agreements. Being a value-driven organization, the Company believes that good Corporate Governance practices in the long run lead to creation of wealth for all who are associated with the Company, including investors, customers, employees, government, vendors and society at large.

It is the endeavor of the Company to continue its focus, energy and resources in creating, nurturing and safeguarding of shareholders' wealth, along with ensuring protection of the interests of all its stakeholders.

The Company has adopted the requirements of Corporate Governance under Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges, the disclosure requirements of which are given in this report of Corporate Governance.

The Board meets at regular intervals to discuss and decide on various business policies and future strategy for the Company. The agenda for the Board meetings is accompanied by background notes and other material information which is circulated to Directors in advance. This facilitates meaningful participation of all the Directors in the meetings and helps the Board to take informed decision.

The Board of the Company represents an optimal mix of professionalism, knowledge and experience comprising of ten Directors consisting of three Executive Directors (who are also promoters of the Company), five Independent Directors and two Nominee Directors. The Chairman of the Board is an Executive Director.

None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees (as specified in Clause 49 of the Listing Agreement) across all the companies in which they are Directors. None of the Directors of the Company is related to each other.

During the financial year ended March 31, 2012, 8 (Eight) Board meetings were held. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the Financial Year 2011-12 and at the last Annual General Meeting (AGM), as also the number of Directorships and Committee positions held by them in public limited companies as on March 31, 2012 are as follows:

2 THE BOARD OF DIRECTORS

Your Company has competent individuals comprising the Board of Directors (Board) of the Company, constituted in compliance with the Companies Act, 1956 and Listing Agreement, which adhere to the principles of good corporate governance. The Board along with its Committees provides leadership and guidance to the Company's management and directs, supervises and monitors the performance of the Company.

Report on Corporate Governance

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the last AGM	Directorships in Public Companies including our Company*		Committee positions in Public Companies including our Company**		No. of equity shares held
				Chairman	Member	Chairman	Member	
Mr. Chandu Chavan (Promoter)	Chairman and Managing Director w.e.f. May 30, 2012	7	Yes	1	0	1	2	1,29,84,000
Mr. Ravindra Katre (Promoter)	Whole time Director w.e.f. May 30, 2012	6	Yes	0	1	0	2	21,02,500
Mr. Sanjay Waghulade (Promoter)	Whole-time Director	6	Yes	0	1	0	2	32,92,361
Mr. Ramprasad Joshi	Independent Director	4	No	0	2	2	2	Nil
Mr. Yashpaul Gupta	Independent Director	7	Yes	0	1	1	1	Nil
Mr. Pradeep Tupe	Independent Director	7	No	0	2	2	2	Nil
Dr. Rajendra Jagdale	Independent Director	4	No	0	2	0	0	Nil
Mr. Sanjay Asher #	Independent Director	2	NA#	0	15	5	10	Nil
Mr. William Sean Sovak	Nominee Director	4	Yes	0	2	0	3	Nil
Mr. Rahul Raisurana #	Nominee Director	2	NA#	0	4	0	7	Nil

* It does not include: a) Private Company which is a subsidiary of a Public Company b) Company formed or incorporated under Section 25 of the Companies Act, 1956 and c) Body Corporate / Company / Entity incorporated / established outside India.

** It includes Audit Committee, Remuneration Committee, Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee, IPO Committee and Working Group Committee.

Appointed as Additional Director under Section 260 of the Companies Act, 1956 w.e.f. December 16, 2011.

Note: Information disclosed in above table has been taken from latest Form 24AA submitted by the Directors to the Board under Section 299 of the Companies Act, 1956.

Report on Corporate Governance

Compensation paid to Directors in FY 2011-12

The details of all the cash benefits paid, whether in nature of remuneration or allowances or perquisites or sitting fees or otherwise, to our Directors for financial year ending March 31, 2012 are as under:

₹ in lacs

Name of the Director	Basic Salary	House Rent Allowance	Conveyance Allowance	Book Allowance	Education Allowance	Sitting Fees	Perquisites	Total
Mr. Chandu Chavan	14.40	10.20	2.40	1.50	1.50	0.00	0.40	30.40
Mr. Ravindra Katre	45.08	31.93	7.51	4.70	4.70	0.00	0.40	94.32
Mr. Sanjay Waghulade	8.54	6.05	1.42	0.89	0.89	0.00	0.40	18.20
Mr. Ramprasad Joshi	0	0	0	0	0	0.80	0	0.80
Mr. Yashpaul Gupta	0	0	0	0	0	1.80	0	1.80
Mr. Pradeep Tupe	0	0	0	0	0	1.80	0	1.80
Dr. Rajendra Jagdale	0	0	0	0	0	0.80	0	0.80
Mr. William Sean Sovak	0	0	0	0	0	0.80	0	0.80
Mr. Sanjay Asher	0	0	0	0	0	0.40	0	0.40
Mr. Rahul Raisurana	0	0	0	0	0	0.40	0	0.40

Code of Conduct:

The Company has introduced the Code of Conduct for the Board and Senior Management since previous year which is also in compliance with Clause 49 of the Listing Agreement. The Code covers the Board of Directors and all the Senior Management personnel one level below the Board. This Code of Conduct is known as 'Code of Conduct for Board of Directors and Senior Management'. A copy of the Code has been put up on the Company's website www.innoventive.in.

Your Company has also laid down a code for prevention of insider trading which is known as "Code of Conduct for Prevention of Insider Trading for Innoventive Industries Limited". This code is in compliance with all the regulations envisaged by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

Report on Corporate Governance

3 THE COMMITTEES OF THE BOARD

The Board has constituted a set of Committees with specific terms of review to ensure expedient resolution of diverse matters. The meetings of such Committees are held at periodic intervals. Minutes of the proceedings of the Committee meetings are placed before the Board meetings for perusal and noting. Currently, the Board has following four committees:

A. Audit Committee

B. Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee

C. IPO Committee

D. Working Group Committee

Mandatory Committees

A. Audit Committee

The Audit Committee is entrusted with the responsibility of overseeing and monitoring the financial health of the Company.

The terms of reference of the Audit Committee include ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of auditors etc.

The Audit Committee currently comprises of three Independent Directors and one Executive Director and is chaired by Mr. Yashpaul Gupta, Independent Director. There were 4 (four) meetings of the Committee during the year. The details of the composition of the Committee and attendance at its meetings are set out in the following table:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No of Meetings Attended During the Year
Mr. Yashpaul Gupta	Chairman	Independent Director	4
Mr. Pradeep Tupe	Member	Independent Director	4
Mr. Ramprasad Joshi	Member	Independent Director	Nil
Mr. Chandu Chavan	Member	Chairman and Managing Director*	4

*Chairman and Managing Director w.e.f. May 30, 2012

B. Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee

The functions and powers of the Committee include looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of Balance Sheet, issue of duplicate / split / consolidated share certificates etc., to ensure proper and timely attendance and redressal of investor queries and grievances.

The Shareholders'/Investors' Grievance, Share Allotment and Share Transfer Committee is chaired by Mr. Pradeep Tupe. The Committee currently comprises three Directors including two Independent Directors. There were 2 meetings of the Committee during the year. The details of the composition of the Committee and designation of the member are set out in the following table:

Report on Corporate Governance

Name of the Director	Designation in the Committee	Nature of Directorship in the Company
Mr. Pradeep Tupe	Chairman	Independent Director
Mr. Yashpaul Gupta	Member	Independent Director
Mr. Sanjay Waghulade	Member	Whole time Director

During the Financial Year 2011-12 there were 120 complaint(s) received from the Shareholders and these complaints were satisfactorily resolved by the Company.

Non-Mandatory Committees

C. IPO Committee

The terms of reference of the IPO Committee include to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation etc.

The IPO Committee is Chaired by Mr. Ramprasad Joshi. The Committee currently comprises 4 (four) Directors including one Independent Director who is the Chairman of the IPO Committee. There were 9(nine) meetings of the Committee during the year. The details of the composition of the Committee and designation of the member and attendance at its meeting are set out in the following table:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No of Meetings Attended during the Year
Mr. Ramprasad Joshi	Chairman	Independent Director	8
Mr. Chandu Chavan	Member	Chairman and Managing Director	9
Mr. Ravindra Katre	Member	Whole time Director	9
Mr. William Sean Sovak	Member	Nominee Director	1

D. Working Group Committee

The primary function of the Working Group Committee includes reviewing ongoing operations of the Company, to carry such business as has been delegated by the Board. This Committee comprises of 3 (three) Directors who are Executive Directors and is chaired by the Chairman of the Company. There were 21 (twenty one) meetings held during the year. The details of the composition of the Committee and designation of the member and attendance at its meeting are set out in the following table:

Report on Corporate Governance

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No of Meetings Attended During the Year
Mr. Chandu Chavan	Chairman	Chairman and Managing Director	21
Mr. Ravindra Katre	Member	Whole-time Director	20
Mr. Sanjay Waghulade	Member	Whole-time Director	12

4. GENERAL BODY MEETINGS

A) Location and time, where last three Annual General Meetings (AGMs) were held:

Financial Year	Details of Location	Date of Meeting	Time of Meeting
2010-11	'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208.	September 26, 2011	10.30 A.M
2009-10	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune - 412208.	September 6, 2010	4.30 P.M.
2008-09	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune - 412208.	September 30, 2009	4.30 P.M.

B) At the AGM held on September 26, 2011 one Special Resolution was passed to alter the Articles of Association of the Company for deleting Part B and permitting the Company to conduct meetings, send documents to members & Directors, maintenance of records etc. through electronic mode.

C) At the AGM held on September 6, 2010 following three Special Resolutions were passed:

- To alter Articles of Association of the Company for adopting Part 'B'
- To increase Foreign Institutional Investors (FII) equity investment ceiling in the Company from 24% to 49%
- To authorize Board of Directors under Section 81(1A) of the Companies Act, 1956 for issuing shares to non-members under Initial Public Offering (IPO) of the Company.

D) At the AGM held on September 30, 2009 one Special Resolution was passed whereby necessary consent of Shareholders was accorded under Section 372A of the Companies Act, 1956 for already issued corporate guarantee in favour of IDBI Bank Limited for providing credit facilities to Sankalp Forgings Pvt. Ltd., one of our subsidiary companies.

E) There were no Postal Ballots conducted during the year.

Report on Corporate Governance

5. DISCLOSURES

- A) There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- B) No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities, on any matter related to capital markets.
- C) The Company has not adopted any Whistle Blower Policy. However employees can raise their concern regarding any instance of unethical behaviour to the attention of the immediate reporting authority, who is required to report the same to the Head of the concerned Department. Further, no person is denied an access to the management for unsolved issues.
- D) Clause 49 of the Listing Agreement mandates the Company to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the Clause. We have obtained a certificate to this effect and the same is included in this Annual Report. Further, the Company has not complied with non-mandatory requirements as prescribed in Annexure 1D to Clause 49.
- E) The Chairman and Managing Director of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.

6. MEANS OF COMMUNICATION

The Company ensures that all information regarding the Company's position be accessible to the stakeholders to enable them to accurately assess its future potential through various means. The Company disseminates information on its operations and initiatives on a regular basis. The Company's website, www.innoventive.in serves as a key awareness facility for all its stakeholders, allowing them to access information at their convenience. It provides comprehensive information on business segments / divisions, technology, clients, products, financial performance, investor presentation and the latest press releases.

Further, the quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Financial Express, Economic Times, Loksatta etc. The results are also displayed on the Company's website. The Management Discussion & Analysis Report forms a part of the Annual Report. All matters pertaining to industry structure, business review, challenges, segment/product wise performance, outlook, risks and concerns, key financial highlights etc. are discussed in the said report.

Report on Corporate Governance

7. GENERAL SHAREHOLDER INFORMATION

A. Annual General Meeting (Date, Time & Venue)

Date	Time	Venue
September 28, 2012	10:30 am	'Krishnaleela Gardens', Plot No., 147, Opp: Duro Socks Co., Pune-Nagar Road, Sanaswadi, Pune - 412208

B. Financial Year

April 1, 2011 to March 31, 2012

C. Date of Book Closure

From September 24, 2012 to September 28, 2012 (Both days inclusive)

D. Dividend Payment Date

On or before October 26, 2012

E. Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company got listed during the Financial Year 2011-12. i.e. on May 13, 2011.

Sr. No.	Name & Address of Stock Exchanges	Stock Code
1.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	533402
2.	National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	INNOIND (Series EQ)

F. Dematerialisation & Liquidity

The ISIN of the Company is INE549I01011. The shares of the Company are compulsorily traded in dematerialized form. The shares of the Company are admitted for trading under both the Depository Systems in India – NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited).

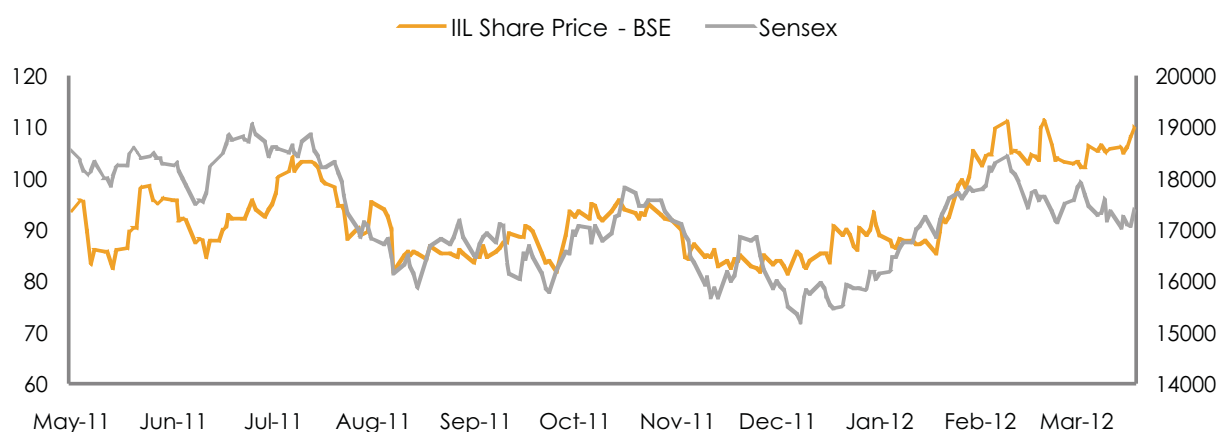
Report on Corporate Governance

G. Monthly high & low quotation of the Company's equity share

I. Stock market data on Bombay Stock Exchange Limited

Month	Share Quotation (₹)		No of Shares Traded	BSE Sensex	
	High Price	Low Price		High	Low
May-11	114.85	78.60	50,726,658	19253.87	17786.13
Jun-11	102.80	84.25	1,988,408	18873.39	17314.38
Jul-11	109.60	89.50	390,479	19131.70	18131.86
Aug-11	100.95	76.10	1,940,709	18440.07	15765.53
Sep-11	91.80	82.00	1,621,992	17211.80	15801.01
Oct-11	98.90	81.05	1,469,670	17908.13	15745.43
Nov-11	97.00	78.00	462,606	17702.26	15478.69
Dec-11	98.00	76.05	227,306	17003.71	15135.86
Jan-12	94.50	83.00	100,697	17258.97	15358.02
Feb-12	117.35	88.55	368,948	18523.78	17061.55
Mar-12	113.40	100.05	127,506	18040.69	16920.61

II. Bombay Stock Exchange Limited v/s IIL Share Price Chart

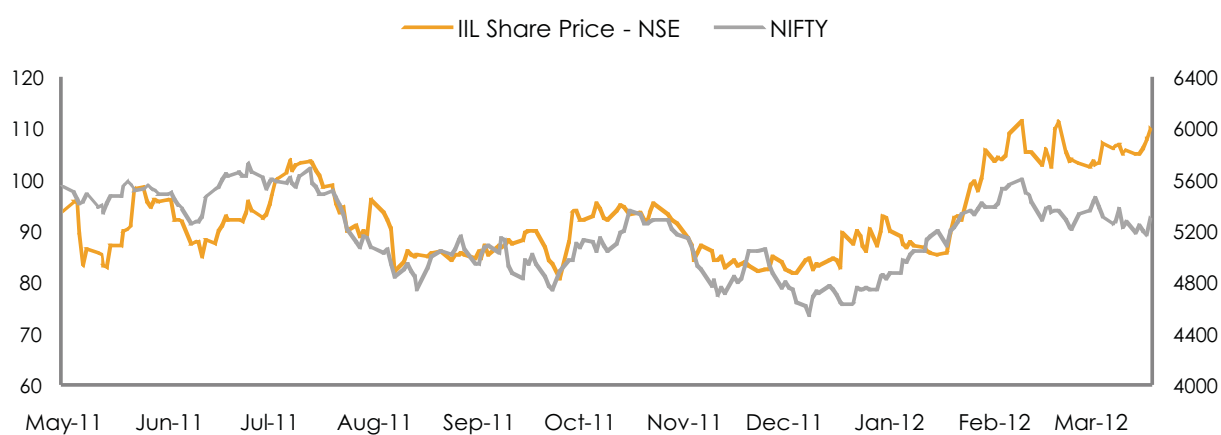


Report on Corporate Governance

III. Stock market data on National Stock Exchange of India Limited

Month	Share Quotation (₹)		No. of Shares Traded	S&P CNX Nifty	
	High Price	Low Price		High	Low
May-11	114.00	79.10	56,605,651	5775.25	5328.70
Jun-11	102.75	84.80	2,200,621	5657.90	5195.90
Jul-11	109.40	84.00	609,307	5740.40	5453.95
Aug-11	102.95	77.55	2,273,242	5551.90	4720.00
Sep-11	95.00	81.00	995,880	5169.25	4758.85
Oct-11	98.95	75.00	486,511	5399.70	4728.30
Nov-11	97.00	80.10	438,122	5326.45	4639.10
Dec-11	97.00	72.00	147,051	5099.25	4531.15
Jan-12	98.90	82.20	281,894	5217.00	4588.05
Feb-12	117.50	87.05	423,691	5629.95	5159.00
Mar-12	114.00	99.30	168,353	5499.40	5135.95

IV. National Stock Exchange of India Limited v/s IIL Share Price Chart



Report on Corporate Governance

H. Shareholding Pattern:

The Shareholding Pattern as on March 31, 2012 of the Company is as mentioned below.

Sr. No.	Category of Shareholder	No. of Shares Held	Percentage of total Shareholding
1.	Promoter & Promoter Group.....	26,956,377	45.20
2.	Mutual Fund.....	3,500,000	5.87
3.	Banks.....	2,805,922	4.70
4.	Foreign Bodies.....	9,601,855	16.10
5.	Clearing Members.....	14,616	0.02
6.	Foreign Institutional Investors.....	5,481,041	9.19
7.	Foreign Venture Capital Investor.....	2,600,000	4.36
8.	H U F.....	102,951	0.17
9.	Indian Financial Institutions.....	1,382,456	2.32
10.	Bodies Corporates.....	1,348,365	2.26
11.	Non Resident Indians.....	53,979	0.09
12.	Resident Individuals.....	3,873,320	6.49
13.	Trust.....	1,923,117	3.22
Total:		59643999	100.00

I. Investor Correspondence

In order to facilitate quick and timely redressal of the grievances / queries, the Investors and Shareholders may contact the Company Secretary at the below mentioned address for any assistance.

Further, complaints or queries relating to the shares can be forwarded to the Company's investors grievances email ID at investor.grievance@innoventive.in and /or to the Registrar and Transfer Agents of our Company at M/s Karvy Computershare Private Limited.

Company Secretary Innoventive Industries Limited	Registrar & Share Transfer Agent Karvy Computershare Private Limited
Corporate Office No. 601 & 602, Nucleus Mall, 1 Church Road, Camp, Pune 411001. Tel No. +91-020-66203549, Fax No. +91-020-66203549 Email: investor.grievance@innoventive.in	17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500081. Andhra Pradesh, India. Tel No. +091-40-44655265 Fax No. +91-40-2331 1968

Report on Corporate Governance

J. Green Initiative

Since last year, Company has taken keen initiative to send various documents including notices, annual reports etc. to the shareholders at their e-mail address as registered with the Depository Participants (DPs)/Company/Registrar & Transfer Agent. This considerable step of 'Green Initiative' has been taken by the Company as a step towards economic friendly agenda. Ministry of Corporate Affairs, Government of India (MCA) has already issued circulars to allow companies to send documents to the shareholders through electronic mode. Hence, shareholders are requested to register/update their e-mail address with their concern DPs.

Additionally, the Company in its 20th Annual General Meeting held on September 26, 2011 has amended its Articles of Association (AOA) to enable to send notices, annual reports, documents etc. to the shareholders through electronic mode. Further, the Company has also made amendment in its AOA to permit the Company to hold general meeting through electronic mode.

Besides, the Company shall also provide physical copies of relevant documents/Annual Report to the shareholders at their address on specific request made by them. The shareholders may make request to the Registrar and Transfer agents by sending an email to iil.cs@karvy.com and/or to the Company at investor.grievance@innoventive.in

Chairman's Certificate

Declaration under Clause 49 I (D) (ii) by the Chairman and Managing Director of affirmation by the Board of Directors and Senior Management of Compliance with the Code of Conduct

To,
The Members,

I, Chandu L Chavan, Chairman and Managing Director of the Company, do hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management of Innoventive Industries Limited for the financial year 2011-12.

(Chandu Chavan)

(Chairman & Managing Director)

Auditors' Certificate

On Corporate Governance

**To,
The Members of Innoventive Industries Limited**

We have examined the compliance of conditions of Corporate Governance by Innoventive Industries Limited for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For B. K. Khare & Co.

Firm registration number: 105102W
Chartered Accountants

Prasad Paranjape

Partner Membership No.: 047296
Place: Pune
Date: May 30, 2012

Auditors' Report

To,
The Members of Innoventive Industries Limited

1. We have audited the attached Balance Sheet of Innoventive Industries Limited ('the Company') as at March 31, 2012, the statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For B. K. Khare & Co.

Firm registration number: 105102W

Chartered Accountants

Prasad Paranjape

Partner Membership No.: 047296

Place: Pune

Date: May 30, 2012

Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

Re: Innoventive Industries Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets have been physically verified by the management during the year based on the regular programmer of verification, which in our opinion is reasonable having regards to the size of the Company and the nature of its assets. As explained, the reconciliation of physical verification of fixed assets with book records is in process.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained by the management.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). Accordingly, the provisions of sub clause (b), (c), (d), (f) and (g) of clause 4(iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) According to information and explanations given to us and on the basis of our examination of the records of the company, except for slight delays in few cases in payment of Sales Tax dues and Income Tax Deducted at source, the Company has generally been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Provident Fund and Employees State Insurance, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they become payable. Income tax deducted at source amounting to ₹ 1.83 lacs which was outstanding for payment more than six months. The said amount has since been paid.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Rupees in Lacs	Period to which the amount relates	Forum where dispute is pending
Provident Fund Act, 1952	Dues towards sec 7A as per demand notice	5.55	2007-2008	Commissioner

- (x) The Company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees of ₹ 170 Lacs for loans taken by subsidiaries and other companies from banks and financial institutions. Considering the nature relations with the companies, in our opinion, the terms and conditions of the guarantees for loans given are not prejudicial to the interests of the Company.

Auditors' Report

Annexure referred to in paragraph 3 of our report of even date

- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has raised money during the year through initial public offer. We have verified that the end use of money raised by public issues is as disclosed in the notes to the financial statements.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B. K. Khare & Co.

Firm registration number: 105102W
Chartered Accountants

Prasad Paranjape

Partner Membership No.: 047296
Place: Pune
Date: May 30, 2012

Balance Sheet

AS AT MARCH 31, 2012

₹ in lacs

PARTICULARS	NOTE No.	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital.....	3	5,964.40	4,106.23
Reserves & surplus.....	4	37,029.53	13,680.47
		42,993.93	17,786.70
NON CURRENT LIABILITIES			
Long term borrowings.....	5	24,650.87	12,823.48
Deferred tax liability (net).....	6	4,586.52	3,171.65
Other long term liabilities.....	7	137.69	1,317.15
Long term provisions.....	8	508.26	1,348.86
		29,883.34	18,661.14
CURRENT LIABILITIES			
Short term borrowings.....	9	3,933.63	5,943.40
Trade payables.....	10	4,812.99	15,667.07
Other current liabilities.....	10	8,225.31	7,969.72
Short term provisions.....	11	2,079.59	1,391.00
		19,051.52	30,971.19
TOTAL		91,928.79	67,419.03
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible assets.....	12	46,222.79	27,447.76
Intangible assets.....	12	346.88	328.26
Capital work in progress.....	12	9,742.43	4,311.16
Non current investments.....	13	4,999.41	2,453.25
Long term loans and advances.....	14	4,407.11	2,260.41
		65,718.62	36,800.84
CURRENT ASSETS			
Inventories.....	15	13,354.39	16,852.33
Trade receivables.....	16	3,237.19	2,732.73
Cash & bank balances.....	17	1,288.34	4,269.55
Short term loans & advances.....	18	4,730.10	1,686.95
Other current assets.....	19	3,600.15	5,076.63
		26,210.17	30,618.19
TOTAL		91,928.79	67,419.03

Significant accounting policies..... 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **B. K. KHARE & CO**,
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
Partner

CHANDU CHAVAN
Chairman & Managing Director

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Statement of Profit & Loss

FOR THE YEAR ENDED MARCH 31, 2012
₹ in lacs

PARTICULARS	NOTE No.	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
REVENUE FROM OPERATIONS			
Gross sales.....	20	68,604.09	62,067.77
Less: Excise duty.....		4,773.50	3,030.45
Net sales.....		63,830.59	59,037.32
Other income.....	21	1,174.90	144.43
TOTAL REVENUE (A)		65,005.49	59,181.75
EXPENSES			
Cost of material and components consumed.....	22	33,985.39	39,309.41
(Increase)/decrease in inventories.....	22	4,426.98	(4,850.22)
Employee benefit expenses.....	23	2,168.33	2,063.58
Manufacturing and other expenses.....	24	7,582.51	8,802.47
Finance cost.....	25	5,683.07	5,805.88
Depreciation and amortization.....	12	2,306.17	1,778.31
TOTAL EXPENSES (B)		56,152.45	52,909.43
PROFIT BEFORE TAX (C = A - B)		8,853.04	6,272.32
TAX EXPENSES			
Current tax.....		1,765.36	1,432.01
Deferred tax charge/(credit).....		1,414.87	706.47
MAT charge/(credit).....		(1,427.01)	(877.16)
Reversal of tax provision of earlier period			
Current tax.....		-	(489.12)
Deferred tax.....		-	(155.18)
TOTAL TAX EXPENSES (D)		1,753.22	617.02
PROFIT AFTER TAX (E = C - D)		7,099.82	5,655.30
EARNING PER SHARE			
Basic and diluted.....	31	12.27	15.59
[Nominal value of ₹10 each (March 31, 2011 ₹10 each)]			

Significant accounting policies..... 2

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **B. K. KHARE & CO,**
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
Partner

CHANDU CHAVAN
Chairman & Managing Director

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	8,853.04	6,272.32
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization.....	2,306.17	1,778.31
Loss/(Profit) on sale or write off of fixed assets.....	5.45	-
Unrealized foreign exchange loss/(gain).....	159.70	(55.40)
Interest expense (net).....	5,507.64	5,791.55
Dividend income.....	(0.05)	(0.05)
Provision for debtors written off/(written back).....	(48.46)	380.60
Investment written off.....	-	1.00
Operating profit before working capital changes.....	16,783.49	14,168.32
Movements in working capital :		
Increase/(decrease) in trade payables.....	(10,854.08)	1,829.24
Increase/(decrease) in other current liabilities.....	699.72	(788.08)
Increase/(decrease) in other long-term liabilities.....	(1,179.47)	663.53
Decrease/(increase) in trade receivables.....	(456.00)	1,853.55
Decrease/(increase) in inventories.....	3,497.94	(6,555.10)
Decrease/(increase) in long-term loans and advances.....	(5.75)	42.23
Decrease/(increase) in short-term loans and advances.....	(3,043.15)	522.40
Decrease/(increase) in other current assets.....	1,476.48	(3,099.42)
Cash generated from/(used in) operations.....	6,919.17	8,636.68
Direct taxes paid (net of refunds).....	(2,609.36)	(811.02)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)	4,309.81	7,825.66
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(27,274.20)	(6,089.09)
Proceeds from sale of fixed assets.....	4.13	-
Investment in subsidiaries.....	(2,546.16)	-
Investments in bank deposits (having original maturity of more than 3 months)	125.84	138.76
Dividends received.....	0.05	0.05
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)	(29,690.33)	(5,950.28)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares incl. securities premium (Net of share issue expenses)	20,127.62	6,417.58
Proceeds from long-term borrowings.....	25,939.46	8,751.05
Repayment of long-term borrowings.....	(14,677.93)	(7,755.47)
Repayment of short-term borrowings (net).....	(2,009.77)	(670.61)
Interest paid.....	(5,463.63)	(5,791.55)
Dividend Paid (Including Dividend Distribution Tax).....	(1,390.61)	-
NET CASH FLOW FROM/(USED IN) IN FINANCING ACTIVITIES (C)	22,525.15	951.00
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(2,855.37)	2,826.38

Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2012

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(2,855.37)	2,826.38
Cash and cash equivalents at the beginning of the year.....	2,864.92	38.54
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR.....	9.55	2,864.92
Components of cash and cash equivalents		
Cash on hand.....	3.45	3.89
With banks- on current account		
On Current accounts.....	5.71	2,861.03
On Unpaid dividend accounts*.....	0.39	-
TOTAL CASH AND CASH EQUIVALENTS (NOTE 17).....	9.55	2,864.92

*The company can utilize these balances only towards settlement of the respective unpaid dividend.

As per our report of even date
For **B. K. KHARE & CO,**
Firm Reg. No. 105102W
Chartered Accountants

PRASAD PARANJPE
Partner
Membership No. 047296

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

CHANDU CHAVAN
Chairman & Managing Director
May 30, 2012 | Pune

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Notes to the financial statements

1 NATURE OF BUSINESS

Innoventive Industries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company manufactures precision steel tubes, membrane panel strips, auto components and other steel products catering to industries in automobiles, boilers and heat exchangers, energy, oil & gas, farm equipment & general engineering etc. The Company caters to both domestic and international markets.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for change in accounting policy as stated below in Note 2.2.

2.2 Capitalisation of foreign exchange

In accordance with MCA notification on Accounting Standard (AS 11), in respect of long term foreign currency loan taken for acquisition of assets, the exchange difference arising on reporting of said loan is adjusted to the cost of the assets, which was hitherto being recognised as income or expense in the statement of Profit and Loss. (Also refer note 37 below.)

2.3 Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.4 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.5 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year and are recorded inclusive of incentives received from State Government, excise duty, net of trade discounts, rebates, price adjustments, rejections and shortage in transit.

Dividends are recorded when the right to receive is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Export benefits are accrued when it is reasonably certain that those will get realised.

2.6 Tangible assets

Tangible assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Trade discounts and rebates are deducted in arriving at the purchase price.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including Day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

2.7 Depreciation

Depreciation on tangible assets except items mentioned below is provided on the straight line method, pro-rata to the period of use. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 have been adopted by the Company, which in view of the management reflect the useful lives of related fixed assets.

In case of the Auto Division, accelerated rates of depreciation have been adopted by the Company as the management is of the view that the same reflects the useful life of certain fixed assets.

Asset	Rates as per Schedule XIV	Depreciation Rate Used
Plant & Machinery	10.34%	14.28%
Electrification	4.75%	14.28%

Assets costing individually, ₹ 5,000 or less are depreciated at the rate of 100%.

Capital work-in-progress includes the cost of fixed assets that are not ready for intended use as at the Balance Sheet date.

Building and other constructions on leasehold land are depreciated over the lease term or the useful life, whichever is shorter.

2.8 Intangible assets and amortisation

Intangible assets are recognised when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Acquired intangible assets consisting of technical know-how, patents and software, are recorded at acquisition cost and amortised on straight-line basis based on the following useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use.

Software is amortised over the period 5 years.

2.9 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

2.10 Impairment of assets

The carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

2.11 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.12 Inventories

Raw materials, components, stores and spares are valued at lower of cost or 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 of raw materials, components and stores and spares is determined on a weighted average basis.

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 and is determined on a weighted average basis.

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

2.13 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

2.14 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

2.15 Employee benefits

a) **Contribution to Provident Fund:** Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

b) **Gratuity:** The company has gratuity as a defined benefit liability. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

c) **Leave encashment:** Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. 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.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based 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.

2.16 Provisions and Contingencies

A provision is recognised when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.17 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

2.18 Earning per share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.20 Government Grants and Subsidies

Revenue grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

2.21 Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies:

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Notes to the financial statements

3 SHARE CAPITAL

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Authorized		
75,000,000 (March 2011: 75,000,000) Equity Shares of ₹ 10 each.....	7,500.00	7,500.00
	7,500.00	7,500.00
Issued, Subscribed & Fully Paid Up		
59,643,999 (March 2011: 41,062,349) Equity Shares of ₹ 10 each fully paid up	5,964.40	4,106.23
TOTAL	5,964.40	4,106.23

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

	As at March 31, 2012		As at March 31, 2011	
	No of Shares	Amount	No of Shares	Amount
At the beginning of the period.....	41,062,349	4,106.23	5,000,100	500.01
Equity shares issued during the period				
Bonus Issue of equity shares	-	-	30,828,640	3,082.86
(Refer footnotes 1 & 2 below)				
Preferential Allotment of equity shares	-	-	5,233,609	523.36
(Refer footnotes 3, 4 & 5 below)				
Initial Public Offer of equity shares (Refer note 34).....	18,581,650	1,858.17	-	-
Outstanding at the end of the period.....	59,643,999	5,964.40	41,062,349	4,106.23

b) Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each share holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 3 (March 31, 2011 ₹ 2). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

The company does not have any holding or ultimate holding company.

d) Details of shareholders holding more than 5% shares in the company:

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	Nos of shares	Percentage	Nos of shares	Percentage
Chandu Chavan (Promoter).....	12,984,000	22%	12,970,500	32%
Sanjay Waghulade (Promoter).....	3,292,361	6%	3,292,361	8%
Ravindra Katre (Promoter).....	- *	- *	2,100,000	5%
Kavos Capital Ltd.....	8,038,632	13%	8,038,632	20%
Standard Chartered Private Equity (Mauritius) Ltd.....	4,206,441	7%	-	-
Reliance Capital Trustee Co Ltd A/C-Reliance Regular Savings Fund-Equity Option.....	3,500,000	6%	-	-
Shubhangi Jadhav.....	- *	- *	2,699,013	7%
Standard Chartered Private Equity (Mauritius) II Ltd.....	- *	- *	2,600,000	6%

* Less than 5% in the current year

Notes to the financial statements

3 SHARE CAPITAL

- e) Aggregate number of bonus shares issued, shares issued for consideration other than cash and share bought back during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2012	As at March 31, 2011
Equity shares allotted as fully paid bonus shares by capitalisation of Reserve & surplus (Refer footnote 1 & 2 below).....	30,828,640	30,828,640
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash.....	-	-
Equity shares bought back by the company.....	-	-

Notes:

- Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the company as on the record date, i.e. September 18, 2010.
- Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.
- Preferential allotment of 710,492 equity shares to Kavos Capital Limited dated August 16, 2010.
- Preferential allotment of 19,23,117 equity shares to Innoventive Group Employees Welfare Trust dated September 28, 2010.
- Pursuant to the Pre-IPO Placement, the Company has made a preferential allotment of 26,00,000 Equity Shares at a price of ₹ 117 per equity share to Standard Chartered Private Equity (Mauritius) II Limited.

Notes to the financial statements

4 RESERVES & SURPLUS

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Revaluation reserve	65.64	65.64
Capital redemption reserve		
Balance as per last financials.....	362.07	400.00
Less: utilisation towards issue of bonus shares.....	-	37.93
	362.07	362.07
Securities premium		
Balance as per last financial.....	5,894.22	-
Add: premium on issue of equity shares (Refer note 34).....	19,882.37	6,210.95
Less: share issue expenses adjusted.....	1,612.91	316.73
	24,163.68	5,894.22
General reserve		
Balance as per last financials.....	1,030.36	464.83
Add: adjustment on account of exchange fluctuation capitalised (net) (Refer note 37).....	59.37	-
Add: transferred from profit and loss account.....	709.99	565.53
	1,799.72	1,030.36
Profit and loss balance		
Balance as per last financials.....	6,328.18	5,674.35
Add: profit for the year as per statement of profit or loss.....	7,099.82	5,655.30
Less: proposed dividend on equity shares.....	1,789.32	1,192.88
Less: dividend distribution tax.....	290.27	198.12
Less: transfer to general reserve.....	709.99	565.53
Less: utilisation for Issue of bonus shares.....	-	3,044.94
	10,638.42	6,328.18
TOTAL	37,029.53	13,680.47

5 LONG TERM BORROWINGS

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Term loans from banks (secured).....	24,062.59	11,489.76
Term loans from financial institution (secured).....	-	422.40
Term loans from financial institution (unsecured).....	588.28	911.32
TOTAL	24,650.87	12,823.48

For details of rate of interest, security and repayment schedule to banks and financial institutions (Refer note 35)

Notes to the financial statements

6 DEFERRED TAX LIABILITY (NET)

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Deferred tax liability		
Difference between tax depreciation and depreciation/amortisation charged for financial reporting.....	4,747.88	3,344.39
	4,747.88	3,344.39
Less deferred tax asset		
Provision for bad and doubtful debts.....	131.87	148.01
employee benefits.....	29.49	24.73
	161.36	172.74
DEFERRED TAX LIABILITY (NET)	4,586.52	3,171.65

7 OTHER LONG TERM LIABILITIES

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Trade payables*.....	137.69	1,317.15
TOTAL	137.69	1,317.15

*Represents retention money held by the company payable after completion of warranty period on account of various capital projects under execution/executed.

8 LONG TERM PROVISIONS

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Income tax provision [net of advance tax ₹1336.89 lacs (PY ₹112.53 lacs)]..	506.26	1,348.25
Wealth tax provision.....	2.00	0.61
TOTAL	508.26	1,348.86

Notes to the financial statements

9 SHORT TERM BORROWINGS

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Cash credits from banks (secured)*	3,328.15	5,943.40
Short term loans from financial institutes (unsecured).....	605.48	-
TOTAL	3,933.63	5,943.40

*Cash credit and demand loans are secured by first pari passu charge by way of hypothecation on all current assets, both present & future and second pari passu charge by way of mortgage on all fixed assets, both present and future.

10 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
i) Trade payables (Refer Note 36).....	4,812.99	15,667.07
ii) Other current liabilities:		
Current maturities of long term bank borrowings (secured).....	4,280.21	2,987.57
Current maturities of long term financial institutions borrowings (secured)	5.00	200.00
Current maturities of long term financial institutions borrowings (unsecured)	720.73	919.40
Current maturities of sales tax deferral loan (unsecured) (Refer note 38)...	1,838.19	3,181.29
Interest accrued but not due.....	44.01	-
Unclaimed dividend.....	0.39	-
Other liabilities:		
Statutory dues.....	306.43	159.74
Deposits.....	10.00	12.59
Advances from customers.....	491.93	20.22
Other payables.....	528.42	488.91
	8,225.31	7,969.72
TOTAL	13,038.30	23,636.79

11 SHORT TERM PROVISIONS

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Proposed dividend on equity shares.....	1,789.32	1,192.88
Provision for tax on dividend.....	290.27	198.12
TOTAL	2,079.59	1,391.00

Notes to the financial statements

12 FIXED ASSETS

DESCRIPTIONS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As At April 1, 2011	Additions / Reclassifications during the year	Deduction and Adjustments	As At March 31, 2012	As At April 1, 2011	For the year March 31, 2012	Deduction and Adjustments	As At March 31, 2012
TANGIBLE ASSETS								
Freehold land account	884.50	2,127.14	-	3,011.64	-	-	-	3,011.64
Leasehold land account	0.11	-	-	0.11	-	-	-	0.11
Building	6,285.22	5,986.27	-	12,271.49	459.10	215.84	-	11,596.55
Plant & machinery	14,384.97	6,907.53	6.55	21,285.95	2,832.25	1,243.40	(11.00)	17,199.30
Computers	188.14	17.36	-	205.50	92.22	32.70	-	80.58
Tools & dies	11,273.39	5,783.02	-	17,056.41	2,389.65	694.80	-	13,971.96
Furniture & fixtures	84.36	42.83	-	127.19	24.30	5.94	-	96.95
Vehicles	177.73	161.72	12.82	326.63	33.15	28.99	1.21	265.70
TOTAL TANGIBLE ASSETS PREVIOUS YEAR	33,278.42 (28,116.73)	21,025.87 (5,161.69)	19.37 (-)	54,284.92 (33,278.42)	5,830.67 (4,110.00)	2,221.67 (1,720.66)	(9.79) (-)	46,222.79 (5,830.67)
INTANGIBLE ASSETS								
Software	385.91	103.12	-	489.03	57.65	84.50	-	346.88
TOTAL INTANGIBLE ASSETS PREVIOUS YEAR	385.91 (-)	103.12 (385.91)	- (-)	489.03 (385.91)	57.65 (-)	84.50 (57.65)	- (-)	346.88 (57.65)
CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	9,742.43
TOTAL FIXED ASSETS								56,312.09
								32,087.18

Notes:-

Amount of borrowing cost capitalised during the period is as under

Particulars	March 31, 2012 (₹ Lacs)	March 31, 2011 (₹ Lacs)
Interest charges	237.72	186.05
Other charges	714.93	-
Total	952.65	186.05

Amount of exchange fluctuation loss capitalised during the period is ₹ 776.18 lacs (Previous Year ₹ Nil) (Refer note 37)

Notes to the financial statements

13 NON CURRENT INVESTMENTS

(At cost, unless stated otherwise)

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Long Term Investment		
Trade Investments		
Unquoted Equity Investments		
- In Subsidiaries		
223,907 (March 31, 2011: 223,907) equity shares of ₹ 10 each fully paid up of Sankalp Forgings Private Limited.....	978.49	978.49
2,269,499 (March 31, 2011: 2,269,499) equity shares of ₹ 10 each fully paid up of Saicon Steels Private Limited.....	0.51	0.51
399,999 (March 31, 2011: 399,999) equity shares of ₹ 10 each fully paid up of Seven Star Electrodes Private Limited.....	1,200.00	1,200.00
1,899,999 (March 31, 2011: 1,899,999) equity shares of ₹ 10 each fully paid up of Arihant Auto Components Private Limited.....	190.00	190.00
799,999 (March 31, 2011: 799,999) equity shares of ₹ 10 each fully paid up of Arihant Steel and Metal Wires Private Limited.....	80.00	80.00
100 (March 31, 2011: Nil) stock of USD 0.1 of Innoventive Americas, Inc.	2,545.35	-
100 (March 31, 2011: Nil) ordinary shares of GBP 1 of Innoventive Industries UK Ltd.	0.81	-
	4,995.16	2,449.00
Others		
250 (march 2011: 250) equity shares of ₹ 10/- each fully paid up of The Saraswat Co-operative Bank Limited.....	0.25	0.25
	0.25	0.25
Non Trade		
Quoted investments		
In mutual funds		
40,000 units (March 31, 2011: 40,000 units) UTI-India Lifestyle Fund (Growth plan).....	4.00	4.00
	4.00	4.00
TOTAL	4,999.41	2,453.25
Aggregate value of unquoted investments.....	4,995.41	2,449.25
Aggregate value of quoted investments.....	4.00	4.00
Aggregate market value of quoted investments.....	4.78	4.77

Notes to the financial statements

14 LONG TERM LOANS & ADVANCES

(Unsecured, considered good)

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Capital advances	916.90	202.95
Security deposit	156.25	150.51
MAT credit entitlement	3,333.96	1,906.95
TOTAL	4,407.11	2,260.41

15 INVENTORIES

(Valued at lower of cost or net realizable value)

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Raw materials & components.....	4,163.35	3,262.74
Stores, spares, consumables, etc.....	249.87	150.15
Work in progress.....	1,918.59	2,462.24
Semi finished & finished goods.....	6,971.45	10,854.78
Scrap.....	51.13	122.42
TOTAL	13,354.39	16,852.33

16 TRADE RECEIVABLES

(Unsecured)

₹ in lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good.....	129.32	132.47
Considered doubtful.....	397.02	445.58
	526.34	578.05
Others considered good	3,107.87	2,600.16
	3,634.21	3,178.21
Less - Provision for doubtful debts.....	397.02	445.48
TOTAL	3,237.19	2,732.73

Notes to the financial statements

17 CASH AND BANK BALANCES

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Cash and Cash Equivalents		
Balances with banks		
- Current accounts.....	5.71	2,861.03
- Unclaimed dividend.....	0.39	-
Cash on hand.....	3.45	3.89
	9.55	2,864.92
Other Bank Balances		
Margin money deposits with maturity more than 3 months and less than 12 months	1,278.79	1,404.63
	1,278.79	1,404.63
TOTAL	1,288.34	4,269.55

18 SHORT TERM LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Advances recoverable in cash or in kind or for value to be received.....	3,138.91	1,173.00
Advances to related parties.....	1.00	86.48
Balance with central excise, customs & VAT, etc. (Refer note 38).....	1,590.19	427.47
TOTAL	4,730.10	1,686.95

19 OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

₹ in lacs

PARTICULARS	AS AT MARCH 31,2012	AS AT MARCH 31,2011
Export benefits receivable.....	415.12	124.84
Industrial promotion subsidy receivable.....	3,185.03	4,951.79
TOTAL	3,600.15	5,076.63

Notes to the financial statements

20 REVENUE FROM OPERATIONS

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31,2012	YEAR ENDED MARCH 31,2011
Revenue from operations (Gross)		
Sale of manufactured goods.....	65,784.31	58,452.75
Sale of traded goods.....	1,137.40	2,319.73
Sale of scrap.....	1,682.38	1,295.29
	68,604.09	62,067.77
Less: Excise duty	4,773.50	3,030.45
TOTAL	63,830.59	59,037.32
Details of products sold		
-Tubes and related products.....	42,235.30	34,822.49
-Motor Vehicle parts.....	17,434.60	17,479.82
-Others.....	4,160.69	6,735.01
TOTAL	63,830.59	59,037.32

21 OTHER INCOME

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31,2012	YEAR ENDED MARCH 31,2011
Operating income		
- Benefit on sales tax deferral repayments (Refer note 38).....	662.35	-
- Export benefits.....	382.20	124.84
Other than operating income		
- Discount received.....	42.78	-
- Provision for bad and doubtful debts written back.....	48.46	-
- Miscellaneous income	39.11	19.59
TOTAL	1,174.90	144.43

Notes to the financial statements

22 COST OF RAW MATERIALS & COMPONENTS CONSUMED

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Cost of raw material and components consumed		
Inventory at the beginning of the year.....	3,262.74	1,672.57
Add: Purchases.....	35,855.40	43,219.31
Less: Raw material sold out of material purchased.....	969.40	2,319.73
Less: Inventory at the end of the year.....	4,163.35	3,262.74
Cost of Raw Material consumed	33,985.39	39,309.41
(Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress.....	1,918.59	2,462.24
Finished goods.....	6,971.45	10,854.78
Less: Inventories at the beginning of the year		
Work-in-progress.....	2,462.24	2,119.56
Semi finished and finished goods.....	10,854.78	6,347.24
Net (Increase)/Decrease in Inventories	4,426.98	(4,850.22)
TOTAL	38,412.37	34,459.19

Notes to the financial statements

23 EMPLOYEE BENEFIT EXPENSES

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31,2012	YEAR ENDED MARCH 31,2011
Salaries, wages & bonus.....	1,729.81	1,659.26
Contribution to provident and other funds.....	165.69	125.65
Staff welfare expenses.....	249.24	254.61
Gratuity expense (Refer note 32.1).....	23.59	24.06
TOTAL	2,168.33	2,063.58

24 MANUFACTURING AND OTHER EXPENSES

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31,2012	YEAR ENDED MARCH 31,2011
Stores, spares and consumables.....	1,285.33	1,143.94
Power & fuel.....	985.98	791.03
Labour charges.....	2,187.05	2,643.00
Other manufacturing expenses.....	256.67	971.01
Repairs & Maintenance		
- Plant & machinery.....	73.76	62.82
- Building.....	13.00	23.10
- Other assets.....	62.42	56.73
Rent (Refer note 30).....	69.67	130.87
Rates & taxes.....	16.63	17.08
Insurance.....	198.65	239.90
Freight & packing.....	751.20	923.38
Printing and stationery.....	32.33	29.64
Telephone expenses.....	41.24	40.90
Travelling & conveyance.....	420.99	330.60
Loss on sale of fixed assets.....	5.45	-
Provision for doubtful debts.....	-	380.60
Bad debts written off.....	29.22	34.25
Professional & consultancy fees.....	207.79	186.68
Office & other expenses.....	224.04	279.03
Auditors remuneration		
- For audit services.....	12.00	7.00
- Other services.....	7.50	2.95
- Reimbursement of out-of- pocket expenses.....	0.49	0.97
Other selling & distribution expenses.....	115.34	66.01
Bank charges.....	573.95	510.73
Foreign exchange loss/(gain).....	11.81	(69.75)
TOTAL	7,582.51	8,802.47

25 FINANCE COST

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31,2012	YEAR ENDED MARCH 31,2011
Interest on loans (net).....	5,507.64	5,791.55
Foreign exchange loss/(gain) on restatement.....	175.43	14.33
TOTAL	5,683.07	5,805.88

Notes to the financial statements

26 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES & SECURED LOANS

₹ in lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
i) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	885.33	60.43
ii) Contingent liabilities		
a) Claims against company not acknowledged as debts	451.53	448.07
b) Guarantee issued in respect of obligations of a subsidiary.....	170.00	3,015.00
- Loans outstanding in respect of above	29.24	425.61
c) Unfulfilled export obligations under EPCG scheme to be fulfilled over 8 years.....	6,250.13	389.00
Duty liability on non-fulfilment of above obligation is ₹ 1,037.64 lacs		
d) Unfulfilled export obligations under advance authorization.....	711.36	-
Duty liability on non-fulfilment of above obligation is ₹ 66.46 lacs		

27 SEGMENT REPORTING

i) Primary Segment

Based on the guiding principles given in the Accounting Standard – 17 “Segment Reporting” issued by the Institute of Chartered Accountants of India, the Company’s primary segments are Motor Vehicle Parts (MV Parts), Tubes and Products & Others. The above business segments have been identified considering -

- The nature of the products,
- The related risks and returns, and
- The internal financial reporting systems.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocated Expenses.” Assets and liabilities which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under “Unallocated Assets/Liabilities.”

₹ in lacs

Description	MV Parts	Tubes and Products	Others	Total
TOTAL REVENUE (Including export benefits and Industrial promotion subsidy)	17,434.60 (17,479.82)	42,617.50 (34,947.33)	4,160.69 (6,735.01)	64,212.79 (59,162.16)
SEGMENT RESULT	3,849.38 (3,649.99)	10,266.57 (8,562.64)	355.07 (83.46)	14,471.02 (12,296.09)
Unallocable expenses (net of income)				-65.09 (217.89)
Interest				5,683.07 (5,805.88)

Note: Figures in brackets pertain to the previous year

Notes to the financial statements

27 SEGMENT REPORTING

₹ in lacs

Description	MV Parts	Tubes and Products	Others	Total
Profit before tax				8,853.04 (6,272.32)
Less: Tax				1,753.22 (617.02)
Profit after tax				7,099.82 (5,655.30)
SEGMENT ASSETS	15,948.69 (12,285.39)	58,391.54 (42,037.36)	5,909.66 (4,623.45)	80,249.89 (58,946.20)
Unallocable assets				11,678.90 (8,472.83)
SEGMENT LIABILITIES	3,678.30 (6,246.95)	1,974.66 (9,669.52)	678.90 (1,749.21)	6,331.86 (17,665.68)
Unallocable liabilities				42,603.00 (31,966.65)
CAPITAL EXPENDITURE	2,976.90 (65.34)	23,343.10 (6,010.50)	954.20 (13.25)	27,274.20 (6,089.09)
DEPRECIATION	409.09 (52.92)	1,817.99 (1,716.80)	79.09 (8.59)	2,306.17 (1,778.31)

Note: Figures in brackets pertain to the previous year

II) Secondary Segment

The company has identified geographical segment as secondary segment. Based on risk and rewards, the segments are as follows

₹ in lacs

PARTICULARS	In India	Outside India	Total
SEGMENTAL REVENUES*	57,263.41 (56,456.33)	6,949.38 (2,705.88)	64,212.79 (59,162.21)
SEGMENT ASSET	89,401.09 (66,654.38)	2,527.70 (877.17)	91,928.79 (67,531.55)
CAPITAL EXPENDITURE	27,274.20 (6,089.09)	- (-)	27,274.20 (6,089.09)

* Including export benefits, IPS and excluding deemed export

Note: Figures in brackets pertain to the previous year

Notes to the financial statements

28 RELATED PARTY TRANSACTIONS

a) Parties where control exists

SUBSIDIARIES

Arihant Steel and Metal Wires Pvt.Ltd.

Arihant Auto Components Pvt. Ltd.

Sankalp Forgings Pvt Ltd.

Saicon Steels Pvt. Ltd

Seven Star Electrodes Pvt. Ltd.

Innoventive Americas, Inc.*

Innoventive Industries UK Ltd**

Salem steel NA, LLC (fellow subsidiary)***

* The company has incorporated 100% subsidiary on January 1, 2012 in United States of America.

** The company has incorporated 100% subsidiary on December 6, 2011 in United Kingdom

*** The company has been incorporated on January 1, 2012 in United States of America.

b) Key management personnel (KMP) and their relatives

Chairman & Managing Director	Mr. Chandu L. Chavan
Whole Time Director	Mr. Ravindra W. Katre
Whole Time Director	Mr. Sanjay H. Waghulade
Promoter Group	Mr. Sanjay T. Bhade
Promoter Group	Mr. Parag M. Mulye
Promoter Group	Mr. Shivaji R. Katke

c) Enterprise over which the relative of key management personnel exercise control/significant influence

NAME OF THE ENTERPRISE

Yashoday Engineers Private Limited

Keytool Engineering Solutions Private Limited

Opal Luxury Time Products Private Limited

geneOmbio Technologies Private Limited

Phoenix Erectors Private Limited

Gargi Bio Tek Private Limited

Membrane Filters (India) Private Limited

Aim Filtertech Private Limited

M/s. Saptashrungi Engineering Works

M/s. Hollyhock Tours & Travels

Sourcegenie Insurance Broking Private Limited

Labatt Power Equipments Private Limited

Swayamsiddha Mahila Utkarsh Foundation

Notes to the financial statements

28 RELATED PARTY TRANSACTIONS

₹ in lacs

Transactions and balances with related parties have been set out below:

Summary of Related Party Transactions FY 2011-12				
Nature of Transactions	Subsidiaries	Other Related Concerns	Key Management Personnel	Total
Sales				
Goods.....	4,813.23 (3,311.23)	- (1,570.75)	- -	4,813.23 (4,881.98)
Scrap.....	43.54 (202.60)	0.83 (-)	- (-)	44.37 (202.60)
Purchases				
Raw materials.....	- (4,512.71)	0.60 (2,669.92)	- (-)	0.60 (7,182.63)
Fixed assets.....	60.00 (77.53)	1,364.20 (1.40)	- (-)	1,424.20 (78.93)
Services.....	- (4.87)	7.23 (15.79)	- (-)	7.23 (20.66)
Advance for expenses.....	- (-)	1.00 (86.48)	- (-)	1.00 (86.48)
Managerial remuneration.....	- (-)	- (-)	149.72 (123.85)	149.72 (123.85)
Investment in subsidiaries.....	2,546.16 (-)	- (-)	- (-)	2,546.16 (-)
Outstanding				
Receivables.....	2,577.43 (3,179.28)	- (209.45)	- (-)	2,577.43 (3,388.73)
Payables.....	7.16 (-)	77.34 (440.39)	- (-)	84.50 (440.39)
Guarantees given to banks / financial institutions	170.00 (3,015.00)	- (-)	- (-)	170.00 (3,015.00)

During the year the Company has given guarantees of ₹ NIL and cancelled/redeemed guarantees of ₹ 2,845 lacs.

Note: Figures in brackets pertain to previous year.

Notes to the financial statements

28 RELATED PARTY TRANSACTIONS

₹ in lacs

Transaction value exceeding 10% with related parties are as under-

Particulars	Relationship	March 31, 2012	March 31, 2011
Sale of goods			
Saicon Steels Private Limited.....	Subsidiary	896.12	941.00
Sankalp Forgings Private Limited.....	Subsidiary	3,105.06	833.73
Salem Steels NA, LLC.....	Fellow Subsidiary	812.05	-
Sale of scrap			
Arihant Steel and Metal Wires Private Limited.....	Subsidiary	43.54	202.60
Gargi Bio Tek Private Limited.....	Other related concern	0.83	-
Purchase of raw material			
Aim Filtertech Private Limited.....	Other related concern	0.60	6.61
Purchase of fixed assets			
Arihant Steel and Metal Wires Private Limited.....	Subsidiary	60.00	58.73
Phoenix Erectors Private Limited.....	Other related concern	1,364.20	-
Purchase of services			
Swayamsiddha Mahila Utkarsh Foundation.....	Other related concern	3.09	3.59
Advance for expenses			
Labatt Power Equipments Private Limited.....	Other related concern	1.00	-
Managerial remuneration			
Mr. Chandu Chavan.....	KMP	30.40	41.29
Mr. Ravindra Katre.....	KMP	94.32	67.97
Mr. Sanjay Waghulade.....	KMP	18.20	14.60

Notes to the financial statements

29 UNHEDGED FOREIGN CURRENCY BALANCES

The company does not use any derivative instruments to hedge its foreign currency exposure. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

₹ in lacs

CATEGORY	TRANSACTION CURRENCY	MARCH 31, 2012	MARCH 31, 2011
Trade receivables	EURO	62.51	16.71
	GBP	20.86	3.91
	USD	6,310.40	901.17
Trade payables	EURO	9.95	6.50
	USD	1,466.81	105.21
Short term borrowings from banks	USD-PS / Export Finance*	6,287.40	457.90
	USD - PCFC	1,724.58	-
	GBP - PCFC / WCDL	907.23	-
Long term borrowings from banks	USD	12,284.70	2,966.67

*USD - PS / Export finance has been disbursed to the company against export bills raised on export debtors hence the same USD - PS / Export finance reduced from debtors.

30 LEASES

₹ in lacs

Lease payments on cancellable operating lease arrangements debited to the profit and loss and the future minimum lease payments are summarised below:

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Lease payments debited to the profit and loss account.....	69.67	46.80
Future minimum lease payments in respect of leases		
- amount due within one year from the balance sheet date.....	19.49	45.70
- amount due in the period between one year and five years....	44.82	49.85
- amount due after five years.....	-	-

31 EARNINGS PER SHARE

Reconciliation of basic and diluted shares used in computing earnings per share

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share.....	5,78,67,065	3,62,84,307
Add: effect of dilutive issue of shares / options.....	-	-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	5,78,67,065	3,62,84,307

Notes to the financial statements

31 EARNING PER SHARE

Computation of basic and diluted earnings per share

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Net profit after tax attributable to equity shareholders (₹ in lacs).....	7,099.82	5,655.30
Basic earnings per equity share.....	₹ 12.27	₹ 15.59
Diluted earnings per equity share	₹ 12.27	₹ 15.59
Face value per share.....	₹ 10.00	₹ 10.00

32 EMPLOYEE BENEFITS

32.1 Defined contribution plan (gratuity)

a) Reconciliation of opening and closing balance of obligation

The following table sets out the status of the Gratuity Plan as required under AS 15 (Revised):

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Liability at the beginning of the period.....	67.53	65.21
Interest cost.....	5.57	5.38
Current service cost.....	25.55	22.04
Benefits paid.....	(8.20)	(123.66)
Actuarial (gain)/loss on obligation.....	(3.78)	98.56
Liability at the end of the period.....	86.68	67.53

b) Reconciliation of opening and closing balance of fair value of plan assets

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Fair value of plan assets at the beginning of the period.....	95.49	115.16
Expected Return on plan assets.....	7.88	9.50
Contributions.....	17.76	2.07
Benefits paid.....	(8.20)	(123.66)
Actuarial gain/(loss) on plan assets.....	(4.12)	92.42
Fair Value of plan assets at the end of the period.....	108.81	95.49
Total actuarial gain/(loss) to be recognised.....	(0.34)	(6.14)

c) Expenses recognised in Profit and loss account

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Current service cost.....	25.55	22.04
Interest cost.....	5.57	5.38
Expected return on plan assets.....	(7.88)	(9.50)
Net actuarial (gain)/loss to be recognised.....	0.34	6.14
Expense recognised in profit & loss account.....	23.59	24.06

Notes to the financial statements

32 EMPLOYEE BENEFITS

d) Amount Recognised in the Balance sheet

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Opening net liability.....	(27.96)	(49.95)
Expense as above.....	23.59	24.06
Employers contribution paid.....	(17.76)	(2.07)
Closing net Liability/ (Asset).....	(22.13)	(27.96)

e) Actual return on plan assets

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Expected return on plan assets.....	7.88	9.50
Actuarial gain/(loss) on plan assets.....	(4.12)	92.42
Actual return on plan assets.....	3.76	101.92

f) Principal actuarial assumptions for defined benefit plans

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Discount rate.....	8.25%	8.25%
Rate of return on plan assets.....	8.25%	8.25%
Salary escalation.....	5.00%	5.00%

g) Composition of plan assets

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Insured managed funds.....	100%	100%
TOTAL	100%	100%

Notes:

- Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

32.2 Other contribution

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Employer's contribution to provident fund.....	108.84	113.54
Employer's contribution to ESIC.....	1.86	3.20

Notes to the financial statements

33 OTHER NOTES

a) Dividend remitted in foreign currency:

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Number of shareholders.....	1	-
Number of shares held.....	80,38,632	-
Year to which dividend relates.....	2010-11	-
Amount remitted (₹ in lacs).....	160.77	-

b) Value of materials and components consumed including change in stocks:

PARTICULARS	MARCH 31, 2012		MARCH 31, 2011	
	₹ In lacs	%	₹ In lacs	%
Indigenous.....	34,471.14	89.74%	34,450.75	99.98%
Imported.....	3,941.23	10.26%	8.44	0.02%
Total	38,412.37	100%	34,459.19	100%

c) Value of imports on CIF basis:

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Stores and spares.....	72.30	4.01
Capital goods.....	507.81	125.80
Raw materials.....	3,705.65	8.04
Total	4,285.76	137.85

d) Earnings in foreign currency:

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Exports (FOB value without deemed exports).....	6,567.18	2,581.04
Total	6,567.18	2,581.04

e) Expenditure in foreign currency (On accrual basis):

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Foreign travel.....	40.95	42.78
Interest.....	44.01	-
Commission.....	30.90	15.96
Total	115.86	58.74

Notes to the financial statements

34 STATEMENT SHOWING USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING UP TO MARCH 31, 2012

During the financial year 2011-12, the company had issued 1,85,81,650 equity shares by way of initial public offering at a price of ₹117 per share (including premium of ₹107) and in the financial year 2010-2011 the company has issued 26,00,000 equity shares to Standard Chartered Private Equity (Mauritius) II Ltd by way of Pre-IPO placement at a price of ₹117 per share (including premium of ₹107). The net proceeds of the issue have been utilised for the objects of the issue to the extent as detailed below;

₹ in lacs

PARTICULARS	AMOUNT	AMOUNT
Net proceeds		24,782.53
Less : Utilization of Funds		
a) Payment towards capital expansion of manufacturing facility.....	16,306.35	
b) Payment towards repayment of loans.....	5,000.00	
c) Payment towards general corporate purpose/Initial public offer expenses	3,476.18	
Total utilisation of funds (a+b+c)		24,782.53

35 LONG TERM BORROWINGS

Details of repayment of loans & charges created on assets for secured borrowing

NAME OF BANK	REPAYMENT SCHEDULE	SECURITY
Allahabad Bank	60 Monthly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Axis Bank Ltd	60 Monthly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
State Bank of Mysore	20 Quarterly	1 st pari passu on fixed assets and 2 nd Pari passu on current assets
State Bank of Bikaner & Jaipur	10 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
State Bank of India	30 Monthly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Central Bank of India	16 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Export Import Bank of India	24 Quarterly	1 st pari passu on fixed assets and 2 nd Pari passu on current assets
Bank of India	28 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Industrial Development. Bank of India	20 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
UCO Bank	20 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Bank of Baroda	24 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
ICICI Bank	30 Quarterly	1 st pari passu on fixed assets and 2 nd pari passu on current assets
Kotak Mahindra Bank	Up to 48 Monthly	Hypothecation of car
HDFC Bank	Up to 48 Monthly	Hypothecation of car
GE Capital Services India Limited	20 Quarterly	Charge has been created on specific assets

Notes to the financial statements

35 LONG TERM BORROWINGS

Details of repayment of long term secured borrowings are as follows-

		₹ in lacs
PARTICULARS FOR THE YEAR ENDED		AMOUNT
Within one year.....		6,844.12
Two to five years.....		19,511.75
More than five years.....		5,139.13
TOTAL		31,495.00

36 MICRO, SMALL & MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

Suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006, have not furnished required information regarding filing of necessary memorandum with appointed authority. In view of this, information under Section 22 of the said Act is not given.

37 FOREIGN EXCHANGE DIFFERENCE ON LONG TERM FOREIGN CURRENCY BORROWINGS

Pursuant to notification dated December 29, 2011 issued by Ministry of Corporate Affairs, Government of India in respect of changes to Accounting Standard 11, the Company has exercised the option of capitalising exchange differences arising on reporting of long term foreign currency loans in so far as they relate to the acquisition of depreciable capital assets. Accordingly, in the current financial year, an amount of ₹ 776.18 lacs (March 31, 2011 ₹ Nil) has been capitalised. Out of this amount ₹ 59.37 lacs (net) (₹ 70.87 lacs exchange loss and depreciation of ₹ 11.50 lacs thereon) has been capitalised on account of foreign exchange losses arising during financial years 2007-08 to 2010-11 and has been adjusted against the general reserve. This amount will be depreciated from the date of capitalisation over the remaining life of the assets. Had this change not been effected profit for the year would be lower by ₹ 681.44 lacs (net of depreciation) and the gross block of assets would have been lower by ₹ 776.18 lacs. The balance of foreign exchange difference capitalised pursuant to above, remaining to be depreciated over the balance life is ₹ 736.13 lacs.

38 CURRENT MATURITIES OF SALES TAX DEFERRAL LOAN (UNSECURED)

During the year, the Company has opted for prepayment of sales tax deferral liability amounting to ₹ 3,181.29 lacs outstanding as on April 1, 2011. As per the provisional valuation of Net Present Value (NPV) an amount of ₹ 1,397.26 lacs is payable against the full and final settlement of aforesaid liability of ₹ 3,181.29 lacs. The Company has paid aforesaid NPV of ₹ 1,397.26 lacs to sales tax authorities. The sales tax deferral liability upto 2006 -07 after completion of assessment amounted to ₹ 1,343.43 lacs, against which an amount of ₹ 681.08 lacs was determined as NPV. The sales tax authorities have completed the Assessment upto 2006-07 and determined an amount of ₹ 681.08 lacs as payable against the total liability of ₹ 1,343.10 lacs. Accordingly, the Company has accounted ₹ 662.02 lacs as income on prepayment of sales tax deferral liability under other income.

Balance liability of ₹ 1,837.86 lacs is pending for assessment. This liability has been shown as a part of other current liability and payments already made of ₹ 716.18 lacs towards the said liability are shown as part of deposits. The difference between sales tax deferred liability and NPV will be accounted as income in the year. The assessment for the same is completed by the sales tax authorities.

39 Amount sanctioned under Industrial Promotional Subsidy by State Government of Maharashtra for setting up Mega Project Unit is considered as non-taxable based on legal opinion obtained by the Company.

Notes to the financial statements

- 40** During the year, commercial banks have sanctioned insurance - backed factoring in respect of debtors of the company. Accordingly, as on the date of the Balance Sheet, total debtors assigned to the bankers are: ₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Can Bank Factors Limited.....	1,534.92	1,850.10
IFCI Factors Limited.....	1,525.76	654.58
United Bank of India.....	10,058.62	12,492.67
IDBI Bank.....	4,134.20	3,442.24
TOTAL	17,253.50	18,439.59

41 PRIOR YEAR COMPARATIVES

Till the year end March 31, 2011, the Company had adopted pre-revised Schedule VI as required by the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date
For **B. K. KHARE & CO**,
Firm Reg. No. 105102W
Chartered Accountants

PRASAD PARANJPE
Partner

Membership No. 047296

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

CHANDU CHAVAN
Chairman & Managing Director

May 30, 2012 | Pune

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Auditors' Report

ON CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors of Innoventive Industries Limited

1. We have audited the attached Consolidated Balance Sheet of Innoventive Industries Limited ('the Company'), its Subsidiaries; hereinafter referred to as the "Group" as at March 31, 2012, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the subsidiaries included in the consolidated financial statements, which constitute total assets of ₹ 25, 233.57 lacs as at March 31, 2012, total revenue of ₹16, 822 lacs and cash flows amounting to ₹ 139.45 lacs for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
5. Based on our audit and on consideration of report of other auditors on separate financial statements of the components, and to the best of our information and according to the explanations given to us, in our opinion that the attached consolidation financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) In the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;
 - b) In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - c) In the case of consolidated cash flow statement, of the cash flows for the year ended on that date.

For B. K. Khare & Co.

Firm registration number: 105102W

Chartered Accountants

Prasad Paranjape

Partner Membership No.: 047296

Place: Pune

Date: May 30, 2012

Consolidated Balance Sheet

AS AT MARCH 31, 2012
₹ In Lacs

PARTICULARS	NOTE No.	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital.....	3	5,964.40	4,106.23
Reserves & surplus.....	4	39,051.91	14,796.54
		45,016.31	18,902.77
Minority interest.....		2,885.66	1,506.81
NON CURRENT LIABILITIES			
Long term borrowings.....	5	30,279.56	15,632.97
Deferred tax liability (net).....	6	5,088.92	3,459.80
Other long term liabilities.....	7	137.80	1,441.80
Long term provisions.....	8	1,175.13	1,837.97
		36,681.41	22,372.54
CURRENT LIABILITIES			
Short term borrowings.....	9	10,983.74	11,524.65
Trade payables.....	10	10,781.42	17,896.51
Other current liabilities.....	10	9,281.70	8,558.28
Short term provisions.....	11	2,079.59	1,391.00
		33,126.45	39,370.44
TOTAL		117,709.83	82,152.56
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Tangible assets.....	12	54,274.08	34,307.17
Intangible assets.....	12	1,695.47	366.28
Capital work in progress.....	12	10,835.73	5,666.77
Goodwill on consolidation.....		838.12	812.40
Non current investments.....	13	12.04	12.04
Long term loans and advances.....	14	5,390.11	2,898.48
		73,045.55	44,063.14
CURRENT ASSETS			
Inventories.....	15	23,135.42	21,944.66
Trade receivables.....	16	7,722.75	2,242.69
Cash & bank balances.....	17	1,849.65	4,586.27
Short term loans & advances.....	18	8,161.41	4,022.96
Other current assets.....	19	3,795.05	5,292.84
		44,664.28	38,089.42
TOTAL		117,709.83	82,152.56

Significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date
For **B. K. KHARE & CO,**
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
Partner

CHANDU CHAVAN
Chairman & Managing Director

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Consolidated Statement of Profit & loss

FOR THE YEAR ENDED MARCH 31, 2012

₹ In Lacs

PARTICULARS	NOTE No.	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
REVENUE FROM OPERATIONS			
Gross sales.....	20	82,437.79	74,135.20
Less: Excise duty.....		5,400.42	3,858.20
Net sales.....		77,037.37	70,277.00
Other income.....	21	1,964.72	280.57
TOTAL REVENUE (A)		79,002.09	70,557.57
EXPENSES			
Cost of material and components consumed.....	22	41,352.55	47,215.38
(Increase)/Decrease in inventories.....	22	3,660.97	(6,339.10)
Employee benefit expenses.....	23	3,323.17	2,617.36
Manufacturing and other expenses.....	24	9,483.40	10,343.85
Finance cost.....	25	6,784.47	6,546.92
Depreciation and amortization.....	12	2,712.22	2,204.50
TOTAL EXPENSES (B)		67,316.78	62,588.91
PROFIT BEFORE TAX (C = A - B)		11,685.31	7,968.66
TAX EXPENSES			
Current tax.....		2,554.65	1,910.47
Deferred tax charge/(credit).....		1,629.11	787.01
MAT credit.....		(1,427.02)	(920.53)
Reversal of tax provision of earlier period			
Current tax.....		-	(489.12)
Deferred tax.....		-	(155.18)
MAT (charge)/credit.....		27.13	-
TOTAL TAX EXPENSES (D)		2,783.87	1,132.65
PROFIT AFTER TAX (E = C - D)		8,901.44	6,836.01
Less: Share of minority interest.....		899.42	593.59
PROFIT AFTER TAX AND MINORITY INTEREST		8,002.02	6,242.42
EARNING PER SHARE			
Basic and diluted.....	31	13.83	17.20
[Nominal value of ₹10 each (March 31, 2011 ₹10 each)]			

Significant accounting policies 2
The accompanying notes are an integral part of the financial statements

As per our report of even date
For **B. K. KHARE & CO,**
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
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RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Consolidated Cash Flow

FOR THE YEAR ENDED MARCH 31, 2012

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax from operations.....	11,685.31	7,968.66
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/Amortization.....	2,712.22	2,204.50
Loss/(Profit) on sale or write off of fixed assets.....	(14.82)	64.85
Unrealized foreign exchange loss/(gain).....	73.77	(55.50)
Provision for debtors written off/(written back).....	(48.46)	380.60
Interest expense (net).....	6,601.61	6,532.59
Dividend income.....	(0.05)	-
Operating profit before working capital changes	21,009.58	17,095.70
Movements in working capital :		
Increase/(Decrease) in trade payables.....	(7,115.09)	4,936.62
Increase/(Decrease) in other current liabilities.....	974.84	(904.61)
Increase/(Decrease) in other long term liabilities.....	(1,304.00)	629.94
Increase/(Decrease) in other long term provision.....	2.50	-
Decrease/(Increase) in trade receivables.....	(5,480.06)	(2,492.42)
Decrease/(Increase) in inventories.....	(1,190.76)	(7,167.91)
Decrease/(Increase) in long - term loans and advances.....	267.50	(255.50)
Decrease/(Increase) in short - term loans and advances.....	(4,138.45)	593.38
Decrease/(Increase) in other current assets.....	1,497.79	(3,223.79)
Cash generated from/(used in) operations	4,523.85	9,211.41
Direct taxes paid (net of refunds).....	3,100.28	773.75
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	1,423.57	8,437.66
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP & capital advances	(30,777.99)	(7,852.31)
Proceeds from sale of fixed assets.....	784.42	223.45
Investments in bank deposits (having original maturity of more than 3 months)	(84.89)	150.16
Interest received.....	-	-
(Increase)/Decrease in investments.....	-	(5.00)
Dividends received.....	0.05	-
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES (B)	(30,078.41)	(7,483.70)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital including securities premium.....	20,127.62	6,417.58
(Net of share issue expenses)		
Proceeds from long-term borrowings.....	30,355.35	10,950.06
Repayment of long-term borrowings.....	(16,160.53)	(10,396.85)
Repayment of short-term borrowings (net).....	(540.91)	1,550.17
Interest paid.....	(6,557.60)	(6,532.59)
Dividend Paid (Including dividend distribution tax).....	(1,390.61)	-
NET CASH FLOW FROM/(USED IN) IN FINANCING ACTIVITIES (C)	25,833.33	1,988.37
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)	(2,821.51)	2,942.33

Consolidated Cash Flow

FOR THE YEAR ENDED MARCH 31, 2012
₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS(A+B+C)	(2,821.51)	2,942.33
Cash & cash equivalents at the beginning of the year.....	3,007.67	65.34
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	186.16	3,007.67
Components of cash & cash equivalents		
Cash on hand.....	184.92	21.06
With banks- on current account		
On Current accounts.....	0.85	2,986.61
On Unpaid dividend accounts*.....	0.39	-
TOTAL CASH & CASH EQUIVALENTS (NOTE 17)	186.16	3,007.67

* The Company can utilise these balances only towards settlement of the respective unpaid dividend.

As per our report of even date
For **B. K. KHARE & CO**,
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
Partner

CHANDU CHAVAN
Chairman & Managing Director

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Notes to the financial statements

1 NATURE OF BUSINESS:

Innoventive Industries Limited ('ILL' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 ('the Act'). The company manufactures precision steel tubes, membrane panel strips, auto components and other steel products catering to industries in automobiles, boilers and heat exchangers, energy, oil & gas, farm equipment & general engineering etc. The Company caters to both domestic and international markets.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements comprise the financial statements of Innoventive Industries Limited ('ILL' or 'the Company') and its subsidiaries, (together referred to as 'Innoventive' or 'the Group'). The consolidated financial statements are prepared under the historical cost convention, on accrual basis of accounting except in case of assets for which provision for impairment is made to comply in all material respects, with the mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006 as amended ('the Rules') and the relevant provisions of the Companies Act, 1956 ('the Act'). The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with Indian Generally Accepted Accounting Principles ('Indian GAAP') except as stated in para 2.2.

2.1 Significant Accounting Policies

A) Presentation and disclosure of financial statements

During the year ended March 31, 2012 the revised Schedule VI notified under the Act, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has reclassified the previous year figures in accordance with the requirements applicable in the current year.

B) Principles of consolidation

The consolidated financial statements of the Group are prepared in accordance with Accounting Standard 21 'Consolidated Financial Statements' as notified by the Rules. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The un realised profits or losses resulting from the intra group transactions and intra group balances have been eliminated.

The excess of the cost to the Company of its investment in the subsidiaries over the Company's portion of equity on the acquisition date is recognised in the financial statements as goodwill and is tested for impairment annually. The excess of Company's portion of equity of the Subsidiary over the cost of investment therein is treated as Capital reserve.

The Company's portion of the equity in the subsidiaries at the date of acquisition is determined after realigning the material accounting policies of the subsidiaries to that of the parent and the charge/(reversal) on account of realignment is adjusted to the accumulated reserves and surplus of the subsidiaries at the date of acquisition.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the consolidated financial statements and are presented in the same manner as the Company's standalone financial statements.

Share of minority interest in the net profit is adjusted against the income to arrive at the net income attributable to shareholders of the parent Company. Minority interests' share of net assets is presented separately in the balance sheet.

If the losses attributable to the minority in a consolidated subsidiary exceed the minority's share in equity of the subsidiary, then the excess, and any further losses applicable to the minority, are adjusted against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been adjusted.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

Following subsidiaries are included in consolidation:

Name of the subsidiary	Relationship	March 31, 2012	March 31, 2011
Sankalp Forgings Private Limited	Subsidiary	51%	51%
Saicon Steels Private Limited	Subsidiary	51%	51%
Seven Star Electrodes Private Limited	Subsidiary	100%	100%
Arihant Steel & Metal Wires Private Limited	Subsidiary	100%	100%
Arihant Auto Components Private Limited	Subsidiary	100%	100%
Innoventive Americas, INC.*	Subsidiary	100%	-
Innoventive Industries UK Limited**	Subsidiary	100%	-
Salem Steel NA, LLC ***	Fellow subsidiary	85%	-

* The company has incorporated 100% subsidiary on January 1, 2012 in United States of America.

** The company has incorporated 100% subsidiary on December 6, 2011 in United Kingdom

*** The Company has been incorporated on January 1, 2012 in United States of America.

2.2 Capitalisation of foreign exchange

In accordance with MCA notification on Accounting Standard (AS 11), in respect of long term foreign currency loan taken for acquisition of assets, the exchange difference arising on reporting of said loan is adjusted to the cost of the assets, which was hitherto being recognised as income or expense in the statement of Profit and Loss. (Also refer Note 35 below.)

2.3 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.4 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year and are recorded inclusive of incentives received from State Government, excise duty, net of trade discounts, rebates, price adjustments, rejections and shortage in transit.

Dividends are recorded when the right to receive is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Export benefits are accrued when it is reasonably certain that those will get realised.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

2.5 Tangible assets

Tangible assets are stated at historical cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable costs of bringing the asset to its working condition for the intended use. Trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing tangible assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

2.6 Depreciation

Depreciation on tangible assets except items mentioned below is provided on the straight line method, pro-rata to the period of use. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 have been adopted by the Company, which in view of the management reflect the useful lives of related fixed assets.

In case of the Auto Division, accelerated rates of depreciation have been adopted by the Company as the management is of the view that the same reflects the useful life of certain fixed assets.

Assets	Rates as per Schedule XIV	Depreciation Rate Used
Plant & Machinery	10.34%	14.28%
Electrification	4.75%	14.28%

Assets costing individually, ₹5,000 or less are depreciated at the rate of 100%.

Capital work-in-progress includes the cost of fixed assets that are not ready for intended use as at the Balance Sheet date.

Building and other constructions on leasehold land are depreciated over the lease term or the useful life, whichever is shorter.

2.7 Intangible assets and amortization

Intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured.

Intangible assets consisting of technical know-how, patents and software, are recorded at acquisition cost and amortised on straight-line basis based on the following useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use.

Software is amortised over the period of 5 years.

2.8 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

2.9 Impairment of assets

The carrying amounts of the Company's assets including intangible assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reinstated at the recoverable amount subject to a maximum of depreciable historical cost.

2.10 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

2.11 Inventories

Raw materials, components, stores and spares are valued at lower of cost or 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 of raw materials, components and stores and spares is determined on a weighted average basis.

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 and is determined on a weighted average basis.

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

2.12 Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period.

2.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

2.14 Employee benefits

a) Contribution to Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The company has no obligation, other than the contribution payable to the provident fund.

b) Gratuity

The company has gratuity as a defined benefit liability. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

c) Leave encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. 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. Such long-term compensated absences are provided for based 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.

2.15 Provisions and Contingencies

A provision is recognized when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

2.16 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Notes to the financial statements

2 SIGNIFICANT ACCOUNTING POLICIES

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

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

2.17 Earning per share

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.18 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.19 Government Grants and Subsidies

Revenue grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

2.20 Identification of segments

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

Notes to the financial statements

3 SHARE CAPITAL

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Authorized		
75,000,000 (March 2011: 75,000,000) equity shares of ₹10 each	7,500.00	7,500.00
Issued, subscribed & fully paid up	7,500.00	7,500.00
59,643,999 (March 2011: 41,062,349) equity shares of ₹10 each fully paid up.....	5,964.40	4,106.23
TOTAL	5,964.40	4,106.23

a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

₹ In Lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period.....	41,062,349	4,106.23	5,000,100	500.01
Equity shares issued during the period				
Bonus issue of equity shares (refer footnotes 1 & 2).....	-	-	30,828,640	3,082.86
Preferential allotment of equity shares (refer footnotes 3, 4 & 5).....	-	-	5,233,609	523.36
Initial public offer of equity shares	18,581,650	1,858.17	-	-
Outstanding at the end of the period	59,643,999	5,964.40	41,062,349	4,106.23

b) Terms/ Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each share holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended March 31, 2012, the amount of per share dividend recognised as distributed to equity shareholders was ₹3 (March 31, 2011 ₹2). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates:

The company does not have any holding or ultimate holding company

d) Details of shareholders holding more than 5% shares in the company:

Name of the Shareholder	As At March 31, 2012		As At March 31, 2011	
	No. of Shares	Percentage	No. of Shares	Percentage
Chandu Laxman Chavan (Promoter).....	12,984,000	22%	12,970,500	32%
Sanjay Waghulade (Promoter).....	3,292,361	6%	3,292,361	8%
Ravindra Katre (Promoter).....	- *	- *	2,100,000	5%
Kavos Capital Limited.....	8,038,632	13%	8,038,632	20%
Standard Chartered Private Equity (Mauritius) Ltd...	4,206,441	7%	-	-
Reliance Capital Trustee Co Ltd A/C-Reliance Regular savings Fund-Equity Option	3,500,000	6%	-	-
Shubhangi Jadhav	- *	- *	2,699,013	7%
Standard Chartered Private Equity (Mauritius) II Ltd	- *	- *	2,600,000	6%

* Less than 5% in the current year

Notes to the financial statements

3 SHARE CAPITAL

- e) Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Particulars	As at March 31, 2012	As at March 31, 2011
Equity shares allotted as fully paid bonus shares by capitalisation of Reserve & Surplus (refer footnotes 1 & 2).....	30,828,640	30,828,640
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash.....	-	-
Equity shares bought back by the Company.....	-	-

Notes:

1. Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the Company as on the record date, i.e. September 18, 2010.
2. Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.
3. Preferential allotment of 710,492 equity shares to Kavos Capital Limited dated August 16, 2010.
4. Preferential allotment of 19,23,117 equity shares to Innoventive Group Employees Welfare Trust dated September 28, 2010.
5. Pursuant to the Pre-IPO Placement, our Company has made a preferential allotment of 26,00,000 Equity Shares at a price of ₹117 per equity share to Standard Chartered Private Equity (Mauritius) II Limited.

Notes to the financial statements

4 RESERVES & SURPLUS

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Revaluation reserve	65.64	65.64
Capital redemption reserve		
Balance as per last financials.....	362.07	400.00
Less: Utilisation for issue of bonus shares	-	37.93
	362.07	362.07
Securities premium		
Balance as per last financials.....	5,894.22	-
Add: Premium on issue of equity shares	19,882.37	6,210.95
Less: Share issue expenses adjusted.....	1,612.91	316.73
	24,163.68	5,894.22
General Reserve		
Balance as per last financials.....	1,030.36	464.83
Add : adjustment on account of exchange fluctuation capitalised (Refer note 35).....	59.37	-
Add : transferred from profit and loss account.....	709.99	565.53
	1,799.72	1,030.36
Foreign exchange translation reserve	4.11	-
Profit and loss balance		
Balance as per last financials.....	7,444.25	6,203.29
Add : Profit for the year as per statement of profit or loss.....	8,002.02	6,242.42
Less : Proposed dividend on equity shares.....	1,789.32	1,192.88
Less : Dividend distribution tax.....	290.27	198.12
Less : Transfer to general reserve.....	709.99	565.53
Less : Utilisation for issue of bonus shares.....	-	3,044.94
	12,656.69	7,444.25
TOTAL	39,051.91	14,796.54

Notes to the financial statements

5 LONG TERM BORROWINGS

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Term loans from banks (secured).....	25,650.46	12,993.46
Term loans from financial institution (secured).....	144.25	575.88
Term loans from financial institution (unsecured).....	943.87	1,065.19
Interest free deferred sales tax loan (unsecured).....	20.42	20.42
Loan from others (unsecured).....	3,520.56	978.02
TOTAL	30,279.56	15,632.97

For details of rate of interest, security and repayment schedule to banks and financial institutions Refer note 33)

6 DEFERRED TAX LIABILITY (NET)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Deferred tax liability		
Difference between tax depreciation and depreciation/amortisation charged for financial reporting.....	5,259.48	3,634.15
	5,259.48	3,634.15
Less: Deferred tax assets		
Other timing differences		
Provision for bad and doubtful debts.....	131.87	148.01
Employee benefits.....	38.69	26.34
	170.56	174.35
DEFERRED TAX LIABILITY (NET)	5,088.92	3,459.80

7 OTHER LONG TERM LIABILITIES

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Trade payables*.....	137.80	1,441.80
TOTAL	137.80	1,441.80

*Represents retention money held by the company payable after completion of warranty period on account of various capital projects under execution/executed.

8 LONG TERM PROVISIONS

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Income tax provision [net of advance tax ₹1,343.73 lacs (March 2011 ₹121.22 lacs)].....	1,170.63	1,837.36
Wealth tax provision.....	2.00	0.61
Provision for employee benefits		
-Leave encashment.....	2.50	-
TOTAL	1,175.13	1,837.97

Notes to the financial statements

9 SHORT TERM BORROWINGS

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Cash credits from banks (secured)*	10,275.95	10,829.51
Short term loans from financial institutes (unsecured)	605.48	-
Loan from others (unsecured)	102.31	695.14
TOTAL	10,983.74	11,524.65

*Cash credit and demand loans are secured by first charge of hypothecation on all current assets, both present & future and second charge(ranking after charges created and/or to be created in favour of term lenders) of hypothecation on all movable fixed assets, both present and future.

10 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
i) Trade payables (Refer note 34)	10,781.42	17,896.51
ii) Other current liabilities:		
Current maturities of long term bank borrowings (secured)....	4,668.72	3,292.25
Current maturities of long term financial institutions borrowings (secured)	38.81	218.54
Current maturities of long term financial institutions borrowings (unsecured)	772.54	921.61
Current maturities of sales tax deferral loan (unsecured) (Refer note 36)	1,838.19	3,181.29
Interest accrued but not due	44.01	-
Unclaimed dividend	0.39	-
Other liabilities-		
Statutory dues	375.70	231.98
Deposits	10.00	12.59
Advances from customers	664.71	141.14
Other payables	868.63	558.88
	9,281.70	8,558.28
TOTAL	20,063.12	26,454.79

11 SHORT TERM PROVISIONS

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Proposed dividend on equity shares	1,789.32	1,192.88
Provision for tax on dividend	290.27	198.12
TOTAL	2,079.59	1,391.00

Notes to the financial statements

12 FIXED ASSETS

Descriptions	Gross Block				Depreciation			Net Block		₹ In Lacs
	As At April 1, 2011	Additions / Reclassifications during the year	Deduction and Adjustments	As At March 31, 2012	As At April 1, 2011	For the year	Deduction and Adjustments	As At March 31, 2012	As At March 31, 2011	
TANGIBLE ASSETS										
Freehold land account	1,033.00	2,127.14	105.44	3,054.70	-	-	-	3,054.70	1,033.00	
Leasehold land account	0.11	-	-	0.11	-	-	-	0.11	0.11	
Building	8,268.69	6,480.79	270.69	14,478.79	666.06	274.84	22.54	13,560.43	7,602.62	
Plant & machinery	19,927.31	8,557.82	436.53	28,048.60	3,875.59	1,522.45	53.58	22,704.14	16,051.72	
Computers	293.83	75.34	-	369.17	134.74	49.60	-	184.34	159.09	
Tools & dies	11,456.57	5,783.02	-	17,239.59	2,408.65	712.35	-	14,118.59	9,047.92	
Furniture & fixtures	257.56	123.84	22.18	359.22	56.08	19.23	6.00	289.91	201.48	
Vehicles	258.74	205.48	22.68	441.54	47.52	38.44	5.79	361.37	211.22	
Total tangible assets	41,495.81	23,353.43	857.52	63,991.72	7,188.64	2,616.91	87.91	54,274.08	34,307.16	
Previous year	34,822.50	6,963.71	290.40	41,495.81	5,056.98	2,133.76	2.10	7,188.64		
Intangible assets										
Software	451.09	1,424.50	-	1,875.59	84.81	95.31	-	180.12	366.28	
Total intangible assets	451.09	1,424.50	-	1,875.59	84.81	95.31	-	180.12	366.28	
Previous year	81.49	369.61	-	451.09	14.07	70.74	-	84.81		
Capital Work in progress	-	-	-	-	-	-	-	10,835.73	5,666.77	

Notes:-

Amount of borrowing cost capitalised during the period is as under

Particulars	March 31, 2012 (₹ Lacs)	March 31, 2011 (₹ Lacs)
Interest charges	237.72	186.05
Other charges	714.93	-
Total	952.65	186.05

Amount of exchange fluctuation loss capitalised during the period is ₹ 776.18 lacs (Previous Year ₹ Nil) (Refer note 35)

Notes to the financial statements

13 NON CURRENT INVESTMENTS

(At cost unless stated otherwise)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Long term investment		
Unquoted equity investment		
Others		
7500 (March 31, 2011: 7,500) Equity shares of ₹10/- each of The Saraswat Co-operative Bank Limited.....	0.75	0.75
50,000 equity shares (March 31, 2011: 50,000) of ₹10/- each of New India Co-operative Bank Ltd.....	5.00	5.00
22,905 equity shares (March 31, 2011: 22,905) of ₹10/- each of The Thane Janta Sahakari Bank Ltd.....	2.29	2.29
In Mutual Funds		
40,000 units (March 31, 2011: 40,000) UTI- India Life Style fund - Growth plan.....	4.00	4.00
TOTAL	12.04	12.04
Aggregate value of unquoted investments	8.04	8.04
Aggregate value of quoted investments	4.00	4.00
Aggregate market value of quoted investments	4.78	4.77

14 LONG TERM LOANS & ADVANCES

(Unsecured, considered good)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Advances recoverable in cash or kind or for value to be received.....	275.52	274.71
Balance with Excise/Custom/Sales tax authorities.....	47.31	41.71
Capital advances.....	1,158.29	327.19
MAT credit entitlement.....	3,393.44	2,000.41
Security deposit.....	515.55	254.46
TOTAL	5,390.11	2,898.48

Notes to the financial statements

15 INVENTORIES

(Valued at lower of cost or net realizable value)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Raw materials & components.....	5,619.46	4,617.54
Stores, spares, consumable etc.....	371.16	192.56
Work-in-progress.....	5,457.26	5,742.08
Semi finished & finished goods.....	11,629.47	11,270.06
Scrap.....	58.07	122.42
	23,135.42	21,944.66

16 TRADE RECEIVABLES

(Unsecured considered good unless otherwise stated)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Considered doubtful.....	397.02	445.58
Less : Provision for doubtful debt.....	397.02	445.58
	-	-
Above six months consider good.....	523.49	380.05
Other debts - considered good.....	7,199.26	1,862.64
TOTAL	7,722.75	2242.69

17 CASH AND BANK BALANCES

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Cash and cash equivalents		
Balances with bank		
- Current accounts.....	0.85	2,881.68
- Unpaid dividend account.....	0.39	-
Cash on hand.....	184.92	125.99
	186.16	3,007.67
Other bank balances		
- Margin money deposits with maturity for less than 12 months.....	1,663.49	1,578.60
	1,663.49	1,578.60
TOTAL	1,849.65	4,586.27

Notes to the financial statements

18 SHORT TERM LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Advances recoverable in cash or in kind or for value to be received....	5,770.93	3,034.24
Advance to related party.....	106.17	86.48
Balance with Central Excise & Customs & VAT etc (refer note 36).....	2,284.31	902.24
TOTAL	8,161.41	4,022.96

19 OTHER CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

₹ In Lacs

PARTICULARS	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Export benefits receivable.....	610.02	341.05
Industrial promotion subsidy receivable.....	3,185.03	4,951.79
TOTAL	3,795.05	5,292.84

Notes to the financial statements

20 REVENUE FROM OPERATIONS

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Revenue From Operations		
Sale of manufactured goods.....	77,412.99	67,904.73
Sale of traded goods.....	2,639.40	4,392.19
Other operating revenue		
Sale of scrap.....	2,171.06	1,743.11
Labour charges.....	214.34	95.17
	82,437.79	74,135.20
Less : Excise duty	5,400.42	3,858.20
REVENUE FROM OPERATIONS (NET)	77,037.37	70,277.00
Details of products sold		
Finished goods sold		
Tube & tube products.....	42,235.30	35,131.32
Auto components.....	17,434.60	17,479.82
CRCA.....	5,798.85	4,576.36
Tubular & non tubular product sales.....	9,803.16	7,990.85
Others (including scrap & services).....	1,765.46	5,098.65
TOTAL	77,037.37	70,277.00

21 OTHER INCOME

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Operating income		
- Benefit on sales tax deferral repayments (refer Note 36)	662.35	-
- Export benefits.....	703.06	124.84
Other than operating income		
- Compensation received.....	265.60	-
- Profit on sale of assets.....	14.82	-
- Exchange fluctuation gain	90.56	82.07
- Discount received.....	42.78	-
- Miscellaneous income.....	185.55	73.66
TOTAL	1,964.72	280.57

Notes to the financial statements

22 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Cost of raw material and components consumed		
Inventory at the beginning of the year.....	4,659.77	2,821.74
Add: Purchases.....	43,402.93	51,373.34
Less: Raw material sold out of material purchased.....	969.40	2,319.73
Less: Inventory at the end of the year.....	5,740.75	4,659.97
Cost of raw material and components consumed	41,352.55	47,215.38
(Increase)/Decrease in inventories		
Inventories at the end of the year		
Work-in-progress.....	5,457.26	5,742.08
Finished goods.....	11,553.14	11,270.06
Scrap.....	-	-
	17,010.40	17,012.14
Less: Inventories at the beginning of the year		
Work-in-progress.....	5,742.10	3,898.87
Finished goods.....	11,270.06	6,774.17
Add: Stock bought out during the year.....	3,659.21	-
	20,671.37	10,673.04
Net (increase)/decrease in inventories	3,660.97	(6,339.10)
TOTAL	45,013.52	40,876.28

23 EMPLOYEE BENEFIT EXPENSES

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Salaries, wages & bonus.....	2,701.54	2,128.54
Contribution to Provident and other funds.....	214.88	158.58
Staff welfare expenses.....	370.83	306.18
Gratuity expenses (Refer note 32).....	35.92	24.06
TOTAL	3,323.17	2,617.36

Notes to the financial statements

24 MANUFACTURING AND OTHER EXPENSES

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Stores, spares and components.....	1,285.33	1,143.94
Power & fuel.....	1,173.93	1,094.81
Labour charges.....	2,280.69	2,915.12
Water charges.....	5.17	12.72
Freight & transport.....	267.21	138.01
Other manufacturing expenses.....	272.75	1,021.18
Repairs & maintenance		
- Building.....	18.14	25.58
- Plant & machinery.....	98.60	100.41
- Other assets.....	78.10	65.64
Telephone expenses.....	79.04	56.69
Rent, rates & taxes (refer to Note 30).....	147.23	170.04
Freight & packing.....	1,016.23	924.31
Printing and stationery.....	38.91	38.14
Insurance.....	221.93	262.25
Travelling & conveyance.....	479.42	389.24
Professional & consultancy.....	257.24	187.64
Office & other expenses	290.27	669.40
Auditors remuneration		
- For audit services.....	15.66	9.85
- Other services.....	9.00	3.79
- Reimbursement of out-of- pocket expenses.....	0.49	0.97
Provision for doubtful debts (net).....	-	380.60
Bad debts written off.....	176.18	37.78
Other selling & distribution expenses	589.35	47.99
Bank charges.....	682.53	582.90
Loss on sale of assets.....	-	64.85
TOTAL	9,483.40	10,343.85

25 FINANCE COST

₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Interest on loans (net).....	6,601.61	6,532.59
Foreign exchange loss/(gain) on restatement.....	182.86	14.33
TOTAL	6,784.47	6,546.92

Notes to the financial statements

26 CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND SECURED LOANS ₹ In Lacs

PARTICULARS	YEAR ENDED MARCH 31, 2012	YEAR ENDED MARCH 31, 2011
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	885.33	258.59
Contingent liabilities		
a) Claims against the company not acknowledged as debts.....	451.53	448.07
b) Guarantee issued in respect of obligations of a subsidiary	170.00	3,015.00
- Loans outstanding in respect of above	29.24	425.61
c) Unfulfilled export obligations under EPCG scheme to be fulfilled over 8 years.....	6,250.13	389.00
Duty liability on non-fulfillment of above obligation is ₹1,037.64 lacs		
d) Unfulfilled export obligations under advance authorization.....	711.36	-
Duty liability on non-fulfillment of above obligation is ₹ 66.46 lacs		

27 CONSOLIDATED STATEMENT OF SEGMENT REPORTING

The Group is engaged in the business of manufacture and sale of tubes and products, Motor Vehicle (MV) parts, CRCA Coils, Oil Countries Tubular Goods (OCTG) and others. The risk and returns of the Group are affected predominantly by the fact that it operates in different business segments and accordingly business segment have been considered as the primary segment information.

						₹ In Lacs
Description	MV Parts	Tubes & Products	OCTG	CR coil	Others	Total
TOTAL REVENUE	17,434.60	42,617.50	10137.05	5,798.85	1,752.43	77,740.43
	(17,479.82)	(34,947.38)	(8,218.47)	(4,576.36)	(5,179.81)	(70,401.84)
SEGMENT RESULT	3,849.38	10,266.57	2,619.76	1,034.04	274.73	18,044.48
	(3,701.93)	(8,614.58)	(1,623.43)	(619.60)	(173.93)	(14,733.47)
Unallocable expenses (net)						-425.30
						(217.89)
Interest						6,784.47
						(6,546.92)
Profit before taxes						11,685.31
						(7,968.66)
Less: Provision for current tax						2,783.87
						(1,132.65)
Profit after tax before minority interest						8901.44
						(6,836.01)

Note: Figures in bracket pertain to the previous year

Notes to the financial statements

27 CONSOLIDATED STATEMENT OF SEGMENT REPORTING

₹ In Lacs

PARTICULARS	MV Parts	Tubes & Products	OCTG	CR coil	Others	TOTAL
SEGMENT ASSETS	15,948.69	59,321.86	14,533.92	6,897.23	8,510.97	1,05,212.67
	(12,820.23)	(42,037.36)	(9,029.73)	(5,917.99)	(7,814.19)	(77,619.50)
Unallocable Assets						12,516.78
						(4,539.91)
SEGMENT LIABILITIES	3,678.30	5,726.20	4,360.26	882.58	4,395.56	19,042.90
	(6,246.95)	(9,669.52)	(1,499.14)	(195.75)	(1,794.68)	(19,406.04)
Unallocable liabilities						53,670.24
						(43,850.60)
CAPITAL EXPENDITURE	2,976.90	22,609.79	1,563.90	1,128.01	2,499.39	30,777.99
	(65.34)	(5,691.37)	(1,013.20)	(681.59)	(400.81)	(7,852.31)
DEPRECIATION	409.09	1,817.99	168.03	107.28	209.83	2,712.22
	(52.94)	(1,716.80)	(205.89)	(51.35)	(177.52)	(2,204.50)

Note: Figures in bracket pertains to the previous year

28 RELATED PARTY TRANSACTIONS:

a) Related party with whom transaction have taken place during the year:

Key Managerial Personnel (KMP)

Chandu Chavan	Chairman & Managing Director
Ravindra Katre	Whole Time Director
Sanjay Waghulade	Whole Time Director
Sanjay Bhade	Promoter Group
Parag Mulye	Promoter Group
Shivaji Katke	Promoter Group
G Balasubramaniam	Director of Subsidiary
Vasant Ilawe	Director of Subsidiary
Shyamsunder Agarwal	Director of Subsidiary
Bhaskar Gawade	Director of Subsidiary

Relatives of Key Managerial Personnel (RKMP)

Dr. Shubhangi Jadhav
Mrunal R. Katre
Anita Waghulade
Vishakha S. Bhade
Kavita Dhupkar
Smita S. Katke

Notes to the financial statements

28 RELATED PARTY TRANSACTIONS:

Entities where KMP or RKMP have significant influence:

Yashoday Engineers Pvt. Ltd.	Aim Filtertech Pvt. Ltd.
Keytool Engineering Solutions Pvt. Ltd.	M/s Saptashrungi Engineering Works
Opal Luxury Time Products Pvt. Ltd.	M/s Hollyhock Tours & Travels
geneOmbio Technologies Pvt. Ltd.	New Tradelink Impex Pvt. Ltd.
Sourcegenie Insurance Broking Pvt. Ltd.	Gunjan Steel Corporation
Phoenix Erectors Pvt. Ltd.	Dehu Engineering
Innoventive Venture Ltd.	Opec Services
Gargi Bio Tek Pvt. Ltd.	B K Engineering Works
Membrane Filters (India) Pvt. Ltd.	Sankalp Industries
Labatt Power Equipments Pvt. Ltd.	Konzept Energy Engineering Pvt. Ltd.
Phoenix Enterprises	

Transactions and balances with related parties have been set out below:

₹ In Lacs

Nature of Transactions	Other Related Concerns	Key Management Personnel	Total
Sales			
- Goods.....	400.15	-	400.15
	(2,696.28)	(-)	(2,696.28)
- Scrap.....	0.83	-	0.83
	(-)	(-)	(-)
Purchases			
- Raw materials.....	711.86	-	711.86
	(4,052.20)	(-)	(4,052.20)
- Fixed assets.....	1,529.19	-	1,529.19
	(1.40)	(-)	(1.40)
- Services.....	190.53	-	190.53
	(192.81)	(-)	(192.81)
Advances.....	106.17	-	106.17
	(86.48)	(-)	(86.48)
Managerial remuneration.....	-	205.72	205.72
	(-)	(154.85)	(154.85)
Outstanding			
- Receivables.....	100.00	-	100.00
	(209.44)	(-)	(209.44)
- Payables.....	448.29	-	448.29
	(440.39)	(-)	(440.39)

During the year the Company has given guarantees of ₹ NIL and cancelled/redeemed guarantees of ₹ 2,845 lacs.

Note: Figures in brackets pertain to previous year.

Notes to the financial statements

28 RELATED PARTY TRANSACTIONS:

Transaction value exceeding 10% with related parties are as under			₹ In Lacs
PARTICULARS	Relationship	MARCH 31, 2012	MARCH 31, 2011
Sale of goods			
New Tradelink Impex Private limited	Other related concern	370.42	323.07
Sale of scrap			
GargiBiotek Private Limited	Other related concern	0.83	-
Purchase of raw material			
Aim Filtech Private Limited	Other related concern	0.60	6.61
Purchase of fixed assets			
Phoenix Erectors Private Limited	Other related concern	1,364.20	-
Dehu Engineering India Private Limited	Other related concern	134.25	-
Purchase of services			
Swayamsidha Mahila Utkarsh Foundation	Other related concern	3.09	3.59
Gunjan Steel Corporation	Other related concern	19.49	28.65
Konzept Energy	Other related concern	163.81	-
Advance for expenses			
Labatt Power Equipments Private Limited	Other related concern	1.00	-
Managerial remuneration			
Mr. Chandu Chavan	KMP	30.40	41.29
Mr. Ravindra Katre	KMP	94.32	67.97
Mr. Sanjay Waghulade	KMP	18.20	14.60

29 UNHEDGED FOREIGN CURRENCY BALANCES

The company does not use any derivative instruments to hedge its foreign currency exposure. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

			₹ In Lacs
Category	Transaction Currency	March 31, 2012	March 31, 2011
Trade receivables	EURO	62.51	16.71
	GBP	42.05	3.91
	USD	3,648.09	1,541.05
Trade payables	EURO	12.00	6.50
	USD	1,473.64	113.34
Short term borrowings from banks	USD	8,865.62	1,168.33
	GBP	907.23	-
Long term borrowings from banks	USD	12,932.10	2,966.67

Notes to the financial statements

30 LEASES

Lease payments on cancellable operating lease arrangements debited to the profit and loss and the future minimum lease payments are summarized below:

	₹ In Lacs	
PARTICULARS	March 31, 2012	March 31, 2011
Lease payments debited to the Profit and Loss account.....	76.31	46.80
Future minimum lease payments in respect of leases		
- amount due within one year from the Balance sheet date.....	86.49	45.70
- amount due in the period between one year and five years.....	44.82	49.85
- amount due after five years.....	28.40	-

31 EARNING PER SHARE:

PARTICULARS	March 31, 2012	March 31, 2011
Profit after tax available for equity shareholders (₹ In lacs).....	8,002.02	6242.42
Weighted average number of equity shares outstanding during the year.....	5,78,67,065	3,62,84,307
Basic and diluted Earnings per Share.....	₹ 13.83	₹ 17.20
Face value per share	₹ 10.00	₹ 10.00

32 EMPLOYEE BENEFITS

A. Defined contribution plan (gratuity)

a) Reconciliation of opening and closing balance of obligation

The following table sets out the status of the gratuity plan as required under AS 15 (Revised):

	₹ In Lacs	
PARTICULARS	March 31, 2012	March 31, 2011
Liability at the beginning of the period.....	67.53	65.21
Interest cost.....	5.57	5.38
Current service cost.....	35.38	22.04
Benefits paid.....	(8.20)	(123.66)
Actuarial (gain)/loss on obligation.....	(3.78)	98.56
Liability at the end of the period.....	96.51	67.53

b) Reconciliation of opening and closing balance of fair value of plan assets

	₹ In Lacs	
PARTICULARS	March 31, 2012	March 31, 2011
Fair value of plan assets at the beginning of the period.....	95.49	115.16
Expected return on plan assets.....	7.88	9.50
Contributions.....	17.76	2.07
Benefit paid.....	(8.20)	(123.66)
Actuarial gain/(loss) on plan assets.....	(4.12)	92.42
Fair value of plan assets at the end of the period.....	108.81	95.49
Total actuarial gain/(loss) to be recognised.....	(0.34)	(6.14)

Notes to the financial statements

32 EMPLOYEE BENEFITS

c) Expenses recognised in Profit and Loss account

₹ In Lacs

PARTICULARS	March 31, 2012	March 31, 2011
Current service cost.....	35.38	22.04
Interest cost.....	5.57	5.38
Expected return on plan assets.....	(7.88)	(9.50)
Net actuarial (gain)/loss to be recognised.....	2.85	6.14
Expense recognised in Profit & Loss account.....	35.92	24.06

d) Amount recognised in the Balance Sheet

₹ In Lacs

PARTICULARS	March 31, 2012	March 31, 2011
Opening net liability.....	(27.96)	(49.95)
Expense as above.....	33.42	24.06
Employers contribution paid.....	(17.76)	(2.07)
Closing net liability/(asset).....	(12.30)	(27.96)

e) Actual return on plan assets

₹ In Lacs

PARTICULARS	March 31, 2012	March 31, 2011
Expected return on plan assets.....	7.88	9.50
Actuarial gain/(loss) on plan assets.....	(4.12)	92.42
Actual return on plan assets.....	3.76	101.92

f) Principal actuarial assumptions for defined benefit plans

PARTICULARS	March 31, 2012	March 31, 2011
Discount rate.....	8.25%	8.25%
Rate of return on plan assets.....	8.25%	8.25%
Salary escalation.....	5.00%	5.00%

g) Composition of plan assets

PARTICULARS	March 31, 2012	March 31, 2011
Insured managed funds.....	100%	100%
Total.....	100%	100%

Notes:

- Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

Notes to the financial statements

32 EMPLOYEE BENEFITS

B. Other contributions

₹ In Lacs

PARTICULARS	March 31, 2012	March 31, 2011
Employers contributions to Provident fund.....	149.56	146.47
Employers Contribution to ESIC.....	2.93	3.87

33 DETAILS OF REPAYMENT OF LOANS & CHARGES CREATED ON ASSETS FOR SECURED BORROWING-

NAME OF BANK	REPAYMENT SCHEDULE	SECURITY
Allahabad Bank	60 Monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Axis Bank Ltd	60 Monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
State Bank of Mysore	20 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
State Bank of Bikaner & Jaipur	10 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
State Bank of India	30 Monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Central Bank of India	16 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Export Import Bank of India	24 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Bank Of India	28 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Industrial Development Bank of India	20 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
UCO Bank	20 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Bank of Baroda	24 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
ICICI Bank Limited	30 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Kotak Mahindra Bank	Up to 48 Monthly	Hypothecation of car
GE Capital Services India Limited	20 Quarterly	Charge has been created on specific assets
Canara Bank Limited	60 monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
State Bank of India	Upto 60 monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Electronica Finance Limited	Upto 48 monthly	1 st Pari passu on specified fixed assets
HDFC Bank Limited	Upto 60 monthly	Hypothecation of car
Canara Bank Limited	Upto 65 monthly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
Canara Bank Limited	Upto 20 Quarterly	1 st Pari passu on fixed assets and 2 nd Pari passu on current assets
SE Investment Limited	Upto 24 monthly	1 st Pari passu on specified fixed assets

Notes to the financial statements

33 DETAILS OF REPAYMENT OF LOANS & CHARGES CREATED ON ASSETS FOR SECURED BORROWING-

Details of repayment of long term secured borrowings are as follows

₹ In Lacs		
SR. NO	PARTICULARS	AMOUNT
1	Within one year	7,318.26
2	Two to five years	20,712.80
3	More than five years	9,566.76
		37,597.82

34 MICRO, SMALL & MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

Suppliers covered under Micro, Small & Medium Enterprise Development Act, 2006, have not furnished required information regarding filing of necessary memorandum with appointed authority. In view of this, information under Section 22 of the said Act is not given.

35 FOREIGN EXCHANGE DIFFERENCE ON LONG TERM FOREIGN CURRENCY BORROWINGS

Pursuant to notification dated December 29, 2011 issued by Ministry of Corporate Affairs, Government of India in respect of changes to Accounting Standard 11, the Company has exercised the option of capitalising exchange differences arising on reporting of long term foreign currency loans in so far as they relate to the acquisition of depreciable capital assets. Accordingly, in the current financial year, an amount of ₹ 776.18 lacs (March 31, 2011 ₹ Nil) has been capitalised. Out of this amount ₹ 59.37 lacs (net) (₹ 70.87 lacs exchange loss and depreciation of ₹ 11.50 lacs thereon) has been capitalised on account of foreign exchange losses arising during financial years 2007-08 to 2010-11 and has been adjusted against the general reserve. This amount will be depreciated from the date of capitalisation over the remaining life of the assets. Had this change not been effected profit for the year would be lower by ₹ 681.44 lacs (net of depreciation) and the gross block of assets would have been lower by ₹ 776.18 lacs. The balance of foreign exchange difference capitalised pursuant to above, remaining to be depreciated over the balance life is ₹ 736.13 lacs

36 SALES TAX DEFERRAL

During the year, the Company has opted for prepayment of sales tax deferral liability amounting to ₹ 3,181.29 lacs outstanding as on April 1, 2011. As per the provisional valuation of Net Present Value (NPV) an amount of ₹ 1,397.26 lacs is payable against the full and final settlement of aforesaid liability of ₹ 3,181.29 lacs. The Company has paid aforesaid NPV of ₹ 1,397.26 lacs to sales tax authorities. The sales tax deferral liability upto 2006 -2007 after completion of assessment amounted to ₹ 1,343.43 lacs, against which an amount of ₹ 681.08 lacs was determined as NPV. The sales tax authorities have completed the Assessment upto 2006-2007 and determined an amount of ₹ 681.08 lacs as payable against the total liability of ₹ 1,343.10 lacs. Accordingly, the Company has accounted ₹ 662.02 lacs as income on prepayment of sales tax deferral liability under other income. Balance liability of ₹ 1, 837.86 lacs is pending for assessment. This liability has been shown as a part of other current liability and payments already made of ₹ 716.18 lacs towards the said liability are shown as part of deposits. The difference between sales tax deferred liability and NPV will be accounted as income in the year. The assessment for the same is completed by the sales tax authorities.

Amount sanctioned under Industrial Promotion Subsidy by State Government of Maharashtra for setting up Mega project unit is considered as non-taxable based on legal opinion obtained by the Company.

Notes to the financial statements

- 37** During the year commercial banks have sanctioned insurance - backed factoring in respect of debtors of the company. Accordingly, as on the date of the Balance Sheet total debtors assigned to the bankers are:

₹ in lacs

PARTICULARS	MARCH 31, 2012	MARCH 31, 2011
Can Bank Factors Limited.....	2,077.93	2,187.68
IFCI Factors Limited.....	1,714.83	6,54.58
United Bank of India.....	10,058.62	12,492.67
IDBI Bank.....	4,134.20	3,442.24
TOTAL	17,985.63	18,777.17

- 38** Amount sanctioned under industrial promotion subsidy by state Government of Maharashtra for setting up Mega Project Unit is considered as non-taxable based on legal opinion obtained by the Company.

39 PRIOR YEAR COMPARATIVES

Till the year end March 31, 2011, the Company had adopted pre-revised Schedule VI as required by the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date
For **B. K. KHARE & CO,**
Firm Reg. No. 105102W
Chartered Accountants

For and on behalf of the Board of Directors of
INNOVENTIVE INDUSTRIES LIMITED

PRASAD PARANJPE
Partner

CHANDU CHAVAN
Chairman & Managing Director

RAVINDRA KATRE
Whole Time Director

MAHESH BAGLA
Company Secretary

Membership No. 047296

May 30, 2012 | Pune

Notes

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Attendance Slip

Innoventive Industries Limited

Regd. Office: Gat No. 1261, Sanaswadi, Tal Shirur, Dist Pune - 412208.

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of the Company at 'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune - 412208, at 10.30 a.m. on Friday, the September 28, 2012.

Full name of the Shareholder
(In block capitals)

Signature

Folio No. /DP ID No.* & Client ID No.*

*Applicable for members holding shares in electronic form.

No. of Shares:

Full name of Proxy
(In block capitals)

Signature

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

Tear Here

Proxy

Innoventive Industries Limited

Regd. Office: Gat No. 1261, Sanaswadi, Tal Shirur, Dist Pune - 412208.

I/We resident of

being a Member/Members of the above named Company, hereby appoint

resident of or failing him

resident of

as my/our

Proxy to attend and vote for me/us and on my/our behalf at the 21st ANNUAL GENERAL MEETING of the Company, to be held on Friday, September 28, 2012 and at any adjournment thereof.

Signed this day of 2012.

Folio No. /DP ID No.* & Client ID No.*

*Applicable for members holding shares in electronic form.

No. of Shares:

Signature

**Affix
Revenue
Stamp**

NOTES: (i) The proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting. (ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.

Corporate Office

Office No. 601 & 602,
Nucleus Mall, 1 Church Road,
Camp, Pune - 411 001

Registered Office

Gat No. 1261, Sanaswadi
Pune Nagar Road
Tal. Shirur, Dist. Pune - 412 208

