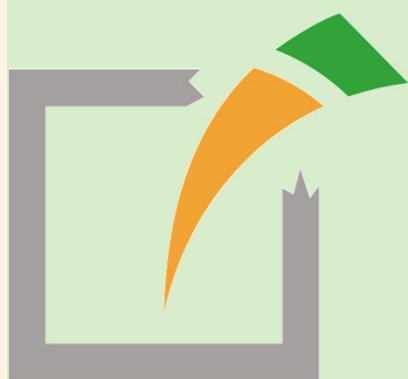


Precision to the Core



INNOVENTIVE

I N D U S T R I E S

19th Annual Report, Financial Year 2009-10





Our Vision

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

Our Mission

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



Over **14** years of experience

CEW Tubes approved with **93** customers worldwide

Over **450** customers Overall

Product approved in over **10** countries

Over **1100** employees



Wide Range of ERW, **CEW** and value added products

Cater to sectors like – **T**ransportation,
Power, **G**eneral **E**ngineering and
Farm **E**quipment

Over **11** product in various stages of development and commercialization's



Plant under the Mega Project scheme operational for commercial production during the year

Strong Customer Base including –



Corporate Information

*** Board of Directors**

Chandu Chavan (Chairman)
Ravinda Katre (MD)
Sanjay Waghulade(WTD)
Mukund Krishnaswami
Ramprasad Joshi
Pradeep Tupe
Yashpaul Gupta
Dr. Rajendra Jagdale

*** Group CEO**

Jitendra Palande

*** Company Secretary**

Mahesh Bagla

*** Auditors**

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

*** Bankers**

United Bank of India
The Saraswat Co Op Bank Ltd
Central Bank of India
IDBI Bank Ltd
Axis Bank Ltd
Oriental Bank of Commerce
UCO Bank
State Bank of Mysore

*** Registered office & Plant I**

Gat No 1261, Sanaswadi
Pune Nagar Road
Tal Shirur
Dist Pune 412208

Plant II (Mega Project)

Village: Pimple Jagtap,
Tal: Shirur, Dist: Pune – 412208

Corporate Office

601-602, Nucleus Mall
1, Church Road.
Camp, Pune - 411001

*** Registrar**

Karvy Computerhare Pvt. Ltd.

FINANCIAL SUMMARY -

				Rs in Lacs	
Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Share Capital	900.00*	900.00*	500.01	500.01	500.01
Share Application Money	502.21*	254.19*	-	-	-
Reserves and Surplus	1189.4	2,336.80	2,696.53	3,865.76	6,604.82
Secured Loan	3218.5	4,476.46	13,651.70	22,768.82	21,213.33
Unsecured Loan	687.29	1,440.89	2,184.81	3,256.77	4,516.89
Fixed Net assets	4295.7	7,556.28	11,991.74	23,116.40	27,095.53
Net current Assets	2785.7	2,640.70	6,594.53	6,335.95	5,905.63
Income	12508	19,263.61	27,592.69	35,081.28	39,222.27
Total Expenditure	11029	17,760.66	26,917.14	33,467.79	34,894.91
PBDIT	2328.4	2,767.47	2,528.25	5,526.78	10,509.27
Depreciation	343.5	426.65	578.89	892.48	1,266.66
Interest	505.47	837.87	1,273.81	3,020.81	4,915.25
PBT	1479.5	1,502.95	675.55	1,613.49	4,327.36
Tax	537.64	299.37	311.13	444.26	1,588.30
PAT	941.81	1,203.58	364.42	1,169.23	2,739.06

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 19th Annual General Meeting of **Innoventive Industries Limited** (Formerly known as Arihant Domestic Appliance Limited) will be held on Monday the 06th Day of September, 2010 at 04.30 p.m. at the Registered Office (Gat No. 1261, Sanaswadi, Nagar Road, Shirur, Pune) of the Company, to transact the following business;

➤ **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the Financial Year ended 31st March 2010 together with the Directors' report and Auditors' report thereon.
2. To appoint a Director in place of Mr. Chandu L. Chavan who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.
3. To appoint a Director in place of Mr. Ravindra W. Katre who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.
4. 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 to fix their remuneration.

➤ **SPECIAL BUSINESS:**

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

"RESOLVED THAT Mr. Ramprasad Joshi who was appointed as additional director by Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this General Meeting and eligible for appointment to 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 parties.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution."

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

“RESOLVED THAT Mr. Pradeep Tupe who was appointed as additional director by Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this General Meeting and eligible for appointment to 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 parties.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution.”

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

“RESOLVED THAT Mr. Yashpaul Gupta who was appointed as additional director by Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this General Meeting and eligible for appointment to 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 parties.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution.”

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

“RESOLVED THAT Dr. Rajendra Jagdale who was appointed as additional director by Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this General Meeting and eligible for appointment to 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 parties.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution.”

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

“RESOLVED THAT Mr. William Sean Sovak who was appointed as additional director by Board of Directors of the Company, pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this General Meeting and eligible for appointment to the office of Director, be and is hereby appointed as Nominee Director of the Company not liable to retire by rotation with immediate effect on such terms and conditions as may be mutually agreed by and between parties.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution.”

10. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Special Resolution**;

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the “Act”) (including any statutory modification or re-enactment thereof for the time being in force), read with the Memorandum of Association and Articles of Association of the Company and the Listing Agreements to be entered into with the respective Stock Exchanges, where the Company’s equity shares are proposed to be listed and subject to the approval to the extent necessary of the Government of India, Securities and Exchange Board of India (“SEBI”), Foreign Investment Promotion Board (“FIPB”), Reserve Bank of India (“RBI”) and all other concerned statutory and other authorities and to the extent necessary, such other approvals, consents, permissions, sanctions and the like, as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which shall include a duly authorized Committee for the time being exercising the powers conferred upon it by the Board), consent of the members in this Nineteenth Annual General Meeting be and is hereby granted, and the Board be and is hereby authorized to create, offer, issue and allot equity shares of the face value of Rs. 10/- (Rupees ten only) each at par or at a premium, so however that the total amount to be raised including amount of securities premium by such offerings shall not exceed 300 Crores (Rupees Three Hundred Crores only) (the “Issue”); to such person or persons, who may or may not be the Members of the Company and as the Board may at its sole discretion decide, including one or more of the Members, Promoters (that is to say persons in present management

and control of the Company) and their associates, Directors, their friends, relatives and associates, foreign / resident investors, foreign institutional investors, foreign venture capital investors, Indian and/or multilateral financial institutions, mutual funds, Non Resident Indians, qualified institutional buyers, employees and/or workers of the Company or its subsidiaries,, in or out of India, or the Promoters, members of group companies, Indian public, bodies corporate, any other company/companies, private or public or other body corporate(s) or entities whether incorporated or not, authorities and such other persons in one or more combinations thereof and/or any other categories of investors, whether they be holders of equity shares of the Company or not, and/or through issue of offer documents ("Initial Public Offer") or under Preferential Offer/ Allotment regulations of SEBI, through the Book Building Process, in one or more tranches and in the manner, and on the terms and conditions as the Board may in its absolute sole discretion decide including the price at which the equity shares are to be issued, at par or at premium and for cash or other consideration and the decision to determine the category or categories of investors to whom the offer, issue and allotment/transfer shall be made to the exclusion of all other categories of investors on such terms and conditions as may be finalized by the Board and that the Board may finalize all matters incidental thereto as it may in its absolute discretion think fit;

RESOLVED FURTHER THAT in terms of Section 81(1A) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, consent of the members in this Annual General Meeting be and is hereby granted, and Board be and is hereby authorised at its option to issue and retain up to and including 15% (fifteen) percent of the aggregate equity shares issued pursuant to the above resolution as a 'Green Shoe Option' and that the Board be and is hereby authorized to enter into a Stabilization Agreement or execute any other deed, document, writing or the like in this regard;

RESOLVED FURTHER THAT the Board, including any Committee or Sub-Committee be and is hereby authorized to make any alteration, addition or vary any of the above said clauses, in consultation with the Book Running Lead Managers or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Issue structure;

RESOLVED FURTHER THAT: -

1. All the monies received out of the issue of shares to the public shall be transferred to separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of the Companies Act, 1956;

2. Details of all monies utilised out of the Issue referred to in sub-item 1 above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised; and
3. Details of all un-utilised monies out of the issue of shares, if any, referred to in sub-item 1 above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such un-utilised monies have been invested;

RESOLVED FURTHER THAT such of these equity shares to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute sole discretion may think most beneficial to the Company including offering or placing them with Banks/Financial Institutions / Investment Institutions / Mutual Funds / Foreign Institutional Investors / Bodies Corporate / such other persons or otherwise as the Board may in its absolute sole discretion decide;

RESOLVED FURTHER THAT Axis Bank Limited and Avendus Capital Private Limited and SBI Capital Markets Limited be and are hereby approved as Book Running Lead Manager(s) to the above Issue made by the Company;

RESOLVED FURTHER THAT Karvy Computershare Private Limited be and is hereby approved as registrar to the above Issue;

RESOLVED FURTHER THAT for the purpose of giving effect to these resolutions, the Board be and is hereby authorized, on behalf of the Company, to decide and approve the terms and conditions of the Issue, including but not limited to reservations for employees or other permitted categories, and shall be entitled to vary, modify or alter any of the terms and conditions, including the size of the Issue, as it may consider expedient and to do all such acts, deeds, matters and things, as it may in its absolute sole discretion deem necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in regard to the above offer, issue and allotment and utilisation of the proceeds of the Issue, to liaise with regulatory authorities and further to do all such acts, deeds, matters and things and to negotiate and finalize all such deeds, documents and writings as may be necessary, desirable or expedient to give effect to the above resolution and to negotiate terms, appoint advisor(s), book running lead manager, registrar(s), any other intermediary / intermediaries registered with SEBI, legal counsel or legal experts, advertising agents/agencies, consultants and to pay any fees, commission, remuneration, incur expenses and take such further steps as may be required necessary, incidental or ancillary for the allotment and listing of the aforesaid equity shares on the Stock Exchanges where the Company's equity shares are proposed to be listed, as may be decided by the Board, and to make

such modifications without being required to seek further consents or approval of the Members and that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized on behalf of the Company, at its discretion, to make available for allocation/allotment, a portion of the Issue to anchor investors being qualified institutional buyers making an application for a value of ten crores or more in the Issue in accordance with the SEBI Regulations (“**Anchor Investors**”) or other applicable laws, regulations, policies or guidelines or as may otherwise be permitted by SEBI; and to take any and all action in connection with any allocation/allotment to Anchor Investors as may be decided by the Board in its absolute discretion, including without limitation, to negotiate, finalize and execute any document or agreement, and any amendments, supplements, notices or corrigenda thereto; seek any consent or approval required or necessary; give directions or instructions and do all such acts, deeds, matters and things as the Board may, from time to time, in its absolute discretion, deem necessary, proper, or desirable; and settle any question, difficulty, or doubt that may arise with regard to or in relation to the foregoing, without being required to seek further consents or approvals of the Members and the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board and/or any Committee of the Board, be and is hereby authorised to take such action, give such directions, as may be necessary or desirable to give effect to this resolution and to do all such acts, matters, deeds and things, including but not limited to the allotment of equity shares against the valid applications received in the Initial Public Offering, as are in the best interests of the Company;

RESOLVED FURTHER THAT Mr. Chandu L. Chavan, Director and/or Mr. Sanjay H. Waghulade, Director of the Company and/or Company Secretary of the Company be and are hereby severally authorized to execute and sign the documents including consent letter, power of attorney, certificates etc., as may be required in connection with the above;

11. To consider and if thought fit to pass with or without modification(s) the following resolution as an ***Special Resolution***;

“RESOLVED THAT pursuant to the applicable provisions of the Foreign Exchange Management Act (FEMA), 1999, the Companies Act, 1956, all other applicable laws, rules, regulations, guidelines and subject to such approvals, consents and permissions of the Government of India, the Reserve Bank of India (“RBI”) and any other appropriate authorities, institutions or bodies as may be necessary and subject to such conditions as may be prescribed by any of the

concerned authorities while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), consent of the members be and is hereby accorded for investment in the Equity Shares of the Company by Foreign Institutional Investors (FIIs) including their sub-accounts registered with the Securities and Exchange Board of India (SEBI) upto such limit as may be permitted by law and approved by the Board of Directors of the Company, provided however that the share holding of a single FII or a sub-account of an FII, in the Company shall not exceed 49 percent of the total issued share capital of the Company or such other limit as may be permitted by law and approved by Board of Directors of the Company;

RESOLVED FURTHER THAT any Director of the Company or the Company Secretary be and are hereby severally authorized to do and perform all such acts, deeds, matters and things and to execute all such documents, deeds and writings as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects as it may, in its absolute discretion, deem fit and proper and to settle any question or difficulty that may arise with regard to the aforesaid purpose and which it may deem fit in the interest of the Company."

12. To consider and if thought fit to pass with or without modification(s) the following resolution as an ***Special Resolution***;

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 consent of the members of the Company be and is hereby accorded to the alteration of the existing Articles of Association of the Company by deleting the same and substituting in its place a new set of Articles of Association as placed before the Board of Directors and initialed by the Chairman for identification.

RESOLVED FURTHER THAT any Director of the Company or the Company Secretary be and are hereby severally authorized to do and perform all such acts, deeds, matters and things and to execute all such documents, deeds and writings as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects as it may, in its absolute discretion, deem fit and proper including but not limited filing the required forms with the Registrar of Companies, Pune and to settle any question or difficulty that may arise with regard to the aforesaid purpose and which it may deem fit in the interest of the Company."

BY ORDER OF THE BOARD OF DIRECTORS**CHANDU CHAVAN**
CHAIRMANPlace: PUNE
Date: 04.08.2010**NOTE:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be lodged with the Company at its Registered Office at least 48 hours before the time appointed for the meeting.
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed herewith.

EXPLANATORY STATEMENT
(Pursuant to section 173(2) of the Companies Act, 1956)

Item No. 5, 6, 7, 8 & 9

The Board of Directors of your Company has appointed Mr. Ramprasad Joshi, Mr. Pradeep Tupe, Mr. Yashpaul Gupta, Dr. Rajendra Jagdale and Mr. William Sean Sovak as additional directors of the Company by passing appropriate board resolutions. As per provisions of the Companies Act, 1956 term of additional directors shall expire at ensuing Annual General Meeting hence your directors recommend to regularize their appointment as Directors of the Company.

Now your directors therefore, seek your consent in this regard.

No Director is deemed to be concerned or interested in the resolution.

Item No. 10

The Company proposes to make an initial public offering of its equity shares (the "Issue") for inter alia the following purposes:

To finance its expansion plans, to meet long-term working capital requirements etc it is proposed to make fresh issue of equity shares to the public.

In terms of Section 81(1A) of the Companies Act 1956, issue of shares to persons other than the existing shareholders of the Company requires approval of the shareholders in a general meeting by way of a special resolution.

The resolution for item No: 10 of notice, if passed, would authorize the Board of Directors (which shall include and deem to include a duly authorized committee of the Board of Directors) to decide on all relevant matters concerning the Issue, including but not limited to the terms and conditions of the issue, the number of shares to be issued, the price of the issue i.e. at par or at premium, the category or categories of investors to whom the offer, issue and allotment shall be made, whether or not the issue would involve an offer for sale/promoter's contribution, and to finalize all matters incidental thereto as it may in its absolute discretion think fit.

None of the Directors of the Company are concerned or interested in this resolution except to the extent of the new shares that they may apply for and the same be allotted to them in terms of this resolution, or if share(s) held by any director(s) are offered in the offer for sale in the Issue.

The Board of Directors of the Company recommends the resolution as set out in Item No. 10 above for the approval of the members as a special resolution.

Item No. 11

In accordance with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 issued under the Foreign Exchange Management Act, 1999 and amended from time to time investment in equity shares by Foreign Institutional Investors (FIIs) including their sub-accounts is limited to 24% of a company's paid-up equity share capital. This limit can be increased by the Company by passing a special resolution.

In view of the proposed Issue and to improve the free float of the Company's scrip for purchase/trading by FIIs, it is proposed to raise the limit for investment by FIIs in the paid-up equity share capital of the Company from 24% to 49% of the Company's paid-up share capital. It is needless to emphasize that such a proposal would be in the wider interest of members.

The Resolution set out in Item no. 11 of the Notice would enable the FIIs to acquire shares of the Company within the revised ceiling under the Portfolio Investment Scheme of Reserve Bank of India (RBI).

None of the directors of the Company is, in any way, concerned or interested in the said resolution.

The Board of Directors of the Company recommends the resolution as set out in Item No. 11 above as a special resolution.

Item No. 12

Pursuant to Shareholders & Subscription Agreement executed by the Company with Kavos Capital Limited, it is necessary to amend the Articles of Association of the Company in line with said agreement. In view of various alterations required to be made to the Articles, it is proposed to adopt a new set of Articles of Association of the Company.

In terms of Section 31 of the Companies Act 1956, alteration of Articles of Association requires approval of the shareholders in a general meeting by way of a special resolution.

None of the Directors of the Company are concerned or interested in this resolution.

The Board of Directors of the Company recommends the resolution as set out in Item No. 12 above as a special resolution.

REPORT OF THE DIRECTORS

To,
The Members of,
Innoventive Industries Limited,
(Erstwhile Arihant Domestic Appliances Limited),
Pune

Your directors have pleasure in presenting the 19th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010. The Financial highlights of the year under review are as follows;

FINANCIAL RESULTS:

During the year 2009-10 your Company has achieved around 5.21% rise in sales as compared to previous year. Total sale of Financial Years 2009-10 was Rs. 42,150.50 Lacs as compared to sale of Rs. 40,062.99 Lacs in financial year 2008-09 for better understanding of the financial results of the Company separate summary report is also included in this annual report.

	(Rs. In Lacs)	
Particulars	2009-10	2008-09
Turnover / Income (Gross)	42,150.50	40,062.99
Turnover / Income (Net)	39,105.95	34,820.04
Other Income	116.32	261.24
Total Expenditures	34,894.91	33,289.33
Interest and Finance Cost	4,915.25	3020.81
Depreciation	1,266.66	892.48
Profit Before Tax	4327.36	1613.49
Tax - Current	740.11	186.95
- Deferred	1,105.12	404.22
- FBT	-	16.90
- Income Tax Excess Provision in Previous Year	(5.78)	-
- Wealth Tax	0.21	1.19
- MAT (Credit)	(251.36)	(165.01)
Profit After Tax	2,739.06	1169.23
Balance Brought forward from last year	3,209.20	2156.89
Profit Available for Appropriation	5,948.25	3326.12
Appropriations		
Dividend on Equity Shares	-	-

Corporate Dividend Tax	-	-
General Reserve	273.91	116.92
Surplus Carried over to Balance sheet	5,674.35	3209.19
EPS	54.78	23.38
(Face value of Share Rs 10/- each)		

SUBSIDIARY:

During the period under review, following is the list of Subsidiary Companies, within the meaning of Section 4(1)(b)(ii) of the Companies Act, 1956;

- Arihant Auto Components Private Limited
- Arihant Steel and Metal Wires Private Limited
- Arihant Steel Products and Services Private Limited
- Saicon Steels Private Limited, Mumbai
- Seven Star Electrodes Private Limited, Pune
- Sankalp Forgings Private Limited

Arihant Steel Products and Services Private Limited have not commenced any business since its incorporation therefore it has filed necessary application under Simple Exit Scheme 2010 of Ministry of Corporate Affairs for striking off its name from ROC's record.

DIVIDEND

The Board, for the year ended 31st March, 2010 has not recommended any dividend.

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earning of Rs. 647.68 lacs (FOB Value of exports) and outgo of Rs. 256.67 lacs.

PARTICULARS OF EMPLOYEES

There was a one employee falling within the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and his details are as below;

- Mr. Jitendra Palande – Gross Salary Rs. 245,000/- p.m.
Date of Joining:- 01.10.2009

Current Designation:- Group CEO
Last Employer:- Höganäs India Limited
Designation with last employer:- CFO

Aforesaid employee is not related to the Directors of the Company although his salary may exceed salary drawn by MD & WTD. He also does not have any equity stake, directly or indirectly, into the Company.

DEPOSITS

During the period under review Company has not accepted deposits from any persons.

GLOBAL ECONOMY

2009 was one of the most challenging years for the global economy in recent times with the global recession of 2008 and 2009 representing the largest peacetime downturn in economic activity since the 1930s. The World Bank reported that the positive growth in the emerging and developing economies was more than offset by negative growth in the advanced economies resulting in negative World GDP growth in 2009. The sharp decline in global demand for consumer durables and investment goods that accompanied the economic crisis, led to a significant demand contraction particularly in the United States of America and Europe which continued in most economies till September 2009. Economies with large current account deficits, excessive reliance on foreign capital to finance domestic consumption, and sizeable fiscal deficits witnessed sharper growth declines. Following unprecedented fiscal and monetary policy stimulus measures and direct Government support for some institutions and sectors, a gradual recovery in domestic demand and the turning of the inventory cycle saw most economies emerge from recession by the end of 2009. In contrast to most developed and emerging economies, China and India were able to avoid recession and recorded GDP growth of around 10% and 7.2% respectively in spite of a slowdown from pre-crisis growth rates as export demand collapsed across many sectors.

In India, the Economic Survey of 2009-10 revealed that some of the key macroeconomic indicators revived especially during the second half of the year compared to the previous year. Even though the agricultural output declined by 0.2% as a consequence of a poor monsoon season, the industrial and service sectors grew at the rate of 8.2% and 8.7% respectively taking estimated GDP growth to 7.2% during the year. It is worth noting that the manufacturing industry grew at 8.9% during the year.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Chandu L. Chavan and Mr. Ravindra W. Katre retire by rotation and are eligible for re-appointment.

Mr. Parag M. Mulye, Mr. Sanjay T. Bhade and Mr. Shivaji R. Katke ("Promoter Directors") stepped down from the office of Director of the Company w.e.f 27.02.2010 and on the same day Mr. Ramprasad Joshi, Mr. Pradeep Tupe, Mr. Yashpaul Gupta and Dr. Rajendra Jagdale were co-opted as Additional Directors. Mr. William Sean Sovak was also recently co-opted as additional director due to resignation of Mr. Mukund Krishnaswami. Since the term of all these Additional Directors shall expire at forthcoming Annual General Meeting (AGM) a resolution under Section 257 of the Companies Act, 1956 for their appointment as Director is being placed before the shareholders at the ensuing AGM for their approval.

Although Promoter Directors resigned from their directorship they shall continue their association with the Company on such terms & conditions as agreed by the board. Aforesaid change in board structure was effected to accommodate Independent Directors pursuant to corporate governance.

NOTE ON CORPORATE GOVERNANCE

Although Company is not listed at any stock exchanges in India or abroad, Company's Board opted to adhere with clause 49 of Listing Agreement as a sign of good corporate practice. Presently Board consists of 8 members with knowledge & expertise in different fields. Apart from Mr. C. L. Chavan, Chairman, Mr. R. W. Katre, Managing Director, Mr. S. H. Waghulade, Whole-time Director and Mr. Mukund Krishnaswami, Nominee Director all remaining are Independent Directors.

During the year under review, Board has formed various committees having defined scope and responsibilities which includes Audit Committee, Shareholders Grievance Committee, IPO Committee etc.

BONUS ISSUE

In July 2010 it was decided to capitalize profits of the Company by issuing bonus shares to equity shareholders. However promoters of the Company waived their entitlements resulting bonus issuance only to one shareholder i.e. Kavos Capital Limited.

SUBSCRIPTION AND SHAREHOLDERS AGREEMENT

Recently in August 2010 Company entered into share subscription and shareholders agreement with Kavos Capital Limited and others to facilitate further growth of the Company by equity infusion on such terms & conditions as contained in said agreement. Kavos has invested INR 350 Millions in equity share capital of the Company.

STATUTORY AUDITORS

Messrs. B. K. Khare & Co, Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board of Directors recommends their re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS

❖ Installed capacity and Utilization

The Annual Accounts have shown capacity details, both installed and utilized. The conventional way of viewing the capacity utilization involves comparing the total output with the installed capacity. In our industry, this approach is extremely misleading. The tubes that we manufacture have different sizes. The capacities can vary significantly depending on size (diameter and thickness) and also nature of the product. The capacity consumed for rolling a tube is inversely proportional to its size and complexity. Smaller / lower the size of the tube, more the capacity consumed. Such sizes bring down the conventionally construed capacity utilization. But these sizes fetch very high value addition leading to improved bottom line. Easy to roll sizes will show a higher capacity utilization but they provide very low value addition. The lower capacity utilization should not be viewed as negative performance, but should be seen vis-à-vis the value-add. In our case, it actually improved bottom line.

❖ Closing inventory

During the year, the overall inventory increased as a result of the following external compulsions as well as conscious efforts.

1. **Value added product mix** – The previous year (FY 2009) witnessed deep impact of global recession on the overall operations of the company leaving a lower level of inventory. The business outlook improved only in the last quarter of FY 2010. During the year, we undertook various projects to develop new value added products and restructured the then existing product mix. These products have longer lead times that resulted into longer and larger investment in WIP.
2. **Exports** – The exports grew in the last quarter which was nil in the previous year last quarter. Based on the last quarter and the further orders from foreign markets, certain inventory was earmarked for Export.
3. **Raw material price increase** – During the year, the raw material prices went up by Rs. 2,700 per MT, which led to an increase in the overall carrying cost of inventory compared to previous year.
4. **Strategic buying** – The raw material prices were expected to increase further in the first quarter of FY 2011. The management took a conscious view to increase inventory for subsequent sale in the first quarter of FY 2011.

The actual price increase was 22% (Rs. 7000 per MT). The company gained significantly on this account.

5. **Increased customer demand** – The Auto products division had to continue its operations at peak levels in order to fulfil the increased customer demand during the last quarter and the early part of FY 2011. This led to increase in the overall inventory.

The quantitative impact of the above on the inventory has been summarized below.

(Amounts in Rs Cr)

	Contributing factor	Increase in inventory
1.	High value added products	6.20
2.	Inventory for Exports	8.56
3.	Raw material price increase	3.87
4.	Strategic buying	10.00
5.	Increased customer demand for Auto division	6.05
6.	Stores & Spares	0.18
7.	Finished Goods	(1.27)
8.	Scrap	0.11
	Total	33.70

❖ **Margins –**

The overall margins marked a healthy improvement over the previous year - primarily due to efficient raw material procurement, other benefits available and better product mix whereby the composition of CEW tubes, membrane strips, auto components have increased as a percentage of total sales. These products provide a higher realisation as compared to ERW tubes due to value addition made by further processing to convert them into finished products. Further, our unique pilgering process, for which we have applied for a patent, increases our operating margins on account of savings in labour and electricity costs. Our membrane strips have been able to successfully substitute imports for use in power generation equipment as these are cheaper compared to imported strips simultaneously providing us higher margins.

❖ **Debtors –**

During the second half of the year there was an increase in Debtors especially due to addition of new customers / new products sales, which were not factored.

NON-MANDATORY PROVISIONS OF LISTING AGREEMENT

Company is not complying with non-mandatory provisions of any listing agreement.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions 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, are given in Annexure 'A' to the Directors' Report.

CAUTIONARY STATEMENT

The information and opinion expressed in the Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in the Report. Important factors that could make a difference to the company's operations include, among others, economic condition in the domestic and the overseas market in which the company operates, changes in the government regulations, tax laws and other statute and incidental factors.

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 31st March, 2010, 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 or Loss 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 31st March, 2010 on a 'Going Concern basis'.

ACKNOWLEDGEMENT

The Directors place on record their appreciations for the wholehearted and sincere co-operation received by the Company during the year from the clients, banks, financial institutions, investor, employees and various Government Authorities during the year under review.

The Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the company at all levels towards the growth of the company.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS,**

Place: PUNE
Date: 04.08.2010

**CHANDU CHAVAN
CHAIRMAN**

**ANNEXURE TO THE REPORT OF DIRECTORS IN TERMS OF COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES
1988.**

FORM – A

Form for disclosure of particulars with respect to conservation of energy.

Particulars	31 st March 2010	31 st March 2009
-------------	-----------------------------	-----------------------------

(A) Power and Fuel Consumption

1. Electricity		
(a) Purchased		
Units (KW)	9972998	5317390
Total Amount (Rs.Lacs)	42658077	22864777
Rate/Unit (Rs.)	4.27	4.3
(b) Own Generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
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.)

FORM – B

Form for disclosure of particulars with respect to Technology Absorption.

There is nothing much to comment under this head.

For and on behalf of the Board



Place: Pune
Date: 04.08.2010

C. L. Chavan
Chairman

INNOVENTIVE INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTOR'S REORT							
Statement pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company							
1	Name of the Subsidiary	Arihant Auto Components Pvt Ltd	Arihant Steel and Metal Wires Pvt Ltd	Arihant Steel Products and Services Pvt Ltd	Saicon Steels Pvt Ltd	Sankalp Forgings Pvt Ltd	Seven Star Electrodes Pvt Ltd
2	Financial Year ended	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
3	Holding co's Interest	100%	100%	99.99%	51%	51%	100%
4	Shares held by holding company in the subsidiary	19,00,000 number of Equity Shares of Rs. 10/- each, fully paid-up	8,00,000 number of Equity Shares of Rs. 10/- each, fully paid-up	9,999 number of Equity Shares of Rs. 10/- each, fully paid-up	22,69,499 number of Equity Shares of Rs. 10/- each, fully paid-up	2,23,907 number of Equity Shares of Rs. 10/- each, fully paid-up	4,00,000 number of Equity Shares of Rs. 10/- each, fully paid-up
5	Net Aggregate of profit or losses for the current financial year of the subsidiary so far as it concerns the members of the Holding Co.						
	a. Dealt With or provided for in the accounts of the holding Company	Nil	Nil	Nil	Nil	Nil	Nil
	b. Not dealt with or provided for in the accounts of the Holding Company	Profit Rs. 75,84,000	Profit Rs. 33,60,379	Loss Rs. 842	Profit Rs. 35,13,900	Profit Rs. 76,56,120	Profit Rs. 28,95,000
6	The Net Aggregate of Profits & Losses for previous financial years of the subsidiary so far as it concerns the members of the holding Company						
	a. Dealt with or provided for in the accounts of the Holding Company	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
	b. Not dealt with or provided for in the accounts of the Holding Company	Loss Rs. 385,52,530/-	Loss Rs. 120,297/-	Nil	Profit Rs. 40,70,028/-	Profit Rs. 1,32,23,072/-	Loss Rs. 4,39,562/-
Note 1: Since the accounting year of the subsidiary Companies is same as that of the Holding Company, the statement under section 212(5) of the companies Act,1956 is not required to be given.							
Note 2: Arihant Steel Products and Services Pvt Ltd has made application to strike off its name under Section 560 of Companies Act, 1956 pursuant to Easy Exit Scheme, 2010 of MCA							

For and on Behalf of the Board of Directors

Sd/-
C. L. Chavan
Chairman

Sd/-
R. W. Katre
Managing Director

Sd/-
M. G. Bagla
Company Secretary

Head Office : Mumbai

- Tel : (022) 2200 0607 / 7318 / 6360
- (022) 6631 5835 / 36
- Fax : (022) 2200 3476
- E-mail : info@bkkhareco.com
- 706 / 708, Sharda Chambers,
New Marine Lines, Mumbai 400 020

B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

Auditors' Report

To the Members of Innoventive Industries Limited,

We have audited the attached Balance Sheet of Innoventive Industries Limited as at 31st March 2010, and also the Profit and Loss Account 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

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 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.

1. As required by the Companies (Auditor's Report) Order, 2003 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 the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and 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;

Branch Office : Pune

- Tel : (020) 2543 3704 • Fax : (020) 2542 0212
- E-mail : pune@bkkhareco.com
- 11, Venu-Madhav, 104/7, Off Lane No. 14,
Prabhat Road, Erandwane, Pune - 411 004.

Branch Office : Bangalore

- Tel: (080) 4110 5357 •
- E-mail: bkkhareb@vsnl.net •
- 505, 8B Main, Koramangala, 15th Block
Near Telephone Exchange, Bangalore - 560 034.

- e) On the basis of the written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
- f) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's accounting policies and the Notes thereto, 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as on 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Pune
Dated : 4th August, 2010



For B.K. Khare & Co.
Chartered Accountants

A handwritten signature in blue ink, appearing to be "U.B. Joshi".

U.B. Joshi
Partner
Membership No. 044097
Firm Reg. No. 105102W

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date:

i.

- (a) The Company has maintained proper records of the majority of the assets showing full particulars including quantitative details and situation of fixed assets.
- (b) Major assets have been physically verified by the management during the year based on the regular program 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 inventory of fixed assets with book records is in process.
- (c) In our opinion and according to the information and explanation given to us, during the year, the company has not disposed of any substantial / major part of fixed assets.

ii.

- (a) As explained to us, the inventory, except stocks lying with third parties, has been physically verified during the year by the management. For stocks lying with third parties at the year end, written confirmations have been obtained. In our opinion, frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has implemented ERP Solution – SAP R/3 from 1st April, 2010. As explained, the required reports were under testing and implementation process/ configuration issues were under review. In view of this, we are not in a position to comment on the discrepancies that would have been noticed between physical stock and book records.



- iii. According to the information and explanations given to us, no loans secured or unsecured have been granted to or taken from companies, firms or other parties in the register maintained under Section 301 of the Companies Act, 1956.
- 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 with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. In respect of transactions entered in the register maintained in pursuance of Section 301 of Companies Act, 1956:
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under Section 301.
 - (b) According to the information and explanations given to us and excluding certain transactions of purchase of goods and materials of special nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the products manufactured / services rendered by the Company.
- ix.
- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, except for Sales Tax dues in which there has been delays in a few cases and in case of Income Tax deducted at source in which there have been delays on several occasions, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, 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 Income tax, Sales tax, Wealth tax, Service tax, Customs duty and Excise duty were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company and information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty and cess, which have not been deposited on account of disputes.
- x. The Company does not have accumulated losses at the end of the financial year and the company has not incurred any cash losses in the current and the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the payment of dues to its bankers or to any financial institutions.



- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any Special Statue applicable to chit fund or nidhi / mutual benefit fund / societies are not applicable to the company.
- xiv.
- (a) Based on the records examined by us and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of the transactions and contracts of dealing in shares and securities and timely entries have been made in these records.
- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.



- xv. According to the information and explanations given to us, the Company has given following guarantees for loans taken by subsidiary and other companies from banks and financial institutions. Considering the nature of 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.

Sr. No.	Given in Year	Guarantee given in favour of	Guarantee given on behalf of	Purpose / Nature of transaction	Amount (Rs. In Lacs)	Outstanding as on 31 st March, 2010 (Rs. In lacs)
1	2006-07	Saraswat Co-operative Bank Ltd.	Arihant Steel & Metal Wires Pvt. Ltd.	Term Loan & Deferred Payment Guarantee	1,490.00	235.44
2	2007-08	M/s. Electronica Finance Ltd.	Arihant Steel & Metal Wires Pvt. Ltd.	Purchase of Machinery	105.00	39.01
3	2007-08	M/s. Electronica Finance Ltd.	M/s. Sankalp Forgings Pvt. Ltd.	Term Loan Facility	70.00	30.97
4	2007-08	M/s. Electronica Finance Ltd.	M/s. Sankalp Forgings Pvt. Ltd.	Hire Purchase Finance	100.00	55.37
5	2007-08	M/s. Electronica Finance Ltd.	M/s. Sankalp Forgings Pvt. Ltd.	Clean Loan Finance	15.00	0.00
6	2008-09	Canbank Factors Ltd., J.M. Road Branch	M/s. Sankalp Forgings Pvt. Ltd.	Sale Bill Discounting	75.00	75.00
7	2008-09	New India Co-operative Bank Ltd., Mumbai	Arihant Steel & Metal Wires Pvt. Ltd.	Facility availed for Bill Financing	43.00	0.00
8	2006-07	State Bank of India	Arihant Autocomponents Pvt. Ltd.	Term Loan	1,250.00	499.18



- xvi. To the best of our knowledge and belief and according to explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purpose for which loans were obtained.
- xvii. On the basis of overall examination of the financial statements including Cash Flow Statement and other financial information furnished, we are of the opinion that the funds raised on short term basis have not been used for making long term investments.
- xviii. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix. According to the information and explanations given to us, the company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. A case involving theft of company funds amounting to Rs. 2.02 lacs was reported during the year. Apart from the above, to the best of our knowledge and belief and according to the information and explanations given to us and during the course of our examination of the books of account, carried out by us in accordance with the generally



accepted auditing practices in India, no other instance of fraud on or by the Company was noticed or reported during the year.

For B.K. Khare & Co.
Chartered Accountants



U.B. Joshi

Partner

Membership No.: 044097

Firm Reg. No. 105102W

Place : Pune

Dated : 4th August, 2010



INNOVENTIVE INDUSTRIES LIMITED (Erstwhile Arihant Domestic Appliances Limited)
Gat No. 1261, Sanaswadi, Tal Shirur Dist Pune 412 208.



BALANCE SHEET AS AT 31st MARCH, 2010

Rs in Lacs

PARTICULARS	Schedule	31st Mar 2010	31st Mar 2009
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital	1	500.01	500.01
Reserve & Surplus	2	6,604.82	3,865.76
		7,104.83	4,365.77
LOAN FUNDS			
Secured Loans	3	21,213.33	22,768.82
Unsecured Loans	4	4,516.89	3,256.77
		25,730.22	26,025.58
DEFERRED TAX LIABILITY (NET)		2,620.37	1,515.24
TOTAL FUNDS EMPLOYED		35,455.41	31,906.59
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block		28,116.73	17,014.19
Less : Accumulated Depreciation & amortization		4,110.00	2,852.72
Net Block		24,006.73	14,161.47
Capital Work in Progress		3,088.80	8,954.93
Total Fixed Assets	5	27,095.53	23,116.40
INVESTMENTS	6	2,454.25	2,454.25
Current Assets, Loans and Advances	7, 8		
Inventories		10,297.23	6,927.72
Sundry Debtors #		4,965.84	126.89
Cash and Bank Balances		1,581.94	6,547.89
Loans & Advances		5,803.80	4,575.33
		22,648.81	18,177.83
Less: Current Liabilities & Provisions	9		
Current Liabilities		15,951.75	11,631.86
Provisions		791.44	210.03
		16,743.18	11,841.89
NET CURRENT ASSETS		5,905.63	6,335.94
TOTAL FUNDS APPLIED		35,455.41	31,906.59

Significant Accounting Policies and Notes to Accounts 15

Refer Note No. B4 of Schedule 15

As per our Report of even date

For B. K. Khare & Company
Chartered Accountants

U. B. Joshi
Partner
Membership No. 044097
Firm Reg. No. 105102W

For Innoventive Industries Limited

Chandu Chavan Ravindra Katre Mahesh Bagla
Chairman Managing Director Company Secretary
Date :- 4th August 2010
Place :- Pune

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

Rs in Lacs

PARTICULARS	Schedule	31st Mar 2010	31st Mar 2009
Gross Sales		42,150.50	40,062.99
Less: Excise Duty		3,044.55	5,242.96
Net Sales		39,105.95	34,820.04
Other Income	10	116.32	261.24
TOTAL		39,222.27	35,081.27
EXPENDITURE			
Material Consumption	11	21,864.57	24,335.32
Personnel Expenses	12	1,805.37	1,101.77
Other Expenses	13	5,043.06	3,938.95
Interest & Finance cost	14	4,915.25	3,020.81
Depreciation	5	1,266.66	892.48
TOTAL		34,894.91	33,289.32
Profit / (Loss) before tax & prior period items		4,327.36	1,791.95
Less: Prior Period Items [Refer Note No. B22 of Sch. 15]		-	178.46
Profit / (Loss) before tax		4,327.36	1,613.49
Less - Provision for taxation			
Current Tax		740.11	186.95
Wealth Tax		0.21	1.19
Deferred Tax		1,105.12	404.22
Prior year Income Tax Adjustments		(5.78)	-
MAT Credit		(251.36)	(165.01)
Fringe Benefit Tax		-	16.90
Profit / (Loss) after Tax for the period		2,739.06	1,169.23
Balance of Profit & Loss Account brought forward		3,209.20	2,156.89
Amount available for appropriation		5,948.25	3,326.12
Appropriations			
Dividend on Equity Shares		-	-
Corporate Dividend Tax		-	-
General Reserve		273.91	116.92
Balance of Profit & Loss Account carried to Balance Sheet		5,674.35	3,209.20
Earnings per Share [Note No. B21 of Schedule 15] (Face Value Rs. 10 per share)			
Basic		54.78	23.38
Diluted		48.75	19.45

Significant Accounting Policies and Notes to Accounts

15

As per our Report of even date

For B. K. Khare & Company
Chartered Accountants

For Innoventive Industries Limited



U. B. Joshi
Partner
Membership No. 044097
Firm Reg. No. 105102W



Chandu Chavan **Ravindra Katre** **Mahesh Bagla**
Chairman Managing Director Company Secretary
Date :- 4th August 2010
Place :- Pune

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010


Rs. In Lacs

PARTICULARS	31.03.10		31.03.09	
Cash flow from operating activities				
Net Profit Before tax but after prior period items		4,327.36		1,613.49
Adjustments for:				
Depreciation	1,266.66		882.80	
Interest Expenditure	4,915.25		3,020.81	
Interest Income	(22.09)		(127.22)	
Provision for leave encashment	18.71		45.47	
Loss on sale of fixed Assets	7.64		11.00	
Provision for Doubtful Debts	27.48		38.43	
Unrealised Forex (Gain) / Loss	23.47		102.18	
		6,237.13		3,973.48
Operating profit before working capital changes		10,564.49		5,586.97
Adjustments for changes in working capital				
(Increase)/Decrease In Trade Debtors	(4,856.96)		3,081.07	
(Increase)/Decrease In Inventories	(3,369.51)		(101.62)	
(Increase)/Decrease In Loans and advances	(1,228.47)		(2,202.10)	
Increase/(Decrease) In Current Liabilities and Provisions	4,571.24	(4,883.70)	431.34	1,208.69
Cash generated from Operations		5,680.78		6,795.66
Income Tax Paid		(171.84)		(36.92)
Net Cash from operation activities (A)		5,508.95		6,758.74
B. Cash flow from Investing activities				
Purchase of Fixed Assets				
Additions made during the period	(5,260.77)		(12,152.70)	
Sale Of Fixed Assets	7.33		32.06	
Purchase of Investments	-		(896.45)	
Interest Received (Revenue)	22.09		127.22	
Net cash used in investing activities (B)		(5,231.35)		(12,889.87)
C. Cash flow from Financing activities				
Issue of Equity/preference Share Capital	-		-	
Proceeds from Long Term Borrowings	8,156.84		11,029.33	
Repayment of Long Term Borrowings	(8,721.56)		(1,203.65)	
Net Proceeds from Short Term Borrowings	236.42		363.38	
Interest Paid	(4,915.25)		(3,020.81)	
Net cash used in financing activities (C)		(5,243.55)		7,168.24
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)		(4,965.95)		1,037.11
Cash & Cash Equivalents	(Op. Balance)	6,547.89	(Op. Balance)	5,510.77
Cash & Cash Equivalents	(Cl. Balance)	1,581.94	(Cl. Balance)	6,547.88
Cash and Cash equivalents Comprise				
Cash on hand	2.89		7.48	
Bank balances	1,579.05	1,581.94	6,540.41	6,547.89

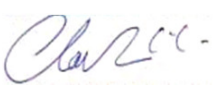
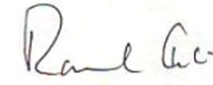
Cash flow statement has been prepared under the indirect method setout in AS 3
issued by the Institute of Chartered Accountants of India.
Figures in brackets indicate cash outflow.

For B. K. Khare & Company
Chartered Accountants

For Innoventive Industries Limited



U. B. Joshi
Partner
Membership No. 044097
Firm Reg. No. 105102W

Chandu Chavan
Chairman
Date :- 4th August 2010
Place :- Pune



Mahesh Bagla
Company Secretary

Schedules annexed to and forming part of financial statements as at 31st March, 2010

Schedule - 1
Share Capital

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Authorised Capital		
7,000,000 (P.Y. 7,000,000) Equity shares of Rs. 10 each.	700.00	700.00
4,000,000 (P.Y. 4,000,000) 12% Preference Shares of Rs. 10 each	400.00	400.00
	1,100.00	1,100.00
Issued, Subscribed and Paid-up		
5,000,100 Equity shares (P.Y. 5,000,100) of Rs. 10 each fully paid up	500.01	500.01
	500.01	500.01

Schedule - 2
Reserve & Surplus

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
General reserve - Opening Balance	190.92	74.00
Add: Transferred from the Profit & Loss Account	273.91	116.92
	464.83	190.92
Revaluation Reserve	65.64	65.64
Capital Redemption Reserve	400.00	400.00
Balance in Profit & Loss Account	5,674.35	3,209.19
Total	6,604.82	3,865.76

Schedule - 3
Secured Loans *

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Term Loan from Banks	14,125.70	13,508.25
Term Loans from Financial Institutions	473.62	2,882.98
(amount repayable within one year Rs. 200 Lacs PY Rs.1,200 Lacs)		
Working Capital Loan from Banks	6,518.11	1,509.55
Overdraft Against Fixed Deposits	95.90	4,868.03
Total	21,213.33	22,768.82

* Refer Note No. B (1) of Schedule 15 for nature of securities

Schedule - 4
Unsecured Loans

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Interest free sales tax loan	3,181.29	3,131.05
Loan from Financial Institution	1,335.55	125.67
Other long term loan (Warrants Issued)	0.05	0.05
Total	4,516.89	3,256.77

Schedule - 6
Investments

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
<u>Long Term Investments</u>		
(Non-Trade, unquoted, valued at cost)		
Saraswat Co-Op. Bank Limited 250 fully paid up shares of Rs 100 each in The Saraswat Co-operative Bank Ltd (Previous year 250 shares)	0.25	0.25
Mutual Funds 40,000 Units of Rs 10 each in UTI India Life Style Fund (Previous year 40,000 Units)	4.00	4.00
<u>In Subsidiary Companies</u>		
(Unquoted, Fully paid, valued at cost)		
1. 799,999 (799,999) Equity shares of Rs.10/- each in Arihant Steel & Metal Wires Private Ltd.	80.00	80.00
2. 9,999 (9,999) Equity shares of Rs.10/- each in Arihant Steel & Steel Products Private Ltd.	1.00	1.00
3. 1,899,999 (1,899,999) Equity shares of Rs.10/- each in Arihant Autocomponents Private Ltd.	190.00	190.00
4. 2,269,499 (2,269,499) Equity shares of Rs.10/- each in Saicon Steels Private Ltd.	0.51	0.51
5. 399,999 (399,999) Equity shares of Rs.10/- each in Sevenstar Electrodes Private Ltd.	1,200.00	1,200.00
6. 223,907 (223,907) Equity shares of Rs.10/- each in Sankalp Forgings Private Ltd.	978.49	978.49
Total	2,454.25	2,454.25

Schedule - 7
Current Assets

Rs in Lacs

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
<u>Inventories</u> (Valued at Cost or net realisable value, whichever is lower)		
Raw Material & Components	1,672.57	2,497.43
Work-in-progress	2,119.57	542.19
Stores & Spares	76.23	57.97
Semi-Finished and Finished Goods	6,347.24	3,759.19
Scrap	81.63	70.95
Total	10,297.23	6,927.72
<u>Sundry Debtors (Unsecured) [Refer Note No. B(4) of Sch. 15]</u>		
Outstanding over six months		
Considered Good	218.04	-
Considered Doubtful	65.92	38.43
	283.96	38.43
Other Debts Considered Good	4,813.71	165.32
Less - Provision for doubtful debts	65.92	38.43
	4,965.84	126.89
<u>Cash & Bank Balances</u>		
Cash on hand	2.89	7.48
Balances with Scheduled Banks :		
In Current account	35.65	152.72
In Margin money Deposit account	1,543.39	1,387.69
In Fixed Deposit account	-	5,000.00
	1,581.94	6,547.89

Schedule - 8

Loans and Advances

(Unsecured, considered good)

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Advances recoverable in cash or kind or for value to be received.	1,647.63	1,609.67
Balance with Excise/Custom/Sales tax authorities, etc.	2,538.95	1,329.07
Deposits	192.74	192.94
Advances to Suppliers	883.82	1,154.34
MAT Credit Entitlement	540.66	289.31
	5,803.80	4,575.33

Schedule - 9

Current Liabilities & Provisions

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
<u>Current Liabilities</u>		
Sundry Creditors (Refer Note No. B(5) of Sch. 15)		
a) Total outstanding dues of Micro and Small Enterprises	-	-
b) Total outstanding dues of Creditors other than Micro and Small Enterprises	11,076.03	10,722.29
Dues to Subsidiary Companies	3,415.42	71.68
Other Liabilities	1,460.30	837.89
	15,951.75	11,631.86
<u>Provisions</u>		
Provision For Taxation	-	
Leave Encashment	64.18	45.47
Income Tax (Net of advance tax)	727.26	164.56
	791.44	210.03
	16,743.18	11,841.89

INNOVENTIVE INDUSTRIES LIMITED (Erstwhile Arihant Domestic Appliances Limited)
Schedules annexed to and forming part of financial statements as at 31st March, 2010

Schedule - 10
Other Income

Rs in Lacs

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Other Income		
Gross Interest on Deposits	402.34	672.36
[Tax Deducted at Source Rs. 28.66 lacs (P Y Rs. 38.39 Lacs)]		
Less :- Interest on Overdraft	380.25	545.14
Interest Income (net)	22.09	127.22
Dividend on Mutual Funds/ Shares	0.05	0.05
Foreign Exchange Fluctuation (Net)	50.62	-
Miscellaneous Income	43.56	133.97
	116.32	261.24

Schedule - 11
Material Consumption

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Raw Material and Components Consumed	26,092.44	24,823.92
<u>(Increase)/ Decrease in Stocks</u>		
Opening Stock - Work in Progress	542.19	3,831.95
Semi-finished and Finished Goods	3,707.42	
Scrap	70.95	-
	4,320.55	3,831.95
Closing Stock - Work in Progress	2,119.57	542.19
Semi Finished and Finished Goods	6,347.24	3,707.42
Scrap	81.63	70.95
	8,548.43	4,320.56
(Increase)/ Decrease in Stocks	(4,227.88)	(488.60)
	21,864.57	24,335.32

Schedule - 12
Personnel Expenses

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Salaries, Wages, Bonus etc.	1,565.08	904.47
Contribution to Provident & other funds *	127.03	116.70
Staff Welfare expenses	113.25	80.60
	1,805.37	1,101.77

* Includes Rs. 81.62 lacs (P. Y. Rs. 71.70 lacs) towards defined contribution plan

INNOVENTIVE INDUSTRIES LIMITED (Erstwhile Arihant Domestic Appliances Limited)
Schedules annexed to and forming part of financial statements as at 31st March, 2010

Schedule - 13
Other Expenses

Rs in Lacs		
PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
<u>Manufacturing Expenses</u>		
Power, Fuel, etc.	599.86	426.14
Other Manufacturing Expenses	2,327.99	1,759.26
<u>Repairs & Maintenance</u>		
- Plant & Machinery	45.30	80.53
- Buildings	9.34	8.46
- Others	37.67	42.75
Total Manufacturing Expenses	3,020.16	2,317.15
<u>Administrative & Selling expenses</u>		
Rent, Rates & Taxes	157.86	149.35
Insurance	210.48	191.13
Freight & Packing	569.06	581.00
Printing & Stationery	27.75	35.23
Telephone Expenses	39.91	37.95
Travelling & Conveyance	245.01	173.35
Provision for Doubtful debts	27.48	38.43
Bad Debts Written Off	93.79	17.37
Loss on Sale of Assets (Net)	7.64	11.00
Other Administrative & Selling Expenses	638.66	279.81
Auditors' Remuneration (excluding service tax)		
- For Audit Services	5.00	5.00
- For Taxation Services	-	-
- For Other Services	-	-
- Reimbursement of out-of-expenses	0.26	-
Foreign Exchange Fluctuation (Net)	-	102.18
Total Administrative & Selling expenses	2,022.91	1,621.80
Total Other Expenses	5,043.06	3,938.95

Schedule - 14
Interest & Finance cost

PARTICULARS	31st Mar 2010	31st Mar 2009
	Rs in Lacs	Rs in Lacs
Interest & Finance Cost		
On Fixed period loans	1,653.85	325.57
On Others	2,664.80	2,490.13
Bank Charges	439.61	194.60
Cash Discounts	156.98	10.51
	4,915.25	3,020.81

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

Schedule No 15:

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, having due regard to fundamental accounting assumptions of going concern, consistency and accrual, in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

2. Use of Estimates

The preparation of Financial Statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provision for impairment. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3. Fixed Assets and Depreciation

- i. Freehold land is stated at cost.
- ii. Amortization is provided in respect of leasehold land.
- iii. All fixed assets are stated at cost of acquisition / construction less accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- iv. Depreciation on fixed assets except items mentioned below at (v) 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.
- v. 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%

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

- vi. Capital work-in-progress includes the cost of fixed assets that are not ready for intended use as at the Balance Sheet date.
- vii. The management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognizes an impairment loss as the excess of the carrying amount of asset over the recoverable amount.

4. Investments

- i. Investments that are readily realizable and intended to be held for not more than one year from the date on which such investment is made are classified as current investments.
- ii. Long- term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.
- iii. Current investments are carried at lower of cost and fair value, which is determined for each individual investment. Cost includes related expenses such as commission/brokerage etc.

5. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto the date the asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account in the year in which they are incurred.

6. Inventories

- i. Inventories are stated at cost or net realizable value, whichever is lower.
- ii. Raw Materials are valued on Weighted Average basis.
- iii. In case of Semi-finished & Finished goods, cost includes material cost, conversion costs, and excise duty, wherever applicable.

7. Foreign Currency Transactions

- i. Transactions denominated in foreign currency are accounted for at rates that approximate the exchange rate prevailing on the date of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

- ii. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end closing exchange rate and the resultant exchange differences are recognised in the Profit and loss account.

8. Revenue Recognition

- i. Revenue from sales are recognized on dispatch of goods to the customers, which coincide with the transfer of significant risks and rewards associated with ownership, and are recorded inclusive of excise duty, net of trade discounts, rebates, price adjustments, rejections and shortage in transit.
- ii. Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of specific contracts.
- iii. Dividends are recorded when the right to receive payment is established.
- iv. Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

9. 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.

10. Employee Benefits**a. Short term employee benefits**

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

b. Post-employment benefits - Defined Contribution Plans

Retirement benefits in the form of Provident Fund and Labour Welfare Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.

c. Post-employment benefits - Defined Benefit Plans

- i. Company's liability towards Gratuity is determined using the Projected Unit Credit Method, which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past Service Gratuity Liability is computed with reference to the service put in by each employee till the date of valuation as also the projected terminal salary at the time of exit. Actuarial gain or losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future Cash Flow using a discount rate that is determined by reference to market

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- ii. Long term compensated absences are provided for based on actuarial valuation, using the projected unit credit method.

11. Income Taxes

- i. Income tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax (reflecting the tax effect of timing differences between accounting income and taxable income for the year).
- ii. In accordance with Accounting Standard 22 – ‘Accounting for taxes on Income’, issued by the Institute of Chartered Accountants of India, the deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that they will be realised in future; however, where there is unabsorbed depreciation and carry forward loss under taxation laws, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realize such assets.
- iii. Deferred tax assets are reviewed at each Balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.
- iv. Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

12. 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.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

13. Provisions and Contingent Liabilities

- i. 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.
- ii. 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.
- iii. Contingent assets are neither recognized nor disclosed in the financial statements.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

B. Notes to Accounts

1. Borrowings and Securities:

Sr. No.	Name of the Lender	Type of Loan	Nature of Securities
1	Oriental Bank of Commerce	Long Term Loan	First charge on pari-passu on entire fixed assets (present & future) and industrial promotion subsidy from Government of Maharashtra, Directorate of Industries.
2	Central Bank of India	Long Term Loan	First charge on pari-passu on entire fixed assets (present & future) and industrial promotion subsidy from Government of Maharashtra, Directorate of Industries.
3	Axis Bank	Long Term Loan	First pari-passu charge on fixed assets of the Company along with other term lenders and second charge on current assets on pari-passu basis.
4	GE Capital Services India	Long Term Loan	Exclusive charge on specific assets being funded out of loan amount.
5	State Bank of Mysore	Long Term Loan	First pari-passu charge on the Company's present and future movable and immovable fixed assets.
6	UCO Bank	Long Term Loan	First pari-passu charge on the Company's present and future movable and immovable fixed assets.
7	United Bank of India	Long Term Loan	First charge on fixed assets, present and future of the Company, ranking pari-passu with existing lenders.
8	IDBI Bank	Working Capital Loan	Primary: First charge on all the current assets of the Company. Collateral: Second charge on pari-passu basis on all fixed assets of the Company.
9	IDBI Bank	Long Term Loan	First charge on fixed assets, present and future of the Company, ranking pari-passu with existing lenders.
10	Corporation Bank	Long Term Loan	EMG / first charge on factory land and building and hypothecation or first charge on plant & machinery and other movable assets on pari-passu basis with other financing banks.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

2. Contingent Liabilities not provided for:

Particulars	31 st March 2010	31 st March 2009
	(Rs. in lacs)	(Rs. in lacs)
(a) In respect of guarantees given to banks / financial institutions on behalf of:		
(i) Subsidiary Companies	3,098.00	6,498.00
- Loans Outstanding in respect of above	934.97	2,756.93
(ii) Other guarantees	-	20.00
- Loan Outstanding in respect of above	-	12.72
(b) In respect of:		
Claims against the Company not acknowledged as debts	3.01	0.92

3. Capital Commitments:

Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for Rs. 139.44 lacs. (Previous Year Rs. 1,419.55 lacs)

4. Sundry Debtors:

During the year, commercial banks have sanctioned insurance-backed factoring in respect of company's debtors. Accordingly, as on the date of balance sheet, total debtors assigned to the bankers are:

(Rs. in lacs)

Particulars	31 st March, 2010	31 st March, 2009
Can Bank Factors Limited	1,714.42	1303.27
IFCI Factors Limited	124.61	-
United Bank of India	12,477.72	9383.38
IDBI Bank	2,206.98	934.03
SBI Factors Limited	-	148.31
TOTAL	16,523.74	11,768.99

With the result, the debtors at the end of the year stand reduced by the said amount.

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

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

6. Managerial Remuneration:

(Rs. In lacs)

Particulars	31 st March 2010	31 st March 2009
Salary and allowances	106.00	44.80

Note - Information relating to managerial remuneration does not include provision for gratuity and leave encashment, which are provided on a global basis.

7. Capacities and Production: (#)

Particulars	31 st March, 2010	31 st March, 2009	31 st March, 2010	31 st March, 2009	31 st March, 2010	31 st March, 2009
Unit	M.T.	M.T.	M.T.	M.T.	M.T.	M.T.
	Installed Capacity *		Normal Capacity		Production	
Tubes	152,940	151,920	85,885	73,600	32,787	23,081
Others	Not Quantifiable	Not Quantifiable	Not Quantifiable	Not Quantifiable	18,686	30,002

* Installed Capacities are certified by the Managing Director and relied upon by the Auditors.

*The capacities can vary significantly depending on size (diameter and thickness) and also nature / complexity of the product produced.

8. Turnover, Opening and Closing Stock: (#)

(Rs. In lacs)

		31st March, 2010		31st March, 2009	
Tubes	Unit	Qty.	Value	Qty.	Value
Turnover	M.T.	23,622	16765.63	23,690.00	15,238.55
Opening Stock	M.T.	9,357	3,567.12	9,968.00	3,572.51
Closing Stock	M.T.	18,522	8,146.77	9,357.00	3,567.12

		31st March, 2010		31st March, 2009	
Other	Unit	Qty.	Value	Qty.	Value
Turnover	M.T.	18,504	5,683.43	30,002.00	10,666.40
Opening Stock	M.T.	-	-	-	-
Closing Stock	M.T.	182.10	55.93	-	-

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

9. Raw Materials and Components Consumed: (#)

(Rs. In lacs)

Steel	31 st March, 2010	31 st March, 2009
M.T.	59,652.08	62,262.03
Value *	19,962.86	19,703.63

* Includes cost of goods traded Rs.1274.90 Lakhs (Previous Year – Rs. 1,255.38 lacs)

(#) Considering the nature of the company's Autocomponents Division relating to production of various Autocomponents, it is not practical to provide quantitative data of installed capacity, production, stock of manufactured goods and consumption of Raw Material & Components. This being a technical matter, management's assessment has been relied upon by the Auditors.

10. Value of Raw Materials and Components Consumed:

	31 st March, 2010		31 st March, 2009	
	Rs. In lacs	%	Rs. In lacs	%
Indigenous	21,864.57	100%	24,169.12	99.32%
Imported	-	0%	166.20	0.68%
Total	21,864.57	100%	24,335.32	100%

11. Value of Imports (CIF):

(Rs. In lacs)

Sr. No.	Particulars	31 st March 2010	31 st March 2009
(i)	Stores and Spares	-	-
(ii)	Capital Goods	235.43	919.66
(iii)	Raw Materials	-	166.20
	Total	235.43	1,085.86

12. Earnings in Foreign Exchange (On accrual basis):

(Rs. in lacs)

	31 st March 2010	31 st March 2009
Exports (F.O.B. Value)	647.68	34.66

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

13. Expenditure in Foreign Currency (On accrual basis):

(Rs. in lacs)

Sr. No.	Particulars	31 st March, 2010	31 st March, 2009
(i)	Foreign Travel	21.24	18.79
(ii)	Technical Consultancy	-	7.50
	Total	21.24	26.29

14. Employee Benefits:

- Defined Benefit Plans**

The following table sets out the status of the Gratuity Plan as required under AS 15

(Revised):(Rs. in lacs)

Reconciliation of opening and closing balance of obligation	31 st March, 2010	31 st March, 2009
Liability at the beginning of the Period	69.82	-
Interest Cost	5.24	-
Current Service Cost	36.52	69.82
Benefits Paid	(0.91)	(0.94)
Actuarial (Gain)/Loss on obligation	(45.45)	0.94
Liability at the end of the period	65.22	69.82

Reconciliation of opening and closing balance of Fair Value of Plan Assets	31 st March, 2010	31 st March, 2009
Fair Value of Plan Assets at the beginning of the Period	96.30	21.00
Expected Return on Plan Assets	7.22	1.68
Contributions	14.07	45.55
Benefit Paid	(0.91)	(0.94)
Actuarial gain/(loss) on Plan Assets	(1.52)	29.01
Fair Value of Plan Assets at the end of the Period	115.16	96.30
Total Actuarial Gain/(Loss) To Be Recognised	43.93	28.07

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

Expenses Recognised in Profit and Loss Account	31st March, 2010	31st March, 2009
Current Service Cost	36.52	69.82
Interest Cost	5.24	-
Expected Return on Plan Assets	(7.22)	(1.68)
Net Actuarial (Gain)/Loss To Be Recognised	(43.93)	(28.07)
Expense Recognised in Profit & Loss account	(9.39)	40.07

Amount Recognised in the Balance Sheet:	31st March, 2010	31st March, 2009
Opening net liability	(65.22)	(21.00)
Expense as above	115.16	40.07
Employers Contribution paid	(14.07)	(45.55)
Closing net Liability	(49.94)	(26.48)

Actual Return on Plan Assets	31st March, 2010	31st March, 2009
Expected Return on Plan Assets	7.22	1.68
Actuarial gain/(loss) on Plan Assets	(1.52)	29.01
Actual Return on Plan Assets	5.70	30.69

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

During the year, the company has revised its policy for compensated absences. As a result the same is payable at the time of retirement or on resignation. Accordingly, the liability is provided on actuarial basis instead of on actual basis. The effect of this change is not significant on the profit for the year. Since the change is effected during the year, the reconciliation of opening and closing balance as required under the disclosure requirements of AS-15 (Revised) "Employee Benefits" is not given.

Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	31 st March, 2010	31 st March, 2009
Discount Rate	8.25%	7.50%
Rate of Return on Plan Assets	8.25%	7.50%
Salary Escalation	5.00%	5.50%

15. Components of Deferred Tax Assets/ Liability:

(Rs. In lacs)

Particulars	31 st March, 2010	31 st March, 2009
Deferred Tax Liability		
On Fiscal allowances of Fixed Assets	(2,665.96)	(1,701.90)
Less: Deferred Tax Assets		
On Unabsorbed Depreciation	-	167.48
On Other Timing Differences	45.59	19.18
	45.59	186.66
Net Asset/(Liability)	(2,620.37)	(1,515.24)

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

16. Segment Reporting:**a) 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, Tubes & Others.

The above business segments have been identified considering -

- i. The nature of the products,
- ii. The related risks and returns, and
- iii. 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 “Unallocable 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 “Unallocable Assets/Liabilities.”

b) Secondary Segment

The Company caters mainly to the needs of Indian markets. Export turnover during the year being less than 10% of the total turnover, there are no reportable geographical segments.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

(Rs. In lacs)

Description	2009-10	2009-10	2009-10	2009-10	2009-10
	MV Parts	Tubes and Products	Others	Eliminations	TOTAL
a) External Sales	10,817.51	22,940.29	5,348.15	-	39,105.95
	8,870.00	15,284.04	10,666.00	-	34,820.04
b) Inter-segment Sales	-	906.17	342.69	(1,248.86)	-
	-	1,110.55	1,008.65	(2,119.20)	-
TOTAL REVENUE	10,817.51	23,846.46	5,690.84	(1,248.86)	39,105.95
	8,870.00	16,394.59	11,674.65	(2,119.20)	34,820.04
SEGMENT RESULT	1,929.92	7,334.22	206.30		9,470.45
	601.75	3,059.47	1,085.65		4,746.87
Unallocable Expenses (Net					227.84
					(66.90)
Interest					4,915.25
					3,021.81
Profit Before Taxes					4,327.36
					1,791.96
Less:- Prior Period Items					-
					178.47
Provision for Current Tax					734.54
					188.14
Provision for Deferred Tax					1,105.12
					404.22
Provision for Fringe Benefit					-
					16.90
MAT Credit					(251.36)
					(165.01)
Profit After Taxes					2,739.06
					1,169.24
SEGMENT ASSETS	3,329.72	40,812.34	3,509.05		47,651.11
	1,746.09	34,733.41	2,977.54		39,457.03
Unallocated Corporate					4,547.48
					4,291.45
TOTAL ASSETS					52,198.59
					43,748.48
SEGMENT LIABILITIES	2,068.16	13,783.28	164.48		16,015.92
	1,897.85	9,713.09	104.36		11,841.89
CAPITAL EXPENDITURE	1,499.55	25,562.78	33.20		27,095.53
	1,396.58	21,686.87	32.95		23,116.40
DEPRECIATION	96.78	1,169.82	0.07		1,266.66
	88.04	803.12	1.32		892.48

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

17. Related parties during the year ending on 31st March, 2010 are as follows:

a. Parties where control exists

Subsidiaries	Arihant Steel & Metal Wires Pvt. Ltd.
	Arihant Steel Products & Services Pvt. Ltd.
	Arihant Auto Components Pvt. Ltd.
	Sankalp Forgings Pvt Ltd.
	Saicon Steels Pvt. Ltd.
	Sevenstar Electrodes Pvt. Ltd.

b. Key management personnel

Executive Chairman	Mr. Chandu L. Chavan
Managing Director	Mr. Ravindra W. Katre
Whole-time Director	Mr. Sanjay Waghulade
Promoter	Mr. Sanjay Bhade
Promoter	Mr. Parag Mulye
Promoter	Mr. Shivaji Katke

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

Name of the Enterprise	Legal status of such entity
Yashoday Engineers Private Limited	Private Limited
Keytool Engineering Solutions Private Limited	Private Limited
Opal Luxury Time Products Private Limited	Private Limited
GeneOmbio Technologies Private Limited	Private Limited
Sourcegenie Consulting Private Limited	Private Limited
Phoenix Erectors Private Limited	Private Limited
Hotel Gourish Private Limited	Private Limited
Gargi Bio Tek Private Limited	Private Limited
Membrane Filters (India) Private Limited	Private Limited
Aim Filtertech Private Limited	Private Limited
M/s. Saptashrungi Engineering Works	Partnership Firm
M/s. Hollyhock Tours & Travels	Partnership Firm

(Rs. in lacs)

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

Summary of Related Party Transactions				
Nature of Transactions	Subsidiaries	Other Related Concerns	Key Management Personnel	Total
Sales				
- Goods	5,162.78 (5,997.12)	1,697.02 (1,109.02)	- (-)	6,859.81 (7,106.13)
- Scrap	169.83 (264.42)	0.33 (-)	- (-)	170.17 (264.42)
Purchases				
- Raw materials	5,689.45 (4,324.89)	0.45 (0.85)	- (-)	5,689.90 (4,325.74)
- Capital goods	46.43 (570.89)	192.66 (19.88)	- (-)	239.09 (590.77)
- Services	19.03 (44.14)	8.88 (31.64)	- (-)	27.92 (75.77)
Interest Income	- (119.71)	- (-)	- (-)	- (119.71)
Outstanding				
- Receivables	5,845.15 (3,281.65)	3,143.40 (391.53)	- (-)	8,988.55 (3,673.18)
- Payables	3,415.42 (2,285.66)	11.74 (113.54)	- (-)	3,427.16 (2,399.19)
Reimbursement of Expenses	- (7.45)	- (6.10)	- (-)	- (13.54)
Advance for expenses payable	- (-)	- (94.47)	- (-)	- (94.47)
Advance for Capital Purchases	- (-)	- (1,201.88)	- (-)	- (1,201.88)
Managerial remuneration	- (-)	- (-)	106.00 (44.80)	106.00 (44.80)
Investment in subsidiaries	- (896.45)	- (-)	- (-)	- (896.45)
Guarantees given to banks / financial institutions	3,098.00 (6,498.00)	- (-)	- (-)	3,098.00 (6,498.00)

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

18. Amount of **borrowing costs capitalized** during the period is Rs. 710.13 lacs (Previous Year Rs. 970.00 lacs)

19.

a. **Quantitative information of derivative instruments outstanding as at the balance sheet date:**

(Rs. in lacs)

Category	Foreign Currency	31 st March, 2010	31 st March, 2009
Foreign Exchange Forwards	USD	374.80	-

b. The Company has entered into derivative transactions with an objective to hedge the financial risks associated with its business viz. foreign exchange, interest rate.

c. **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:

(Rs. in lacs)

Particulars	Foreign Currency	31 st March, 2010	31 st March, 2009
Sundry Debtors	EURO	0.50	95.31
	USD	124.33	167.44
Sundry Creditors	EURO	3.20	-
	USD	109.72	799.74
Borrowings – Short Term	EURO	22.82	-
	USD	210.06	-
Borrowings – Long Term	USD	1,252.20	-

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

20. Operating Leases:

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

	31 st March, 2010	31 st March, 2009
Lease payments debited to the Profit and loss account	138.57	149.29
Future minimum lease payments in respect of leases		
- amount due within one year from the Balance sheet date	48.03	55.45
- amount due in the period between one year and five years	112.99	137.38
- amount due after five years	-	5.10

21. Earnings Per Share:

Particulars	31 st March, 2010	31 st March, 2009
Profit / (Loss) after tax available for equity shareholders (Rs. In lacs)	2,739.06	1,169.23
Weighted average number of equity shares outstanding during the year (For Basic EPS)	5,000,100	5,000,100
Basic Earnings per Share (Rs.)	54.78	23.38
Weighted average number of equity shares outstanding during the year (For Diluted EPS)	6,010,224	6,010,224
Diluted Earnings per Share (Rs.)	48.75	19.45

22. Prior Period Items:

(Rs. In lacs)

Particulars	31 st March, 2010	31 st March, 2009
Material Consumption	-	114.44
Staff Welfare Expenses	-	4.30
Transportation Charges	-	35.40
Interest Cost	-	13.57
Other Charges	-	10.75
TOTAL	-	178.46

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2010**

23. Prior year comparatives

Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to current year's presentation.

For Innoventive Industries Limited,

**Chandu Chavan****Ravindra Katre****Mahesh Bagla****Chairman****Managing Director****Company Secretary****Place:** Pune**Dated:** 4th August, 2010

**BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE
AS REQUIRED IN PART IV OF THE COMPANIES ACT 1956**

I Registration Details

State Code

Registration Number

Balance Sheet Date

							1	1
1	1	-	6	3	0	4	5	
3	1	0	3	2	0	1	0	
Date		Month		Year				

II Capital Raised during the year

Rs in Thousands

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

Other

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds

Rs in Thousands

Total Liabilities

		3	5	4	5	5	4	1
--	--	---	---	---	---	---	---	---

Total Assets

		3	5	4	5	5	4	1
--	--	---	---	---	---	---	---	---

Sources of Funds

Paid - up Capital

				5	0	0	0	1
--	--	--	--	---	---	---	---	---

Reserves & Surplus

			6	6	0	4	8	2
--	--	--	---	---	---	---	---	---

Secured Loans

		2	1	2	1	3	3	3
--	--	---	---	---	---	---	---	---

Unsecured Loans

			4	5	1	6	8	9
--	--	--	---	---	---	---	---	---

Deferred Tax Liability (Net)

			2	6	2	0	3	7
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

		2	7	0	9	5	5	3
--	--	---	---	---	---	---	---	---

Investments

			2	4	5	4	2	5
--	--	--	---	---	---	---	---	---

Net Current Assets

			5	9	0	5	6	3
--	--	--	---	---	---	---	---	---

Miscellaneous Expenditure

			N	I	L			
--	--	--	---	---	---	--	--	--

Accumulated Losses

			N	I	L			
--	--	--	---	---	---	--	--	--

IV Performance of Company

Rs in Thousands

Turnover

		4	2	1	5	0	5	0
--	--	---	---	---	---	---	---	---

Total Expenditure

		3	4	8	9	4	9	1
--	--	---	---	---	---	---	---	---

Profit Before Tax

			4	3	2	7	3	6
--	--	--	---	---	---	---	---	---

Profit After Tax

			2	7	3	9	0	6
--	--	--	---	---	---	---	---	---

Earning Per share In Rs

				5	4	.	7	8
--	--	--	--	---	---	---	---	---

Dividend Rate %

				-				
--	--	--	--	---	--	--	--	--

V Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

i Item Code No (ITC Code)

Product Description

ii Item Code No (ITC Code)

Product Description

iii Item Code No (ITC Code)

Product Description

iii Item Code No (ITC Code)

Product Description

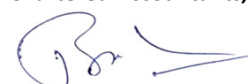
		7	3	0	6	9	0	1	9
E	R	W	M	S	T	U	B	E	S
		7	2	0	8	3	8	4	0
		C	O	I	L	S			
		7	2	0	8	3	8	5	0
		S	T	R	I	P	S		
		8	7	1	4	9	1	0	0
A	U	T	O	C	O	M	P	O	S

As per our report of even date

For B K Khare & Co.,

Chartered Accountants,

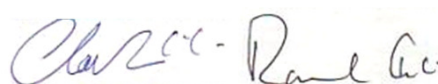
For Innoventive Industries Ltd.,



U. B. Joshi
(Partner)

M. No. 44 09 7

Firm Reg. No. 105102W



Director
Chandu Chavan

Place : Pune

Date : 04- 8- 2010



Company Secretary
Mahesh Bagla