

Innoventive Industries Limited

Annual Report **2010-11**

Innovation
Engineering
Growth

The strengths that will propel Innoventive Industries Limited to the next level

Forward looking statement

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

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

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The big picture at Innoventive Industries is consistent growth through innovation and value engineering.

Our objective is to evolve globally as an innovation-driven multi-product engineering organization. We focus on manufacturing products that carve a niche in the market on the strength of their quality-excellence and cost-effectiveness. The passion for creation drives our continuous endeavour to improve and expand the product range through innovation.

Over the past few years, we have developed a strong distribution network and supply chain management for deep penetration into national and international markets. To ensure adequate infrastructure facilities (power, water, transportation, skilled manpower), the plant locations and warehouses have been set up in industrial areas, which ensures proximity to clients.

ISO 9001:2000 and ISO/TS
16949:2002 certified

Has implemented Total
Productivity Management (TPM)

Over 1,200 employees are
consistently contributing to the
growth of our organization.

Consistently creating value across diverse sectors

WE COMMENCED OUR BUSINESS WITH SUPPLYING ELECTRIC RESISTANCE WELDED (ERW) TUBES TO THE AUTOMOBILE INDUSTRY. TODAY, WE CATER TO THE DIVERSE ENGINEERING REQUIREMENTS OF CLIENTS FROM VARIED INDUSTRIES, INCLUDING POWER, OIL AND GAS, AUTOMOBILE, FARM EQUIPMENT AND GENERAL ENGINEERING. SPECIALIZATION IN PROCESSING VARIOUS TYPES OF STEELS, FASTER DEVELOPMENT CYCLES, FLEXIBLE PRODUCTION SYSTEMS AND EFFECTIVE SUPPLY CHAIN MANAGEMENT HAVE MADE INNOVENTIVE ONE OF THE INDUSTRY LEADERS. THE PRODUCTS COMPLY WITH STRINGENT REQUIREMENTS OF SURFACE FINISH, WALL THICKNESS, DIMENSION TOLERANCE AND MECHANICAL PROPERTIES TO MAINTAIN QUALITY STANDARDS.

Mission

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

Vision

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

Offerings

Innoventive has a well-diversified product portfolio comprising

- Precision Steel Tube
 - Electric Resistance Welded (ERW) Tube
 - Cold drawn Electric Welded (CEW)/ Drawn Over Mandrel (DOM) Tube
- Auto Components
- Oil Country Tubular Goods (OCTG)
- Membrane Panel Strips
- Cold Rolled Coils
- Other Products

Operations

Six manufacturing facilities are located around Pune and Silvassa, India. The locations include:

- Sanaswadi, Shirur, Pune
- Pimple Jagtap, Shirur, Pune
- Nanekarwadi, Chakan, Khed, Pune
- VadhuBudruk, Shirur, Pune
- Galonda, Kilvani Road, Silvassa, U.T. Dadra & Nagar Haveli
- Karandi, Shirur, Pune

Market leadership

- Over 475 international and domestic customers
- Supplies superior quality CEW/ DOM tubes to around 100 customers worldwide
- Export destinations – to various geographies across the globe including Europe, the Middle East and Latin America



Evolving with vision and vigour

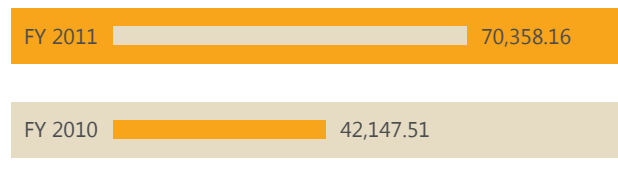
Innoventive successfully raised ₹ 21,740.53 lacs through its Initial Public Offer (IPO) during April 2011. The Company issued 1,85,81,650 equity shares of ₹ 10 each at a premium of ₹ 107 per share to around 13,352 investors in the IPO. The money will be utilized for the following purposes:

- Capacity expansion of the manufacturing facilities
- Prepayment of loans
- General corporate purposes

Consolidated Financial Highlights

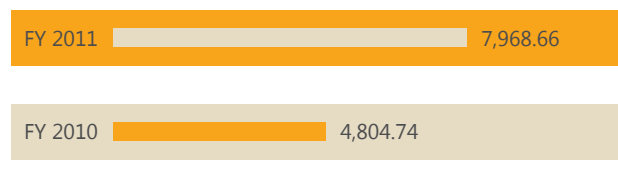
Sales

(₹ in lacs)



Profit Before Tax

(₹ in lacs)



2002

Acquisition of the Company by Mr. Chandu Chavan and other promoters

Commencement of ERW & CEW tube manufacturing


2006

Commenced manufacturing of auto components

Crossed the benchmark of ₹ 100 crore revenue


2007

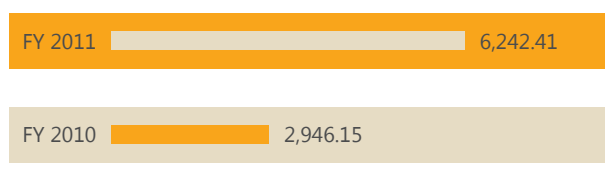
Acquired 51% stake in Saicon Steels

Acquired 26% stake in Sankalp Forgings

- A final dividend of ₹ 2 per share on face value of ₹ 10 has been recommended
- Exports increased to 16% of the total revenue in FY 2011, compared to that of 9% in the previous year

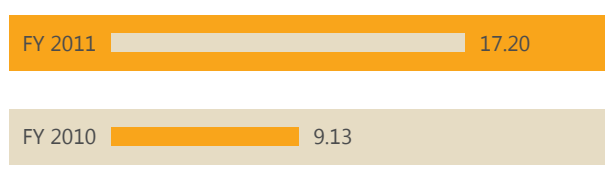
Profit After Tax

(₹ in lacs)



Earnings Per Share

(₹)



2008

Received 'Mega Project' status from the Government of Maharashtra

Increased stake in Sankalp Forgings from 26% to 51%

Kavos Capital became a shareholder in the Company



2009

Converted into a public limited company

Eligibility certificate granted for 'Mega Project'

Breakthrough innovation and commercialization of DOM tubes and Membrane Panel Strips



2010

Renamed as Innoventive Industries Limited

PE funding received from Kavos Capital

Applied patent for the novel Cold Pilgering Process



2011

Pre-IPO fund raised from Standard Chartered Private Equity (Mauritius)

Initial Public Offering (IPO) in April, 2011



Chairman's message

Dear Shareholders,

It gives me immense pride and pleasure to present to you our first annual report post our IPO. It is a humbling moment considering our modest beginnings, made even special by the fact that your Company has successfully weathered the impact of global economic slowdown which began in FY 2008 that continued through to FY 2010. Innoventive not only rightly navigated these cross-currents of the market but successfully capitalized on the opportunities that presented themselves. With the successful IPO, a new era in the course of your Company has decidedly begun.

Innoventive listed on the BSE and NSE on 13th May, 2011, marking the beginning of a relationship with the Indian capital markets. I take this opportunity to gratefully acknowledge the confidence and faith reposed by the shareholders in our Board and the Management Team which has spurred the Company to take on more challenges. Our listing has created added responsibility for us to deliver on the expectations of investors. We are committed to put in our best efforts in creating incremental shareholder value and rewarding all our stakeholders.

The global economy is facing unpredictable turbulence owing to the overwhelming debt crisis encountered by

the US and the Eurozone. Although the tremors of the crisis might marginally impact India, the fundamentals of the Indian economy are robust enough to counter such headwinds. India's economy is firmly in place to grow attractively over the next decade, attracting investments and technology alliances globally. This sets the optimism that prevails in the domestic markets, although inflationary pressure remains a concern.

At Innoventive, we have always believed that innovation is the key to long-term growth. We have also seen that even in a sluggish market, customers embrace brands with a high innovation quotient. The reason is that innovation is not an end in itself; it heralds a culture of constant evolution to create value. This creates a strong positive branding for any organization, which benefits it in the long run. Our multi-product precision engineering has also stood us in good stead, helping us sustain a strong growth performance.

In fiscal 2011, we accelerated our growth pace and witnessed superlative performance. Our total income increased by 67%, whereas profit after tax recorded an exponential growth of 110%. With high economic expansion, the key segments including power, general engineering, oil and gas, automobile and farm equipment, are on a growth path. These in turn accelerates the growth of our business line.



IN FISCAL 2011, WE ACCELERATED OUR GROWTH PACE AND WITNESSED SUPERLATIVE PERFORMANCE. OUR TOTAL INCOME INCREASED BY 67%, WHEREAS PROFIT AFTER TAX RECORDED AN EXPONENTIAL GROWTH OF 110%. 

To cater to the requirements of our user industries, we are investing and improving our research and developments continuously. Advanced technologies have been installed in our plants. The Company's products have received high acclaim and we have also introduced a number of innovative and exclusive products in the current year. The objective is to enhance customer satisfaction by providing cost-effective products, without compromising on quality.

We have tapped high-growth markets both domestically and globally. In future, we are planning to concentrate more on margin-accretive products to strengthen our revenue model. In addition, we are looking for global opportunities to forge strategic collaborations or make acquisitions to enhance technical expertise or access new markets.

Looking back, when we started with less than 30 people, we had no idea of how the Company will evolve. Today's Innoventive is a result of combined efforts put in by a strong management team of over 30 professionals and more than 1,200 employees and their ideas. I know many of them have sacrificed their personal lives to drive organizational growth. At this juncture, I take the opportunity to thank all of them, and look forward to their continued support.

The road ahead is full of opportunities. We have the capabilities and the confidence to turn those opportunities into vibrant realities. We look forward to your continued guidance. I am very grateful for your consistent support.

Warm Regards,
Chandu L. Chavan
Chairman

Consistent leadership with a well diversified engineering business model

WITH A VISION TO EMERGE AS A GLOBAL VALUE-CREATOR, WE ARE SIGNIFICANTLY IMPROVING OUR PRODUCTS AND PROCESS EXCELLENCE. THE RESULT IS BUSINESS RESILIENCE, STRONG CUSTOMER SATISFACTION AND LOYALTY.

Over the years, we have significantly secured industry leadership and enhanced our performance, through a number of innovative products, exclusive to the industry. In certain applications, we have successfully replaced the usage of seamless tubes, non-ferrous tubes, bars and tubular components with our very unique CEW / DOM tubes. In membrane panel strips, we have the capability to slit the hot rolled coils to narrow-width strips with accuracy that ranges from 22 mm to 6 mm. The strips find extensive use in boilers and heat exchangers. We have successfully created rubber to metal bounded tubes and complex profile tubes. In automobiles, our skill to work using high grade steel alloys and non-ferrous metals has successfully reduced the weight of the vehicles. We have expertise in special products like perforated tubes, tubes with spine and VW Polo IP Beam. Innoventive has recently commercialized the production of hydraulic cylinder tubes, bearing spacers, impact beams and drag linkages. Production of bi-metallic tube, which is exclusive across the whole world, and anti-roll bars are in the pipeline. Today, we are a part of the high growth sectors like power, oil and gas, farm equipment, automobile and general engineering.

Consolidated Revenue from user industries

(₹ in lacs)

Industries	FY 2011	Contribution in total sales (%)	FY 2010	Contribution in total sales (%)	FY 2009	Contribution in total sales (%)
Transportation	35,923.82	51.06	20,098	47.68	19,190.60	53.02
Oil & Gas	8,120.81	11.54	4,389.00	10.41	3,746.70	10.35
Power	8,534.44	12.13	5,265.60	12.49	3,964.90	10.95
Farm Equipment	2,047.42	2.91	1,239.70	2.94	488.20	1.35
General Engineering	15,731.67	22.36	11,155.21	26.47	8,805.61	24.33
Total Sales	70,358.16	100.00	42,147.51	100.00	36,196.31	100.00

An innovation-driven approach has enriched our product portfolio, enhanced our clientele, strengthened our brand across diverse industries and de-risked our business model.

Continuous research and development in line with evolving market scenario and industry demand is a consistent area of focus at Innoventive. This has rationalized our cost of production, benefiting, in turn, our customers. The organization manufactures a wide range of products comprising the following:

Product	Details	Application
 <p>CEW/DOM and ERW Precision Tube</p>	DOM tubes manufactured by our innovative process, CEW precision steel tubes made out of own ERW tubes and machined tubular components	Used in the manufacture of auto components, energy sector, general engineering, etc.
 <p>Auto Components</p>	Auto components made from tubes, sheets and other raw materials	These are specifically built to sell to the automobile manufacturers directly
 <p>Oil Country Tubular Goods</p>	Includes fully machined ready-to-use parts such as machined tubing, coupling, casing coupling, pup joints, cross-overs, open and closed die forgings	In oil and gas sector in the Oil Well drilling pipes
 <p>Membrane Stripes</p>	Slitting hot rolled or cold rolled coils into narrow width stripes with desired dimensional accuracy	Used in boilers and heat exchangers
 <p>Other products</p>	CR Coils, Laminates and forgings, Steel wires and other steel products	Used in automobile, power and manufacturing industries, general engineering, etc.

Setting new benchmarks with breakthrough research and development

IN AN INDUSTRY THAT DEMANDS CONTINUOUS PRODUCT IMPROVEMENT, OUR TECHNOLOGY BENEFITS THE CUSTOMER IN TERMS OF BETTER QUALITY PRODUCTS AT COMPETITIVE PRICES. WE APPLY HIGH-END ENGINEERING TECHNOLOGIES AND DEVELOP VALUE-ADDED PRODUCTS. THE PRODUCTS OF INNOVENTIVE ARE NOW HIGHLY ACCLAIMED IN THE MARKET AS EACH PROCESS, RAW MATERIAL AND PRODUCT GO THROUGH EXTENSIVE RESEARCH.

Our novel technology for cold pilgering process reduces the diameter and wall thickness of metal tube to desired levels in one step. Compared to the typical CEW tube manufacturing process, the process used in Innoventive saves energy up to 80%, reduces process related conversion cost and steel wastage by 7% and also has significant environmental advantages. The CEW/DOM tubes of Innoventive have enhanced metallic properties like better surface finish, dimensional accuracy and strength, compared to typical CEW tubes. Combined with the cost savings due to the pilgering process, we have achieved considerable pricing advantage in the global markets. We have already applied patent for this technology.

Focusing on global visibility

WE ARE DEVELOPING A GLOBAL MARKETING NETWORK, LEVERAGING OUR STABLE RELATIONSHIPS WITH EXISTING CUSTOMERS.

We value the customer feedback. Before conceptualization of each product, our dedicated product development team interacts with customers to understand their exact requirements. New products are developed based on their feedback.

We deliver customized products that not only provide the desired quality but also benefit the customers in terms of cost. Over the years, through direct marketing, customized and advisory services, Innoventive has acquired a wide customer base that includes prestigious clients comprising Bajaj Auto Limited, Bharat Heavy Electricals Limited, Thermax Limited, Lindsay International and Alstom Projects Limited.

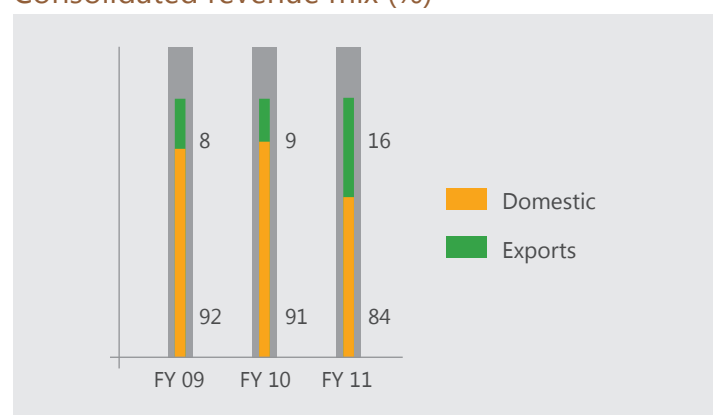
Innoventive has successfully developed a diverse customer base that reduces the organization's revenue volatility.

Consolidated revenue contribution of top customers (%)

	FY 2011	FY 2010	FY 2009
Top customer	21	22	22
Top 5 customers	38	37	38
Top 10 customers	48	47	44
Other customers	52	53	56

We have also secured significant share in the global market for our products. Currently, we export to over 10 countries worldwide. In USA, Innoventive sells CEW/DOM tubes under the brand ARIDOM®, in collaboration with Salem Steel North America, LLC. We also intend to increase our expansion in geographies, including the Middle East, Europe, North America and Latin America. Our separate marketing teams look after national and domestic markets. Also, we have a separate team to explore new business opportunities.

Consolidated revenue mix (%)



Management Discussion and Analysis Report

INDIAN ECONOMY: THE GROWTH STORY

The Indian economy has emerged as one of the best performers following the global financial meltdown. In FY 2010, it posted a robust GDP growth of 8.6%, surpassing the estimated 8% growth rate by the Central Statistical Organisation (CSO). Leveraging the growing middle class and strong consumer demand, the economy witnessed an escalation of 5.4% in agriculture, 8.1% in industry and 9.6% in services, as compared to a growth of 0.4%, 8% and 10.1% respectively in FY 2009. The six core industries index (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew by 5.7% during April-February FY 2010-11, as compared to 5.4% during April-February FY 2009-10. However, persistent inflation is one of the major concerns of the economy. Most of the developed economies, recorded low growth rates; consequently, the global business environment remained sluggish for a major part of the year under review. Positive signals from the developed economies emerged only in the last quarter of the year, which augur well for the future of the global economy.

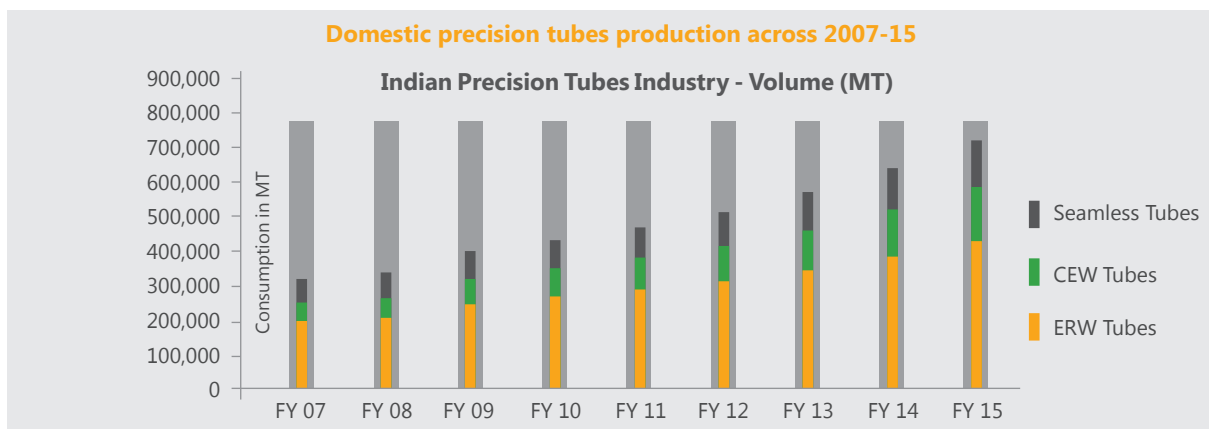
BUSINESS REVIEW

We are a multi-product engineering company, which manufactures precision steel tubes, membrane panel strips, auto components, oil well drilling couplings, pup joints and other steel products catering to applications in diverse sectors such as automobiles, boilers & heat exchangers, energy, oil and gas, farm equipment and general engineering.

Precision Tube Industry

It is estimated that the Indian precision tubes market would grow at a CAGR of 16.8%, in terms of value to ₹ 75.9 billion by FY 2015 from ₹ 34.9 billion in FY 2010. In volume terms, the forecasts predict 10.7% CAGR to reach 8,00,213 million tonnes by FY 2015 (Source: HDFC Securities Research Report, April, 2011). In the current fiscal, the consumption of CEW tubes stands at 23% in the domestic market. During FY 2011-2015, market volume for CEW tubes is expected to grow at a CAGR of 14.2%, whereas the volume of ERW market and seamless tubes market will grow at a CAGR of 9.6% and 9.3% for the same period. Being a value added product, the realization from CEW tubes will be 1.2x – 1.7x higher than ERW tubes (Source: Frost and Sullivan Report).

Domestic precision tubes production across 2007-15



(Source: "Precision Tubes Market in India", Frost & Sullivan Research Report, June 2010)



Leveraging the growing middle class and strong consumer demand, the economy witnessed an escalation of 5.4% in agriculture, 8.1% in industry and 9.6% in services, as compared to a growth of 0.4%, 8% and 10.1% respectively in FY 2009. The six core industries index (comprising crude oil, petroleum refinery products, coal, electricity, cement and finished carbon steel) grew by 5.7% during April-February FY 2010-11, as compared to 5.4% during April-February FY 2009-10.



Consumption of welded tubes by different industries in FY 2010

Industry	Consumption (%)
Automobile	24
Domestic applications	19
General engineering	13
Power and hydro electric equipment	13
Railways	10
Infrastructure	8
Others	13

(Source: Frost and Sullivan Report)

Performance of Innoventive's Precision Tube Segment

Innoventive manufactures Electric Resistance Welded (ERW) precision steel tubes from mild and carbon steel alloys that conform to various industrial standards. The Company manufactures Cold Drawn Electric Welded (CEW)/(DOM) tubes, which are value-added products manufactured by cold drawing ERW tubes using draw bench and cold pilgering process. The Company's revenue in this segment stood at ₹ 35,131.32 lacs in FY 2010-11 as compared to ₹ 22,751.98 lacs in FY 2009-10 achieving a Y-o-Y growth of 54.41%.

The Company is well positioned to capitalize the growth of global CEW/DOM market. Due to its unique cost effective advantage, it has already made a strong presence in the export market. The CEW/DOM segment of the Company registered a growth over 50% in FY 2010-11.

Innoventive worked towards shifting the business to higher value added products like CEW/DOM tubes, different ERW tubes with lower D/T ratio and difficult sections. It has successfully adopted the cold pilgering process to manufacture CEW/DOM tubes without the use of conventional draw bench route. This process has resulted in significant cost savings, with energy cost coming down by 80%, wastage reducing by 7% and labour cost coming down substantially. Patent application has been filed for this process. With the cost saving on account of pilgering process, the Company has a significant advantage in pricing the product in competitive markets.

Innoventive has also developed membrane panel strips in house by our continuous research, which is used in boilers and is an import substitute. Within a span of 12 months from the product development, Innoventive has been able to get the approvals from most of the marque customers in the power sector.

Additional customers

The Company is continuously working to increase its customer base and in the current fiscal, it successfully added over 20 new customers into its clientele which include leading names in the industry both domestically and internationally.

Production capacity

To completely leverage the unique cold pilgering process, the Company is increasing its CEW/DOM tubes production capacity. Further, the Company has large expansion plans to increase the production capacity of the CEW/DOM tubes to 76,701 MT which will be available by FY 2013.

Outlook

We expect a sustained performance to continue due to strong demand for our products across end user industries. Implementation of our capacity expansion coupled with a pipeline of new products will help us effectively meet our customers demand and requirement.

Performance of Innoventive's Auto Component Segment

The Company manufactures a variety of machined components, press fabricated parts and welded components. Bajaj Auto Ltd and its vendors are the major customers of the Company under this segment. The Company's revenue in this segment stood at ₹ 17,479.82 lacs in FY 2010-11 as compared to ₹ 10,817.51 lacs in FY 2009-10 achieving a Y-o-Y growth of 61.59%.

Outlook

To capitalize the growing opportunities of the Indian automobile market, the Company is constantly developing new products for its customers and making strategic moves, including shifting the production facilities to consolidate its manufacturing process.

Oil & Gas Industry

India is steadily emerging as a global destination for refining of oil. India is right now the fifth largest refinery in the world, with refining capacity of 1,844 lac tonnes. Refining capacity of 100 lac tonnes is expected to be added by FY 2010-11, of which 40 lac tonnes have already come on stream. Government is also coming

up with huge investment plans in the sector. Increased refining capacities will further boost the demands of various tubes for developing the machineries. (Source: CMIE)

The proportion of natural gas in the country's total energy mix is increasing rapidly and the government is also coming up with huge investment in the sector. For the development of KG Basin, ONGC has come up with a huge \$ 7.7 billion investment plan. Drilling of oil wells and further expansion of the sector will drive the growth of gas pipelines (Source: Indian Brand Equity Foundation).

Performance of Innoventive's Oil Country Tubular Goods (OCTG)

Under this segment, the Company, through its subsidiary, Sankalp, manufactures fully machined ready-to-assemble parts such as machined tubing, couplings, casing couplings, pup joints, cross-overs, open-die and closed-die forgings. The Company's revenue in this segment stood at ₹ 7,990.85 lacs in FY 2010-11 as compared to ₹ 3,880.94 lacs in FY 2009-10 achieving a Y-o-Y growth of 105.90%. The Company added some of the new international customers like Allied Engineering & Machine Products - USA, Welded Tube - Canada, Apolo Tubulars - S.A., Brazil under this segment.

Outlook

We expect a substantial growth owing to strong demand for our products across end user industries and expansion in customer base across globe which includes some of the marquee international customers.

General Engineering and Indian Manufacturing Industry

The Indian manufacturing sector is touted for promising growth, attributed to high value goods, improved quality engineering precision, liberalized market and availability of economical and skilled labor. According to '2010 Global Manufacturing Competitiveness Index' by Deloitte Touche Tohmatsu and the US Council on Competitiveness, India ranked second in terms of manufacturing competence.

The Index of Industrial Production (IIP) recorded a growth of 7.8% in FY 2010-11, with mining having grown by 5.9%, manufacturing by 8.1% and electricity by 5.6%. Production in the consumer non-durables and consumer durables segments went up by 2.2% and 20.9% respectively during FY 2010-11.

Performance of Innoventive's Cold Rolled Coils & Other Product Segment

The Company and its Subsidiaries manufactures Cold Rolled (CR) Coils, Cold Rolled Sheets, Metal Wires, Laminates and Stampings, Membrane Panel Strips, etc. The Company's revenue from CR Coils and other products stood at ₹ 9,756.17 lacs in FY 2010-11 as compared to ₹ 4,697.09 lacs in FY 2009-10 achieving a Y-o-Y growth of 107.71%.

Outlook

The steady growth of India's general engineering and manufacturing industry will boost the requirement of metal coils, sheets and other products. The Company has ambitious plans to enhance their market of the aforesaid products.

Segmental Revenues growth

Segment	Revenue 2010-11 (₹ lacs)	Revenue 2009-10 (₹ lacs)	% growth
Tubes & Products	35,131.32	22,751.98	54.41
Motor Vehicle Parts	17,479.82	10,817.51	61.59
Oil Country Tubular Goods (OCTG)	7,990.85	3,880.94	105.90
Cold Rolled Coils	4,576.36	3,528.95	29.68
Others	5,179.81	1,168.14	343.42
TOTAL	70,358.16	42,147.51	66.93

Key Financial Highlights

- Consolidated total income increased to ₹ 70,358.16 lacs in FY 2010-11 from ₹ 42,147.51 lacs in FY 2009-10 (Growth 67%)
- Profit Before Tax (PBT) increased to ₹ 7,968.66 lacs in FY 2010-11 from ₹ 4,804.74 lacs in FY 2009-10 (Growth 66%)
- Profit After Tax (PAT) increased to ₹ 6,836.01 lacs in FY 2010-11 from ₹ 3,053.48 lacs in FY 2009-10 (Growth 124%)
- Earnings per share for FY 2010-11 stood at ₹ 17.20 per share as against ₹ 9.13 per share in FY 2009-10 (Growth 88%)
- Recommended a final dividend of ₹ 2.00 per share on Face Value of ₹ 10 each
- The export incentives under DEPB increased from ₹ 165.59 lacs in 2009-10 to ₹ 352.51 lacs in FY 2010-11
- The interest expenses increased to ₹ 7,115.50 lacs in FY 2010-11 from ₹ 5,444.60 lacs, on account of loan funds having increased to ₹ 35,510.07 lacs in FY 2010-11 from ₹ 32,651.58 lacs in FY 2009-10 which is in line with the increase in revenue
- Received VAT refund of ₹ 16.38 crores from the Government of Maharashtra. The Company is entitled to receive Industrial Promotional Subsidy (IPS) of 75% on Capital Expenditure
- Under the Industrial Promotional Subsidy (IPS), the tax expenses of ₹ 644.30 lacs were written back during the year. The Amount sanctioned by State Government of Maharashtra for setting up Mega Project unit is considered as non-taxable

Challenges

- The Indian ERW precision tubes market is highly unstructured, which results in intense price competition
- The raw material intensive industry can be affected due to fluctuation in raw material prices
- Technology constrain in domestic power and heat exchange equipment manufacturing result in import of precision tubes, which in turn restricts the growth of the industry
- Uncertain global economic scenario, especially in US, European and other countries affects the export market

Risk Management

Risks	Mitigation
Implementation of strategic plans: The Company is focusing more on value added products. It is also expanding into new products and new markets. This involves significant capex in the coming years and carries a project implementation risk.	These products are based on patented technology and carry significant advantage over production process which mitigates product related risk. New capex is an extension of the earlier mega project and the same team has successfully implemented Phase – I of this capex.
Protection of intellectual property: The key strength of the Company is its innovative products. Any infringement in the technology used can directly affect the profitability of the Company.	To protect the intellectual property the Company made a patent application for the usage of cold pilgering process to make CEW/DOM Tubes from ERW Tubes, without using traditional draw bench method.
Identification of newer technologies in the same space: Engineering is a rapidly evolving space. A failure to keep up with the technological changes and new events around the world might impact our relevance to customers.	The Company consistently monitors different technologies existing and emerging in this sector. Our R&D team is equally focused on in-house technology development as well as development of new technologies.
Under-utilization of expanded capacities: The production capacities of the Company are based on market demand. Any fluctuation in the same may result in under-utilization of the manufacturing capacity of the Company, which will have a direct impact on profitability.	The customer base of the Company is expanding considerably leveraging on its presence in domestic and international markets.
Fluctuation of foreign currency: The Company has to import more than 40% of the plant and machinery. Additionally, being an exporter, the Company is exposed to foreign exchange risks.	The Company plans to meet its forex exposure through the rising export thereby providing natural hedge. Further, if required the Company enters into strategic forward contracts and other derivative instruments.
Attracting, retaining talent and higher dependence on skilled labour: The engineering industry is a highly competitive industry, where employee attrition might severely affect growth plans.	The Company has formed an employee trust to ensure that every employee is a stakeholder so as to bring ownership factor. In addition, regular training and employee engagement programmes are organized to ensure regular training and skill development.

FUTURE OUTLOOK

Despite the challenges prevailing in the Indian tube industry, the sector is poised to grow. The Company has attractive growth prospects, given its unique product range and cost-effective technologies, which can be leveraged to capitalize on emerging opportunities. It already has a robust demand in the end-user industries and further initiatives are being taken to increase the customer base by entering into new markets. The Company is in the process of introducing newer products and is gradually attempting to change its product mix in favour of higher-value products.

The funds raised from the IPO will help the Company expand its capacity and implement advanced technologies. Continued traction across product segments combined with a healthy pipeline of new products gives us the confidence to retain our growth outlook and report a significant and sustainable rate of growth, going forward.

INTERNAL CONTROL SYSTEM

The internal control system plays a crucial role in the Company. To ensure the regulatory compliance and supervise financial and operating activities, the Company has set up an Audit Committee. The Committee is in charge of the financial reporting process and ensures disclosure of correct, sufficient and credible information. The Company has also implemented SAP on April 1, 2010, to ensure operational efficiency.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE

The Company recognizes the importance of a talented work force. Effective recruitment policies, encouraging work environment, clearly defined job responsibilities and competitive compensation optimize the productivity of the employees. The efficient training programs of the Company ensure internal growth of the employees, as well as achievement of the organizational growth. The health and safety measures adopted for the employees are also in tandem with the recognized industry standards.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

Directors'

Report

To,

The Members of,

Innoventive Industries Limited,

Your directors have the pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2011. The Financial highlights of the year under review are as follows:

FINANCIAL RESULTS

During the year 2010-11 your Company has achieved 47.99% rise in sales as compared to previous year. Total turnover for the Financial Year 2010-11 was ₹ 62,376.60 lacs as compared to turnover of ₹ 42,150.50 lacs in the previous year. Summarized standalone performance of the Company is as below:

₹ in lacs except per share data

Particulars	2010-11	2009-10
Turnover / Income (Gross)	62,376.60	42,150.50
Turnover / Income (Net)	59,346.15	39,105.95
Other Income	199.83	94.23
Total Expenditures (Including Interest & Depreciation)	53,273.06	34,872.82
Profit Before Tax	6,272.92	4,327.36
Provision for Tax		
- Current	1,432.01	740.11
- Deferred	706.47	1,105.12
- Income Tax Excess Provision in Previous Year	-	(5.78)
- Wealth Tax	0.61	0.21
- MAT (Credit)	(877.16)	(251.36)
Reversal of Tax Provision of Earlier Period		
- Current Tax	(489.12)	-
- Deferred Tax	(155.18)	-
Profit After Tax	5,655.30	2,739.06
Balance Brought forward from last year	5,674.35	3,209.20
Profit Available for Appropriation	11,329.65	5,948.25
Appropriations		
Proposed Dividend on Equity Shares	1,192.88	-
Corporate Dividend Distribution Tax	198.12	-
General Reserve	565.53	273.91
Surplus Carried over to Balance Sheet	9,373.11	5,674.35
Earnings Per Share	15.59	8.49
(Face value - ₹ 10/- per equity share)		



The Company raised ₹ 21,740.53 lacs from Public through its Initial Public Offer (IPO) during April 2011. Company issued, allotted 1,85,81,650 equity shares of ₹ 10/- each at a premium of ₹ 107/- per share to around 13,352 investors under IPO.



SUBSIDIARIES

The Company has five subsidiaries within the meaning of Section 4(1)(b)(ii) of the Companies Act, 1956 namely Arihant Auto Components Private Limited (100% holding), Arihant Steel and Metal Wires Private Limited (100% holding), Seven Star Electrodes Private Limited (100% holding), Saicon Steels Private Limited (51% holding) & Sankalp Forgings Private Limited (51% holding).

Arihant Steel Products and Services Private Limited (ASPSPL), one of the subsidiary companies had applied for strike off under Easy Exit Scheme, 2010 (EES 2010). Communication has been received from ROC that ASPSPL has been struck off from the register under Section 560(5) of the Companies Act, 1956 and therefore, it stands dissolved.

Financial Statements of the Subsidiary Companies

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011 has granted general exemption under Section 212 of the Companies Act, 1956, waiving the requirement of attaching Annual Reports of subsidiary companies subject to certain conditions being fulfilled by the Company. However, the annual accounts of the subsidiary companies and the related detailed information shall be made available to the members of the holding and subsidiary companies seeking such information at any time. The annual accounts of the subsidiary companies shall also be kept open for inspection by any member in its registered office and those of the respective subsidiary companies. The Company shall furnish a hard copy of details of accounts of subsidiary companies, upon receipt of a requisition, from any shareholder.

INITIAL PUBLIC OFFER (IPO)

The Company raised ₹ 21,740.53 lacs from Public through its Initial Public Offer (IPO) during April 2011. Company issued, allotted 1,85,81,650 equity shares of ₹ 10/- each at a premium of ₹ 107/- per share to around 13,352 investors under IPO.

The Company shall utilize IPO funds broadly for expansion of its manufacturing facility, repayment of debt & general corporate purposes as specified in the offer document.

Prior to the IPO, Company allotted 26,00,000 equity shares of ₹ 10/- each at a price of ₹ 117/- per share aggregating to ₹ 3,042 lacs to Standard Chartered Private Equity (Mauritius) II Limited in the month of February, 2011 thereby reducing total size of IPO to such extent.

The Company got listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited on May 13, 2011.

DIVIDEND

Considering the Company's financial performance, the Board of Directors is pleased to recommend dividend of ₹ 2/- per share. The said dividend, if approved by the Members, would involve a cash outflow of ₹ 1,192.88 lacs (excluding applicable taxes).

PARTICULARS OF EMPLOYEES

The human capital has been recognized as a vital factor in achieving the goals and objectives of the organization. Emphasis is placed to build a network of dedicated and experienced professionals who would strive for organizational growth by maximizing the effectiveness while the policies and practices would foster employees' satisfaction, retention and productivity.

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

Name, Designation, Qualification & Age	Date of Joining	Experience (Years)	Gross Remuneration (₹ In lacs)	Previous Employment Designation	Details of Shareholding
Ravindra W. Katre, Managing Director	November 1, 2002	25	67.97	Phoenix Enterprises, Head Commercial	21,00,000 equity shares in his name whereas 17,15,437 shares in the name of his wife
Post Graduate in Management Science and Diploma in Mechanical Engineering					
45 years					

Formation of Innoventive Group Employee(s) Welfare Trust

The Innoventive Group Employee(s) Welfare Trust, ("Trust") was constituted in accordance with the provisions of the Indian Trusts Act, 1881, pursuant to a trust deed dated September 24, 2010 ("Trust Deed"). The Trust has been set up for the benefit of all existing and future directors, employees of the Company and its subsidiaries including their successors/assignees excluding Promoters & Promoter Group.

The Company allotted 19,23,117 equity shares at a face value of ₹ 10/- each by way of a Preferential Allotment to the Trust. Trust through its Trustees shall transfer said shares to its beneficiaries pursuant to a policy which Trustees may frame from time to time.

The principle aim with which the Trust has been set up is to benefit the employees in any manner whatsoever visualized by the Trustees from time to time. Its scope, areas of operations and its beneficiaries cover an ambit which is far wider than that envisaged by a trust set up under ESOP & ESPS.

In the interest of its beneficiaries, Trust has been irrevocably prohibited from using its funds to trade/deal in securities in the secondary markets in any manner whatsoever.

DEPOSITS

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

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 171 of Articles of Association, Mr. Yashpaul Gupta and Mr. Pradeep

Tupe retire by rotation in the forthcoming Annual General Meeting. All of them, being eligible, seek re-appointment.

Pursuant to the requirement of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be re-appointed at the Annual General Meeting is given in the annexure to the Notice calling 20th Annual General Meeting.

NOTE ON CORPORATE GOVERNANCE

Your Company is committed to maintaining high standards of Corporate Governance. A separate section on Corporate Governance is included in this Annual Report.

AUDITORS

Messrs. B. K. Khare & Co, Chartered Accountants retire at the ensuing Annual General Meeting. The Company has received a Certificate under section 224(1B) of the Companies Act, 1956 from M/s. B. K. Khare & Co., Chartered Accountants mentioning therein that their appointment if made, will be within the prescribed limits as per section 224(1B) of the Companies Act, 1956. The auditors have also informed that they had subjected themselves to the Peer Review Process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI. The Board of Directors recommends their re-appointment.

Cost Audit

As per section 233B of the Companies Act, 1956 and pursuant to the order dated May 3, 2011 issued by Ministry of Corporate Affairs in this regard, the Company is required to get its cost accounting records audited

by a Cost Accountant, who is a member of the Institute of Cost and Work Accountants of India, beginning FY 2011-12 onwards. Accordingly, Board of Directors has appointed M/s. A. J. Paranjape & Co, Cost Accountant in this regard, subject to the necessary approval of Central Government.

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 to the Directors' Report.

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earnings (FOB Value of exports) - ₹ 2,581.04 lacs (previous year ₹ 647.68 lacs) Foreign exchange outgo - ₹ 180.63 lacs (previous year ₹ 256.67 lacs).

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the annual accounts for the financial year ended on March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the accounts for the financial year ended on March 31, 2011 on a 'Going Concern basis'.

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.

ACKNOWLEDGEMENT

The Directors thank our customer, vendors, shareholders, bankers, employees, Government Authorities etc. for their continued support and sincere co-operation received during the year and look forward to their continued support.

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, investors, 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
of Innoventive Industries Limited

Chandu Chavan

Chairman

Place: PUNE

Date: July 18, 2011

Annexure

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

(A) POWER AND FUEL CONSUMPTION

Particulars	March 31, 2011	March 31, 2010
1. Electricity		
(a) Purchased		
Units (KW)	1,49,43,676	99,72,998
Total Amount	7,18,06,448	4,26,58,077
Rate/Unit (₹)	4.80	4.27
(b) Own Generation	N. A.	N. A.
2. Coal	NIL	NIL
3. Furnace Oil		
Quantity	2,19,450	1,57,112
Total Amount	60,52,531	33,86,734
Average Rate	27.58	21.56
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.)

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION, ADAPTATION, INNOVATION AND RESEARCH & DEVELOPMENT

Your Company has grown in last 10 years on the foundation of innovations. The Company is continuing this stream of innovations by developing better processes, products & machines. Few of them are awaiting patent approval.

In-house R&D efforts have helped the Company to develop processes, tools and technology to make manufacturing process more efficient and broaden its product range. The Company is developing tubes from new generation materials which will have better strength and hence, lesser weights can be used for the same component. The new processes and machines will substantially elevate quality standards at reduced cost.

For and on Behalf of The Board of Directors
of Innoventive Industries Limited

Chandu Chavan

Chairman

Place: PUNE

Date: July 18, 2011

Corporate Governance

Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

After Company got listed on Bombay Stock Exchange & National Stock Exchange on May 13, 2011, Company's responsibility towards its stakeholders has increased. Clause 49 of the Listing Agreement deals with Corporate Governance which casts various responsibilities on the Company to protect interest of Stakeholders. The Company is in compliance with the requirements of Corporate Governance under Clause 49 of the Listing Agreement. Through the Governance mechanism in the Company, the Board along with its Committees undertakes fiduciary responsibilities to all its stakeholders by ensuring transparency, fair play and independence in its decision making. The Governance mechanism cast upon the Board of Directors and Committees thereof, onerous responsibilities to improve the Company's operating efficiencies. The Corporate Governance of the Company is geared by the following;

- To meet the objectives and targets set by the Company and Board of Directors by empowering people at the most appropriate levels keeping the job profile /functions in view.
- To meet emerging challenges and opportunities of present and future scenario and to play a vital role in the economic development of the country.

2. THE BOARD OF DIRECTORS

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company. The Board

currently comprises of eight Directors out of which five Directors (62.50 %) are Non-Executive Directors. The Company has an Executive Chairman and the four Independent Directors comprise of half of the total strength of the Board. Three of our executive directors are Promoters. All Independent Directors have confirmed that they meet the 'independence criteria' as mentioned under Clause 49 of the Listing Agreement.

None of the Directors on the Company's Board is a Member of more than ten Committees and Chairman of more than five Committees across all the companies in which they are Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies and do not hold the office of Director in more than fifteen public companies. None of the Directors of the Company is related to each other. All Executive and Non-Executive Directors excluding Mr. William Sean Sovak (Nominee Director representing Kavos Capital Limited), are liable to retire by rotation.

During the year under review, twenty one Board Meetings were held on April 5, 2010, April 19, 2010, April 30, 2010, May 10, 2010, June 12, 2010, July 19, 2010, July 26, 2010, August 4, 2010, September 18, 2010, September 20, 2010, September 26, 2010, September 28, 2010, September 29, 2010, October 4, 2010, October 9, 2010, December 1, 2010, December 6, 2010, January 29, 2011, January 31, 2011, February 8, 2011 and March 25, 2011. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board, attendance at Board Meetings held during the Financial Year under review and at the last Annual

General Meeting, number of directorships, memberships/chairmanships of the Board and Committees of public companies and their shareholding as on March 31, 2011 in the Company are as follows:

Name of the Director	Category	No. of Board Meetings attended in the year	Attendance at the last AGM	Directorships in Public Companies including our Company*		Committee positions in Public Companies including our Company**		No. of equity shares held
				Chairman	Member	Chairman	Member	
Mr. Chandu Chavan	Chairman (Promoter)	21	Yes	1	0	1	2	1,29,70,500
Mr. Ravindra Katre	Managing Director (Promoter)	21	Yes	0	1	0	2	21,00,000
Mr. Sanjay Waghulade	Whole-time Director (Promoter)	21	Yes	0	1	0	2	32,92,361
Mr. William Sean Sovak	Nominee Director	2	No	0	2	0	3	Nil
Mr. Ramprasad Joshi	Independent Director	12	No	0	2	1	0	Nil
Mr. Yashpaul Gupta	Independent Director	4	Yes	0	1	1	1	Nil
Mr. Pradeep Tupe	Independent Director	12	No	0	2	0	2	Nil
Dr. Rajendra Jagdale	Independent Director	3	No	0	1	0	0	Nil
Mr. Mukund Krishnaswami#	Nominee Director	0	No	0	1	0	0	Nil

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

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

Ceased to be a director w.e.f. August 4, 2010 due to resignation.

Compensation paid to directors in FY 2010-11

The details of all the cash benefits paid, whether in nature of remuneration or allowances or perquisites or sitting fees or otherwise, to our Directors for financial year ending March 31, 2011 are as under:

(Amount in ₹ lacs)								
Name of the Director	Basic Salary	House Rent Allowance	Conveyance Allowance	Book Allowance	Education Allowance	Sitting Fees	Perquisites	Total
Mr. Chandu Chavan	19.85	13.90	2.98	1.98	1.98	-	0.6	41.29
Mr. Ravindra Katre	32.87	23.01	4.93	3.29	3.29	-	0.6	67.97
Mr. Sanjay Waghulade	6.83	4.78	1.02	0.68	0.68	-	0.6	14.60
Mr. Ramprasad Joshi	-	-	-	-	-	0.80	-	0.80
Mr. Yashpaul Gupta	-	-	-	-	-	0.80	-	0.80
Mr. Pradeep Tupe	-	-	-	-	-	0.80	-	0.80
Dr. Rajendra Jagdale	-	-	-	-	-	0.60	-	0.60
Mr. William Sean Sovak	-	-	-	-	-	0.40	-	0.40
Mr. Mukund Krishnaswami	-	-	-	-	-	-	-	-

Code of Conduct:

As Company was not listed in financial year 2010-11, Clause 49 of the Listing Agreement was therefore not applicable to the Company. However post listing, Company has adopted Code of Conduct required under Clause 49(ID) of the Listing Agreement. The Company's 'Code of Conduct for Board of Directors and Senior Management' is applicable to all Directors and Senior Management of the Company. This Code of Conduct is also available on the Company's web-site. The provisions of Code of Conduct cast upon the Board of Directors and Senior Management responsibilities to protect the Company's and stakeholder's interest.

1992, the Company has laid down "Code of Conduct for Prevention of Insider Trading For Innoventive Industries Limited" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this code, Directors including Insiders (i.e. Designated Employees) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in Securities beyond specified limits, permission of Compliance Officer is required. All Designated Employees are also required to disclose related information as defined in the Code. Company Secretary has been designated as Compliance Officer for this Code.

Code of Insider Trading

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,

3. THE COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of scope for taking decision of

different matters. The committees act on behalf of Board as representative for the matter assigned to them by the Board. The decision taken by the Committees are reviewed by the Board from time to time. The minutes of Committee meeting are placed before the Board meetings at regular intervals. Followings are the various Committee and their members set by the Board;

A. Audit Committee

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

C. IPO Committee

D. Working Group Committee

Mandatory Committees

A. Audit Committee

The current terms of reference of the Audit Committee fully comply with the requirements of clause 49 of the listing agreement as well as Section 292A of the Companies Act. These broadly include approval of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc. There were four Audit Committee meetings held during the year.

The audit committee consists of the following Directors:

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

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

Our Company has formed a Shareholders' / Investors' Grievance Committee pursuant to clause 49 of the listing agreement broadly for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, Issue of duplicate/split/consolidated share certificates etc.

The Investors' Grievance Committee consists of following Directors:

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

During FY 2010-11 there were no complaint(s) received from the Shareholders.

Non-mandatory Committees

C. IPO Committee

The IPO Committee was constituted to oversee and inform the Audit Committee when money is raised through prospectus or rights or preferential issues and shall inform of funds received, utilized, pending for project implementation etc. The role of IPO Committee was significant during IPO period and also after Company got listed on Stock Exchanges. Two meetings of the Committee were held during the financial year.

The IPO Committee consists of following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Ramprasad Joshi	Chairman	Independent Director	2
Mr. Ravindra Katre	Member	Managing Director	2
Mr. William Sean Sovak	Member	Nominee Director	1
Mr. Chandu Chavan	Member	Chairman	2

D. Working Group Committee

The Working Committee is constituted by Board to review day to day operations of the Company, suggest improvements in the working & overall business operations. The Working Group Committee consists of following Directors. Thirteen meetings of the Committee were held during the year.

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Chandu Chavan	Chairman	Chairman	13
Mr. Ravindra Katre	Member	Managing Director	13
Mr. Sanjay Waghulade	Member	Whole-time Director	13

4. GENERAL BODY MEETINGS

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

Financial Year	Details of Location	Date of Meeting	Time of Meeting
2009-10	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune - 412208.	September 6, 2010	04.30 P.M.
2008-09	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune - 412208.	September 30, 2009	04.30 P.M.
2007-08	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune - 412208.	November 29, 2008	03.30 P.M.

- B)** At the AGM held on September 6, 2010 three Special Resolutions were passed i.e. a) To alter Articles of Association of the Company for adopting Part 'B' b) To increase Foreign Institutional Investors (FII) equity investment ceiling in the Company from 24% to 49% and c) To authorize Board of Director under Section 81(1A) of the Companies Act, 1956 for issuing shares to non-members under Initial Public Offering (IPO) of the Company.
- C)** At the AGM held on September 30, 2009 one Special Resolution was passed whereby necessary consent of Shareholders was accorded under section 372A of the Companies Act, 1956 for already issued corporate guarantee in favour of IDBI Bank Limited for providing credit facilities to Sankalp Forgings Pvt Ltd, one of our subsidiary Companies.
- D)** At the AGM held on November 29, 2008 two Special Resolutions were passed a) To convert itself from Private Limited Company to Public Limited Company and b) To change name from 'Arihant Domestic Appliances Private Limited' to 'Arihant Domestic Appliances Limited' consequent upon conversion into a Public Limited Company.
- E)** There were no Postal Ballots conducted during the year.

5. DISCLOSURES

- There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities, on any matter related to capital markets.
- The Company has not adopted any Whistle Blower Policy.
- Clause 49 of the Listing Agreement mandates us to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause. We have obtained a certificate to this effect and the same is included in this Annual Report. Further, the

Company has not complied with non-mandatory requirements as prescribed in Annexure 1D to Clause 49.

- The CEO & CFO of the Company have certified to the Board, the specified matters, as required under Clause 49 V of the Listing Agreement.

6. MEANS OF COMMUNICATION

The financial results of the Company are intended to be published in Financial Express/ Business Standard/ Economic Times/ Indian Express and Loksatta/ Sakal/ Lokmat or any other Marathi local newspaper and will also be displayed on Company's web www.innoventive.in. The Company's website www.innoventive.in contains a separate dedicated section Investor's where shareholders information is available. The Annual Report of the Company is also available on the website in downloadable form. Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.

7. GENERAL SHAREHOLDER INFORMATION

The 20th Annual General Meeting of the Company for the financial year 2010-11 will be held on Monday the 26th day of September 2011 at 10.30 A. M. at 'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208. The Register of Members and Share Transfer Register will remain closed from September 23, 2011 Friday to September 26, 2011 Monday (both days inclusive).

The Company is listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from May 13, 2011. Following are the details about stock of the Company:

- Script ID: INNOIND
- Script Code on BSE: 533402
- Group/ Index on BSE: B
- Face Value: ₹ 10/-
- ISIN code: INE549I01011

Shareholding Pattern as on March 31, 2011

Sr. No.	Category of Shareholder	Number of Shareholders	Total number of Shares	Percentage of Total Shareholding
1.	Shareholding of Promoter & Promoter Group			
a)	Indian	12	2,69,37,377	65.60%
b)	Foreign	0	0	0
2.	Public Shareholding			
a)	Institutions	1	26,00,000	6.33%
b)	Non Institutions	3	1,15,24,972	28.06%
3.	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0
TOTAL		16	4,10,62,349	100.00%

Compliance Officer

Mr. Mahesh G. Bagla, Company Secretary, who is a Compliance Officer, can be contacted at: Innoventive Industries Limited, Corporate Office, 601 & 602, Nucleus Mall, 1 Church Road, Camp, Pune - 411 001. Tel No. +91-020-66203549, Fax No. +91-020-66203549

Email: mahesh.bagla@innoventive.in

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

Registrar & Share Transfer Agent

Karvy Computershare Private Limited,
17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad - 500 081.
Andhra Pradesh, India.

Green Initiative

The Company welcomes and appreciate the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), by its recent Circulars, enabling electronic delivery of documents including the Annual Report, Quarterly, Half Yearly results etc. to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/ Company/ Registrars & Share Transfer Agents. Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Company proposes to send the documents including Annual Report (from FY 2010-11 onwards) in electronic form at their e-mail addresses. We have requested shareholders to inform any changes in their e-mail addresses. At the same time, an option has been given to the shareholders, to continue to receive physical copies of the relevant documents/ Annual Report, provided a specific request/response is received from them to that effect. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses.

Auditors' Report

To the Members of Innoventive Industries Limited,

We have audited the attached Balance Sheet of Innoventive Industries Limited as at March 31, 2011, 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;
 - e) On the basis of the written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on March 31, 2011 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 March 31, 2011;
 - 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.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Sd/-
U B Joshi
Partner
Membership No. 044097
Firm Registration No. 105102W

Date : July 18, 2011
Place : Pune

Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date

- i. (a) The Company has maintained proper records 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) In our opinion and according to the information and explanation given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- iii. 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 and therefore, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules 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, Income Tax deducted at source, Provident Fund and Employees' State Insurance in which there have been delays on several occasions, the Company has generally been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, 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 March 31, 2011 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, 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 and forums where dispute are pending are as under:

Name of Statute	Nature of dues	Amount (₹ in lacs)	Period to which amount relates	Forum where dispute is pending
Income Tax	Income Tax Demand	10.84	2007-08	Dy. Commissioner
Central Excise Act	Excise Demand	2.09	2006-07	CESTAT

- x. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during 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 repayment 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 Statute applicable to chit fund or nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv. 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 not dealing/trading in shares, securities, debentures and other investments.

- 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 (₹ in lacs)	Outstanding As on March 31, 2011 (₹ in lacs)
1	2006-07	Saraswat Co-operative Bank Ltd.	Arihant Steel and Metal Wires Pvt. Ltd.	Term Loan & Deferred Payment Guarantee	1,490.00	169.45
2	2007-08	M/s. Electronica Finance Ltd.	Arihant Steel and Metal Wires Pvt. Ltd.	Purchase of Machinery	105.00	18.59
3	2007-08	M/s. Electronica Finance Ltd.	M/s. Sankalp Forgings Pvt. Ltd.	Term Loan Facility	70.00	18.29
4	2007-08	M/s. Electronica Finance Ltd.	M/s. Sankalp Forgings Pvt. Ltd.	Hire Purchase Finance	100.00	34.76
5	2006-07	State Bank of India	Arihant Auto Components Pvt. Ltd.	Term Loan	1,250.00	184.52

- 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. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, funds raised on short term basis have, prima facie, not been used during the year for long term investments.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and the question of whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx. The Company has issued 26,00,000 Equity Shares of ₹ 10 each at a price of ₹ 117 per Equity Share to Standard Chartered Private Equity (Mauritius) II Limited for general corporate purpose as a pre-IPO placement during the year.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Sd/-
U B Joshi
Partner
Membership No. 044097
Firm Registration No. 105102W

Date : July 18, 2011
Place : Pune

Auditor's Certificate

To the Members Innoventive Industries Limited

We have examined the compliance of conditions of corporate governance by Innoventive Industries Limited for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

We certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of
B. K. Khare and Co.
Chartered Accountants

Sd/-
U B Joshi
Partner
Membership No. 044097
Firm Registration No. 105102W

Date : July 18, 2011
Place : Pune

Balance Sheet

as at March 31, 2011

₹ in lacs

PARTICULARS	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital	1	4,106.23	500.01
Reserve & Surplus	2	13,680.47	6,604.82
		17,786.70	7,104.83
LOAN FUNDS			
Secured Loans	3	21,043.13	21,213.33
Unsecured Loans	4	5,012.01	4,516.89
		26,055.14	25,730.22
DEFERRED TAX LIABILITY (NET)		3,171.65	2,620.37
TOTAL FUNDS EMPLOYED		47,013.49	35,455.41
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block		33,664.33	28,116.73
Less : Accumulated Depreciation		5,888.32	4,110.00
Net Block		27,776.01	24,006.73
Capital Work in Progress		4,311.16	3,088.80
Total Fixed Assets	5	32,087.17	27,095.53
INVESTMENTS	6	2,453.25	2,454.25
Current Assets, Loans and Advances	7, 8		
Inventories		16,852.32	10,297.23
Sundry Debtors		2,732.73	4,965.84
Cash and Bank Balances		4,269.55	1,581.94
Loans & Advances		9,136.53	5,803.80
		32,991.13	22,648.81
Less: Current Liabilities & Provisions	9		
Current Liabilities		17,778.21	15,951.75
Provisions		2,739.85	791.44
		20,518.06	16,743.18
NET CURRENT ASSETS		12,473.07	5,905.63
TOTAL FUNDS APPLIED		47,013.49	35,455.41
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

Sd/-
U. B. Joshi
Partner

Sd/-
Chandu Chavan
Chairman

Sd/-
Ravindra Katre
Managing Director

Sd/-
Maresh Bagla
Company Secretary

Membership No. 044097
Firm Reg. No. 105102W

Date : July 18, 2011
Place : Pune

Profit and Loss Account

for the year ended March 31, 2011

₹ in lacs

PARTICULARS	Schedule	March 31, 2011	March 31, 2010
Gross Sales		62,376.60	42,150.50
Less: Excise Duty		3,030.45	3,044.55
NET SALES		59,346.15	39,105.95
OTHER INCOME	10	199.83	94.23
TOTAL		59,545.98	39,200.18
EXPENDITURE			
Material Consumption	11	35,603.13	21,864.57
Personnel Expenses	12	2,063.58	1,805.37
Other Expenses	13	7,525.76	5,200.05
Interest & Finance cost	14	6,302.28	4,736.18
Depreciation	5	1,778.31	1,266.66
TOTAL		53,273.06	34,872.82
PROFIT/(LOSS) BEFORE TAX		6,272.92	4,327.36
LESS - PROVISION FOR TAXATION			
Current Tax		1,432.01	740.11
Wealth Tax		0.61	0.21
Deferred Tax		706.47	1,105.12
Prior year Income Tax Adjustments		-	(5.78)
MAT Credit		(877.16)	(251.36)
- REVERSAL OF TAX PROVISION OF EARLIER PERIOD (REFER NOTE NO. B7 OF SCH 15)			
Current Tax		(489.12)	-
Deferred Tax		(155.18)	-
PROFIT/(LOSS) AFTER TAX		5,655.30	2,739.06
Balance of Profit & Loss Account brought forward		5,674.35	3,209.20
AMOUNT AVAILABLE FOR APPROPRIATION		11,329.65	5,948.25
APPROPRIATIONS			
Proposed Dividend on Equity Shares		1,192.88	-
Dividend Distribution Tax		198.12	-
Transfer to General Reserve		565.53	273.91
SURPLUS CARRIED TO BALANCE SHEET		9,373.11	5,674.35
Earnings per Share (Refer Note No B22 of Schedule 15) (Face Value ₹ 10/- per share)			
Basic and Diluted		15.59	8.49
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

Sd/-
U. B. Joshi
Partner

Sd/-
Chandu Chavan
Chairman

Sd/-
Ravindra Katre
Managing Director

Sd/-
Mahesh Bagla
Company Secretary

Membership No. 044097
Firm Reg. No. 105102W

Date : July 18, 2011
Place : Pune

Cash Flow Statement

for the period ended March 31, 2011

₹ in lacs

PARTICULARS	March 31, 2011	March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	6,272.92	4,327.36
ADJUSTMENTS FOR:		
Depreciation	1,778.31	1,266.66
Interest Expenditure	6,302.28	4,736.18
Provision for leave encashment	-	18.71
Investment written off	1.00	-
Loss on sale of fixed Assets	-	7.64
Provision for Doubtful Debts	380.60	27.48
Unrealized Forex (Gain)/Loss	55.50	23.47
	8,517.69	6,080.14
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	14,790.61	10,407.50
ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL		
(Increase)/Decrease In Trade Debtors	1,797.01	(4,856.96)
(Increase)/Decrease In Inventories	(6,555.09)	(3,369.51)
(Increase)/Decrease In Loans and advances	(1,966.45)	(1,228.47)
Increase/(Decrease) In Current Liabilities and Provisions	1,762.24	(4,962.29)
	4,571.24	(4,883.70)
CASH GENERATED FROM OPERATIONS	9,828.32	5,523.80
Income Tax Paid	(811.02)	(171.84)
NET CASH FROM OPERATING ACTIVITIES	9,017.30	5,351.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		
Additions made during the period	(6,769.96)	(5,260.77)
Sale Of Fixed Assets	-	7.33
NET CASH USED IN INVESTING ACTIVITIES	(6,769.96)	(5,253.44)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	6,417.58	-
Net Proceeds from Long Term Borrowings	995.58	(564.72)
Net Proceeds from Short Term Borrowings	(670.61)	236.42
Interest Paid	(6,302.28)	(4,736.18)

Cash Flow Statement

for the period ended March 31, 2011

₹ in lacs

PARTICULARS	March 31, 2011	March 31, 2010
NET CASH USED IN FINANCING ACTIVITIES	440.27	(5,064.48)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A)+(B)+(C)	2,687.62	(4,965.95)
CASH & CASH EQUIVALENTS (OP. BALANCE)	1,581.94	6,547.89
CASH & CASH EQUIVALENTS (CL. BALANCE)	4,269.55	1,581.94
CASH AND CASH EQUIVALENTS COMPRISE		
Cash on hand	3.89	2.89
Bank balances	4,265.66 4,269.55	1,579.05 1,581.94

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.

As per our Report of even date

For B. K. Khare & Company

Chartered Accountants

For Innoventive Industries Limited

Sd/-

U. B. Joshi

Partner

Sd/-

Chandu Chavan

Chairman

Sd/-

Ravindra Katre

Managing Director

Sd/-

Mahesh Bagla

Company Secretary

Membership No. 044097

Firm Reg. No. 105102W

Date : July 18, 2011

Place : Pune

Schedules

annexed to and forming part of financial statements as at March 31, 2011

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 1		
SHARE CAPITAL		
Authorized Capital		
7,50,00,000 (P.Y. 70,00,000) Equity shares of ₹ 10/- each	7,500.00	700.00
NIL (P.Y. 40,00,000) 12% Preference Shares of ₹ 10/- each	-	400.00
	7,500.00	1,100.00
Issued, Subscribed and Paid-up		
4,10,62,349 (P.Y. 50,00,100) Equity shares of ₹ 10/- each fully paid up	4,106.23	500.01
Refer Note No B1 of Sch 15		
	4,106.23	500.01
SCHEDULE - 2		
RESERVE & SURPLUS		
Share Premium Account		
Balance at the Beginning of the year	-	-
Add: Addition during the Year	6,210.95	-
Less: Utilized for Share issue expenses	316.73	-
	5,894.22	-
Revaluation Reserve	65.64	65.64
Capital Redemption Reserve		
Balance at the Beginning of the year	400.00	400.00
Less: Utilized for issue of bonus Shares	37.93	-
	362.07	400.00
General Reserve		
Balance at the Beginning of the year	464.83	190.92
Add: Transferred from Profit & Loss Account	565.53	273.91
	1,030.36	464.83
Surplus in Profit & Loss Account		
Balance at the Beginning of the year	5,674.35	3,209.20
Add: Surplus for the Year	3,698.77	2,465.15
Less: Utilized for issue of bonus Shares	3,044.94	-
	6,328.18	5,674.35
TOTAL	13,680.47	6,604.82

Schedules

annexed to and forming part of financial statements as at March 31, 2011

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 3		
SECURED LOANS		
Term Loan from Banks	14,477.33	14,125.70
[Amount repayable within one year ₹ 2,987.57 lacs (PY ₹ 2,633.20 lacs)]		
(Refer Note No B2 of Sch 15)		
Term Loans from Financial Institutions	622.40	473.62
[Amount repayable within one year ₹ 200.00 lacs (PY ₹ 200.00 lacs)]		
Working Capital Loan from Banks	5,943.40	6,614.01
TOTAL	21,043.13	21,213.33
SCHEDULE - 4		
UNSECURED LOANS		
Interest free Deferred Sales Tax Loan	3,181.29	3,181.29
Loan from Financial Institution	1,830.72	1,335.55
[Amount repayable within one year ₹ 919.40 lacs (PY ₹ 721.12 lacs)]		
Other long term loan (Warrants Issued)	-	0.05
TOTAL	5,012.01	4,516.89

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Descriptions	Gross Block			Depreciation		Net Block	
	As At April 01, 2010	Additions/Reclassifications	Deduction and Adjustments	As At March 31, 2011	As At April 01, 2010	For the year and Adjustments	As At March 31, 2011
SCHEDULE - 5							
FIXED ASSETS							
Free Hold Land Account	884.50	-	-	-	-	-	884.50
Leasehold Land Account	0.11	-	-	-	-	-	0.10
Building	5,342.65	942.58	-	6,285.22	265.12	193.98	5,826.13
Plant & Machinery	12,194.24	2,378.87	-	14,573.11	1,888.61	1,035.86	11,648.64
Tools & Dies	9,564.61	1,708.78	-	11,273.39	1,915.47	474.18	8,883.74
Furniture & Fixtures	35.15	49.22	-	84.36	22.56	1.75	60.06
Vehicles	95.49	82.25	-	177.73	18.25	14.90	144.59
Software	-	385.91	-	385.91	-	57.65	328.26
TOTAL	28,116.73	5,547.60	-	33,664.33	4,110.00	1,778.31	24,006.73
Previous Year	17,014.19	11,126.90	24.36	28,116.73	2,852.72	1,266.66	14,161.48
Capital Work in progress							4,311.16
TOTAL FIXED ASSETS							32,087.18
Note- Amount of borrowing costs capitalized during the year is ₹ 186.05 lacs (Previous Year ₹ 710.13 lacs)							

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 6		
INVESTMENTS		
Long Term Investments		
(Non-Trade, unquoted, valued at cost)		
Saraswat Co-Op. Bank Limited	0.25	0.25
250 fully paid up shares of ₹ 100/- each (Previous year 250 shares)		
Investments in Mutual Funds		
40,000 Units of ₹ 10/- each in UTI India Life Style Fund (Previous year 40,000 Units)	4.00	4.00
In Subsidiary Companies		
(Non-Trade, unquoted, valued at cost)		
7,99,999 (PY 7,99,999) Equity shares of ₹ 10/- each in Arihant Steel and Metal Wires Private Ltd.	80.00	80.00
# Nil (PY 9,999) Equity shares of ₹ 10/- each in Arihant Steel and Steel Products Private Ltd.	-	1.00
18,99,999 (PY 18,99,999) Equity shares of ₹ 10/- each in Arihant Auto Components Private Ltd.	190.00	190.00
22,69,499 (PY 22,69,499) Equity shares of ₹ 10/- each in Saicon Steels Private Ltd.	0.51	0.51
3,99,999 (PY 3,99,999) Equity shares of ₹ 10/- each in Sevenstar Electrodes Private Ltd.	1,200.00	1,200.00
2,23,907 (PY 2,23,907) Equity shares of ₹ 10/- each in Sankalp Forgings Private Ltd.	978.49	978.49
TOTAL	2,453.25	2,454.25
# In view of non commencement of any business since its inception , name of Arihant Steel & Steel Products Private Limited , one of the subsidiaries has been struck off from ROC's record under Easy Exit Scheme, 2010 of Ministry of Corporate Affairs . As such, it ceases to be a subsidiary of the Company w.e.f March 03, 2011. Its investment has been written off to Profit & Loss Account		

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 7		
CURRENT ASSETS		
Inventories		
Raw Material & Components	3,262.74	1,672.57
Stores & Spares	150.15	76.23
Work-in-progress	2,462.24	2,119.57
Semi-Finished and Finished Goods	10,854.78	6,347.24
Scrap	122.42	81.63
TOTAL	16,852.32	10,297.23
Sundry Debtors (Unsecured)		
Outstanding over six months	623.04	283.96
Considered Good	177.46	218.04
Considered Doubtful	445.58	65.92
Others Considered Good	2,555.27	4,747.80
	3,178.32	5,031.76
Less - Provision for doubtful debts	445.58	65.92
TOTAL	2,732.73	4,965.84
Cash & Bank Balances		
Cash in hand	3.89	2.89
Balances with Scheduled Banks		
In Current account	2,861.03	35.65
In Margin money Deposit account	1,404.63	1,543.39
TOTAL	4,269.55	1,581.94
SCHEDULE - 8		
LOANS AND ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received.	1,574.96	2,531.45
Balance with Excise/Custom/Sales tax authorities, etc.	5,504.12	2,538.95
Deposits	150.51	192.74
MAT Credit Entitlement	1,906.95	540.66
TOTAL	9,136.53	5,803.80

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 9		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors		
a) Total outstanding dues of Micro and Small Enterprises	-	-
b) Total outstanding dues of Creditors other than Micro and Small Enterprises	16,984.22	11,076.03
Dues to Subsidiary Companies	-	3,415.42
Advances from Customers	20.22	183.62
# Other Liabilities	773.77	1,276.68
	17,778.21	15,951.75
Provisions		
Leave Encashment	-	64.18
Proposed Dividend on Equity Shares	1,192.88	-
Provision for Tax on Dividend	198.12	-
Income Tax [Net of advance tax/TDS of ₹ 112.53 lacs (P.Y. ₹ 72.24 lacs)]	1,348.85	727.26
	2,739.85	791.44
TOTAL	20,518.06	16,743.18
# There are no amounts due and outstanding to be credited to investor Education and Protection Fund		
SCHEDULE - 10		
OTHER INCOME		
Dividend on Mutual Funds/Shares	0.05	0.05
Foreign Exchange Fluctuation (Net)	55.40	50.62
Export Incentives (DEPB)	124.84	18.82
Miscellaneous Income	19.54	24.74
TOTAL	199.83	94.23

Schedules

annexed to and forming part of financial statements as at March 31, 2011

		₹ in lacs	
Particulars	March 31, 2011	March 31, 2010	
SCHEDULE - 11			
MATERIAL CONSUMPTION			
# Raw Material and Components Consumed	40,494.13	26,092.44	
(Increase)/Decrease in Stocks			
Opening 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	4,320.55	
Closing Stock - Work in Progress	2,462.24	2,119.57	
Semi Finished and Finished Goods	10,854.78	6,347.24	
Scrap	122.42	81.63	
	13,439.43	8,548.43	
(Increase)/Decrease in Stocks	(4,891.00)	(4,227.88)	
TOTAL	35,603.13	21,864.57	
# Includes cost of goods traded ₹ 2,319.73 lacs (Previous Year – ₹ 1,274.90 lacs)			
SCHEDULE - 12			
PERSONNEL EXPENSES			
Salaries, Wages, Bonus etc.	1,683.32	1,496.89	
Contribution to Provident & other funds	125.65	127.03	
Staff Welfare expenses	254.61	181.44	
TOTAL	2,063.58	1,805.37	
SCHEDULE - 13			
OTHER EXPENSES			
Manufacturing Expenses			
Power & Fuel	791.03	599.86	
Subcontracting/Jobwork Charges	2,643.00	1,959.53	
Other Manufacturing Expenses	971.01	368.46	
Repairs & Maintenance			
- Plant & Machinery	62.82	45.30	
- Buildings	23.10	9.34	
- Others	56.73	37.67	
	4,547.68	3,020.16	

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 13 (contd)		
Administrative , Selling & Distribution Expenses		
Rent, Rates & Taxes	169.09	157.86
Insurance	239.90	210.48
Freight & Packing	923.38	569.06
Printing & Stationery	29.64	27.75
Telephone Expenses	40.90	39.91
Travelling & Conveyance	330.60	245.01
Provision for Doubtful debts	380.60	27.48
Bad Debts Written Off	34.25	93.79
Loss on Sale of Assets (Net)	-	7.64
Professional & Consultancy Charges	186.68	323.54
Auditors' Remuneration (excluding service tax)		
- For Audit Services	9.95	5.00
- For Taxation Services	-	-
- For Other Services	-	-
- Reimbursement of out-of-expenses	0.97	0.26
Other Administrative Expenses	279.03	210.04
Other Selling & Distribution Expenses	353.08	262.06
	2,978.08	2,179.89
TOTAL	7,525.76	5,200.05
SCHEDULE - 14		
INTEREST & FINANCE COST		
On Fixed period loans	1,857.05	1,653.85
On Others (net)	3,934.49	2,642.71
Bank Charges	510.73	439.61
TOTAL	6,302.28	4,736.18

Schedules

forming part of the accounts for the year ended March 31, 2011

SCHEDULE - 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 recognized 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%

- 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.

Schedules

forming part of the accounts for the year ended March 31, 2011

- 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 recognized in the Profit and Loss Account of the year.
- 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 recognized 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 recurring incentive received from State Government, 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 recognized 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.

Schedules

forming part of the accounts for the year ended March 31, 2011

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 recognized 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 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. TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance sheet date. Deferred tax assets arising from the timing differences are recognized to the extent that there is virtual certainty that sufficient future taxable income will be available.

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.

13. PROVISIONS AND CONTINGENT LIABILITIES

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

B. NOTES TO ACCOUNTS

1. SHARE CAPITAL:

- i. Out of total 4,10,62,349 equity shares, 3,08,28,640 shares are allotted as fully paid by way of bonus shares by capitalization of opening balance of Profit and Loss Account and Capital Redemption Reserve A/c in July 2010 and September 2010.
- ii. During the period, 52,33,609 equity shares were allotted.
 - a. Out of the above 7,10,492 equity shares have been allotted at a premium of ₹ 482.62 Per share on August 16, 2010
 - b. and 19,23,117 shares have been allotted to 'The Innoventive Group Employees' Welfare Trust' at face value on September 28, 2010
 - c. Balance 26,00,000 equity shares were allotted to Standard Chartered Private Equity (Mauritius) II Ltd at a premium of ₹ 107 per share on February 08, 2011.

Schedules

forming part of the accounts for the year ended March 31, 2011

2. LONG TERM 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 the Company's present and future movable and immovable fixed assets.
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	Long Term Loan	First charge on fixed assets, present and future of the Company, ranking pari-passu with existing lenders.
9	Allahabad Bank	Long Term Loan	First pari-passu charge on the Company's present and future movable and immovable fixed assets.

3. CONTINGENT LIABILITIES NOT PROVIDED FOR:

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
(a) In respect of guarantees given to banks/financial institutions on behalf of:		
(i) Subsidiary Companies	3,015.00	3,098.00
-Loans Outstanding in respect of above	425.61	934.97
(ii) Other guarantees		
-Loan Outstanding in respect of above	-	-
(b) In respect of:		
Export obligation against EPCG Licenses	389.00	-
Claims against the Company not acknowledged as debts	448.07	3.01

4. CAPITAL COMMITMENTS:

Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 60.43 lacs. (Previous Year ₹ 139.44 lacs)

Schedules

forming part of the accounts for the year ended March 31, 2011

5. 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:

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
Can Bank Factors Limited	1,850.10	1,714.42
IFCI Factors Limited	654.58	124.61
United Bank of India	12,492.67	12,477.72
IDBI Bank	3,442.24	2,206.98
TOTAL	18,439.59	16,523.74

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

6. 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.

7. PROVISION FOR TAXATION:

Amount sanctioned under Industrial Promotional subsidy by State Government of Maharashtra for setting up Mega Project unit is considered as non-taxable based on the legal opinion obtained by the Company. Accordingly tax expenses related to IPS scheme for March 31, 2010 of ₹ 644.30 lacs is written back during the year.

8. MANAGERIAL REMUNERATION:

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
Salary and allowances	123.85	106.00

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

Managerial Remuneration payment is within the ceiling laid down under the Act.

9. CAPACITIES AND PRODUCTION: (#)

Particulars	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Unit	M.T.	M.T.	M.T.	M.T.	M.T.	M.T.
	Installed Capacity *		Normal Capacity		Production	
Tubes & Products	1,52,940	1,52,940	97,046	85,885	53,232	51,473

* 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.

Schedules

forming part of the accounts for the year ended March 31, 2011

10. TURNOVER, OPENING AND CLOSING STOCK: (#)

		March 31, 2011		March 31, 2010	
Tubes & Products	Unit	Qty.	Value	Qty.	Value
Turnover	M.T.	57,807	35,131.32	42,126	22,449.06
Opening Stock	M.T.	18,522	8,146.77	9,357	3,567.12
Closing Stock	M.T.	13,947	7,351.25	18,522	8,146.77

11. RAW MATERIALS AND COMPONENTS CONSUMED: (#)

		₹ in lacs	
		March 31, 2011	March 31, 2010
Steel			
Value		33,283.4	19,962.86

(#) Considering the nature of the Company's Auto Components Division relating to production of various Auto components, 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.

12. VALUE OF RAW MATERIALS AND COMPONENTS CONSUMED:

		March 31, 2011		March 31, 2010	
		₹ in lacs	%	₹ in lacs	%
Indigenous		35,595.09	99.97%	21,864.57	100%
Imported		8.04	0.03%	-	-
TOTAL		35,603.13	100%	21,864.57	100%

* Includes cost of goods traded ₹ 2,319.73 lacs (Previous Year – ₹ 1,274.90 lacs)

13. VALUE OF IMPORTS (CIF):

		₹ in lacs	
Sr. No.	Particulars	March 31, 2011	March 31, 2010
(i)	Stores and Spares	4.01	-
(ii)	Capital Goods	125.80	235.43
(iii)	Raw Materials	8.04	-
TOTAL		137.85	235.43

14. EARNINGS IN FOREIGN EXCHANGE (ON ACCRUAL BASIS)

		₹ in lacs	
		March 31, 2011	March 31, 2010
Exports (F.O.B. Value)		2,581.04	647.68

Schedules

forming part of the accounts for the year ended March 31, 2011

15. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

	₹ in lacs	
	March 31, 2011	March 31, 2010
Foreign Travel	42.78	21.24
TOTAL	42.78	21.24

16. EMPLOYEE BENEFITS:

• Defined Benefit Plans

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

	₹ in lacs	
	March 31, 2011	March 31, 2010
Reconciliation of opening and closing balance of obligation		
Liability at the beginning of the Period	65.21	69.82
Interest Cost	5.38	5.24
Current Service Cost	22.04	36.52
Benefits Paid	(123.66)	(0.91)
Actuarial (Gain)/Loss on obligation	98.56	(45.45)
Liability at the end of the period	67.53	65.22

	₹ in lacs	
	March 31, 2011	March 31, 2010
Reconciliation of opening and closing balance of Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the Period	115.16	96.30
Expected Return on Plan Assets	9.50	7.22
Contributions	2.07	14.07
Benefit Paid	(123.66)	(0.91)
Actuarial gain/(loss) on Plan Assets	92.42	(1.52)
Fair Value of Plan Assets at the end of the Period	95.49	115.16
TOTAL ACTUARIAL GAIN/(LOSS) TO BE RECOGNIZED	(6.14)	43.93

	₹ in lacs	
	March 31, 2011	March 31, 2010
Expenses Recognized in Profit and Loss Account		
Current Service Cost	22.04	36.52
Interest Cost	5.38	5.24
Expected Return on Plan Assets	(9.50)	(7.22)
Net Actuarial (Gain)/Loss To Be Recognized	6.14	(43.93)
Expense Recognized in Profit & Loss account	24.06	(9.39)

Schedules

forming part of the accounts for the year ended March 31, 2011

	₹ in lacs	
Amount Recognized in the Balance Sheet	March 31, 2011	March 31, 2010
Opening net liability	(49.95)	(65.22)
Expense as above	24.06	115.16
Employers Contribution paid	(2.07)	(14.07)
Closing net Liability	(27.96)	(49.94)

	₹ in lacs	
Actual Return on Plan Assets	March 31, 2011	March 31, 2010
Expected Return on Plan Assets	9.50	7.22
Actuarial gain/(loss) on Plan Assets	92.42	(1.52)
Actual Return on Plan Assets	101.92	5.70

• Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	March 31, 2011	March 31, 2010
Discount Rate	8.25%	8.25%
Rate of Return on Plan Assets	8.25%	8.25%
Salary Escalation	5.00%	5.00%

17. COMPONENTS OF DEFERRED TAX ASSETS/LIABILITY:

	₹ in lacs	
Particulars	March 31, 2011	March 31, 2010
Deferred Tax Liability		
On Fiscal allowances of Fixed Assets	(3,344.39)	(2,665.96)
Less: Deferred Tax Assets		
On Other Timing Differences	172.74	45.59
Net Asset/(Liability)	(3,171.65)	(2,620.37)

18. 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 & Products and Others.

The above business segments have been identified considering -

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

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole

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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.

				₹ in lacs
Description	2010-11	2010-11	2010-11	2010-11
	MV Parts	Tubes and Products	Others	TOTAL
TOTAL REVENUE	17,479.82	35,131.32	6,735.01	59,346.15
	(10,817.51)	(22,940.29)	(5,348.15)	(39,105.95)
SEGMENT RESULT	3,815.65	8,728.30	249.13	12,793.08
	(1,929.92)	(7,334.22)	(206.30)	(9,470.45)
Unallocable Expenses (Net) of Income)				217.89
				(227.84)
Interest				6,302.28
				(4,915.25)
Profit Before Taxes				6,272.92
				(4,327.36)
Provision for Current Tax				1,432.61
				(734.54)
Provision for Deferred Tax				704.47
				(1,105.12)
MAT Credit				-877.16
				(-251.36)
Reversal of earlier year Tax				-644.30
				(-)
Profit After Taxes				5,655.30
				(2,739.06)
SEGMENT ASSETS	12,285.39	42,037.36	4,623.45	60,408.43
	(3,329.72)	(40,812.34)	(3,509.05)	(47,651.11)
Unallocated Corporate Assets				7,123.12
				(4,547.48)
TOTAL ASSETS				67,531.55
				(52,198.59)
SEGMENT LIABILITIES	6,246.95	9,669.52	1,067.75	16,984.22
	(2,068.16)	(13,783.28)	(164.48)	(16,015.92)
CAPITAL EXPENDITURE	65.34	6,691.37	13.25	6,769.96
	(2,069.16)	(5,060.70)	(0.32)	(5,260.77)
DEPRECIATION	52.92	1,716.80	8.59	1,778.31
	(96.78)	(1,169.82)	(0.07)	(1,266.66)

Note: Figures in bracket indicate Previous Year's figures

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forming part of the accounts for the year ended March 31, 2011

19. RELATED PARTIES DURING THE YEAR ENDING ON MARCH 31, 2011 ARE AS FOLLOWS:

a. Parties where control exists

Subsidiaries
Arihant Steel and Metal Wires Pvt. Ltd.
Arihant Auto Components Pvt. Ltd.
Sankalp Forgings Pvt. Ltd.
Saicon Steels Pvt. Ltd.
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 Group	Mr. Sanjay Bhade
Promoter Group	Mr. Parag Mulye
Promoter Group	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. Saptashrunji Engineering Works	Partnership Firm
M/s. Hollyhock Tours & Travels	Partnership Firm
Sourcegenie Insurance Broking Private Limited	Private Limited

Schedules

forming part of the accounts for the year ended March 31, 2011

₹ in lacs

Summary of Related Party Transactions				
Nature of Transactions	Subsidiaries	Other Related Concerns	Key Management Personnel	Total
Sales				
- Goods	3,311.23	1,570.75	-	4,877.58
	(5,162.78)	(1,697.02)	(-)	(6,859.81)
- Scrap	202.60	-	-	202.60
	(169.83)	(0.33)	(-)	(170.17)
Purchases				
- Raw materials	4,512.71	2,669.92	-	7,181.62
	(5,689.45)	(0.45)	(-)	(5,689.90)
- Capital goods	77.53	1.40	-	78.93
	(46.43)	(192.66)	(-)	(239.09)
- Services	4.87	15.79	-	20.67
	(19.03)	(8.88)	(-)	(27.92)
Outstanding				
- Receivables	3,179.28	209.45	-	3,388.73
	(5,845.15)	(3,143.40)	(-)	(8,988.55)
- Payables	-	440.39	-	440.39
	(3,415.42)	(11.74)	(-)	(3,427.16)
Advance for expenses	-	86.48	-	86.48
	(-)	(-)	(-)	(-)
Advance for Capital Purchases	-	-	-	-
	(-)	(-)	(-)	(-)
Managerial remuneration	-	-	123.85	123.85
	(-)	(-)	(106.00)	(106.00)
Investment in subsidiaries	-	-	-	-
	(-)	(-)	(-)	(-)
Guarantees given to banks/ financial institutions	3,015.00	-	-	3,015.00
	(3,098.00)	(-)	(-)	(3,098.00)

Note: Figures in bracket indicate Previous Year's figures

Schedules

forming part of the accounts for the year ended March 31, 2011

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

			₹ in lacs
Category	Foreign Currency	March 31, 2011	March 31, 2010
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:

			₹ in lacs
Category	Foreign Currency	March 31, 2011	March 31, 2010
Sundry Debtors	EURO	16.71	0.50
	GBP	3.91	-
	USD	901.17	124.33
Sundry Creditors	EURO	6.50	3.20
	USD	105.21	109.72
Borrowings – Short Term	EURO	-	22.82
	USD	457.90	210.06
Borrowings – Long Term	USD	2,966.67	1,252.20

21. OPERATING LEASES:

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

Particulars	March 31, 2011	March 31, 2010
Lease payments debited to the Profit and Loss Account	46.80	138.57
Future minimum lease payments in respect of leases		
- amount due within one year from the Balance sheet date	45.70	48.03
- amount due in the period between one year and five years	49.85	112.99
- amount due after five years	-	-

Schedules

forming part of the accounts for the year ended March 31, 2011

22. EARNINGS PER SHARE:

Particulars	March 31, 2011	March 31, 2010
Profit/(Loss) after tax available for equity shareholders (₹ In lacs)	5,655.30	2,739.06
Weighted average number of equity shares outstanding during the year (For Basic EPS)	3,62,84,307	3,22,76,280
Basic Earnings per Share (₹)	15.59	8.49

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

Sd/-
Chandu Chavan
Chairman

Sd/-
Ravindra Katre
Managing Director

Sd/-
Mahesh Bagla
Company Secretary

Date : July 18, 2011
Place : Pune

Balance Sheet Abstract and The Company's General Business Profile

As required in part IV of Schedule VI of the Companies Act, 1956

I Registration Details

State Code
Registration Number
Balance Sheet Date

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

II Capital Raised during the year

Public Issue

_____ N I L

Bonus Issue

_____ 3 0 8 2 8 6 . 4

Other

_____ N I L

₹ in Thousands

Right Issue

_____ N I L

Preferential Allotment

_____ 6 7 3 4 3 1 . 1 7

III Position of Mobilisation and Deployment of Funds

Total Liabilities

_____ 4 7 0 1 3 4 9

Sources of Funds

Paid - up Capital

_____ 4 1 0 6 2 3

Secured Loans

_____ 2 1 0 4 3 1 3

Deferred Tax Liability (Net)

_____ 3 1 7 1 6 5

₹ in Thousands

Total Assets

_____ 4 7 0 1 3 4 9

Reserves & Surplus

_____ 1 3 6 8 0 4 7

Unsecured Loans

_____ 5 0 1 2 0 1

Application of Funds

Net Fixed Assets

_____ 3 2 0 8 7 1 7

Net Current Assets

_____ 1 2 4 7 3 0 7

Accumulated Losses

_____ N I L

Investments

_____ 2 4 5 3 2 5

Miscellaneous Expenditure

_____ N I L

IV Performance of Company

Turnover (Including other Income)

_____ 5 9 5 4 5 9 8

Profit Before Tax

_____ 6 2 7 2 9 2

Earning Per Share in ₹

_____ 1 5 . 5 9

₹ in Thousands

Total Expenditure

_____ 5 3 2 7 3 0 6

Profit After Tax

_____ 5 6 5 5 3 0

Dividend Rate %

_____ 2 0

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
	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

For Innoventive Industries Limited

Sd/-

Chandu Chavan
Chairman

Sd/-

Ravindra Katre
Managing Director

Sd/-

Mahesh Bagla
Company Secretary

Date : July 18, 2011

Place : Pune

Statement pursuant to Section 212

of the Companies Act, 1956 relating to subsidiary companies:

Sr. No.	Particulars	Arihant Auto Components Private Limited	Arihant Steel and Metal Wires Private Limited	Seven Star Electrodes Private Limited	Saicon Steels Private Limited	Sankalp Forgings Private Limited
						₹ in lacs
1	CAPITAL	190.00	80.00	40.00	445.00	43.90
2	Reserves & Surplus	NIL	48.09	1,192.56	300.01	2,289.48
3	Total Assets	2,356.42	1,681.84	1,932.03	5,917.99	9,030.22
4	Total Liabilities	2,356.42	1,681.84	1,932.03	5,917.99	9,030.22
5	Investments	NIL	0.25	NIL	5.00	2.54
6	Total Sales	4,085.23	398.45	1,936.68	5,195.93	8,245.62
7	Profit before Tax	-87.92	15.82	175.54	414.59	1,318.95
8	Provision for Tax	-26.08	7.71	11.14	105.75	417.49
9	Profit after Tax	-61.84	8.10	164.40	309.84	901.45
10	Proposed Dividend	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Sd/-	Sd/-	Sd/-
Chandu Chavan	Ravindra Katre	Mahesh Bagla
Chairman	Managing Director	Company Secretary

Date : July 18, 2011

Place : Pune

Auditors' Report

To the Board of Directors of Innoventive Industries Limited,

We have audited the attached Consolidated Balance Sheet of Innoventive Industries Limited ('the Company' or 'the parent Company') and its subsidiaries (as per list appearing in schedule 18(A)1 of the consolidated financial statements) [collectively referred to as 'the Group'], as at March 31, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.
2. We did not audit the financial statements of Arihant Steel and Metal Wires Private Limited, Arihant Steel and Steel Products Private Limited, Arihant Auto Components Private Limited, Saicon Steels Private Limited, Sevenstar Electrodes Private Limited and Sankalp Forgings Private Limited whose financial statements reflect total assets of ₹ 115.53 crores as at March 31, 2011, total revenues of ₹ 113.06 crores and net cash inflows of ₹ 3.44 crores for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us. Our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard -21, Consolidated Financial Statements, prescribed in the Companies (Accounting Standards) Rules, 2006.
4. Based on our audit and on consideration of the reports of the other auditors on separate financial statements of subsidiaries and on the financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements, read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2011;
 - b. In the case of the consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
 - c. In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For and on behalf of
B. K. Khare and Co.
 Chartered Accountants
 Sd/-
U B Joshi
 Partner
 Membership No. 044097
 Firm Registration No. 105102W

Date : July 18, 2011
 Place : Pune

Consolidated Balance Sheet

as at March 31, 2011

₹ in lacs

Particulars	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	4,106.23	500.01
Reserves and Surplus	2	14,796.54	7,133.76
		18,902.77	7,633.77
MINORITY INTEREST		1,506.81	913.22
LOAN FUNDS			
Secured Loans	3	28,540.65	27,966.51
Unsecured Loans	4	6,969.42	4,685.07
		35,510.07	32,651.58
DEFERRED TAX LIABILITY - NET		3,459.80	2,827.96
TOTAL		59,379.46	44,026.53
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	41,946.91	34,903.99
Less: Accumulated Depreciation		7,273.46	5,071.06
Net Block		34,673.45	29,832.94
Capital Work-in-progress		5,666.77	4,450.34
		40,340.22	34,283.28
GOODWILL ON CONSOLIDATION		812.40	813.40
INVESTMENTS	6	12.04	7.04
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	21,944.66	14,776.75
Sundry Debtors	8	2,724.97	130.87
Cash and Bank Balances	9	4,826.12	1,794.10
Loans and Advances	10	12,452.39	8,617.47
		41,948.15	25,319.19
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	20,413.38	15,550.42
Provisions	12	3,319.97	845.95
		23,733.35	16,396.38
NET CURRENT ASSETS		18,214.80	8,922.82
TOTAL		59,379.46	44,026.53
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	18		

As per our Report of even date
For B. K. Khare & Company
Chartered Accountants

For Innoventive Industries Limited

Sd/-
U. B. Joshi
Partner

Sd/-
Chandu Chavan
Chairman

Sd/-
Ravindra Katre
Managing Director

Sd/-
Mahesh Bagla
Company Secretary

Membership No. 044097
Firm Reg. No. 105102W

Date : July 18, 2011
Place : Pune

Consolidated Profit and Loss Account

for the year ended March 31, 2011

₹ in lacs			
Particulars	Schedule	March 31, 2011	March 31, 2010
Sales and Services (Includes Sales of Traded Goods ₹ 4,392.19 lacs, P.Y. ₹ 3,408.86 lacs)		70,358.16	42,147.51
Other Income	13	493.90	318.27
TOTAL INCOME		70,852.06	42,465.78
Material Consumption	14	42,020.21	22,370.23
Personnel Expenses	15	2,617.36	2,149.37
Other Expenses	16	8,925.83	6,109.23
Interest & Finance Cost	17	7,115.50	5,444.60
Depreciation and amortization	5	2,204.50	1,559.06
TOTAL EXPENDITURE		62,883.40	37,632.49
PROFIT BEFORE TAXATION (Before prior period items)		7,968.66	4,833.29
PRIOR PERIOD ITEMS		-	28.55
LESS - PROVISION FOR TAXATION			
Current Tax		1,910.47	848.88
Deferred Tax		787.01	1,198.65
MAT Credit		(920.53)	(296.27)
REVERSAL OF TAX PROVISION OF EARLIER PERIOD (REFER NOTE NO. B3 OF SCH 18)			
Current Tax		(489.12)	-
Deferred Tax		(155.18)	-
PROFIT AFTER TAX		6,836.01	3,053.48
Less: Share of Minority Interest		593.59	107.32
PROFIT AFTER TAX AND MINORITY INTEREST		6,242.41	2,946.15
Balance of Profit & Loss Account brought forward		6,203.30	3,531.04
		12,445.71	6,477.20
LESS : APPROPRIATIONS			
Proposed Dividend on Equity Shares		1,192.88	-
Dividend Distribution Tax		198.12	-
Transfer to General Reserve		565.53	273.91
SURPLUS CARRIED TO BALANCE SHEET		10,489.18	6,203.29
Earning Per Share (₹) (Note no B6 of Schedule 18)			
Basic and Diluted		17.20	9.13
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	18		

As per our Report of even date
For B. K. Khare & Company
Chartered Accountants

For Innoventive Industries Limited

Sd/-
U. B. Joshi
Partner

Sd/-
Chandu Chavan
Chairman

Sd/-
Ravindra Katre
Managing Director

Sd/-
Mahesh Bagla
Company Secretary

Membership No. 044097
Firm Reg. No. 105102W

Date : July 18, 2011
Place : Pune

Consolidated Cash Flow Statement

for the year ended March 31, 2011

₹ in lacs

PARTICULARS	March 31, 2011	March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX BUT AFTER PRIOR PERIOD ITEMS	7,968.66	4,804.74
ADJUSTMENTS FOR		
Depreciation	2,204.50	1,559.06
Interest Expenditure	7,115.50	5,444.60
Provision for Doubtful Debts	380.60	27.48
Unrealized Forex (Gain)/Loss	(55.50)	(1.35)
	9,645.10	7,029.79
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,613.76	11,834.53
ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL		
(Increase)/Decrease In Trade Debtors	(2,911.33)	(178.53)
(Increase)/Decrease In Inventories	(7,167.91)	(4,970.88)
(Increase)/Decrease In Loans and advances	(2,425.26)	(3,033.04)
Increase/(Decrease) In Current Liabilities and Provisions	4,799.28	(7,705.22)
CASH GENERATED FROM OPERATIONS	9,908.54	6,115.49
Income Tax Paid	(773.75)	(186.03)
NET CASH FROM OPERATING ACTIVITIES	9,134.79	5,929.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(8,259.34)	(6,521.59)
(Increase)/Decrease in Investments	(5.00)	-
NET CASH USED IN INVESTING ACTIVITIES	(8,264.34)	(6,521.59)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	6,417.58	-
Net Proceeds from Long Term Borrowings	1,830.58	(1,439.06)
Net Proceeds from Short Term Borrowings	1,027.91	2,517.84
Interest Paid	(7,115.50)	(5,444.60)
NET CASH USED IN FINANCING ACTIVITIES	2,160.58	(4,365.82)

Consolidated Cash Flow Statement

for the period ended March 31, 2011

₹ in lacs

PARTICULARS	March 31, 2011	March 31, 2010
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A)+(B)+(C)	3,031.02	(4,957.95)
CASH & CASH EQUIVALENTS (OPENING BALANCE)	1,794.10	6,752.06
CASH & CASH EQUIVALENTS (CLOSING BALANCE)	4,825.12	1,794.10
CASH AND CASH EQUIVALENTS COMPRISE		
Cash on hand	21.06	15.55
Bank balances	4,805.06	1,778.55

As per our Report of even date

For B. K. Khare & Company

Chartered Accountants

For Innoventive Industries Limited

Sd/-

U. B. Joshi

Partner

Sd/-

Chandu Chavan

Chairman

Sd/-

Ravindra Katre

Managing Director

Sd/-

Mahesh Bagla

Company Secretary

Membership No. 044097

Firm Reg. No. 105102W

Date : July 18, 2011

Place : Pune

Schedules

annexed to and forming part of financial statements as at March 31, 2011

PARTICULARS	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 1		
SHARE CAPITAL		
Authorized capital		
7,50,00,000 (P.Y. 70,00,000) Equity shares of ₹ 10/- each	7,500.00	700.00
NIL (P.Y. 40,00,000) 12% Preference Shares of ₹ 10/- each	-	400.00
	7,500.00	1,100.00
Issued, Subscribed & Paid up capital		
4,10,62,349 (P.Y. 50,00,100) Equity shares of ₹ 10/- each fully paid up	4,106.23	500.01
TOTAL	4,106.23	500.01
SCHEDULE - 2		
RESERVES AND SURPLUS		
Share Premium Account		
Balance at the Beginning of the year	-	-
Add: Addition during the Year	6,210.95	-
Less: Utilized for Share issue expenses	316.73	-
	5,894.22	-
Revaluation Reserve	65.64	65.64
Capital Redemption Reserve		
Balance at the Beginning of the year	400.00	400.00
Less: Utilized for issue of Bonus Shares	37.93	-
	362.07	400.00
General Reserve		
Balance at the Beginning of the year	464.83	190.92
Add: Transferred During the Year	565.53	273.91
	1,030.36	464.83
Profit & Loss Account		
Balance at the Beginning of the year	6,203.29	3,531.04
Less: Utilized for Issue of Bonus Shares	3,044.94	-
Surplus for the year	4,285.89	2,672.25
	7,444.25	6,203.29
TOTAL	14,796.54	7,133.76

Schedules

annexed to and forming part of financial statements as at March 31, 2011

₹ in lacs

PARTICULARS	March 31, 2011	March 31, 2010
SCHEDULE - 3		
SECURED LOANS		
Term Loans from Banks	16,634.15	17,191.64
Term Loans from Financial Institutions	904.15	800.44
Working Capital Loan from Banks	11,002.35	9,974.44
TOTAL	28,540.65	27,966.51
SCHEDULE - 4		
UNSECURED LOANS		
Interest free Deferred Sales Tax Loan	3,201.71	3,201.71
Loan from Financial Institutions	2,094.55	1,388.30
Loan from Others	1,673.16	95.01
Other long term loan (Warrant Issued)	-	0.05
TOTAL	6,969.42	4,685.07

annexed to and forming part of financial statements as at March 31, 2011

70 INNOVENTIVE INDUSTRIES LIMITED

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 6		
INVESTMENTS		
Long Term Investments		
(Non-Trade, unquoted, valued at cost)		
New India Co-operative Bank Limited	5.00	-
(5,000 fully paid up shares of ₹ 100/- each)		
Saraswat Co-Op. Bank Limited	0.25	0.25
(250 fully paid up shares of ₹ 100/- each)		
Mutual Funds	6.79	6.79
TOTAL	12.04	7.04
SCHEDULE - 7		
INVENTORIES		
Raw Material and Components	6,616.40	4,108.12
Work In Progress	4,005.98	3,971.34
Semi-Finished and Finished Goods	11,129.71	6,538.66
Stores and Spares	192.57	158.63
TOTAL	21,944.66	14,776.75
SCHEDULE - 8		
SUNDRY DEBTORS		
Sundry Debtors - Considered Good	2,724.97	130.87
Considered Doubtful	445.58	65.92
	3,170.55	196.79
Less: Provision for Doubtful Debts	445.58	65.92
TOTAL	2,724.97	130.87
SCHEDULE - 9		
CASH AND BANK BALANCES		
Cash in hand	21.06	15.55
Balances with Scheduled Banks		
In Current Accounts	2,986.49	49.79
In Margin Money Deposit Accounts	1,699.45	1,682.36
In Fixed Deposit Accounts	119.12	46.40
TOTAL	4,826.12	1,794.10

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 10		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received.	3,926.82	4,614.55
Deposits	217.83	315.38
Balances with Excise/Custom/Sales tax authorities, etc.	6,305.91	3,095.37
MAT Credit Entitlement	2,001.83	592.16
TOTAL	12,452.39	8,617.47
SCHEDULE - 11		
CURRENT LIABILITIES		
Sundry Creditors	19,406.04	13,588.13
Advances from Customers	20.22	183.62
Other Liabilities	987.11	1,778.67
TOTAL	20,413.38	15,550.42
SCHEDULE - 12		
PROVISIONS		
Income Tax (Net of Advance Tax/TDS)	1,922.12	775.43
Proposed Dividend on Equity Shares	1,192.88	-
Provision for Tax on Dividend	198.12	-
Provision for Employee Welfare	6.85	70.53
TOTAL	3,319.97	845.95

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 13		
OTHER INCOME		
Foreign Exchange Fluctuations (Net)	67.74	1.35
Miscellaneous Income	71.56	151.18
Profit on sale of Fixed Assets	2.09	-
Export Incentives (DEPB)	352.51	165.59
TOTAL	493.90	318.27
SCHEDULE - 14		
MATERIAL CONSUMPTION		
Raw Materials consumed*	46,679.84	27,481.41
Change in Inventory - Semi Finished Goods/Finished Goods	(4,659.63)	(5,111.18)
TOTAL	42,020.21	22,370.23
*Includes cost of goods traded worth ₹ 4,069.40 lacs (Previous Year – ₹ 3,299.84 lacs)		
SCHEDULE - 15		
PERSONNEL COSTS		
Salaries, Wages & Bonus etc.	2,157.29	1,837.54
Contribution to Provident & other funds	155.41	156.66
Staff Welfare Expenses	304.66	155.17
TOTAL	2,617.36	2,149.37
SCHEDULE - 16		
OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	1,094.81	801.22
Sub-Contracting/Job Work Charges	2,643.00	1,959.53
Other Manufacturing Expenses	1,412.60	662.46
Repairs & Maintenance		
- Plant & Machinery	100.41	61.65
- Buildings	25.58	10.69
- Others	65.64	43.65
	5,342.04	3,539.20

Schedules

annexed to and forming part of financial statements as at March 31, 2011

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
SCHEDULE - 16 (contd)		
Administrative, Selling & Distribution Expenses		
Rent, Rates & Taxes	170.03	179.71
Insurance	262.25	242.07
Freight & Packing	1,022.05	610.88
Printing & Stationery	36.57	34.97
Telephone Expenses	56.69	55.26
Travelling & Conveyance	386.85	301.52
Provision for Doubtful Debts	380.60	27.48
Bad Debts written off	37.79	96.81
Loss on sale of Assets	64.85	53.25
Audit Fees	13.92	13.30
Other Administrative Expenses	799.12	692.71
Other Selling & Distribution Expenses	353.07	262.06
	3,583.80	2,570.03
TOTAL	8,925.83	6,109.23
SCHEDULE - 17		
FINANCE		
Interest & Finance Cost		
- Fixed Period Loans	2,167.09	1,861.86
- On Others (net)	4,370.56	3,123.45
Bank Charges	577.84	459.29
TOTAL	7,115.50	5,444.60

Schedules

Schedules forming part of the Consolidated Accounts

SCHEDULE - 18

A) SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies on Principles of Consolidation

1. BASIS OF PREPARATION

The Consolidated Financial Statements have been prepared by applying the necessary adjustments to the Consolidated Financial Statements of the Group. The consolidated financial statements are prepared under historical cost convention, on accrual basis of accounting in accordance with the Companies Act, 1956 and the accounting principles generally accepted in India ('Indian GAAP') and comply in all material respects with the accounting standards notified by Companies Accounting Standards (Rules), 2006 (as amended), to the extent applicable. The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS) 21, Consolidated financial statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India as notified by the Companies Accounting Standards Rules, 2006 (as amended). The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The Subsidiaries included in the consolidated financial statements are as under

Name of the Subsidiary Companies	Financial Year of becoming a Subsidiary	
Saicon Steels Private Limited	2007-08	51%
Arihant Steel and Metal Wires Private Limited	2007-08	100%
Arihant Auto Components Private Limited	2007-08	100%
Sevenstar Electrodes Private Limited	2007-08	100%
Sankalp Forgings Private Limited	2008-09	51%

2. THE CONSOLIDATED FINANCIAL STATEMENTS ARE PREPARED ON THE FOLLOWING BASIS:

- Subsidiary companies are consolidated on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all Inter group balances or transactions and also the unrealized profits or losses except where cost cannot be recovered. The results of operations of subsidiaries are included in the consolidated financial statements from the date on which the parent subsidiary relationship came into existence.
- Minority interest in the net profit/(loss) of the subsidiaries for the period is identified and adjusted against the income/(loss) in order to arrive at the net income attributable to the shareholders of the group.
- Goodwill represents the cost to the Parent Company of its investment in subsidiaries over the Parent Company's portion of equity, at the date on which the investment in the subsidiaries is made.
- As far as possible, consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Parent Company's Standalone Financial Statements.
- The financial statements of subsidiaries used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company.

Schedules

annexed to and forming part of financial statements as at March 31, 2011

3. 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.

4. 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 disclosure 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 tax, the useful lives of depreciable fixed assets and provision for impairment. Actual results may differ from those estimates. Any revision to accounting estimates are recognized prospectively in current and future periods.

5. FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation or amortization. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use, are also included to the extent they relate to the period till such assets are ready to be put to use. Accelerated depreciation rates have been used in some cases for which management is of the view that the treatment reflects useful life of certain fixed assets. Capital work in progress includes the cost of fixed assets that are not ready for intended use as at the Balance Sheet date.

6. DEPRECIATION

Depreciation is provided using the Straight Line Method rates as per the useful lives of the fixed assets as estimated by the management, which equal to the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956 as below:

Particulars	
Building	1.63%
Office Equipment	4.75%
Plant and Machinery	4.75% - 14.28%
Computers	16.21%
Furniture and Fixtures	6.33%
Vehicles	7.07% - 16.21%
Tools & Equipments	4.75% - 11.31%
Assets costing less than ₹ 5,000	Fully depreciated in the year of acquisition

7. IMPAIRMENT

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

Schedules

Schedules forming part of the Consolidated Accounts

8. BORROWING COST

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.

9. 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.

10. INVENTORIES

- i. Inventories are stated at cost or 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 cost and excise duty, wherever applicable.

11. 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 recurring incentive received from State Government, 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.

12. EMPLOYEE BENEFITS

- i. Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by an independent actuary.
- ii. Group's contribution paid/payable during the year to Provident Fund are recognized in the Profit and Loss Account.
- iii. Long term compensated absences are provided for based on actuarial valuation, using the projected credit method.

13. FOREIGN CURRENCY TRANSACTIONS

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

Schedules

annexed to and forming part of financial statements as at March 31, 2011

14. TAXATION

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance sheet date. Deferred tax assets arising from the timing differences are recognized to the extent that there is virtual certainty that sufficient future taxable income will be available.

15. PROVISIONS AND CONTINGENT LIABILITIES

- i. A provision is recognized when the group 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.

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 Group’s primary segments are Motor Vehicle Parts, Tubes, Cold Rolled (CRCA) Coils, Oil Country Tubular Goods (OCTG) & 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.”

17. 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.

18. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased Assets 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.

19. EARNINGS PER SHARE

Basic Earnings Per Share is computed using the weighted average number of equity shares outstanding during the period. Diluted Earnings Per Share is computed using the weighted average number of shares and dilutive equity equivalent shares outstanding during the period, except when results would be anti dilutive.

Schedules

Schedules forming part of the Consolidated Accounts

B) NOTES TO ACCOUNTS

1. CONTINGENT LIABILITIES

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
(a) In respect of guarantees given to banks/financial institutions on behalf of:		
(i) Subsidiary Companies	3,015.00	3,148.00
- Loans Outstanding in respect of above	425.61	934.97
(ii) Other guarantees		
- Loan Outstanding in respect of above	-	-
(b) In respect of:		
Export obligation against EPCG Licenses	389.00	-
Claims against the Company not acknowledged as debts	448.07	3.01

2. CAPITAL COMMITMENTS

Estimated amount of contracts to be executed on capital account and not provided for (net of advances) ₹ 258.59 lacs as at March 31, 2011 (March 31, 2010 - ₹ 240.25 lacs).

3. PROVISION FOR TAXATION:

Amount sanctioned under Industrial Promotional subsidy by State Government of Maharashtra for setting up Mega Project unit is considered as non-taxable based on the legal opinion obtained by the Company. Accordingly tax expenses related to IPS scheme for March 31, 2010 of ₹ 644.30 lacs is written back during the year.

4. DEFERRED TAX

The Break-up of Deferred Tax Assets/(Liabilities) are as follows:

Particulars	₹ in lacs	
	March 31, 2011	March 31, 2010
Deferred Tax Liability		
On Fiscal allowances of Fixed Assets	(3,891.10)	(3,155.32)
Less: Deferred Tax Assets		
On Unabsorbed Depreciation	256.95	281.57
On Other Timing Differences	174.35	45.59
Net Asset/(Liability)	(3,459.80)	(2,827.96)

Schedules

annexed to and forming part of financial statements as at March 31, 2011

5. CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTIONS

i	Key Management Personnel (KMP) & their Relatives:	
	Name of KMP	Relatives
	Mr. Chandu L. Chavan	Dr. Shubhangi Jadhav
	Mr. Ravindra W. Katre	Mrs. Mrunal R. Katre
	Mr. Sanjay Waghulade	Mrs. Anita Waghulade
	Mr. Sanjay Bhade	Mrs. Vishakha S. Bhade
	Mr. Parag Mulye	Mrs. Kavita P. Mulye
	Mr. Shivaji Katke	Mrs. Smita S. Katke
	Mr. G Balasubramaniam	
	Mr. ShyamSunder Agarwal	
ii	Enterprises over which key management personnel or relatives Exercise control/significant influence	
	Yashoday Engineers Private Limited	Aim Filtertech Private Limited
	Keytool Engineering Solutions Private Limited	M/s Saptashruni Engineering Works
	Opal Luxury Time Products Private Limited	M/s Hollyhock Tours & Travels
	GeneOmbio Technologies Private Limited	New Tradelink Impex Private Limited
	Sourcegenie Consulting Private Limited	Gunjan Steel Corporation
	Phoenix Erectors Private Limited	Dehu Engineering
	Hotel Gourish Private Limited	Opec Services
	Gargi Bio Tek Private Limited	B K Engineering Works
	Membrane Filters (India) Private Limited	Sankalp Industries
	Sourcegenie Insurance Broking Private Limited	

Schedules

Schedules forming part of the Consolidated Accounts

Details of transactions with Related Parties during the year ending on March 31, 2011

₹ in lacs

Summary of Related Party Transactions			
Nature of Transactions	Other Related Concerns	Key Management Personnel	Total
Sales			
- Goods	2,696.28	-	2,696.28
	(1,755.94)	(-)	(1,755.94)
- Capital goods	-	-	-
	(11.06)	(-)	(11.06)
Purchases			
- Raw materials	4,052.20	-	4,052.20
	(0.45)	(-)	(0.45)
- Capital goods	1.40	-	1.40
	(192.67)	(-)	(192.67)
- Services	192.81	-	192.81
	(14.05)	(-)	(14.05)
Outstanding			
- Receivables	209.44	-	209.44
	(3,785.39)	(-)	(3,785.39)
- Payables	440.39	-	440.39
	(18.01)	(-)	(18.01)
Advance for expenses	86.47	-	86.47
	(-)	(-)	(-)
Managerial remuneration	-	154.85	154.85
	(-)	(146.96)	(146.96)

Note: Figures in bracket indicate Previous Year's figures

6. EARNINGS PER SHARE:

Particulars	March 31, 2011	March 31, 2010
Profit/(Loss) after tax available for equity shareholders (₹ in lacs)	6,242.41	2,946.16
Weighted average number of equity shares outstanding during the year (For Basic EPS)	3,62,84,307	3,22,76,280
Basic Earnings per Share (₹)	17.20	9.13

7. CONSOLIDATED STATEMENT OF SEGMENT REPORTING

Primary Segment

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

Schedules

annexed to and forming part of financial statements as at March 31, 2011

						₹ in lacs
Description	2010-11	2010-11	2010-11	2010-11	2010-11	2010-11
	MV Parts	Tubes and Products	OCTG	CR coil	Others	TOTAL
Total Revenue	17,479.82	35,131.32	7,990.85	4,576.36	5,179.81	70,358.16
	(10,817.51)	(22,751.98)	(3,880.94)	(3,528.95)	(1,168.14)	(42,147.51)
Segment Results	3,815.65	8,728.30	1,737.15	733.32	287.62	15,302.05
	(1,929.92)	(7,334.22)	(557.42)	(580.57)	(45.57)	(10,447.70)
Unallocable Expenses (Net)						217.89
						(169.81)
Interest						7,115.50
						(5,444.60)
Profit Before Tax						7,968.66
						(4,833.29)
Less:						
Prior Period Items						-
						(28.55)
Provision for Current Tax						1,910.47
						(848.84)
Provision for Deferred Tax						787.01
						(1,198.65)
Provision for Fringe Benefit Tax						-
						(0.04)
Mat Credit						-920.53
						(-296.27)
Reversal of Earlier year Tax Exps						-644.29
						(-)
Profit After Tax						6,836.01
						(3,053.48)
Less: Minority Interest						593.59
						(107.32)
Profit After Tax and Minority Interest						6,242.41
						(2,946.16)
Segment Assets	12,820.23	42,037.36	9,029.73	5,917.99	7,814.19	77,619.50
	(4,123.62)	(41,882.26)	(4,885.17)	(5,739.22)	(2,488.23)	(59,118.50)
Unallocated Corporate Assets						5,992.46
						(820.44)
Total Assets						83,112.81
						(60,437.09)
Segment Liabilities	6,246.95	9,669.52	1,499.14	195.75	1,794.68	19,406.04
	(2,068.16)	(10,382.64)	(145.66)	(1,198.92)	(1,755.03)	(15,550.42)
Capital Expenditure	65.34	6,691.37	1,013.20	681.59	26.45	8,477.95
	(199.75)	(5,060.71)	(994.72)	(525.44)	(282.98)	(7,063.60)
Depreciation	52.92	1,716.80	205.89	51.35	177.52	2,204.49
	(96.78)	(1,169.82)	(47.40)	(180.98)	(64.08)	(1,559.06)

Note: Figures in bracket indicate Previous Year's figures

Schedules

Schedules forming part of the Consolidated Accounts

8. REGROUPING

Figures have been regrouped to ensure consistency of presentation. Appropriate adjustments have been made in the summary statements of Assets and Liabilities, Profits and Losses and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Group for the year ended March 31, 2011.

For Innoventive Industries Limited

Sd/-

Chandu Chavan

Chairman

Sd/-

Ravindra Katre

Managing Director

Sd/-

Mahesh Bagla

Company Secretary

Date : July 18, 2011

Place : Pune

NOTICE

INNOVENTIVE INDUSTRIES LIMITED

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

NOTICE is hereby given that the 20th Annual General Meeting of Innoventive Industries Limited will be held on Monday, the 26th Day of September, 2011 at 10.30 a.m. at 'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208 to transact the following business;

ORDINARY BUSINESS:

Item No. 1: Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the Financial Year ended March 31, 2011 together with the Directors' report and Auditors' report thereon.

Item No. 2: Declaration of dividend

To declare dividend for the financial year ended March 31, 2011.

Item No. 3: Reappointment of Mr. Yashpaul Gupta

To appoint a Director in place of Mr. Yashpaul Gupta who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.

Item No. 4: Reappointment of Mr. Pradeep Tupe

To appoint a Director in place of Mr. Pradeep Tupe who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.

Item No. 5: Appointment of Auditor

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

SPECIAL BUSINESS:

Item No. 6: Alteration of Articles of Association

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 (including any statutory modification or re-enactment thereof for the time being in force) and subject to such consent(s) approval, sanction or permission required in this behalf, existing Articles of Association of the Company be and is hereby altered in the following manner:

- I. *After Article 2(l), the following new Articles to be numbered 2(lA) to 2(lC) be inserted as under:*
- 2(lA) "Electronic Form" with reference to information means, any information generated, sent, received or stored in media, magnetic, optical, computer memory, micro film, computer generated micro fiche or similar device.
- 2(lB) "Electronic Mode" means tele-conferencing and/ or video conferencing facility i.e. audio-visual electronic communication facility which enables all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- 2(lC) "Electronic Record" means data, record or data

generated, image or sound stored, received or sent in an electronic form or micro film or computer generated micro fiche.

- II. *After Article 101, the following new Article to be numbered 101A be inserted as under:*

101A. Notwithstanding anything in these Articles and subject to the provision of Act or any other applicable law for the time being in force, every Member or Proxy entitled to attend General Meeting by his physical presence shall have an option to attend it by way of an Electronic Mode in such form & manner or after following such procedure as Company may prescribe from time to time. However, notice calling General Meeting of the Company shall inform Members about facility of participation through Electronic Mode for enabling them to access said facility.

- III. *After Article 108(3), the following new Article to be numbered 108(4) be inserted as under:*

108(4). Notwithstanding anything in these Articles and subject to the provision of Act or any other applicable law for the time being in force, documents including but not limited to, notice convening General Meeting, explanatory statement, balance sheet, profit & loss account, directors' report, auditors' report etc can be sent by the Company in electronic form, to the electronic mail address provided/ updated by Members and made available to the Company by Depositories. If, however any Member wants to have physical copies of the aforesaid documents the same shall be supplied by the Company free of cost.

- IV. *After Article 134, the following new Article to be headed 'Electronic Voting' or 'Electronic Vote' and numbered 134A be inserted as under:*

134A. Notwithstanding anything in these Articles and subject to the provision of Act or any other applicable law for the time being in force, every Member or Proxy entitled to attend General Meeting of the Company through Electronic Mode shall also be entitled to cast his Electronic Vote in such form & manner prescribed by the Company, from time to time, for this purpose.

- V. *After Article 135, the following new Article to be numbered 135A be inserted as under:*

135A. Unless otherwise prescribed in the Act or any other applicable law for the time being in force, Members entitled to attend & vote at General Meeting of the Company through Electronic Mode shall also be entitled to appoint Proxies to attend & vote instead of himself after following due procedure prescribed by the Company in this behalf.

- VI. *After Article 143, the following new Article to be headed 'Electronic Vote by Proxies' and numbered 143A be inserted as under:*
- 143A. Unless otherwise prescribed in the Act or any other applicable law for the time being in force, Proxies, attending General Meeting conducted through Electronic Mode after their due appointment, shall be entitled to cast his Electronic Vote in such form & manner as prescribed by the Company, from time to time, for this purpose.
- VII. *After Article 154, the following new Article to be numbered 154A be inserted as under:*
- 154A. Notwithstanding anything in these Articles and subject to the provisions of Act or any other law for the time being in force, Director attending Board Meeting through Electronic Mode in accordance with the provisions of these Articles shall be entitled for sitting fees.
- VIII. *After Article 163, the following new Article to be numbered 163A be inserted as under:*
- 163A. Notwithstanding anything in Article 163(f), office of a Director shall not become vacant nor shall he be dis-qualified from continuing as Director if he attends Board Meeting of the Company through Electronic Mode.
- IX. *After Article 193, the following new Article to be numbered 193A be inserted as under:*
- 193A. Notwithstanding anything in these Articles and subject to the provision of Act or any other applicable law for the time being in force, every Director entitled to attend Board Meeting of the Company by his physical presence may attend it by way of an Electronic Mode in such manner or after following such procedure as Company may prescribe from time to time in this regard. However, the notice convening Board Meeting shall inform them regarding facility of participation through Electronic Mode and provide necessary information to enable the Directors to access the said facility. The notice shall seek confirmation from Directors whether he will exercise the Electronic Mode or attend the meeting in person. In the absence of any such confirmation, it will be presumed that the Director will physically attend the meeting. All electronic recording of the Board Meeting will be done at the place where Chairman or Secretary sits during the Meeting.
- X. *After Article 194, the following new Article to be numbered 194A be inserted as under:*
- 194A. Notwithstanding anything in these Articles and unless otherwise provided in the Act or any other law for the time being in force, Director participating in a Meeting of the Board through Electronic Mode shall be counted for the purpose of quorum.
- XI. *After Article 207(2), the following new Article to be numbered 207(3) be inserted as under:*
- 207(3) Unless otherwise prescribed in the Act or any other applicable law for the time being in force, Company shall preserve electronic recording of Board Meeting conducted through Electronic Mode for a period of one year from the conclusion of said meeting.
- XII. *After Article 243, the following new Article to be numbered 243A be inserted as under:*

- 243A. notwithstanding anything in these Articles and subject to the provisions of the Act or any other law for the time being in force, the Company may maintain its records, registers & documents in Electronic Form.

RESOLVED FURTHER THAT Part 'B' forming part of existing Articles of Association of the Company shall stand deleted entirely and effect be given thereto immediately.

RESOLVED FURTHER THAT Mr. Chandu L. Chavan, Director and/or Mr. Mahesh G. Bagla, Company Secretary of the Company be and are hereby authorized to do and perform all such acts, deeds, matters and things and to execute all such documents, deeds and writings as they may, in their absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respect including but not limited to 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.

By Order of the Board
For Innoventive Industries Ltd

Pune, July 18, 2011

M. G. Bagla
Company Secretary

Registered Office:
Gat No. 1261, Village: Sanaswadi,
Tal: Shirur, Dist: Pune – 412208

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
3. The Register of Members and Share Transfer Register will remain closed from September 23, 2011 Friday to September 26, 2011 Monday (both days inclusive)
4. Investor Grievance Redressal:
The Company has designated an exclusive e-mail id viz. investor.grievance@innoventive.in to enable investors to register their complaints, if any.
5. The dividend, if any declared, shall be payable to those shareholders whose name(s) stand registered:
 - a) As Beneficial Owner as at the end of business on September 22, 2011 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - b) As Member in the Register of Members of the Company/ Registrar & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business on September 22, 2011.

6. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.
7. Members who are holding shares in demat mode are requested to notify any change in their residential address, Bank A/c details and/ or email addresses immediately to their respective Depository Participants
8. The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in Corporate Governance' by allowing the Companies to service the documents to its Members through electronic mode. Keeping in view said initiative of MCA, the Company will send its 20th Annual Report in electronic form, to the email addresses provided/ updated by Members and made available to the Company by respective Depositories. Other Members are requested to update their email Ids with their Depository Participants for receiving the notices and other documents henceforth, at their email addresses.
9. The annual accounts of the subsidiary companies are available for inspection at the Registered Office of the Company and of the subsidiaries concerned and copies will be made available to Shareholders of Innoventive Industries Limited and its subsidiary companies upon request.
10. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
11. Corporate members intending to send their Authorised Representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution/ Power of Attorney authorizing their representatives to attend and vote on their behalf at the meeting.

By Order of the Board
For Innoventive Industries Ltd

Pune, July 18, 2011

M. G. Bagla
Company Secretary

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

Item No. 6

The Ministry of Corporate Affairs ("MCA") has through its recent Circular allowed:

- Holding / Conducting of Board & General Meeting(s) through Electronic Mode (audio & video conferencing facility).
- Sending of documents including, notice convening the Annual General Meeting, Balance Sheet, Profit & Loss Account, Directors' Report and Auditors' Report etc., in electronic form, to the email address of Shareholders.

It has been made mandatory for Listed Companies to provide audio & video conferencing facility to its Shareholders for participating in General meeting of the Company held after financial year 2011-12 therefore, specific amendment in Articles of Association of the Company to that effect is required.

Information Technology Act, 2000 as amended from time to time recognizes maintenance of registers, records & documents in electronic form that are required to be maintained in writing or in the typewritten or printed form under any law for the time being in force. Currently accounting, secretarial, legal etc related records are preserved in electronic as well as printed form and with a view to provide legal recognition to information preserved or to be preserved in electronic form it is advisable to make suitable changes in Articles of Association of the Company.

Further, post listing of equity shares on National Stock Exchange & Bombay Stock Exchange, Part B of Articles of Association of the Company has become redundant thus; said Part B is proposed to be deleted entirely from the Articles.

In terms of Section 31 of the Companies Act 1956, any alteration to Articles of Association requires approval of the Shareholders in general meeting by way of a Special Resolution.

None of the Directors is, in any way, concerned or interested in this Resolution.

By Order of the Board
For Innoventive Industries Ltd

Pune, July 18, 2011

M. G. Bagla
Company Secretary

Registered Office:
Gat No. 1261, Village: Sanaswadi,
Tal: Shirur, Dist: Pune – 412208

ANNEXURE

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

I. YASHPAUL GUPTA

Profile and expertise:

Mr. Yashpaul Gupta, aged 61 years, is a member of the Board of Directors of Innoventive Industries Limited. Mr. Gupta joined Innoventive in February, 2010 as an Independent Director and since then forms an integral part of the management.

Mr. Gupta holds a Bachelor's Degree in Physical Science from Birla Institute of Technology and Science (BITS), Pilani, Rajasthan and is a Master in Business Administration from the Indian Institute of Management (IIM), Ahmedabad.

Before Innoventive, he was working with the Union Bank of India for a period of 28 years, in various capacities, including the post of field General Manager. During his long stint with the Union Bank, he gained knowledge and expertise in various fields such as credit administration, regional/ zonal development, recovery and NPA administration, audit etc.

Currently, he serves on the Audit Committee of the Board as its Chairman and oversees Innoventive's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible. He is also a member of Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee of the Board.

Companies (other than Innoventive) in which Mr. Yashpaul Gupta holds directorship and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
None	None	None

Mr. Yashpaul Gupta does not hold any shares of the Company.

II. PRADEEP TUPE

Profile and expertise:

Mr. Pradeep Tupe, aged 52 years, is a member of the Board of Directors of Innoventive Industries Limited. Mr. Tupe joined Innoventive in February, 2010 as an Independent Director and since then forms a vital part of the management.

Mr. Tupe holds a Diploma in Business Management. He also cleared AMIE (Section A & B) Examination and also a Diploma in Mechanical Engineering.

Before Innoventive, he worked with reputed companies such as KSB Pumps Ltd., Kirloskar Brothers Ltd., Rath Industrial Equipment Co Ltd., Gujarat Steel Tubes Ltd. and Atlas Steel Tube Industries in the Marketing/Sales division holding various capacities. He was the Chairman of Institution of Engineers (India) Maharashtra State Centre, covering Maharashtra and Goa. He served as the Vice President of Laghu Udyog Bharati, an all India organization for small scale industries. At present, he is the Coordinator at MIT Group of Institutions and Hon Secretary at All India Management Association. He is a Charter Member of Rotary Club, Pune University and Chairman of Environmental Awareness of Rotary District 3130. He is also a Certified Lead Assessor for QMS (ISO 9001:2008).

Presently, he is heading Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee of the Board for looking into the redressal of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet etc

Companies (other than Innoventive) in which Mr. Pradeep Tupe holds directorship and committee memberships

Directorships	Chairman of Board Committees	Member of Board Committees
Platinum Ocean Energy Limited	None	None

Mr. Pradeep Tupe does not hold any shares of the Company.

NOTES

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INNOVENTIVE INDUSTRIES LIMITED

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

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

Attendance Slip

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the Company at 'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune - 412208, at 10.30 a.m. on Monday, September 26, 2011.

.....
Full name of the Shareholder

.....
Signature

(In block capitals)

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

*Applicable for members holding shares in electronic form.

No. of Shares:

.....
Full name of Proxy

.....
Signature

(In block capitals)

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

.....Tear Here.....

INNOVENTIVE INDUSTRIES LIMITED

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

Proxy

I/We resident of
..... being a Member/Members of the above named Company, hereby appoint
..... resident of or failing him
..... resident of as
my/ our Proxy to attend and vote for me/ us and on my/ our behalf at the 20th ANNUAL GENERAL MEETING of the Company, to be held on Monday, September 26, 2011 and at any adjournment thereof.

Signed this day of 2011.

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

*Applicable for members holding shares in electronic form.

No. of Shares:

Affix
Revenue
Stamp

.....
Full name of Proxy

.....
Signature

(In block capitals)

NOTES: i) The proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.

(ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/ Proxy.

Corporate information

Board of Directors

Chandu Chavan	<i>Chairman</i>
Ravindra Katre	<i>Managing Director</i>
Sanjay Waghulade	<i>Whole-time Director</i>
William Sean Sovak	<i>Nominee Director</i>
Ramprasad Joshi	<i>Independent Director</i>
Pradeep Tupe	<i>Independent Director</i>
Yashpaul Gupta	<i>Independent Director</i>
Dr. Rajendra Jagdale	<i>Independent Director</i>

Statutory Auditors

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

Internal Auditors

AMB & Co.,
Chartered Accountants,
Pune

Company Secretary

Mahesh G. Bagla

Corporate Office

Office No. 601 & 602,
Nucleus Mall, 1 Church Road,
Camp, Pune - 411001

Bankers

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

Registered office

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

Plant I

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

Plant II

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



Corporate Office

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

Registered office

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

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