

***INNOVENTIVE INDUSTRIES LIMITED***  
***25<sup>TH</sup> ANNUAL REPORT 2015-16***

CIN L29309PN1991PLC063045



***PROGRESSING WITH OPTIMISM***



## **Corporate Information**

### ***BOARD OF DIRECTORS***

**Mr. Chandu Chavan**  
Chairman & Managing Director

**Mr. Ravindra Katre**  
Whole-time Director (*till 9<sup>th</sup> Oct 2015*)  
Director (*w.e.f. 10<sup>th</sup> Oct 2015*)

**Mr. Pradeep Tupe**  
Independent Director (*Resigned on 1<sup>st</sup> April 2016*)

**Mrs. Pournima Gadiya**  
Independent Director

**Mr. Rajendra Gaikwad**  
Independent Director (*w.e.f. 09<sup>th</sup> Feb 2016*)

### ***STATUTORY AUDITORS***

Bharat J. Rughani & Co. Chartered Accountants, Mumbai

### ***PLANTS***

#### **Unit I:**

GAT No. 1261, Sanaswadi,  
Pune Nagar Road,  
Tal. Shirur, Pune - 412208

### ***CORPORATE OFFICE***

604, Nucleus Mall,  
1 Church Road, Camp,  
Pune - 411001

### ***REGISTRAR & SHARE TRANSFER AGENTS***

Karvy Computershare Private Limited, Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032,

### ***BANKERS***

Central Bank of India  
Axis Bank Limited  
Bank of Baroda  
Bank of India  
United Bank of India  
Allahabad Bank  
Export Import Bank of India  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Overseas Bank  
State Bank of Bikaner & Jaipur  
State Bank of India  
The Ratnakar Bank Limited  
The Saraswat Co-op Bank Limited  
Bank of Maharashtra  
DBS Bank Limited  
UCO Bank

#### **Unit II:**

Gat No. 56/3/4/5,  
Pimple Jagtap, Tal. Shirur,  
Pune - 412208

### ***REGISTERED OFFICE***

Gat No. 56/4/5,  
Pimple Jagtap, Taluka Shirur  
Pune - 412208.

## ***A Corporate with Sustainability at its core***

Innoventive Industries Limited (IIL) is a multiproduct company catering to applications in diverse sectors such as automobile, boiler & heat exchangers, energy, oil and general engineering. It specializes in processing various types of steel, faster development cycles, flexible production systems, effective supply chain management for efficient delivery and capability to make tubular transformations. The Company is driven by continuous innovations.

The Company has three divisions, Tube, Sheet and Auto Products with manufacturing facilities and warehouses at strategic locations. It offers a wide portfolio of products such as Electric Resistance Welded tubes (ERW) and Cold Drawn Electric Welded Tubes (CEW), also known as Drawn over Mandrel (DOM) tubes, strips and auto assemblies. The tubes come in a range of materials like Low Carbon, High Strength, Micro alloy and Stainless Steel. Its products meet stringent requirements of Surface Finish, Wall Thickness, Dimension Tolerance and Mechanical Properties required by discerning global customers.

### **Our Core Competencies:**

- Strong focus on innovation
- In-house research and development
- Backward integration
- Rich product portfolio
- Quality Products
- Ethos and Ethics



## ***Forward Looking Statement***

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

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

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## Notice

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**NOTICE** is hereby given that the 25<sup>th</sup> Annual General Meeting of Innoventive Industries Limited will be held on **Monday, the 26<sup>th</sup> day of September, 2016** at 9:30 a.m. at the Registered office of the Company at Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune- 412 208 Maharashtra, India to transact the following business:

### **ORDINARY BUSINESS:**

#### **1. Adoption of Financial Statements**

To receive, consider and adopt the financial statements of the Company including the audited Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

#### **2. Reappointment of Mr. Ravindra Katre**

To appoint a Director in place of Mr. Ravindra Katre (DIN 00035125) who retires by rotation and being eligible offers himself for re-appointment.

#### **3. Appointment of Auditor**

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

"RESOLVED THAT pursuant to the provisions of Section 139,142 and all other applicable provisions if any of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s Bharat J. Rughani & Co., Chartered Accountants, Mumbai (Firm's Registration No. 101220W with the Institute of Chartered Accountants of India), who have offered themselves for reappointment and have confirmed their eligibility to be appointed as statutory Auditors, in terms of provisions of section 141 of the Act, and rule 4 of the rules, be and are hereby re-appointed as Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such terms and remuneration as may be agreed upon by the Audit committee/ Board of Directors in consultation with the Auditors.

### **SPECIAL BUSINESS**

#### **4. Appointment of Mr. Rajendra Gaikwad as an Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rajendra Gaikwad (DIN 06791356), who was appointed as an Additional Director of the Company by the Board of Directors with effect from February 08, 2016 and who holds office up to the date of this Annual General meeting and in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013, in writing, proposing his

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candidature for the office of the Director of the Company, be and is hereby elected and appointed as an Independent Non-Executive Director, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years.

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

### 5. RATIFICATION AND CONFIRMATION OF REMUNERATION OF COST AUDITOR FOR YEAR 2016-17

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

"RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 ( including any amendments thereto or any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration payable to Mr. Amogh Paranjape, Cost Accountant, (Membership No. 18254) who was appointed by the Board of Directors of the Company to conduct the audit of the cost records of the company for the financial year 2016-17, amounting to Rs. 3,00,000/- (Rupees Three Lakhs) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

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

**Pune, 13<sup>th</sup> August, 2016**

**Registered Office:**

Gat No. 56/4/5, Pimple Jagtap,  
Taluka- Shirur, District Pune- 412208  
Maharashtra, India

**Chandu Chavan  
Chairman & Managing Director  
DIN00035213**

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### NOTES:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item No. 4 of the Notice, is annexed hereto. The relevant details as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 2 & 4 of the Notice, are also annexed.
2. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue showing the prominent landmarks is given elsewhere in this Notice. Further, the Company has uploaded the above route map on its website at [www.innoventive.in](http://www.innoventive.in)
3. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. Bharat J. Rughani & Co., Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting; have offered themselves for reappointment. The Directors propose to reappoint Bharat J. Rughani & Co., Mumbai Chartered Accountants (FRN 101220W) as auditors of the Company who have conveyed their willingness for being appointed as auditors of the Company in the ensuing Annual General Meeting. The Company has received a certificate from them under section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 that if appointed, their appointment will be within the limits.
5. The Register of Members and Transfer Books of the Company will be closed from Monday, 19<sup>th</sup> September, 2016 to Monday 26<sup>th</sup> September, 2016; both days inclusive.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents Karvy Computershare Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.
7. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Karvy for assistance in this regard.

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8. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Karvy, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
9. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
10. Members seeking any information with regard to the financial statements are requested to write to the Company at an early date, so as to enable the management to keep the information ready at the meeting.
11. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories as on 26<sup>th</sup> August 2016, Unless any Member as on the said date has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
12. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy), on all resolutions set forth in this Notice.
13. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company /(Registrar and Share Transfer Agent of the Company)
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company /RTA.
15. Non-Resident Indian Members are requested to inform their Depository Participant, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

**The instructions for e-voting are as under:**

In case a Member receives an e-mail from Karvy [for Members whose e-mail addresses are registered with the Company/Depository Participant(s)]:

- a. Open the e-mail and also open PDF file namely "IIL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.



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- b. Open the internet browser during the voting period and navigate to following URL: <https://evoting.karvy.com>
- c. If you are holding shares in demat form and had logged on to <https://evoting.karvy.com> and had cast your vote earlier for any company, then your existing login ID and password are to be used.
- d. If you are logging in for the first time, please enter the login credentials (i.e. user ID, password & captcha) as given below:
  - i. User Id:- For shareholders holding shares in physical form, event number followed by folio number registered with the Company for shareholders holding shares in demat form:  
 -NSDL- 8 character DP ID followed by 8 Digit Client ID  
 -CDSL- 16 digit beneficiary ID
  - ii. Password: The unique password as printed on the postal ballot form forwarded through the electronic notice.
  - iii. Captcha: Enter the verification code i.e. enter the alphabets and numbers in the exact way as they are displayed on the screen.
- e. After entering these details appropriately, click on 'LOGIN'
- f. Shareholders will then reach the "Password Change" menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that the Shareholders holding shares in demat form would be able to use the user ID and password for voting on resolutions of any other Company, on which they are eligible to vote, provided that the Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform.
- g. Systems will prompt you to update any contact details like mobile number, email ID, etc. On 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- h. You need to login again with the new credentials.
- i. On successful login, system will prompt to select the "Event" i.e. Innoventive Industries Limited.
- j. On the voting page, you will see the description of the resolution along with the option 'FOR/ AGAINST/ ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/ AGAINST/ ABSTAIN' or alternatively you may partially enter any votes in 'FOR' and partially in 'AGAINST', such that the total number of shares in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the shareholder do not want to cast, select 'ABSTAIN'
- k. After selecting the resolution you have decided to vote on, click on "SUBMIT" button. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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- l. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- m. Corporates/ Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF format) of the relevant Board Resolution/Authority letter etc., together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [pankajdhamane@gmail.com](mailto:pankajdhamane@gmail.com) copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The file with the scanned image of the Board Resolution should be in the naming format "Corporate Name\_Event no."
- n. The Members can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- o. Shareholders can cast their vote online till such time they have voted on all the resolutions or till the end of the voting period i.e. the last date of receipt of the postal ballot form, whichever is earlier.
- p. In case a person has become the Member of the Company after the dispatch of Notice but on or before the cut-off date i.e. 19<sup>th</sup> September, 2016, may write to the Karvy on the email Id: [varghese1@karvy.com](mailto:varghese1@karvy.com) or contact to Mr. P.A. Varghese on Contact No. 040-33215424, at [Unit: Innoventive Industries Limited] Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. a. to n. as mentioned above, to cast the vote.
- q. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):

Members will receive a Ballot Form along with the Annual Report. They have two options:

- i. To opt for e-voting by using the initial password that is provided in the enclosed Ballot Form. Follow all steps as given in Sr. No. a. to Sr. No. n. above, to cast your vote.

OR

- ii. To opt for casting your vote in physical form, fill in the Ballot Form and post it to the address mentioned in the enclosed Business Reply Envelope.

Other Instructions:

- i. The e-voting period commences on Friday, 23<sup>rd</sup> September, 2016 (9.00 a.m. IST) and ends on Sunday, 25<sup>th</sup> September, 2016 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 19<sup>th</sup> September 2016, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 19<sup>th</sup> September, 2016.

## Notice

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- iii. Mr. Pankaj Dhamane, Practicing Company Secretary (Membership No. FCS 8195), M/s P. C. Dhamane & Associates, Company Secretaries, Pune; has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses (not in the employment of the Company) and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- v. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Mr. Pankaj Dhamane, Practicing Company Secretary, (Membership No. FCS 8195), at the Registered Office of the Company not later than Sunday, 25<sup>th</sup> September, 2016 (5.00 p.m. IST).
- vi. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to [company.secretary@innoventive.in](mailto:company.secretary@innoventive.in) by mentioning their Folio No./DP ID and Client ID No. However, the duly completed Ballot Forms should reach the Registered Office of the Company not later than Sunday, 25<sup>th</sup> September, 2016 (5.00 p.m. IST).
- vii. Ballot Forms received after this date will be treated as invalid.
- viii. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <http://www.innoventive.in/> and on the website of Karvy: [www.karvy.com](http://www.karvy.com) within two days of the passing of the resolutions at the 25<sup>th</sup> Annual General Meeting of the Company on 26<sup>th</sup> September, 2016 and communicated to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

**Pune, 13<sup>th</sup> August 2016**  
**Registered Office:**  
Gat No. 56/4/5, Pimple Jagtap,  
Taluka- Shirur, District Pune- 412208  
Maharashtra, India

**Chandu Chavan**  
**Chairman & Managing Director**  
**DIN 00035213**

## Notice

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### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by section 102 of the Companies Act, 2013 (Act), the following statement sets out all material facts relating to the special business mentioned under Item No. 4 of the accompanying Notice dated 13<sup>th</sup> August 2016

#### **Item No. 4**

The Company had, pursuant to the provisions of Section 161 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, appointed Mr. Rajendra Gaikwad (DIN 06791356), as an additional director of the Company who holds office up to the date of this AGM.

Further, Mr. Mr. Rajendra Gaikwad, qualifies for being appointed as an Independent Director of the Company pursuant to Section 149 read with Schedule IV of the Companies Act, 2013.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, proposing his candidature for the office of the Director of the Company, therefore, approval of the members is required for appointing him as an Independent Director, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years.

A brief profile of Mr. Rajendra Gaikwad is given below:

Mr. Rajendra Gaikwad is having rich experience of 20 years in the corporate field. He has completed his Diploma in civil Engineering from Cusrow Wadia Institute of Technology, Pune-411001.

He is having 29 years core experience in field of construction Business and in the various manufacturing Units and also Residential and commercial constructions. He is also having vast experience solving labour problems, Union matters ect.

He is also Actively involved in doing Social activities in the vicinity in various fields like – Education, Health, and Sanitation. Provided the necessary aids to the poor and financially disabled community in Pune district.

The Board of Directors accordingly recommends the resolution as set out in Item no. 4 of the Notice for approval of Members.

Except Mr. Rajendra Gaikwad, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

#### **Item No. 5**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s A J Paranjape & Co., Cost Accountants, Pune, to conduct the audit of the cost records of the Company for the financial year ended March 31, 2016. In terms of the provisions of section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial Year 2016-17 as set out in the Resolution for the aforesaid services to be rendered by them.

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The Board of Directors recommends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the Members.

None of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

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

**Pune, 13<sup>th</sup> August, 2016**  
**Registered Office:**  
Gat No. 56/4/5, Pimple Jagtap,  
Taluka- Shirur, District Pune- 412208  
Maharashtra, India

**Chandu Chavan**  
**Chairman & Managing Director**  
**DIN 00035213**

## Notice

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### ANNEXURE

Pursuant to SEBI Listing Regulation information about the director proposed to be re-appointed is furnished below:

#### RAVINDRA KATRE

##### Profile:

Mr. Ravindra Katre, aged 48 years, completed his Diploma in Mechanical Engineering from Cusrow Wadia Institute of Technology, Pune, in 1984. Mr. Katre is a post graduate in Management Sciences from the University of Pune. He joined BAL in 1985, where he handled the materials department for a period of 14 years. He joined M/s. Phoenix Enterprises in 1999. Mr. Katre joined the Board of Directors of our Company on November 1, 2002; and has since been an integral part of our Company's management team. Broadly, Mr. Katre oversees raw material procurement and supervises the operations of sheet division of our Company.

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

Directorships	Nil
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Chairman of Board Committees	Nil
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Member of Board Committees	Nil
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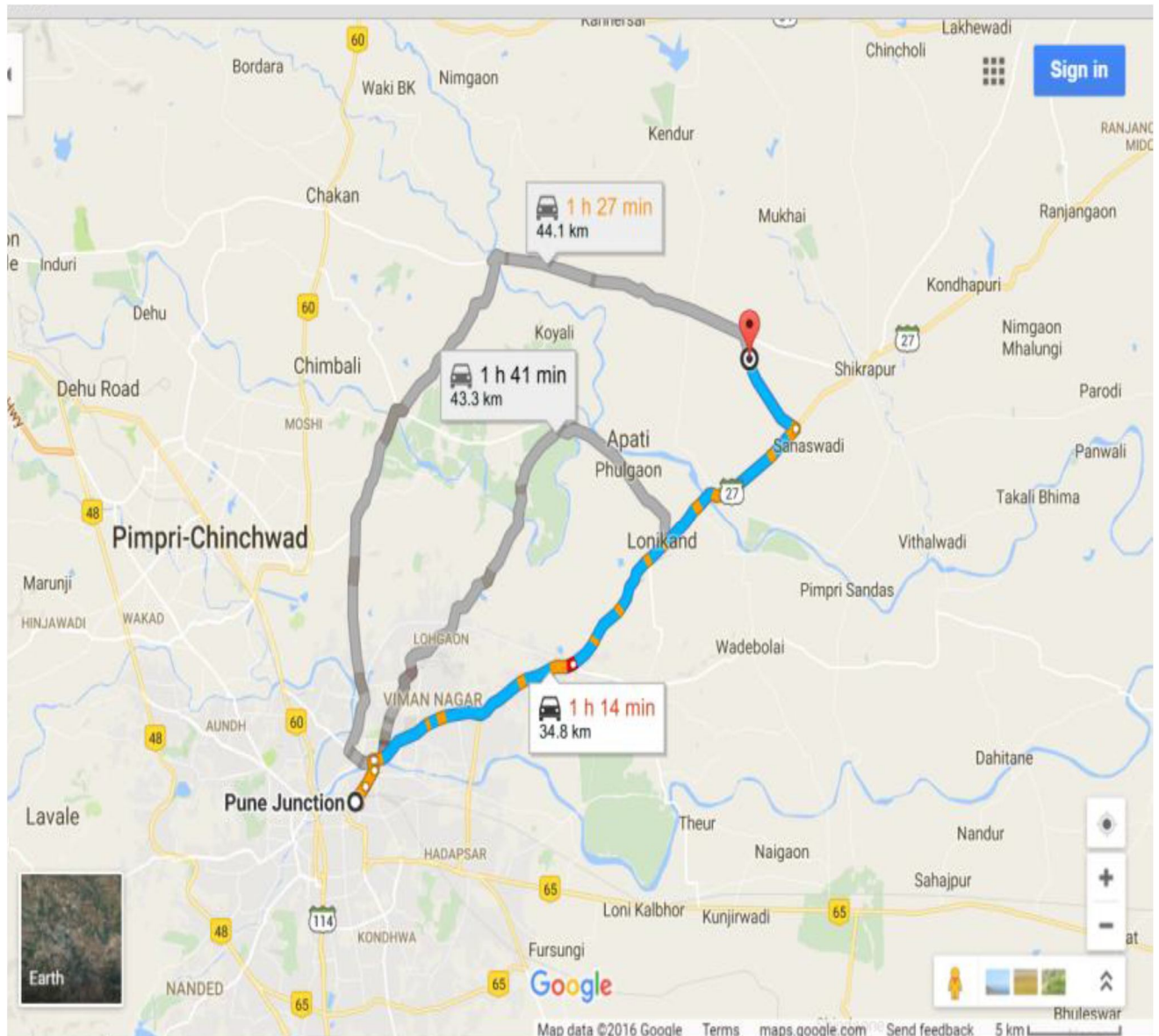
Mr. Ravindra Katre holds 38,24,437 equity shares of the Company.

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



## Notice

- Route Map of the Venue of the Annual General Meeting:



## Directors' Report

To  
The Members  
Innoventive Industries Limited  
Pune

We are delighted to present the report on our business and operations for the year ended 31<sup>st</sup> March, 2016. Following are the financial highlights of the year under review:

### 1. FINANCIAL HIGHLIGHTS:

Particulars	Year Ended March 31, 2016 (₹ In Lacs except per share data)	Year Ended March 31, 2015 (₹ In Lacs except per share data)
Turnover / Income (Gross)	36,863.43	37,162.23
Turnover / Income (Net)	33,521.52	34,196.96
Other Income	388.29	370.64
Total Expenditures (Including Interest & Depreciation)	51,402.75	57,084.52
Profit Before Tax	(17,492.94)	(22,516.94)
Provision for Tax		
Current	-	-
Deferred	-	(455.54)
MAT (Credit)	4.23	-
Tax for Earlier Period		(713.11)
Profit After Tax	(17,497.17)	(21,348.29)
Balance Brought forward from last year	(49,122.04)	(27,773.78)
Profit Available for Appropriation	-	-
Reversal		
Proposed Dividend on Equity Shares	-	-
Dividend Distribution Tax	-	-
Surplus Carried over to Balance sheet	(66,619.26)	(49,122.04)
EPS (Face value- ₹ 10/- per equity share)	(29.34)	(35.79)

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

### 2. SUBSIDIARY COMPANIES:

In accordance with the Companies Act, 2013, Accounting Standards AS-21 on Consolidated Financial Statements and AS-27 on Financial Reporting of Interests in Joint Ventures and as prescribed by Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audited Consolidated Financial Statements are provided in this Annual Report.



## Directors' Report

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In accordance with section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of each of subsidiary and joint venture in Form AOC1 is provided as Annexure "A" to this report.

The financial statements of the subsidiaries are kept for inspection by the shareholders at the Registered Office of the Company.

In accordance with third proviso to section 136(1) of the Companies Act, 2013, the annual report and financial statements of each of the subsidiary companies have also been placed on the website of the Company [www.innoventive.in](http://www.innoventive.in).

### 3. SUBSIDIARIES AND STEP-DOWN SUBSIDIARIES

The business of your Company is spread across various engineering sectors through its subsidiaries as detailed below:

- Sankalp Engineering & Services Private Limited
  - Sankalp Americas, INC. (Closed w.e.f. 28<sup>th</sup> December 2015)
  - Sankalp Middle East, FZE
- Innovative Technomics Private Limited
- Saicon Steels Private Limited
- Seven Star Electrodes Private Limited
- Arihant Steel and Metal Wires Private Limited
- Arihant Auto Components Private Limited
- Innoventive Americas, INC
- Salem Steel NA, LLC

### 4. OPERATIONS

In spite of challenging year with respect to demand and financial position of company, the company was able to maintain its operational levels and achieved Gross Sales of Rs. 368.63 Cr. against Rs. 371.62. in the previous year.

During FY 2015-16, we worked towards optimum operational efficiencies of our processes. We reduced our production costs and focused more on the manufacture of value added products. There is improvement in operational efficiencies and benefits delivered from cost reduction enable the company to achieve better results. Total expenditure after providing for depreciation for the year was Rs. 514.02 Cr. as against Rs. 570.84 Cr. in previous year. Profit Before taxation stood at Rs. (174.92) Cr. as compared to the last year Rs. (225.16) Cr. After providing for taxation the net profit of the Company for the year under review was placed at Rs. (174.97) Cr. as against Rs. (213.48) Cr. in the previous year.

Due to favorable market conditions and on account of better realization, company's Loss after tax during the year under review had decreased due to moderate levels of Raw Material prices throughout the year and also due to better realization value for the company's products.

### 5. DIVIDEND & RESERVES

In view of the Losses and your company being in CDR process it is necessary to optimize use of resources to improve the situation of company. Your Directors have not recommended any dividend for financial year ended 31st March, 2016.

During the year under review, no transfer is proposed to the General reserve.

### 6. MANAGEMENT DISCUSSION AND ANALYSIS

Discussion on the state of Company's affairs is forming part of the Management Discussion and analysis Report (MD&A). MD&A for the year under review, as stipulated under SEBI Listing Regulations, is presented in a separate section forming part of this Annual Report.

# Directors' Report

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## 7. FIXED DEPOSITS

Your Company has not accepted any public deposits during the year under review.

## 8. PARTICULARS OF LOANS, GUARANTEES & INVESTMENTS

Particulars of Loans, Guarantees & Investments made during the year as required under the provisions of Section 186 of the Companies Act, 2013 (Hereinafter "The Act") are given in the notes of Standalone Financial Statements.

Also, pursuant to Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, particulars of Loans/Advances given to Subsidiaries have been disclosed in the notes to the Standalone Financial Statements.

## 9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

With the enactment of Companies Act, 2013 the Corporate Social Responsibility Policy. The net average Loss for the Last three years i.e. (12-13/ 13-14/ 14-15) is 274.36 Cr. and the details of CSR activities undertaken by the company are given in Annexure "B". The CSR Policy is available on Companies website [www.innoventive.in](http://www.innoventive.in).

## 10. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements as stipulated by Securities and Exchange Board of India (SEBI).

The report on Corporate Governance as prescribed in Schedule V (C) of the SEBI Listing Regulations forms an integral part of this Annual Report.

The requisite certificate from the Secretarial Auditors of the Company, P.C.Dhamane & Associates, Company Secretaries, Pune confirming compliance with the conditions of Corporate Governance alongwith a declaration signed by the Chairman & Managing Director stating that the members of the Board of Directors and Senior Management personnel have affirmed compliance with the respective codes of conduct of the Board of Directors and Senior Management, is attached to the report on Corporate Governance.

## 1. DIRECTORS

### *Confirmation of Appointment:*

Mr. Ravindra Katre (DIN 00035125) retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment in terms of the Articles of Association of the Company.

### *Appointment of Independent Directors:*

During the year, Mr. Rajendra Gaikwad (DIN 06791356) was appointed as additional Director, on the Board of Directors of the Company in the category of Non-executive Director with effect from 8th February, 2016.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013, in writing, proposing his candidature for the office of the Director of the Company at the forthcoming Annual General Meeting.

Brief Profile of Directors seeking appointment has been given in the Explanatory Statement to the Notice of the ensuing Annual General Meeting. The Company has received Form DIR-8 from all Directors pursuant to Section 164(2) and Rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014.

## Directors' Report

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The Independent Directors of the Company have furnished necessary declarations to the Company under Section 149(7) of the Act, confirming that they meet with the criteria of Independence as prescribed for Independent Directors under Section 149(6) of the Act and Regulation 16(b) of the SEBI Listing Regulations.

### ***Following directors stepped down from the Board of the Company:***

Mr. Ravindra Katre step down from the Board as Whole Time Director of the Company with effect from 9<sup>th</sup> October 2015 and continued to be Director of the company. The Board placed on record its appreciation for the valuable services rendered and contribution made by Mr. Ravindra Katre during his tenure as Whole Time Director of the Company.

Mr. Pradeep Tupe steps down from the Board as Nonexecutive Independent Director of the Company with effect from 1<sup>st</sup> April 2016. The Board placed on record its appreciation for the valuable services rendered and contribution made by Mr. Pradeep Tupe during his tenure as Director of the Company.

### ***Formal Annual Evaluation:***

The Board evaluates the performance of the Board, its Committees and all individual Directors including Independent Directors every year. All the Non-executive and Independent Directors on the Board of the Company are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

### ***Familiarization Programme:***

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The details regarding familiarization program have been uploaded on the website of the Company at [www.innoventive.in](http://www.innoventive.in)

At present, your Company has 2 (Two) Non-Executive Directors who are Independent Directors pursuant to the provisions of the 'SEBI Listing Regulations'. Pursuant to Section 149 of the Companies Act, 2013, every listed company shall have at least one-third of its total strength of the Board of Directors as Independent Directors. Based on the present composition of the Board of Directors and the number of Independent Directors, the Company complies with this requirement.

## **1. BOARD COMMITTEES**

The Board of Directors of your Company had already constituted various committees in compliance with the provisions of Companies Act, 2013 and Listing Agreement (applicable till November 30, 2015)/ SEBI Listing Regulations (applicable from December 1, 2015) viz. Audit committee, Nomination and Remuneration Committee, Stake holders Relationship Committee and CSR Committee.

Under review, in compliance with the provisions of 'SEBI Listing Regulations', the Board had also constituted the risk management committee.

All the decisions pertaining to the Constitution of committees, appointment of members and fixing of terms of reference, role of the committees are taken by the Board of Directors.

Details of the role and composition of these committees, including the number of meetings held during the financial year and attendance at meetings, are provided in the Corporate Governance Section of Annual Report.

# Directors' Report

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## 2. MEETINGS

A calendar of Board Meetings, Annual General Meetings and Committee Meetings is prepared and circulated in advance to the Directors of your Company.

The Board of Directors of the Company duly met 10 times during the financial year 2015-16. The dates of such meetings were 23rd May 2015, 12th June 2015, 02nd July 2015, 20th July 2015, 14th August 2015, 07th September 2015, 09th October 2015, 02nd November 2015, 14th November 2015, 08th February 2016. The maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days.

## 3. FAMILIARISATION PROGRAMME OF INDEPENDENT DIRECTORS

In compliance with the requirements of SEBI listing regulations, the Company has put in place a familiarization program for Independent Directors to familiarize them with their role, rights and responsibility as Directors, the operations of the Company, business overview etc. The details of the familiarization program are explained in the Corporate Governance Report and the same is also available on the website of the Company.

## 4. PERFORMANCE EVALUATION

Pursuant to provisions of Section 134(3)(p), 149(8) and Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, Annual Evaluation of performance of Directors as well as that of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee has been carried out.

Annual Evaluation of performance of Independent Directors was carried out by the entire Board and Evaluation of performance of Non-Independent Directors was carried out by the Independent Directors.

## 5. INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors of the Company met on February 08, 2016, inter-alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors of the Company as a whole.
2. Evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

## 6. REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Nomination and Remuneration Committee has laid down the policy for remuneration of Directors, Key managerial personnel and Senior Management in the nomination and remuneration policy recommended by it and approved by the Board of Directors.

## 7. RELATED PARTY TRANSACTIONS:

All related party transactions entered during the year were in the ordinary course of business and on an arm's length basis.

The related party transactions attracting compliance under Section 177 of the Companies Act, 2013 and / or erstwhile Clause 49 of the Listing Agreement / Regulation 23 of the SEBI Listing Regulations were placed before the Audit Committee for approval.

## Directors' Report

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There are no transactions to be reported in Form AOC- 2, , which is attached to the Board's Report as Annexure "C" in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. There were no related party transactions which were placed for prior omnibus approval of the Audit Committee.

A statement of all related party transactions entered was presented before the Audit Committee on a quarterly basis, specifying the nature, value and any other related terms and conditions of the transactions.

Further the details of the transactions with related parties are provided in the Company's financial statements in accordance with the Accounting Standards.

The related party transactions policy approved by the Board of Directors of the Company has been uploaded on the website of the Company.

### **8. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 134(5) of the Companies Act 2013, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the annual financial statements for the financial year ended on 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any
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 as at 31st March 2016 and of the Loss of the Company for the year ended on that date;
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, 2013 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 31st March, 2016 on a 'Going Concern basis'.
5. that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. However, in view of the uncertainties involved, your Auditors have given a qualified opinion in their report in this regard, without quantifying the impact. Other than this, your Auditors have opined that the Company has in, all material respects, maintained adequate internal financial controls over financial reporting and that they were operating effectively.
6. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **9. PARTICULARS OF EMPLOYEES AND OTHER ADDITIONAL INFORMATION:**

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel rules, 2014) has been appended as Annexure "D" to this Report.

## Directors' Report

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The information as required under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 will be provided upon request by any member of the Company. In terms of Section 136 (1) of the Companies Act, 2013, the Report and the Accounts are being sent to the members excluding the said Annexure. Any member interested in obtaining copy of the same may write to the Company Secretary at the Registered Office of the Company.

### **10. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under section 134(3)(m) of the Companies Act, 2013 read with and as required to be disclosed under the Companies (Accounts) Rules, 2014, is given in Annexure "E" forming part of this Report.

### **11. AUDITORS**

At the 23<sup>rd</sup> Annual General Meeting held on 15<sup>th</sup> July 2015, Bharat J. Rughani & Co., Chartered Accountants, Mumbai were appointed as Auditors of the Company, to hold office for the period of five years i.e. from the conclusion of 23<sup>rd</sup> Annual General Meeting till the conclusion of 28<sup>th</sup> Annual General Meeting and Rule 3(7) of Companies (Audit and Auditors) Rules, 2014, states that appointment of the Auditor shall be subject to ratification by member at every Annual General Meeting till the expiry of the term of the Auditor.

At the 24<sup>th</sup> AGM held on 23<sup>rd</sup> November 2015 the shareholders had ratified the appointment of M/s Bharat J. Rughani, Chartered Accountants, Mumbai for the period covering their second year of appointment viz., from the conclusion of last AGM held on 23<sup>rd</sup> November 2015 until the conclusion of Annual General Meeting to be in the financial year 2016-17.

The said appointment of M/s Bharat J. Rughani, Chartered Accountants, Mumbai covering their third year of appointment viz, from the conclusion of the ensuing AGM in financial year 2016-17 until the conclusion of the next Annual General Meeting to be held in the financial year 2017-18, has to be ratified by Members at the forthcoming AGM and accordingly the said proposal is being placed for members' ratification.

As required under Section 139 of the Companies Act, 2013, the Company has obtained a written consent from the Auditors to such continued appointment and also a certificate from them to the effect that their appointment, if ratified, would be in accordance with the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder, as may be applicable.

The Directors recommend ratification of their appointment from the conclusion of ensuing Annual General Meeting till the conclusion of next Annual General Meeting.

### **12. BOARD'S RESPONSES TO OBSERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS IN AUDITORS REPORT**

The Statutory Auditors (Auditors) have qualified their opinion in relation to the following matters appearing in the Financial Statements for the year ended March 31, 2016. The Board's responses to the qualifications and other observations or adverse remarks made by the Auditors in their Report on the Standalone Financial Statements for the year ended March 31, 2016, Consolidated Financial Statements for the year ended March 31, 2016 and in their CARO Report on these Financial Statements are given below.

## Directors' Report

The Statutory Auditors have qualified their opinion in relation to the matters specified in Notes of the financial statements for the year ended March 31, 2016 (Financial Statements). The Board's responses to the qualifications and other observations or adverse remarks are as follows.

**Auditor's observations 'Qualified Opinion' of the Auditor's report to the standalone financial statements:**

**A.** The Company has not made following provisions:

- I. Stock of slow and/non -moving of stores, raw materials, semi-finished and finished goods valued at ₹ 1,900 lacs approximately;
- II. Debts and loans/advances due from subsidiary amounting to ₹ 3,494.81 lacs and ₹ 1,420.50 respectively
- III. Debts and Loans /advances due from other parties amounting to ₹ 1,437.44 lacs and ₹ 4,749.57 lacs

**B.** The company has investments in subsidiaries whose net worth has been substantially eroded or is negative which has casted material uncertainty in the continuance of the business of these subsidiaries. However, the diminution in the value of investment in these subsidiaries aggregating to ₹ 1979 lacs is not provided for.

**C.** There are unreconciled net bank balances aggregating ₹ 492.47 lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.

We are unable to comment on ultimate loss which may arise on realization of these balances. Had the above amounts been fully provided for in the year ended March 31, 2016, the loss would have been higher by ₹ 15,473.79 Lacs with consequent impact on net worth as on that date.

**Board's Response (Pointwise) to audit qualifications on standalone financial statements:**

**A.** The company is making various products for export and domestic market. The Company has to maintain delivery on time and hence sometimes it results into longer cycles. Being a auto component Supplier, we are under obligation to keep stock as spare parts for a longer time. We are fairly compensated in price and customers are taking entire responsibility of buying the products. Accordingly the Company is of the view that no provision for slow / Non-moving stock is required.

The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time. We are also having postdated cheques of some of the parties. Based on the efforts and steps taken by the company, we are of the view that the said debts and loans & advances fully recoverable and no provision is required in respect thereof.

**B.** The management believes the diminution in the value of investment, if any that exists is only temporary and that sufficient efforts are being undertaken to revive the subsidiaries in the forceable future so as to recover the carrying value.

**C.** The company entered into Master Restructuring Agreement dated 28th September, 2014 with banks under the Corporate Debt Restructuring Scheme ("CDR") pursuant to which certain funds were to be released to the company. However, the said scheme hadn't been implemented by certain bankers resulting in un-reconciled balances. Accordingly, the balances pertaining to fund, non-fund based and term loans of certain banks are subject to reconciliation of such pending items. The company and the Lead Bank has appointed a special auditor to reconcile the balances of the said banks.



## Directors' Report

### **Auditor's observations 'Qualified Opinion' of the Auditor's report to the consolidated financial statements:**

- A. The group has not made following provisions
- I. Stock of slow and/non -moving of stores, raw materials, semi-finished and finished goods valued at ₹ 1,900 lacs approximately;
  - II. Debts and Loans /advances due from parties amounting to ₹ 1,437.44 lacs and ₹ 4,749.57 lacs
  - III. Loans and Advances lacs made to various parties by the following subsidiaries :

Particulars	Amount (₹ in lacs)
Sevenstar Electrodes Private Limited	983.03
Innovative Technomics Private Limited	160.00
Arihant Steel & Metal Wire Private Limited	48.13
Total	1191.16

- B. There are unreconciled net bank balances aggregating ₹ 492.47 lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.
- C. In respect of the subsidiaries of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported for non-provisioning of loans and advances. The details whereof are as follows:

Name of Subsidiary	Amount (₹ in Lacs)
Arihant Auto Components Private Limited	164.80
Arihant Steel & Metal Wire Private Limited	75.70
Total	240.5

We are unable to comment on ultimate loss which may arise on realization of these balances. Had the above amounts been fully provided for in the year ended March 31, 2016, the loss would have been higher by ₹10,011.14 lacs with consequent impact on net worth as on that date.

- D. In respect of Innovative Technomics Private Limited, subsidiary of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported that the Company has not carried out an independent evaluation and has not accounted for any potential liability on account of gratuity payable, which constitutes a departure from the Accounting Standard 15 "Employee Benefits", referred to in section 133 of the Act, read together with rule 7 of the Companies (Accounts) Rules 2014. Since no actuarial valuation is carried out, the potential impact on the financial statements cannot be quantified



## Directors' Report

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- E. In respect of Arihant Auto Components Private Limited, Arihant Steel & Metal Wire Private Limited, Saicon Steels Private Limited, Seven Star Electrodes Private Limited and Sankalp Engineering and Services Private Limited, the auditors who audited the financial statements have reported that the Company's net worth has been fully/substantially eroded and the conditions indicate as existence of material uncertainty that may cast a doubt about company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis.

Above qualification is also contained in the audit report issued on the consolidated financial statement.

**Board's Response (Pointwise) to audit qualification on consolidated financial statements:**

- A. The company is making various products for export and domestic market. The Company has to maintain delivery on time and hence sometimes it results into longer cycles. Being a auto component Supplier, we are under obligation to keep stock as spare parts for a longer time. We are fairly compensated in price and customers are taking entire responsibility of buying the products. Accordingly the Company is of the view that no provision for slow / Non-moving stock is required.

The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time. We are also having postdated cheques of some of the parties. Based on the efforts and steps taken by the company, we are of the view that the said debts and loans & advances fully recoverable and no provision is required in respect thereof.

- B. The company entered into Master Restructuring Agreement dated 28th September, 2014 with banks under the Corporate Debt Restructuring Scheme ("CDR") pursuant to which certain funds were to be released to the company. However, the said scheme hadn't been implemented by certain bankers resulting in un-reconciled balances. Accordingly, the balances pertaining to fund, non-fund based and term loans of certain banks are subject to reconciliation of such pending items. The company and the Lead Bank has appointed a special auditor to reconcile the balances of the said banks.
- C. The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time.
- D. The necessary provision for gratuity payable has been made in the financial statement; however the independent evaluation shall be carried out in the current financial statement.
- E. The Companies are implementing various long-term measures to improve their product offering and enhancing customer base. The Companies have undertaken a comprehensive review of its current network to maximize profitability and improve efficiency in their operations.

In view of the above, the Company's financial statements have been prepared on a going concern basis

## Directors' Report

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### 13. COST AUDIT

Pursuant to section 148 of Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of Audit Committee; appointed Mr. A. J. Paranjape, Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2016-17 on the remuneration of Rs. 3,00,000/- plus service tax at the applicable rates and reimbursement of out of pocket expenses.

As required under the Companies Act 2013, the remuneration payable to the cost Auditors is required to be ratified by the members of the company. Accordingly, resolution seeking members ratification for remuneration to be paid to cost Auditors is included in the notice convening Annual General Meeting.

### 14. SECRETARIAL AUDIT REPORT

Pursuant to provisions of section 204, of the Companies Act, 2013, the Board had appointed P. C. Dhamane & Associates, Company secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2015-16. The Secretarial Audit Report is annexed herewith as Annexure "F". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

### 15. RISK MANAGEMENT

Pursuant to the requirement of section 134(3)(n) of Companies Act, 2013, the Company has already in place a Risk Management Policy.

The business risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework has different risk models which help in identifying risks trend, exposure and potential impact analysis at a Company level.

Pursuant to requirement of Clause 49 of the Listing Agreement, the Company has voluntarily constituted a Risk Management Committee and implemented a risk management policy for the company. The Board has been addressing various risks impacting the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. The Board and the Audit Committee of the Company periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

### 16. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Internal Auditors appointed by Company, monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies within the Company.

Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant observations and corrective actions thereon are presented to the Audit Committee from time to time.

## Directors' Report

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### **17. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Company has adopted accounting policies, which are in line with the Accounting Standards and the Companies Act 2013.

### **18. VIGIL MECHANISM**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and provisions of Listing Agreement, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.innoventive.in](http://www.innoventive.in)

### **19. OBLIGATIONS OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated a Policy to prevent Sexual Harassment of Women at Workplace. During the year under review, there were no cases filed pursuant to the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **20. REPORTING OF FRAUDS**

There have been no instances of fraud reported by the Statutory Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

### **21. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS, IF ANY**

There are no significant or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of your Company and its future operations.

### **22. MATERIAL CHANGES AND COMMITMENTS/ EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS:**

There have been no material changes and commitments except following, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Financial Statements relate and the date of this Report.

- a. The debt restructuring scheme of Company was approved by CDR-EG in 2014. As per the restructuring scheme various reliefs on debt servicing were granted including sanction of additional debt of Rs 60 Crore which was subject to compliance of various conditions by the company/promoter.

However, as part of this the Company was expected to get additional working capital and recoveries from bank for the operations, which Company has failed to get the same from some of the Banks and Company was not able to introduce investors for strategic and financial investment in. However So far decision from CDR-EG is pending regarding the failure of CDR Scheme.

## Directors' Report

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- b. Company has incorporated a Wholly Owned Subsidiary namely Innoventive Americas, Inc ("IAI") in the United States of America for the acquisition of Salem Steel NA LLC in 2012. IIL has already acquired 85% stake in Salem Steel NA LLC through IAI (Wholly Owned Subsidiary of IIL) and is in the process of acquisition of Balance stake. For the said Balance acquisition total agreed amount of consideration paid by IIL through IAI is as per the amended agreement is USD 5,31,230.

### 23. EXTRACT OF ANNUAL RETURN

An extract of the Annual return as on 31st March, 2016, pursuant to the Section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed hereto as Annexure "G".

### 24. PERSONNEL / INDUSTRIAL RELATIONS

The Company maintained cordial and harmonious relations at all levels at the offices and plants of the Company and its subsidiaries throughout the year under review.

### 25. PARTICULARS OF REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES

The prescribed particulars of Employees required under Section 134(3)(q) and Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure "E" and forms part of this report.

### 26. CAUTIONARY STATEMENT

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

### 27. ACKNOWLEDGEMENT

Your Directors express their grateful thanks and appreciation for the assistance and co-operation received from the, bankers, government authorities, Financial Institutions, and business associates during the year under review. Your Directors also wish to place on record their appreciation for the excellent performance and contribution of the employees to the Company's progress during the year under review.

The Directors also take this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

For and on behalf of the Board of Directors  
**Innoventive Industries Limited**

Place: Pune  
Date: 13<sup>th</sup> August 2016

**Chandu Chavan**  
Chairman & Managing Director

DIN00035213

# Directors' Report

## ANNEXURE "A"

### AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

(Amounts in Lacs)

	Sl. No.	1	2	3	4	5	6	7
1	Name of the subsidiary	Arihant Auto Components Pvt Ltd	Arihant Steel and Metal Wire Pvt Ltd	Saicon Steels Private Limited	Sevenstar Electrodes Private Limited	Innventive Americas INC	Innovative Technomics Private Limited	Sankalp Engineering & Services Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period							
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries					USD 67.08		
4	Share capital	190	80	445	40	0.0005	49.95	43.9
5	Reserves & surplus	-952.82	-777.58	-6727.72	-1013.84	3408.84	2376.52	-6479.65
6	Non Current Liabilities	553.25	955.85	4397.00	69.12	197.63	662.91	2915.24
7	Current Liabilities	447.34	0.37	4576.82	112.16	282.64	1008.90	9640.19
8	Total assets	237.77	258.64	2691.11	1235.12	4091.90	4098.27	6119.68
9	Total Liabilities	237.77	258.64	2691.11	1235.12	4091.90	4098.27	6119.68
10	Investments	0.00	0.25	0.02	0.00	2705.07	1139.19	7.54
11	Turnover	0.00	0.00	0.00	0.00	123.03	615.16	1063.33
12	Other Income	1.17	8.28	4.70	0.98	0.00	153.82	131.23
13	Total Expenditure	15.23	8.49	777.64	1.10	48.50	1077.23	4825.53
14	Profit before taxation	-14.06	-0.21	-772.93	-0.12	74.53	-308.25	-3630.97
15	Provision for taxation	0.00	0.00	0.00	0.00	19.09	0.00	0
16	Profit after taxation	-14.06	-0.21	-772.93	-0.12	55.44	-223.62	-3416.46
17	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	% of shareholding	100%	100%	51%	100%	100%	100%	51%

For and on behalf of the Board of Directors  
**Innovative Industries Limited**

Place: Pune  
Date: 13<sup>th</sup> August 2016

**Chandu Chavan**  
Chairman & Managing Director  
DIN00035213

## Directors' Report

### ANNEXURE "B"

#### Corporate Social Responsibility (CSR) [Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- (1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.  
The Board of Directors of the Company at its meeting held on 29<sup>th</sup> May 2014 has adopted the CSR Policy of the Company. The policy emphasizes initiatives in specific areas of social development that would include women empowerment and social entrepreneurship development, vocational training, health & hygiene, preventive health care and sanitation, environment and ecological protection and sustainable rural employment. The CSR policy is available on the website of the company.
- (2) The Composition of the CSR Committee.  
The CSR Committee consists of three Directors viz. Mr. Pradeep Tupe, as the Chairman and Mr. Chandu Chavan and Ms. Pournima Gadiya as members.
- (3) Average net profit of the company for last three financial years: Net Loss of Rs. 274.36 Cr.
- (4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above): N.A.
- (5) Details of CSR spent during the financial year. : N. A.
  - (a) Total amount to be spent for the financial year: N. A.
  - (b) Amount unspent, if any; N. A.
  - (c) Manner in which the amount spent during the financial year: N. A.

S. No.	Particulars	(1)	(2)	TOTAL
	CSR project or activity identified			
	Sector in which the project is covered			
	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Nil	Nil	Nil
	Amount outlay (budget project or programme wise	Nil	Nil	Nil
	Amount spent on the project or programme Sub Heads; Direct expenditure on projects or programmes Overheads	Nil	Nil	Nil
	Cumulative expenditure up to the reporting period			
	Amount Spent direct or through implementing agency	Nil	Nil	Nil

\*Give details of implementing agency

# Directors' Report

## ANNEXURE "C" FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

### 1. Details of contracts or arrangements or transactions not at Arm's length basis.

SL. No.	Particulars	Details
a	Name (s) of the related party & nature of relationship	Nil
b	Nature of contracts/arrangements/transaction	Nil
c	Duration of the contracts/arrangements/transaction	Nil
d	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e	Justification for entering into such contracts or arrangements or transactions'	Nil
f	Date of approval by the Board	Nil
g	Amount paid as advances, if any	Nil
h	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

### 2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Salem Steel NA LLC
	Nature of contracts/arrangements/transaction	Sale ,Purchase or Supply of any good or materials
	Duration of the contracts/arrangements/transaction	One Year From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Sale and Supply of Material Rs.25 Cr.
	Date of approval by the Board	23.05.2015
	Amount paid as advances, if any	NIL

SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Arihant Steel and Metal wire
	Nature of contracts/arrangements/transaction	
	Duration of the contracts/arrangements/transaction	One Year From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Financial Arrangement for purchase of material Rs. 25 Cr.
	Date of approval by the Board	23.05.2015
	Amount paid as Advances, if any	NIL

## Directors' Report

SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Sankalp Engineering & Services
	Nature of contracts/arrangements/transaction	Sale ,Purchase or Supply of any good or materials
	Duration of the contracts/arrangements/transaction	From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Financial Arrangement for purchase of material Rs. 56 Lacs
	Date of approval by the Board	23.05.2015
	Amount paid as advances, if any	NIL
SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Innovative Technomics Pvt.Ltd.
	Nature of contracts/arrangements/transaction	Rent received , Sale ,Purchase or Supply of any good or materials
	Duration of the contracts/arrangements/transaction	From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 10 Lacs For Sale of Goods Rs. 50 Lacs for Sale of Services Rs. 70 Lacs for Corporate Loan Received Rs. 70 Lacs for Interest
	Date of approval by the Board	23.05.2015
	Amount paid as advances, if any	NIL
SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Swayamsiddha Mahila Utkarsha Foundation
	Nature of contracts/arrangements/transaction	Sale ,Purchase or Supply of any good or materials
	Duration of the contracts/arrangements/transaction	From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Purchase of services
	Date of approval by the Board	23.05.2015
	Amount paid as advances, if any	NIL
SL. No.	Particulars	Details
	Name (s) of the related party & nature of relationship	Phoenix Erectors Pvt. Ltd.
	Nature of contracts/arrangements/transaction	Sale ,Purchase or Supply of any good or materials, Property Lease agreement
	Duration of the contracts/arrangements/transaction	From 1.4.2015 to 31.03.2016
	Salient terms of the contracts or arrangements or transaction including the value, if any	Rent Received
	Date of approval by the Board	23.05.2015
	Amount paid as advances, if any	NIL

For and on behalf of the Board of Directors  
**Innoventive Industries Limited**  
**CHANDU CHAVAN**  
Chairman & Managing Director  
(DIN00035213)



# Directors' Report

## ANNEXURE "D"

### PARTICULARS OF EMPLOYEES

(Pursuant to Section 134 (3) (q) of the Companies Act, 2013 read with Rule 5(1) of the Company (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

	Requirements of Rule 5(1)	Details
I	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. Chandu Chavan – 8.45% Mr. Ravindra Katre – 8.45% None of the other directors received any remuneration during FY 2015-16
ii	percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	N.A.
iii	percentage increase in the median remuneration of employees on rolls of the Company in the financial year;	18.20%
iv	The number of permanent employees on rolls of the Company	754 employees as on 31st March 2016
V	The explanation on the relationship between average increase in remuneration and increase	The average increase in remuneration of all employees was 18.20% for the year 2015-16 which was based on the Company's policy and individual's performance
Vi	Comparison of the remuneration of Key Managerial Personnel against the performance of the Company	There is no increase in remuneration of the Chairman & Managing Director and Whole Time Director
vii	Variations in the market capitalization of the company price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case listed companies	a. Variations in the market capitalization of the Company: The market capitalization as on March 31, 2016 was Rs. 14.03 Cr. (Rs. 7.21 Cr. as on March 31, 2015)  b. Percent increase/decrease in the market quotations of the shares of the company as compared to the rate at which the company came out with the last public offer The company had come out with initial public offer (IPO) in 2011. An amount per share of Rs. 117.00 Invested in the said IPO would be worth Rs. 4.40 as on March 31, 2016. This is excluding the dividend accrued thereon.

## Directors' Report

viii	Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>Average salary increase for KMPs (Other than CMD and WTD): NIL</p> <p>Average salary increase for Non-KMPs : 18.20%</p> <p>There is no increase in the remuneration of KMP.</p>
ix	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	There is no increase in remuneration of the Chairman & Managing Director and Whole Time Director
x	The key parameters for any variable component of remuneration availed by the directors	No Director has received any variable component of remuneration.
xi	The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year	Mr. Chandu Chavan and Mr. Ravindra Katre is highest paid Directors. Ratio of highest paid employee to highest paid Director is 2:1.
xii	Affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration paid during the year ended 31.03.2016 is as per the remuneration policy of the Company.

## Directors' Report

### ANNEXURE "E"

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

<b>(A) Conservation of Energy :</b> (ii) the steps taken or impact on conservation of energy	The Company continued to give major emphasis for conservation of energy, and the measures taken in the previous year were continued. The efficiency of Energy Utilization at each plant is monitored at the Corporate level every quarter, in order to achieve effective conservation of energy. Company makes evaluation on a continuous basis to explore new technologies and techniques to make the operations of pilgering machine and other manufacturing activities more energy efficient. The significant Energy conservation measures during the year were as follows <ul style="list-style-type: none"> <li>• Switching off machines / equipment immediately after use and fixing of timers to avoid over usage of energy.</li> <li>• regular maintenance of machineries and regular check-up of energy consuming devices</li> <li>• Creating awareness among employees about the necessity of energy conservation by various presentations</li> </ul>
(ii) the steps taken by the company for utilizing alternate sources of energy	The generation of power through alternate means such as wind mills provides power to the company at a rate lower than the market rates for purchasing power from power generating companies and thereby reducing the cost of production.
(iii) the capital investment on energy conservation equipments;	Nil
<b>B) Technology absorption :</b> (i) the efforts made towards technology absorption	Your Company has regularly carried out research and development on its own to make manufacturing process more efficient and broaden its product range. Moreover, in-house R&D efforts have helped the Company to develop processes, and technology to make manufacturing process more efficient and broaden its product range.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	The benefits derived are: <ol style="list-style-type: none"> <li>a. Improved quality and productivity</li> <li>b. Conservation of fuel &amp; reduced emissions</li> <li>c. Reduced Cost of production</li> </ol>



## Directors' Report

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported (b) the year of import; (c) whether the technology been fully absorbed (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Nil
(iv) the expenditure incurred on Research and Development	Nil
<b>C) Foreign exchange earnings and outgo :</b>	Total Foreign Exchange earnings: Rs. 868.57 Lacs Total Foreign Exchange outgo: Rs. 641.76 Lacs

For and on behalf of the Board of Directors  
Innoventive Industries Limited

Place: Pune  
Date: 13<sup>th</sup> August, 2016

Chandu Chavan  
Chairman & Managing Director  
DIN00035213

# Directors' Report

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## ANNEXURE "F"

### Form No. MR-3

#### **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

**To**  
**The Members**  
**Innoventive Industries Limited**  
**Gat No. 56/4/5, Pimple Jagtap,**  
**Taluka: Shirur,**  
**Pune- 412208**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by INNOVENTIVE INDUSTRIES LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made there under
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

## Directors' Report

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- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the period of audit)
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the period of audit)
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company as company is not registered as Registrar to an Issue and Share transfer Agents during the period of audit)
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company as company is not registered as Registrar to an Issue and Share transfer Agents during the period of audit)
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable as Company has not delisted its equity shares during the period of audit) and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as Company did not bought back any of its securities during the period of audit)
- i) Other laws specifically applicable to the company further, based on the information, explanations and management representation, the Company has substantially complied with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India.
- II. The Listing Agreements entered into by the Company with the Stock Exchanges viz. BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:
  - a. Appointment of Key Managerial Personnel [Chief Financial Officer and Company Secretary] pursuant to Section 203 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and listing agreements;
  - b. Continuous disclosures and compliances under SEBI regulations and Listing Agreement with Stock Exchanges; (But There is delay in disclosure of Quarterly reports with stock exchange for the Quarters ended on June 2015 and September 2015 are filed in October 2015)

## Directors' Report

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- c. Filing of Annual Return on Foreign Liabilities and Assets pursuant to RBI/2010-11/427 A.P. (DIR Series) Circular No. 45 dated 15th March, 2011 read with the Consolidated FDI Policy Circular, 2014 (the same has been filed with delay as per the information provided by the Company)
- d. Filing of Part III of Form ODI viz. Annual Performance Report (APR) with respect to foreign subsidiaries pursuant to Notification No. FEMA 120/ RB-2004 dated July 7, 2004 read with Master Circular No. 11/2013-14 on Direct Investment by Residents in Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) Abroad dated 1st July, 2013 (the same has been filed with delay as per the information provided by the Company).

We further report that we relied on representation made by company and its officer and quarterly reports by respective departments heads taken on record by the Board of Directors for system and mechanism formed by the Company for compliances of following other applicable Acts, Laws and Regulations of the Company except some of judicial matters and non – payment of statutory dues

- The Factories Act, 1948
- The payment of Wages Act 1936
- The Payment of Bonus Act 1965
- The Industrial Disputes Act 1947
- The Employees Provident Fund and Miscellaneous Provisions Act 1952
- Employees State Insurance Act 1948
- The Environment (Protection ) Act 1986
- The Water (Prevention & Control of Pollution) Act 1974
- The Air (Prevention & Control of Pollution) Act 1981

We further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

We further report that there is scope to improve the systems/processes in the Company and operations to monitor and ensure better compliance with applicable laws, rules, regulations and guidelines.



## Directors' Report

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We further report that during the audit period:

The Company had filled petition for non-compliances under section 159, 166, 210, 220 of Companies Act, 1956 for not holding of Annual General Meeting for the financial year ended on 31st March 2014 and final order is pending with Company Law Board (National Company Law Tribunal ) Mumbai.

We further report that during the audit period there were no instances of:

1. Public/ Right/ Preferential issue of shares / debentures/sweat equity, etc.;
2. Redemption / buy-back of securities
3. Merger / amalgamation / reconstruction
4. Foreign technical collaborations

**For P.C. Dhamne & Associates,  
Company Secretaries**

**Pankaj Dhamne**  
**Proprietor**  
**C.P. No. 9160**  
**M.NO. 8195**  
**Date: 13<sup>th</sup> August 2016**  
**Place: Pune**



# Directors' Report

## ANNEXURE "G"

### Form No. MGT-9

#### EXTRACT OF ANNUAL RETURN

**as on the financial year ended on 31<sup>st</sup> March 2016**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other details:

i)	CIN	L29309PN1991PLC063045
ii)	Registration date	August 22, 1991
iii)	Name of the Company	Innoventive Industries Limited
iv)	Category/Sub-category of the Company	Public Company Limited by Shares
v)	Address of the Registered Office and Contact details	Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, Pune 412208 Cont. No. 020-66203549
vi)	Whether listed company Yes/No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent , if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Nanakramguda, Hyderabad – 500 032

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated;

Sr. No.	Name and Description of main products/ services	NIC Code of the Products/ Services	% to total turnover of the Company
1	Steel Tube( ERW, CEW, Pilger)	3309	24.01
2	Steel Sheets (Membrane Strips & Sheets)	3309	0.65
3	Auto Parts (2-3 Wheelers & Structures)	3400	75.34

#### III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares Held	Applicable Section
1	Sankalp Engineering & Services Private Limited  Gat no. 1092, 1093/1 & 1093/2, at village Karandi, Tal: Shirur Pune	U29299PN2006PTC021948	Subsidiary	51%	2(87)



2	Saicon Steels Private Limited Gala No-8-B D'Souza compound Tilak Nagar , Sakinaka, Mumbai	U27100MH2003PTC143498	Subsidiary	51%	2(87)
3	Innovative Technomics Private Limited  Gat No. 727, Velu, Taluka Bhor, Pune 4122015	U28999PN1993PTC071313	Subsidiary	100%	2(87)
4	Arihant Steel and Metal Wires Private Limited  Office No. 601 & 602, Nucleus Mall,1, Church Road, Camp, Pune, 411001	U27109PN2005PTC021695	Subsidiary	99.9999%	2(87)
5	Arihant Auto Components Private Limited  Gat No. 55/2 and 56/3, Shikrapur Chakan Road, Taluka Shirur, Taluka Shirur, Pune 412208	U34300PN2006PTC021954	Subsidiary	99.9999%	2(87)
6	Sevenstar Electrodes Private Limited  Office numbers 601 and 602, Nucleus Mall, 1 Church Road, Camp,Pune411001	U29299MH1996PTC098751	Subsidiary	99.9999%	2(87)
7	Innoventive Americas INC	Not Applicable	Subsidiary	100%	2(87)
8	Salem Steels NA LLC	Not Applicable	Associate of Innoventive Americas INC	85%	2(6)
9	Sankalp Americas INC	Not Applicable	Subsidiary of Sankalp Engineering & Services Pvt Ltd	-	2(6)
10	Sankalp Middle East FZE	Not Applicable	Subsidiary of Sankalp Engineering & Services Pvt Ltd	-	2(6)

## Directors' Report

### IV. Shareholding Patterns (Equity Share Capital as percentage of Total Equity)

#### (i) Category wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of year (31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual/Huf	27075752	-	27075752	45.40	26485323	-	26485323	44.41	(0.99)
b) Central gov.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corpo.	-	-	-	-	-	-	-	-	-
e) Banks/ FIs	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total(A)(1)</b>	27075752	-	27075752	45.40	26485323	-	26485323	44.41	(0.99)
(2) Foreign									
a) NRIs- Individual									
b) Other -Indivi.									
c) Bodies Corpo.									
d) Banks/ FIs									
e) Any other									
<b>Sub Total(A)(2)</b>									
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	27075752	-	27075752	45.40	26485323	-	26485323	44.41	(0.99)
<b>B. Public Shareholdings</b>									
1. Institutions									
a) Mutual Funds	3000000		3000000	5.03	3000000		3000000	5.03	
b) Banks/FIs	972803		972803	1.63	972803		972803	1.63	
c) Central Gov.									
d) State Gov.									
e) Venture Capital									



## Directors' Report

<b>f) Insurance Company</b>									
<b>g) FIs</b>	8493765		8493765	14.24	8508392		8508392	14.27	0.03
<b>h) Foreign Capital VF</b>	4163223		4163223	6.98	4163223		4163223	6.98	
<b>i) Others</b>									
<b>Sub -Total (B)(1)</b>	16629791		16629791	27.88	16644418		16644418	27.91	0.03
<b>2. Non-institutions</b>									
<b>a) Bodies Corp.</b>	2021560		2021560	3.39	1650348		1650348	2.77	(0.62)
<b>i) Indian</b>									
<b>ii) Overseas</b>									
<b>b) Individuals</b>									
<b>i) Individual Shareholders holding share capital upto Rs. 1 Lakh</b>	2507759	3	2507762	4.20	3453515	3	3453518	5.78	1.58
<b>ii) Individual Shareholders holding share capital in excess of Rs. 1 Lakh</b>	3009242		3009242	5.05	2925852		2925852	4.90	(0.15)
<b>c) Others</b>	1339772	6698860	8038632	13.48	1339772	6698860	8038632	13.48	
<b>j) NRIs</b>	358521		358521	0.60	445708		445708	0.75	0.15
<b>Clearing Members</b>	2739		2739	0.00	0	0	0	0.00	
<b>k) OBCs</b>									
<b>l) Foreign Nationals</b>									
<b>m) Trusts</b>									
<b>n) Foreign Bodies</b>									
<b>Sub-total (B)(2)</b>	9239593	6698863	15938456	26.72	9815195	6698863	16514058	27.68	0.96
<b>Total Public Shareholdings (B)+=(B)(1)+(B)(2)</b>	25869384	6698863	32568247	54.60	26459813	6698863	33158676	55.59	0.99
<b>Total= A + B</b>	52945136	6698863	59643999	100	52945136	6698863	59643999	100	

## Directors' Report

### (ii) Shareholding of Promoters

Sr. No.	Share-holders' Name	Shareholding at the beginning of the year (01.04.2015)				Shareholding at the end of the year (31.03.2016)		
		No. of Shares	% of total shares of the Company	% of Shares Pledge/encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledge/encumbered to total shares	% change in Share-holding during the year
1	Chandu Chavan	13013532	21.84	100	13013532	21.82	100	-
2	Ravindra Katre	3824437	6.41	100	3824437	6.41	100	-
3	Sanjay Waghulade	3142601	5.27	-	2552172	4.28	-	(0.99)
4	Shubhangi Jadhav	2699013	4.53	100	2699013	4.53	100	-
5	Parag Mulye	1363903	2.29	100	1363903	2.29	100	-
6	Sanjay Bhade	1357553	2.28	100	1357553	2.28	100	-
7	Shivaji Katke	1262553	2.12	100	1262553	2.12	100	-
8	Ajay Yerawadekar	317160	0.53	-	317160	0.53	-	-
11	Smita Katke	95000	0.16	-	95000	0.16	-	-
	Total	27075752	45.40	86.87	26485323	44.41	86.87	(0.99)

### (iii) Change in Shareholding of Promoters.

Sr. No.	Particulars	Cumulative Shareholdings during the year			
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	27075752	45.40	-	-
2	Off Market Sale by Sanjay Waghulade on 13.04.15 -15.04.15- 05.08.15 -07.08.15 - 21.09.15 - 22.09.15	590429	0.99	26485323	-
3	At the end of the year	-	-	26485323	44.41

## Directors' Report

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs);

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	KAVOS CAPITAL LIMITED	6698860	11.23	6698860	11.23
2	YASHPAUL BODHRAJ GUPTA	1912117	3.21	1912117	3.21
3	KAVOS CAPITAL LIMITED	1339772	2.25	1339772	2.25
4	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGUL	3000000	5.03	3000000	5.03
5	UNITED INDIA INSURANCE COMPANY LIMITED	833300	1.40	833300	1.40
6	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS)II LI	2600000	4.36	2600000	4.36
7	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS)III L	1563223	2.62	1563223	2.62
8	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS)LIMIT	4206441	7.05	4206441	7.05
9	KOTAK MAHINDRA (INTERNATIONAL) LIMITED	999670	1.68	999670	1.68
10	KITARA PIIN 1101	1875330	3.14	1875330	3.14

(v) Shareholding of Key Managerial Personnel;

Sr. No.	Particulars	Cumulative Shareholdings during the year			
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	16837969	28.23	-	-
2	Date-wise increase/decrease in Promoters' Shareholdings during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweet equity etc.)				
3	At the end of the year	16837969	28.23	16837969	28.23

## Directors' Report

### V Indebtness:

The indebtness will include interest outstanding/accrued but not due etc.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the year				
I Principal Amount	1,08,719.59	6,001.01	Nil	1,14,720.60
II Interest due but not paid	Nil	Nil	Nil	Nil
III Interest accrued but not due	22.91	Nil	Nil	22.91
<b>Total=(i+ii+iii)</b>	<b>1,08,742.50</b>	<b>6,001.01</b>		<b>1,14,743.51</b>
Change in indebtness during the year				
i) Addition	9,840.13	822.35	Nil	10,662.48
ii) Reduction	Nil	Nil	Nil	Nil
<b>Net Change</b>	<b>9,840.13</b>	<b>822.35</b>		<b>10,662.48</b>
Indebtness at the end of the year				
I Principal Amount	1,18,579.63	6,823.36	Nil	1,25,402.99
II Interest due but not paid	Nil	Nil	Nil	Nil
III Interest accrued but not due	3.00	Nil	Nil	3.00
<b>Total=(i+ii+iii)</b>	<b>1,18,582.63</b>	<b>6,823.36</b>	Nil	<b>1,25,405.99</b>

### VI Remuneration of Directors and Key Managerial Personnel

#### A. Remuneration to Managing Director/Whole Time Director and Manager;

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
		Mr. Chandu Chavan	Mr. Ravindra Katre (till 09 <sup>th</sup> Oct. 2015)	
1	Gross Salary			
	a) Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	36,00,000	18,00,000	54,00,000
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Options	Nil	Nil	Nil
3	Sweet Equity	Nil	Nil	Nil
4	Commission- As % profit- others	Nil	Nil	Nil
5	Others: Annual Incentives	Nil	Nil	Nil
6	Total A	36,00,000	18,00,000	Nil
7	Ceiling as per companies Act, 2013	30,00,000	30,00,000	60,00,000

## Directors' Report

### B. Remuneration to other directors

#### i) Independent Directors

Particulars of Remuneration	Nil	Nil	Nil
Fees for attending Board/Committee Meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others	Nil	Nil	Nil
Total	Nil	Nil	Nil

#### ii) Non-executive Directors

Particulars of Remuneration	18,00,000	Nil	Nil
Salary to Mr. Ravindra Katre from 9 <sup>th</sup> Oct 2015			
Fees for attending Board/Committee Meetings	Nil	Nil	Nil
Commission	Nil	Nil	Nil
Others	Nil	Nil	Nil
Total	18,00,000	Nil	Nil

#### iii) Remuneration to Key Managerial Personnel other than MD/WTD and Manager

Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
		CFO/CMD/VC	CFO	
1	Gross Salary) Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	Nil	Nil	Nil
	e) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	f) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Options	Nil	Nil	Nil
3	Sweet Equity	Nil	Nil	Nil
4	Commission- As % profit-others	Nil	Nil	Nil
5	Others: Annual Incentives	Nil	Nil	Nil
6	Total A	Nil	Nil	Nil
7	Ceiling as per companies Act, 2013	Not Applicable	NA	NA



## Directors' Report

### VII Penalties/Punishment/Compounding of Offences;

Type	Section of Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made if any
A COMPANY					
Penalty		1.The Company had filled petition under section 621(A) of Companies Act with Company Law Board, for nonfiling of Annual return as per section 159 of Companies Act, 1956 for the year 2014 well within time. 2. The Company had filled petition under section 621(A) of Companies Act with Company Law Board for not holding Annual General Meeting within the extended time as mentioned in section 166 of Companies Act, 1956 for the Year 2013-2014 3.The Company had filled petition under section 621(A) of Companies Act with Company Law Board for noncompliance of section 210 of Companies Act, 1956 for the F.Y. 2013-14. 4.The Company had filled petition under section 621(A) of Companies Act with Company Law Board for noncompliance of section 220 of Companies Act, 1956 for the F.Y. 2013-14. Final order is pending with Company Law Board (National Company Law Tribunal), Mumbai in all the above Matters.			
Punishment					
Compounding					
B. Director					
Penalty,		1. The Company had filled petition under section 621(A) of Companies Act for nonfiling of Annual return as per section 159 of Companies Act, 1956 for the year 2014 well within time. 2. The Company had filled petition under section 621(A) of Companies Act for not holding Annual General Meeting within the extended time as mentioned in section 166 of Companies Act, 1956 for the Year 2013-2014 3. The Company had filled petition under section 621(A) of Companies Act for noncompliance of section 210 of Companies Act, 1956 for the F.Y. 2013-14. 4. The Company had filled petition under section 621(A) of Companies Act for noncompliance of section 220 of Companies Act, 1956 for the F.Y. 2013-14. Final order is pending with Company Law Board (National Company Law Tribunal), Mumbai in all the above Matters.			
Punishment					
Compounding					
C. Other Officers in default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors  
**Innoventive Industries Limited**

Place: Pune  
Date: 13<sup>th</sup> August 2016

**Chandu Chavan**  
Chairman & Managing Director  
DIN 00035213

# Management Discussion & Analysis

## I. MACRO-ECONOMIC OVERVIEW

### a) Global Economy:

The economic environment facing the steel industry continues to be challenging with China's slowdown impacting globally across a range of indicators contributing to volatility in financial markets, sluggish growth in global trade and low oil and other commodity prices.

The global steel market is suffering from insufficient investment expenditure and continued weakness in the manufacturing sector.

In 2016, while we are forecasting another year of contraction in steel demand in China, slow but steady growth in some other key regions including NAFTA and EU is expected. Growth for steel demand in all markets except China is expected in 2017.

The World Steel Association (worldsteel) released its Short Range Outlook (SRO) for 2016 and 2017. worldsteel forecasts that global steel demand will decrease by -0.8% to 1,488 Mt in 2016 following a contraction of -3.0% in 2015. In 2017, it is forecast that world steel demand will return to growth of 0.4% and will reach 1,494 Mt.

Specifically, the mechanical machinery, metal goods and other transport sectors are weakening, but the automotive sector will maintain its growth momentum supported by strong demand in many countries.

### Market Size

#### Steel Industry:

Production grew by 4.9 per cent year-on-year to at 8 Million Tonnes (MT) in May 2016. Total steel production in the country is expected to increase by 7 per cent in 2016.

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from about 90 MT in 2015-16.

The government has launched the National Mineral Exploration Policy (NMEP), which will help to adopt comprehensive exploration of non-fuel and non-coal mineral resources that would give a major boost to the economy.

The total outlay for infrastructure in Budget 2016-17 stands at Rs 221,246 crore (US\$ 32.8 billion), which is expected to generate much needed demand for steel industry.

Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

*Note: - According to data released by the Brussels based World Steel Association*

### Auto Industry:

Government of India encourages foreign investment in the automobile sector and allows 100 percent FDI under the automatic route. Some of the major initiatives taken by the Government inter alia are as follows:

To make automobiles manufacturing the main driver of 'Make in India' initiative, to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 percent ethanol blending in petrol.

## II. INDIAN ECONOMY

India is the world's third-largest producer of crude steel (up from eighth in 2003) and is expected to become the second-largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

## Management Discussion & Analysis

Has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.

The Indian automotive sector has the potential to generate up to US\$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 percent to India's Gross Domestic Product, as per the Automotive Mission Plan 2016-26 prepared jointly by the Society of Indian Automobile Manufacturers (SIAM) and Government.

SIAM expects market to expand to 6 to 8 percent during FY 2016-17.

### III. OPERATIONAL PERFORMANCE AND FINANCIAL REVIEW - INNOVENTIVE INDUSTRIES LTD. (IIL)

#### Operational Performance:

IIL is a multi-product engineering company manufacturing precision steel tubes, membrane panel strips, auto components, oil well drilling couplings, pup joints, high voltage soft starters and other steel products catering to applications in diverse sectors such as transportation, power, oil & gas and general engineering, etc.

As you all are aware company is going through many financial challenge, we will hereby provide a summary of the challenges and opportunities before your Company, against the backdrop of the current business scenario.

Thankfully, company did get some breathing space in 2014, when it successfully entered into an agreement for Corporate Debt Restructuring (CDR) with its consortium of financial lenders that provided some moratorium to interest rate payments.

The Company is putting a concerted effort to generate cash by growing the order book, squeezing operational efficiencies, pursuing all means to get money out of the legitimate claims it has made upon its clients and in monetizing non-core assets.

Your Company achieved net sales of 33,486.07 Lacs during FY 2015-16 as compared to 34,083.53 Lacs in the previous year.

The slowdown in auto industry has impacted the demand. However, your Company managed to maintain sales on the strength of its 'strategic planning'.

Your Company succeeded to keep the cost of production under check through good procurement policy and continuous cost reduction drive.

Your Company adopted following measures to reduce cost:

1. Procurement strategies for raw material and consumables.
2. Improvement projects, involvement of cross functional teams to bring cost reductions.
3. Improved operational efficiencies and cost control measures at both Plants Unit I & II.

A key to sustainability of steel industry in the next few years will be to focus on efficiency of conversion from raw materials to steel.

Post referral to CDR the company had been functioning at a low capacity with the help from creditors and advance from export customers, as the CDR package was implemented in part for want of funds from lenders as projected in the package. Sizeable part of production (tubes) at present is for Exports and auto components to meet the requirements of Bajaj Auto.

#### Financial Review:

The Company delivered a moderate performance in revenues; with a Loss of Rs. 174.92 crores as against a Loss of Rs. 225.16 crores in the previous year, trying to recover from the adverse events.

#### a. Profit and loss account

Revenue decreased from ₹ 341.96 crores in the year 2014- 15 to ₹ 335.21 crores in 2015-16 on account of lower realizable sales value after reduction in steel prices. After providing tax expense, PAT (Loss) stood at ₹ 174.97 crores for 2015-2016 as compared to PAT (Loss) of ₹ 213.48 crores for the previous financial year.

This loss was due to Working Capital constraints and higher interest costs.

Expenditure: Total operational costs were ₹ 514.02 crores in 2015-16.

#### b. Balance sheet

During the year, we have received a VAT refund of ₹ 25.61 Cr. in July 16 for FY15 from the Directorate of Industries, Government of Maharashtra (GoM).

## Management Discussion & Analysis

### IV SEGMENT WISE BUSINESS PERFORMANCE

#### a. PRECISION TUBE SEGMENT

In FY 15-16 revenue for this division was at ₹ 80.48 crores. We employ our patented cold pilgering process and to manufacture CEW/DOM tubes which significantly reduces cost and improves our margins for these tubes which sell in lower volumes but enjoy higher realisations.

#### b. AUTO COMPONENTS SEGMENT

Revenue from this segment grew for the year was at ₹ 252.55 crore versus ₹ 237.18 crore in FY15. The Company manufactures various products for this segment from its precision steel tubes, sheets and different raw materials. Bajaj Auto continues to be one of our oldest clients for this division and continues to stand by our manufacturing capabilities.

#### c. COLD ROLLED COILS & OTHER PRODUCTS SEGMENT

In FY16 revenue for this division was decreased at ₹ 2.18 crore in comparison to ₹ 21.55 crore in FY15. The Company and its subsidiaries manufactures Cold Rolled (CR) Coils, Cold Rolled Sheets Strips, Metal Wires, Laminates and Stampings, etc. This decrease is due to sluggish demand for these products.

### V RISK AND CONCERNS

Demand for CEW/DOM tubes, Membrane Panel Strips, Coils, Cold Rolled Sheets Strips, Metal Wires and auto parts have a direct impact on the performance of your Company and any adverse market condition for these products will result into reduced capacity utilization and profitability.

Further, depreciation of Rupee vis-a-vis US dollar can lead to an increase in price of coke and in the price of crude oil, resulting in increased input costs of steel, thereby putting pressure on profitability.

Some of the key Strengths, Weaknesses, risks and uncertainties affecting the company are set forth below. Any of these risks has the potential of causing the actual operating results in future to vary materially from the current results or from anticipated future results.

**Diversified Operations:** A diverse range of products manufactured by IIL finds application in several sectors. The Company services customers in the power, automobiles, oil & gas, farm equipment and general engineering segments.

**Process 'Engineering' Expertise:** IIL has developed a proprietary 'cold pilgering' process which was granted a patent and valid for 20 years effective April 24, 2009 to manufacture CEW (Cold drawn electric welded) / DOM (drawn over mandrel) tubes. Utilisation of this process helps in significantly reducing the requirement of resources like material, labour, electricity when compared to the conventional draw bench process. Apart from savings in cost, the end product is augmented in characteristics through better surface finish, higher tensile strength and improved quality. IIL is employing its process expertise to manufacture a wider range of products.

**Customer Base:** The Company through its consistent delivery of quality products has built long standing relationships with a host of companies. Some of its direct & indirect clients include international companies like Shell, Saudi Aramco, Arcelor Mittal, as well as leading domestic companies like BHEL, Bajaj Auto, and Thermax to name a few.

We have availed of Government incentives which help ease the burden of capital outlay and entered into negotiations with suppliers, banks and customers to effectively manage our working capital requirements.

Your Company has a very high debt levels due to Delay in project execution on account of external reasons, hardening of interest rates and extended working capital cycle which affected the profitability.

The margins on our products vary and requires higher manufacturing complexity enjoy better margins.

#### WEAKNESSES

**Financial Position:** Your Company has a very challenging year with very high debt levels due to slowdown in infrastructural sector demand and high interest rates. Delay in project execution due to external reasons, hardening of interest rates and extended working capital cycle affected the profitability.

**Capacity Utilisation:** Our business being capital intensive is sensitive to a drop in capacity utilization which could put significant pressure on our breakeven point. A significant underutilization may lead to under absorption of fixed costs.

**Raw Materials:** Our supply contracts have clauses to pass on increase in raw materials at periodic intervals but any unforeseen or unexpected rise in the price of raw materials in a short period of time may adversely impact our operations.

## Management Discussion & Analysis

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### OPPORTUNITIES

**Research & Development:** The in-house R&D setup has helped the company to develop processes, tools & technology to make its manufacturing process more efficient and broaden its product range. Further, initiatives are underway to explore improvements to manufacturing processes of synergistic products and to discover new applications for existing expertise.

Additionally, some of our newly launched products are unique (e.g. bimetallic tubes) with specific applications. There is an opportunity for us to alter the product mix to increase the share of niche, high value products which will result in an improvement in blended margins at the company level.

**New Markets:** IIL manufacturing capabilities are highly competitive and it aims to leverage its process expertise to exploit cost arbitrage in several markets. The company is currently focused on enhancing and expanding its global reach and distribution network to allow it to access a wider customer base by entering newer markets and regions.

### VI. INTERNAL CONTROLS

The Company has a proper and adequate system of controls in order to ensure that all assets are safeguarded against loss from unauthorised use or disposal. All transactions are properly checked, verified, recorded and reported correctly.

Regular Internal Audit checks are carried out to ensure that the responsibilities are executed effectively and that proper and adequate systems are in place.

The Company has an internal audit system which is conducted by an independent firm of Chartered Accountants as well as a strong in house internal audit cell so as to cover various operations on regular basis through the year. Summarised Internal Audit Observations/ Reports are reviewed by the Audit Committee on a regular basis.

The Internal Control system aims to make sure that the business operations function efficiently, applicable laws, rules, regulations, policies of the Company are followed and the reliability of financial reporting. The Finance Department implements and monitors the internal control environment and compliance with statutory requirements.

### VII. HUMAN RESOURCES

Your Company considers human resource to be an important and valuable asset for the organization and people as its most

important resource. Therefore, it constantly strives to attract and retain best "Talents" for the present and future business needs.

The Company has taken-up the following initiatives:

In order to face the future challenges effectively the Company has initiated a programme on developing a leadership and management pipeline for the Company.

As a part of identifying the future leaders, the Company through selection process selects young professionals for the Company and intensive training through internal and external faculty, to help them to acquire required skills for taking up new role in the Company.

All employees of Company are considered leaders and encouraged to take responsibility to do their best that they can while meeting business needs. Our strength lies in our human pool of resources and our success is largely dependent on them.

The Company therefore, focuses on developing its talent pool and its employee capability through increased emphasis on learning and skill upgradation job rotation, multi skilling and inter plant sharing of experiences. Critical skills identification and ramp up planning continues at the operating level.

The Company continuously reviews its policies/practices with a view to make them more contemporary and uniform in application and this is an ongoing process. To improve quality of work life, medical, transport facilities, welfare and recreational facilities have been reviewed and upgraded. All these efforts had an impact on reducing the attrition levels at our plants and offices. Cordial industrial relations prevailed across the Company and its subsidiaries during the year under review.

### VIII. SAFETY, HEALTH AND ENVIRONMENT

Your Company believes in "Safety First" and is committed to provide "Safe Workplace" by addressing safety, health and environment related issues. Employees are regularly trained to update their awareness and skills. New employees are being given intensive safety induction training and are being issued with "Safety Passports" related to their work area. All the statutory requirements related to safety, health and environment are being complied with. As a proactive approach, the periodical safety audit is being conducted to identify unsafe conditions and take proper safety measures.

## Management Discussion & Analysis

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### IX. RISK MANAGEMENT

Your Company recognizes the importance of risk management as a constituent of business strategy and a key ingredient for long-term sustainability. It strongly believes that robust processes provide a safety net for our global operations and that customers and stakeholders can be secure in the knowledge that the sustainability and continuity of its business is assured.

It has a well-structured risk mitigation framework covering key elements of its global operations. The Management periodically reviews the risk assessment procedure and risk mitigation procedures laid down by the Company.

### X.CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed herein, important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, change in Government's regulations, tax regimes and other factors such as litigation and industrial relations.

Through the Governance mechanism in the Company, the Board along with its Committees undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency and independence in its decision making.



## Report On Corporate Governance

The philosophy of Corporate Governance aims at establishing and practicing good corporate governance. Company firmly believes that mission and vision can be realized only by adopting high standard of Corporate Governance. Corporate Governance is a set of systems which ensure that the affairs of the Company are being managed to maximize stakeholders' value. The Company has inherited legacy of social responsibility to all stakeholders of the Company. Further, it is committed to implement sound corporate governance practices to ensure transparency in its operations and maximize stakeholders' value.

The Company's corporate governance structure plays a pivotal role in realizing this long term goal. It provides the fundamental systems, processes and principles that promote objective decision making, performance based management and a corporate culture that is characterized by integrity and fairness in all dealings.

This Chapter reports the Company's compliance with the Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations) as given below:

The Chapter of report, along with the information given under 'Management Discussion and Analysis consists the compliance report of the company on Corporate Governance during the Year 2015-16.

### 1. THE BOARD OF DIRECTORS

#### *c. COMPOSITION OF THE BOARD*

The Board of Directors has an ideal combination of executive and non-executive Directors and is in conformity with the provisions of Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations which inter alia stipulates that the Board should have an optimum combination of Executive and Non-executive Directors with at least one Woman Director and not less than fifty percent of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director.

As on date the Board consists of Four Directors consisting of one Executive Director, one non-executive director and two non-executive Independent Directors. The Chairman of the Board is an Executive Director. All the Independent Directors satisfies the criteria of independence as provided in the Companies Act, 2013 and SEBI Listing Regulations.

The Non-Executive Directors are appointed or reappointed with the approval of the shareholders.

The following Table indicates the composition of Board of Directors of the Company as on 31<sup>st</sup> March 2016

Category	No. of Directors
Chairman and Managing Director (Promoter Director)	1
Non-executive Director who is a Promoter Director	1
Independent Directors including a Woman Director	3

The Chairman of the Board of Directors is an Executive Director. The composition of the Board of Directors is in conformity with the Regulation 17 of the SEBI Listing Regulations.

Mr. Ravindra Katre step down from the Board as Whole Time Director of the Company with effect from 9<sup>th</sup> October 2015 and continued to be Director of the company with immediate effect. The Board placed on record its appreciation for the valuable services rendered and contribution made by Mr. Ravindra Katre during his tenure as Whole Time Director of the Company.

Mr. Pradeep Tupe steps down from the Board as Nonexecutive Independent Director of the Company with effect from 1<sup>st</sup> April 2016. The Board placed on record its appreciation for the valuable services rendered and contribution made by Mr. Pradeep Tupe during his tenure as Director of the Company.

## Report On Corporate Governance

All the Directors possess the requisite qualifications and experience in general corporate management, finance, banking, insurance and other allied fields enabling them to contribute effectively in their capacity as Directors of the Company. Directors of the Company are not related to each other.

### **d. NUMBER OF BOARD MEETINGS**

The Board meets on a regular basis to ensure overall focus on preserving and increasing stakeholders' value. This includes review of Company strategy and performance, management oversight, ethical business practices and legal compliance, accounting and financial controls, financial structure, preservation of assets and Board effectiveness.

The required information as enumerated in Annexure IA of Clause 49 of the Listing Agreement is made available to the Board of Directors for discussion and consideration at the Board Meeting. The Chairman & Managing Director keeps the Board apprised of the overall operations & performance of the Company and about the market of the products of the Company.

During the year ended on March 31, 2016, 10 (Ten) Board Meetings were held on 23rd May 2015, 12th June 2015, 02nd July 2015, 20th July 2015, 14th August 2015, 07th September 2015, 09th October 2015, 02nd November 2015, 14th November 2015, 08th February 2016. The time gap between any two consecutive board meetings did not exceed one hundred and twenty days.

### **e. DIRECTORS' ATTENDANCE RECORD AND DETAILS OF DIRECTORSHIPS/COMMITTEE POSITIONS HELD**

As mandated by SEBI Listing Regulations none of the Directors on the Board is a member of more than ten Board-level committees and Chairman of more than five such committees, across all such companies in which he/ she is a Director. Further, none of the Directors of the Company serves as an Independent Director in more than seven listed companies

Table below gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting as also the number of Directorships and board-level committee positions held by them.

Name of the Director	Category	Number of Board meetings held during Financial Year 2015- 16	Number of Board meetings attended during Financial Year 2015- 16	Whether attended last AGM	Number of Directorships of other public companies*	Committee Positions#		Whether having any pecuniary or business relation with the Company
Chandu Chavan	Promoter, Chairman and Managing Director	10	10	Yes	-	Chairman -	Member 5	None
Ravindra Katre ^	Non-Executive Director	10	10	Yes	-	2	3	None
Pradeep Tupe	Independent Director	10	10	Yes	2	1	4	None
Pournima Gadiya	Independent Director	10	10	Yes	1	4	5	None
Rajendra Gaikwad\$	Independent Director	10	2	No	-	-	1	None

\*Excludes private limited companies, foreign companies and companies registered under section 8 of the Companies Act, 2013 (i.e. associations not carrying on business for profit or which prohibits payment of dividend).

# Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee in other public companies has been considered.

^ Mr. Ravindra Katre stepped down as Whole-time Director of the Company w.e.f October 9, 2015 and he is continued as Non-executive Director with October 10, 2015

\$ Mr. Rajendra Gaikwad was appointed as Additional Director (Non-Executive Independent Director) w.e.f February 8, 2016.



## Report On Corporate Governance

### **f. INFORMATION TO THE BOARD**

A detailed agenda folder is sent to each Director seven days in advance of the Board Meetings. As a policy, all major decisions involving investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to take informed decisions.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Management as well as steps taken by the Company to rectify instances of non-compliances, if any. Further, the Board also reviews the Annual financial statements of the Unlisted Subsidiary Companies. In addition to the above, pursuant to Regulation 24 of the SEBI Listing Regulations, the Minutes of the Board Meetings of the Company's Unlisted Subsidiary Companies and a statement of all significant transactions and arrangements entered into by the Unlisted Subsidiary Companies are placed before the Board.

### **g. DIRECTORS WITH PECUNIARY RELATIONSHIP OR BUSINESS TRANSACTION WITH THE COMPANY**

None of the directors have any pecuniary relationship or Business transaction with Company. The Chairman & Managing Director and the Whole time Director (s) receive Salary.

### **h. REMUNERATION TO DIRECTORS**

Mr. Ravindra Katre stepped down as Whole-time Director of the Company w.e.f October 9, 2015 and continued as Non-executive Director on the same terms w.e.f. October 10, 2015. Remuneration was paid to Mr. Ravindra Katre, Director pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors.

Name of the Director	Salaries, perquisites & Allowances+	Commission	Total (₹)
Chandu Chavan Chairman & Managing Director	36,00,000	-	36,00,000
Ravindra Katre As WTD till 09.10.2015 & Non-executive Director w. e f. 10.10.2015	36,00,000	-	36,00,000
Pradeep Tupe Non-executive Independent Director	-	-	-
Pournima Gadiya Non-executive Independent Director	-	-	-
Rajendra Gaikwad Non-executive Independent Director	-	-	-
<b>TOTAL</b>	<b>72,00,000</b>	-	<b>72,00,000</b>

### **i. CODE OF CONDUCT**

The Company's Board has laid down a Code of Conduct for all Board members and senior management personnel for avoidance of conflict of interest. This Code inter alia requires the Board members and senior management personnel to comply with the Code of Conduct for Insider Trading as laid down by Securities & Exchange Board of India (SEBI). The Company has received necessary confirmations affirming compliance of the Code from all of them during the year 1.4.2015 to 31.3.2016. A declaration to this effect, duly signed by the Chairman & Managing Director of the Company, is given as annexed hereto and forms a part of this Report.

## Report On Corporate Governance

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### ***j. FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS***

The Familiarization program aims to provide insight to the Independent Directors to understand the business of the Company. Upon induction, the Independent Directors are familiarized with their roles, rights and responsibilities.

In the Business Strategy Meeting held by the Company during April 2015 the Independent Directors were familiarized with the strategy, operations, performance and the budget process of the Company for the financial year 2015-16.

In addition to the above, the familiarization program for Independent Directors forms part of the Board process. At the quarterly Board meetings of the Company held during the financial year 2015-16, the Independent Directors have been updated on the developments in the Company and the Company's performance. The details of the familiarization program for Independent Directors are available on the Company's website [www.innoventive.in](http://www.innoventive.in)

### ***k. PERFORMANCE EVALUATION AND INDEPENDENT DIRECTORS MEETING***

Pursuant to the provisions of Section 134 (3) (p), 149(8) and Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations, annual performance evaluation of the Directors as well as of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee has been carried out. The performance evaluation of the Independent Directors was carried out by the entire Board and the Performance Evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

## **2. THE COMMITTEES OF THE BOARD**

To focus effectively on the issues and ensure expedient decision making/resolution of diverse matters, the Board has constituted various Committees with specific terms of reference/ scope. The Committees operate as empowered agents of the Board as per their Charter/terms of reference.

As on 31st March 2106, there are 6 (six) Committees of the Board namely Audit Committee, Stakeholder Relationship Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Working Group Committee. The scope of the said Committees and its memberships etc. are as follows:

#### **Mandatory Committees:**

Audit Committee  
Stakeholder Relationship Committee  
Nomination and Remuneration Committee  
Corporate Social Responsibility Committee  
Risk Management Committee

#### **Non - mandatory Committees**

Working Group Committee

## Report On Corporate Governance

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### **a. Audit Committee**

#### **i) The terms of Reference of Audit Committee:**

The primary objective of the committee is to monitor and provide effective supervision of the Management's financial reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting.

The terms of reference of the Audit Committee are in conformity with the requirements of SEBI Listing Regulations and Section 177(1) of the Companies Act, 2013. Further, the Audit Committee has been granted powers as prescribed under SEBI Listing Regulations. The terms of reference of the Audit Committee include the following:

1. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. To review and recommend to the Board the appointment, re-appointment, remuneration and terms of appointment and if required, the removal of statutory auditors.
3. To review and monitor the auditor's independence and performance and effectiveness of audit process.
4. To review and examine with the management, the financial statements before submission to the Board, focusing primarily on Directors Responsibility Statement which forms part of the Directors Report, accounting policies, compliance with accounting standards, compliance with Stock Exchanges and listing requirements, inter corporate loans and investments and transactions of the company with related parties including approval or any subsequent modification thereof etc.
5. To review with the management, external and internal auditors, the adequacy of internal control systems.
6. To discuss with the Auditors on the scope and nature of Audit and also to have Post Audit discussion to ascertain any area of concern.
7. To review the Company's financial and risk management policies.
8. To review the minutes of the Board meetings of the unlisted subsidiary company along with a statement of significant transactions and arrangements it has entered into, if any.
9. Overseeing Vigil Mechanism for adequate safeguards against victimization of employees and directors.
10. To undertake such other matters as may be delegated by the Board from time to time.

#### **ii) Composition, Meetings and attendance**

The composition of the Audit Committee as on 31st March 2016 is as follows:

The Audit Committee comprises of two Independent Non-Executive Directors and one Executive Director. There were 6 (Six) meetings of the Committee held during the year.

The details of the composition of the committee and attendance at its meetings are set out in the following table:

## Report On Corporate Governance

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Pradeep Tupe	Chairman Member	Independent Director	6
Mr. Chandu Chavan	Member	Chairman & Managing Director	6
Ms. Pournima Gadiya	Member	Independent Director	5

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on November 23<sup>rd</sup> 2015 to answer members' queries.

### **b. Stake Holder Relationship Committee**

This Committee comprises Three Directors viz. Mr. Chandu Chavan, Chairman & Managing Director, Mr. Pradeep Tupe, Independent Director, Ms. Pournima Gadiya, and Independent Director.

During 2015-16, the Committee met four times on 23<sup>rd</sup> May 2015, 20<sup>th</sup> July 2015, 09<sup>th</sup> October 2015, 08<sup>th</sup> February 2016. The Minutes of the Stakeholders Relationship Committee are noted by the Board.

The details of the composition of the Committee, meetings held, attendance at the meetings are given in Table below:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Pradeep Tupe	Chairman Member	Independent Director	4
Mr. Chandu Chavan	Member	Chairman & Managing Director	4
Ms. Pournima Gadiya	Member	Independent Director	4

During 2015-16 queries/complaints were received by as on date, there are pending share transfers/ the Company from members/investors/authorities, all of complaints/queries pertaining to the year under review. Which have been redressed / resolved to date, satisfactorily as shown in Table below:

In accordance with Section 178(5) of the Companies Act, 2013 the Stakeholders Relationship Committee consider and resolve the grievances received by security holders of the Company. Details of investor queries/complaints received and attended during 2015-16:

Nature of Queries/ Complaints	Pending as on April 1, 2015	Received during the year	Redressed during the year	Pending as on March 31, 2016
1. Transfer/Transmission/ Non-receipt of Dividend/ Dematerialisation/ Rematerialisation of shares/ other complaints of Stock Exchanges/ SEBI etc.	NIL	4	4	NIL

## Report On Corporate Governance

The Committee deals with the following matters:

1. Noting transfer/transmission of shares.
2. Review of dematerialised/rematerialised shares and all other related matters.
3. Monitors expeditious redressal of Investor grievance matters received from Stock Exchanges, SEBI, ROC, etc.
4. Monitors redressal of queries/complaints received from members relating to transfers, non-receipt of Annual Report, dividend etc.
5. All other matters related to shares/debentures.

### **c. Nomination and Remuneration Committee**

In accordance with Section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted the Nomination and Remuneration Committee. As of March 31<sup>st</sup> 2016, this Committee comprised of two Independent Directors and one Executive Director.

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Pradeep Tupe	Chairman Member	Independent Director	3
Mr. Chandu Chavan	Member	Chairman & Managing Director	3
Ms. Pournima Gadiya	Member	Independent Director	3

This Committee met Three times during the last /previous financial year i.e. on 23<sup>rd</sup> May 2015, 09<sup>th</sup> October 2015, and 08<sup>th</sup> February 2016. The Minutes of the Nomination and Remuneration Committee Meetings are noted by the Board.

In accordance with Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the role of the Nomination and Remuneration Committee of the Company is as under:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
- Recommend to the Board their appointment and removal,
- Carry out evaluation of every director's performance'
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and
- Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

Formulation of NRC policy:

The Nomination and Remuneration Committee shall ensure that—

- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- Remuneration to directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

## Report On Corporate Governance

### **d. Corporate Social Responsibility (CSR) Committee:**

In accordance with Section 135 of the Companies Act, 2013, the Board of Directors of the Company at its meeting held on May 30, 2014, has constituted the CSR Committee which comprises three directors viz. Mr. Chandu Chavan, Chairman & Managing Director of the Company, Mr. Ravindra Katre, Whole Time Director and Mr. Pradeep Tupe, Independent Director and defined the role of the Committee.

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as CSR activity
2. Recommend the amount of expenditure to be incurred on the activities referred in the CSR policy
3. Monitor the CSR Policy of the Company and its implementation from time to time.
4. Such other functions as the Board may deem fit from time to time.

During 2015-16, the Committee met once i.e. on 8<sup>th</sup> February 2016. The Minutes of the CSR Committee are noted by the Board.

The details of the composition of the Committee, meetings held, attendance at the meetings are given in Table.

Details of the CSR Committee specified in Schedule VII of the Companies Act, 2013.

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Pradeep Tupe	Member	Independent Director	1
Mr. Chandu Chavan	Chairman Member	Chairman & Managing Director	1
Mr. Ravindra Katre	Member	Whole Time Director	1

### **e. Risk Management Committee:**

In accordance with the SEBI Listing Regulation, the Board of Directors of the Company at its Meeting held on December 15, 2014 voluntary constituted a Risk Management Committee. This Committee comprises 3 Members i.e. Mr. Chandu Chavan, Chairman and Managing Director, Mr. Pradeep Tupe, Independent Director & Mr. Ravindra Katre, Whole Time Director of Company.

This Committee has been delegated the authority by the Board to review and monitor the implementation of the Risk Management policy of the Company.

This Committee met One time during the last /previous financial year i.e. on 8<sup>th</sup> February 2016. The Minutes of the Nomination and Remuneration Committee Meeting is noted by the Board.

### **f. Working Group Committee**

The Working Group Committee comprises of three Directors. One member of the Committee is Executive Director, One member is Non-executive Director of the Company and one is Independent Director. The primary function of the Working Group Committee includes reviewing ongoing operations of the Company, to carry such business as has been delegated by the Board. There were no meetings held during the year.

## Report On Corporate Governance

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### 3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report.

#### **Disclosures:**

#### **(a) Related Party Transactions:**

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. are presented in the Notes to the Financial Statements. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested Directors neither participate in the discussion, nor vote on such matters.

During 2015-16, there were no material related party transactions entered by the Company that may have a potential conflict with the interests of the Company.

As required under SEBI Listing Regulations, the Company has formulated a Related Party Transaction Policy which is available on the website of the Company i.e. [www.innoventive.in](http://www.innoventive.in)

#### **(b) Accounting treatment in preparation of financial statements:**

The Company has followed the Accounting standards notified by The Companies (Accounting Standards) Rules, 2006, as amended from time to time, read with Companies (Accounts) Rules, 2014 in preparation of its financial statements.

#### **(c) Risk Management:**

The Company has established a well-documented and robust risk management framework. As mentioned earlier, the Company has also constituted a Risk Management Committee, which has been delegated with the authority by the Board to review and monitor the implementation of the Risk Management Policy of the Company. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are systematically categorized as strategic risks, business risks or reporting risks. To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the Company has set in place various procedures for Risk Management.

#### **(d) Subsidiary Companies:**

In accordance with Regulation 24 of the SEBI Listing, Innoventive America INC, Salem Steels are, material non- listed Indian subsidiaries of the Company whose individual turnover or net worth (i.e. paid-up capital and free reserves) exceed 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding financial year.

The Subsidiaries of the Company function independently, with an adequately empowered Board of Directors and necessary management resources.

For effective governance, the Company overviews the performance of its subsidiaries, inter alia, in the following manner:

The financial statements, in particular, the investments made by the unlisted subsidiary companies, are reviewed by the Audit Committee and the Board of Directors of the Company.



## Report On Corporate Governance

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1. The Minutes of the Board Meetings of the subsidiary companies are placed before the Board of Directors of the Company.
2. Details of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.
3. As required under Clause 49, the Company has also formulated a Policy for determining "Material Subsidiaries" which is available on the website of the Company.

Details of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. As required under erstwhile Clause 49 of the Listing Agreement, the Company has also formulated a Policy for determining "Material Subsidiaries" which is available on the website of the Company at [www.innoventive.in](http://www.innoventive.in)

### **(e) Code for Prevention of Insider Trading Practices:**

In January 2015, SEBI notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a revised Code for Prevention of Insider Trading. Code of Conduct for Prevention of Insider Trading is revised to bring it in line with these Regulations w.e.f July 30, 2015.

The objective of this Code is to prevent purchase and/ or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares when the Trading Window is closed. Further the Code specifies the procedures to be followed and disclosures to be made by Directors and the designated employees, while dealing with the shares of the Company and enlists the consequences of any violations.

The revised code viz "Code of Conduct for Prevention of Insider Trading" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" allows the formulation of trading plan subject to certain conditions as mentioned in the said Regulations and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's securities by the Directors, designated person and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period when the trading window is closed.

### **(f)Vigil Mechanism / Whistle Blower Policy**

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has a Vigil Mechanism Policy under which the employees are free to report violations of applicable laws and regulations.

The same is posted on the website of the Company [www.innoventive.in](http://www.innoventive.in)

### **(g) CEO/CFO Certification:**

As required under Regulation 17 (8) of the SEBI Listing Regulations, the Chairman & Managing Director of the Company have certified and submitted a Compliance Certificate for the financial year ended March 31, 2016, which is annexed to this Report

### **(h)Pledge of Equity Shares**

During the year 2014-15, Company had pledged its holding in the subsidiaries equity shares in favour of CFSL Trusteeship Services Ltd., the new Security Trustees for the CDR Lenders in accordance with the requirement of CDR package approved for the Company by the Corporate Debt Restructuring (CDR) Cell under the regulatory framework of RBI. No other pledge has been created except pledge created in accordance with the requirement of CDR package



## Report On Corporate Governance

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approved for the Company by the Corporate Debt Restructuring (CDR) Cell under the regulatory framework of RBI, over the equity shares held by the Promoters and/or Promoter Group Shareholders as on March 31, 2016.

### **(i) Disclosure of Pending Cases/Instances of Non-Compliance**

1. The Company had filled petition under section 621(A) of Companies Act with Company Law Board, for nonfiling of Annual return as per section 159 of Companies Act, 1956 for the year 2014 well within time.
2. The Company had filled petition under section 621(A) of Companies Act with Company Law Board for not holding Annual General Meeting within the extended time as mentioned in section 166 of Companies Act, 1956 for the Year 2013-2014.
3. The Company had filled petition under section 621(A) of Companies Act with Company Law Board for noncompliance of section 210 of Companies Act, 1956 for the F.Y. 2013-14.
4. The Company had filled petition under section 621(A) of Companies Act with Company Law Board for noncompliance of section 220 of Companies Act, 1956 for the F.Y. 2013-14.

Final order is pending with Company Law Board (National Company Law Tribunal), Mumbai in all the above Matters.

### **(j) Disclosure of Commodity price risks and commodity hedging activities.**

The Company is not dealing in commodities and hence disclosure relating to commodity price risks and commodity hedging activities is not required.

### **(h) Certificate of Corporate Governance:**

Regulation 34(3) and PART E of Schedule II of SEBI Listing Regulations mandates the company to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause. We have obtained a certificate to this effect and the same is included in this Annual Report.

## **4. SHAREHOLDER INFORMATION**

### **(a) Disclosures regarding the Board of Directors:**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under the Section 149(6) Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI Listing Regulations. Detailed profile of the Director who is seeking appointment at the ensuing Annual General Meeting of the Company is given under the Explanatory Statement to the Notice which is forming part of the Annual Report of the Company.

As per the provisions of Section 152 of the Companies Act, 2013, Mr. Ravindra Katre, Director of the Company retires by rotation at the ensuing Annual General Meeting. However, Mr. Ravindra Katre has expressed his willingness to seek re-appointment as a Director of the Company.

Detailed profile of Mr. Ravindra Katre who is seeking reappointment at the ensuing Annual General Meeting of the Company is given under the Explanatory Statement to the Notice which is forming part of the Annual Report of the Company.

## Report On Corporate Governance

During the Year 2015-16 none of the director stepped down from the Board of the Company.

The Board places on record its appreciation for the services rendered by the aforesaid directors during their respective tenure as directors of the Company.

On the Nomination and Remuneration Committee and after reviewing the declaration submitted by Mr. Rajendra Gaikwad, Independent Director, the Board of Directors of the Company at its Meeting held on February 08, 2016 formed an opinion that the said Director meets with the criteria of Independence as per Section 149(6) of the Companies Act, 2013 ("the Act") and the rules made thereunder and also meets with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges and accordingly appointed Mr. Rajendra Gaikwad as an Additional Director to hold office as an Independent Director of the Company w.e.f. February 08, 2016 upto the conclusion of the next General Meeting of the Company to be held.

### (b) Means of Communication:

In accordance with Regulation 46 of the SEBI Listing Regulations, the Company has maintained a functional website at [www.innoventive.in](http://www.innoventive.in) containing information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, details of the policies approved by the Company, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances etc. The contents of the said website are updated from time to time.

The quarterly, half-yearly and yearly results of the Company are published in the newspapers which includes Financial Express, Loksatta and Economic Times. The results of the Company are also posted on the website of the Company. The Company's website [www.innoventive.in](http://www.innoventive.in) provides various comprehensive information about the Company to the public.

Further, the Company disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information and price sensitive/ such other information, which in its opinion, are material and/or have a bearing on its performance/ operations and issues press releases, wherever necessary, for the information of the public at large

For the benefit of the members, a separate email id has been created for member correspondence viz., [company.secretary@innoventive.in](mailto:company.secretary@innoventive.in)

The Annual Report of the Company covers Management Discussion & Analysis. It contains various matters such as global economy, Indian economy, segment wise revenue, business performance of the Company, industry overview, operational view etc.

### (c) General Body Meetings

#### A. Details of the AGM held in the last three years alongwith special resolutions passed thereat:

Financial Year	Date & Time of Meeting	Venue	Particulars of Special Resolution Passed
2014-15	23/11/2015	Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune 412208	No Special Resolution was passed.
2013-14	15/07/2015 09.30 A.M.	Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune 412208	No Special Resolution was passed.
2012-13	30/09/2013 10.30 A. M.	Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune 412208	No Special Resolution was passed.

## Report On Corporate Governance

B. During the year 2014-15, two special resolutions were passed by postal ballot, the details of which are as Follows:

- 1) Section 180 (1) (c) of the Act Authority to the Board of Directors to borrow up to Rs. 1300.00 crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher

Sl. No.	Particulars	No. of Ballot Forms	No. of Shares	% of total paid up equity capital	% of total votes polled
	Physical Mode:				
A	Total Postal Ballot Forms received	0	0	0.00	
B	Less: Invalid Postal Ballot forms	0	0	0	
B(1)	Less Voted		0	0	
C	Net Valid Postal Ballot in physical (A-B)	0	0	0.00	
	Electronic Mode				
D	Total Postal Ballot Forms received	39	42953402	72.016000	
E	Less: Invalid Postal Ballot forms	0	0	0.000000	
E(1)	Less Voted		0	0	
F	Net Valid Postal Ballot in Electronic (D-E)	39	42953402	72.016000	
	Total Net Valid Postal Ballot in physical and electronic mode (C+F)	39	42953402	72.016000	100
G	Postal Ballot Forms with Assent as Special Resolution _ Physical	0	0	0.00	
H	Postal Ballot Forms with Assent as Special Resolution _ Electronic	35	42953122	72.016000	
	Total Postal Ballot with ASSENT in physical and electronic mode	35	42953122	72.016000	100.00
I	Postal Ballot Forms with Dissent as Special Resolution – Physical	0	0	0.00	
J	Postal Ballot Forms with Dissent as Special Resolution _ Electronic	4	280	0.000000	
	Total Postal Ballot with DISSENT in physical and electronic mode	4	280	0.000000	0.00
	In brief, Total Votes polled FOR-RESOLUTION is 100.00 % and total Votes polled Against Resolution is 0.00%				

## Report On Corporate Governance

- 2) Item No. 2: Section 180 (1) (a) of the Act to the Board of Directors to create charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings

Sl. No.	Particulars	No. of Ballot Forms	No. of Shares	% of total paid up equity capital	% of total votes polled
	Physical Mode:				
A	Total Postal Ballot Forms received	0	0	0.00	
B	Less: Invalid Postal Ballot forms	0	0	0	
B(1)	Less Voted		0	0	
C	Net Valid Postal Ballot in physical (A-B)	0	0	0.00	
	Electronic Mode				
D	Total Postal Ballot Forms received	39	42953402	72.016000	
E	Less: Invalid Postal Ballot forms	0	0	0.000000	
E(1)	Less Voted		1227000	2.0572	
F	Net Valid Postal Ballot in Electronic (D-E)	39	41726402	69.958800	
	Total Net Valid Postal Ballot in physical and electronic mode (C+F)	39	41726402	69.958800	100
G	Postal Ballot Forms with Assent as Special Resolution _ Physical	0	0	0.00	
H	Postal Ballot Forms with Assent as Special Resolution _ Electronic	35	41726062	69.959000	
	Total Postal Ballot with ASSENT in physical and electronic mode	35	41726062	69.959000	100.00
I	Postal Ballot Forms with Dissent as Special Resolution – Physical	0	0	0.00	
J	Postal Ballot Forms with Dissent as Special Resolution _ Electronic	5	340	0.001000	
	Total Postal Ballot with DISSENT in physical and electronic mode	5	340	0.001000	0.00
	In brief, Total Votes polled FOR-RESOLUTION is 100.00 % and total Votes polled Against Resolution is 0.00%				

## Report On Corporate Governance

Based on the Scrutinizer's Report, the Chairman announced the result of Postal Ballot and also announced that, both the following resolutions as set out in the Postal Ballot dated September 03, 2014 have been duly passed by the Shareholders with requisite majority.

None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a resolution through Postal Ballot.

**(d) Market Price Data:**

The Market Price of the Equity shares of the Company during 15-16 is given in the following table:

Month	BSE		NSE	
	High	Low	High	Low
April 15	18.50	11.15	18.00	11.55
May 15	13.30	10.52	12.90	10.35
June 15	11.77	8.50	11.35	8.25
July 15	13.49	9.95	13.30	9.50
August 15	11.90	8.00	11.65	7.95
September 15	10.23	7.08	9.50	6.85
October 15	7.45	6.18	7.95	6.10
November 15	7.00	3.56	6.85	4.00
December 15	4.18	3.99	6.85	4.00
January 16	4.81	4.35	4.25	4.05
February 16	5.01	4.40	4.50	4.30
March 16	4.70	4.50	4.70	4.40

### 5. GENERAL SHAREHOLDER INFORMATION

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

Date	Time	Venue
26 <sup>th</sup> September 2016	9:30 A.M.	At Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur District Pune- 412 208, Maharashtra, India

**B. Financial Year**

01<sup>st</sup> April, 2015 to 31<sup>st</sup> March 2016

**C. Date of Book Closure**

From 19<sup>th</sup> September, 2016 to 26<sup>th</sup> September, 2016 (Both days inclusive)

**D. Dividend Payment Date: N.A.**

**E. Listing on Stock Exchanges**

The equity shares are listed on the following Exchanges:

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001

National Stock Exchange of India Limited  
"Exchange Plaza" Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400 051

## Report On Corporate Governance

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The ISIN of the Company is INE549I01011. The shares of the Company are traded in dematerialized form. The Company has connectivity with both the Depositories i.e. Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Company has paid the Annual Listing Fees to both the Exchanges on time.

### F. Share Transfer system

The Registrars and Share Transfer Agents have put in place an appropriate Share Transfer system to ensure timely share transfers. Share Transfers are registered and returned in the normal course within an average period of 30 days from the date of receipt, if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within 21 days.

### G. Address for members' correspondence:

Members are requested to correspond with the Registrars and Share Transfer Agents at the below given address on all matters relating to transfer/ dematerialization of shares, payment of dividend and any other query relating to Equity Shares of the Company.

Registrars and Share Transfer Agents:

Unit: Innoventive Industries Limited  
Karvy Computershare Private Limited  
Karvy Selenium Tower- B, Plot 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hydrabad 500 032  
Telephone/ Fax: +91-20-66203549  
Website: [www.innoventive.in](http://www.innoventive.in)

Members are required to note that, in respect of shares held in dematerialized form, they will have to correspond with their respective Depository Participants (DPs) for related matters.

A shareholder/investor can forward complaints or queries to the following address for timely redressed of their queries:

Company Secretary  
Innoventive Industries Limited  
Corporate Office No. 604,  
Nucleus Mall, 1 Church Road,  
Camp, Pune 411001  
Tel No. +91-020-66203549, Fax No. +91-020-66203549  
Email: [company.secretary@innoventive.in](mailto:company.secretary@innoventive.in)

Members are requested to convert their physical holdings to demat/electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares



## Report On Corporate Governance

### A. Shareholding Pattern

CATEGORY CODE	CATEGORY OF SHAREHOLDER				TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
		NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	PROMOTER AND PROMOTER GROUP							
(1)	INDIAN							
(a)	Individual /HUF	9	26485323	26485323	44.41	44.41	23520971	87.58
(b)	Central Government/State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	9	26485323	26485323	44.41	44.41	23520971	87.58
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	0	0	0	0.00	0.00	0	0.00
	Total A=A(1)+A(2)	9	26485323	26485323	44.41	44.41	23520971	87.58
(B)	PUBLIC SHAREHOLDING							
(1)	INSTITUTIONS							
(a)	Mutual Funds /UTI	1	3000000	3000000	5.03	5.03		
(b)	Financial Institutions /Banks	2	972803	972803	1.63	1.63		
(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	0	0	0	0.00	0.00		
(f)	Foreign Institutional Investors	8	8508392	8508392	14.27	14.27		
(g)	Foreign Venture Capital Investors	2	4163223	4163223	6.98	6.98		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1) :	13	16644418	16644418	27.91	27.91		

## Report On Corporate Governance

(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	117	1650348	1650348	2.77	2.77		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.2 lakh	5577	3453518	3453518	5.79	5.79		
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	23	2925852	2925852	4.91	4.91		
(c)	Others							
	FOREIGN BODIES	2	8038632	1339772	13.48	13.48		
	NON RESIDENT INDIANS	122	445708	445708	0.75	0.75		
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00		
	Sub-Total B(2) :	5841	16514058	9443479	27.68	27.68		
	Total B=B(1)+B(2) :	5853	32786760	26087897	55.59	55.59		
	Total (A+B) :	5862	59643999	52945136	100.00	100.00		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00		
	GRAND TOTAL (A+B+C) :	5862	59643999	52945136	100.00	0.00	23520971	39.44

### H. Dematerialization of Shares and Liquidity

As on March 31, 2016 5,29,45,136 equity shares representing 98.98% of the total equity share capital of the Company, were held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

The Promoters hold their entire equity shareholding in the Company in dematerialized form.

### H. Green Initiative

Company has already taken keen initiative to send notices, annual reports etc. to the shareholders at their email address as registered with Depository Participants (DPs)/ Registrar & Transfer Agent. This is in pursuance of circular issued by Ministry of Corporate Affairs which allows to companies to send notices to shareholders through electronic mode. Shareholders are requested to register/update their e-mail address with their concerns DPs.



## Chairman's Certificate

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### DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

**To,  
THE MEMBERS OF INNOVENTIVE INDUSTRIES LIMITED,**

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), I hereby declare that all Board members and senior management personnel are aware of the provisions of the Code of Conduct laid down by the Board and made effective from 1st December, 2015.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

**For Innoventive Industries Limited,**

**Chandu Chavan  
Chairman & Managing Director**

**DIN: 00035213  
Pune: 13<sup>th</sup> August 2016**

## Certificate on Corporate Governance

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To,  
**THE MEMBERS OF INNOVENTIVE INDUSTRIES LIMITED,**

We have examined the compliance of the conditions of Corporate Governance by Innoventive Industries Limited ("the Company") for the year ended 31st March, 2016, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P.C. Dhamne & Associates,  
Company Secretaries**

**Pankaj Dhamne  
Proprietor  
C.P. No. 9160  
M.NO. 8195  
Date: 13<sup>th</sup> August 2016  
Place: Pune**

## **Independent Auditor's Report**

### **To the Members of Innoventive Industries Limited Report on the Financial Statements**

We have audited the accompanying Standalone financial statements of **Innoventive Industries Limited ("the Company")** which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information being submitted by the company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these (Standalone) financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

#### **1. Company has not provided for :**

- i. *Stock of slow and/non -moving of stores, raw materials, semi-finished and finished goods valued at ₹ 1,900 Lacs approximately;*
- ii. *Debts and loans/advances due from subsidiary amounting to ₹ 3,494.81 Lacs and ₹ 1,420.50 respectively*
- iii. *Debts and Loans /advances due from other parties amounting to ₹ 1,437.44 Lacs and ₹ 4,749.57 Lacs*

#### **2. The company has investments in subsidiaries whose net worth has been substantially eroded or is negative which has casted material uncertainty in the continuance of the business of these subsidiaries. However, the diminution in the value of investment in these subsidiaries aggregating to Rs 1979 Lacs is not provided for.**

3. *There are un-reconciled net bank balances aggregating ₹ 492.47 Lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.*

*We are unable to comment on ultimate loss which may arise on realization of these balances. Had the above amounts been fully provided for in the year ended March 31, 2016, the loss would have been higher by ₹ 15,473.79 Lacs with consequent impact on net worth as on that date*

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

We draw attention to the following matters in the Notes to the financial statements:

- a. Note 2.1 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous year(s) aggregating to ₹ 17,497.17 Lacs and ₹ 21,348.26 Lacs respectively, the Company's current liabilities exceeded its current assets as at the balance sheet date and the company has a net worth of (₹ 34,056.41 Lacs). These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Further, the company has defaulted in interest and capital repayment to banks and financial institutions aggregating ₹ 17,968.51 Lacs. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
- b. Note 38 in the financial statements, states that the company has regrouped liabilities in excess of one year in other current liabilities instead of trade payables for reasons as detailed in the note. However, there is no financial impact of the same.

Our opinion is not modified in respect of these matters.

The statement includes the results for the quarter ended March 31, 2016 being the balancing figure between the audited figures in respect of the full financial year and the reviewed year to date figures up to the third quarter of the current financial period

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2016;
- b. in case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our

opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

- e. The going concern matter described in the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The legal cases pending against the company are disclosed in Note 27 as on March 31, 2016. However, it may not materially impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of  
**Bharat J Rughani & Co**  
Chartered Accountants  
Firm's registration number: 101220W

**CA Akash Rughani**  
Partner  
Membership number: 139664  
Place: Pune  
Date: April 26<sup>th</sup>, 2016

## **“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- 1) (a) *The Company is in the process of updating the fixed asset register to show full particulars, including quantitative details and situation of fixed assets. The company has engaged an independent expert for the process.*  
  
(b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.  
  
(c) The title deeds of immovable properties are held in the name of the company.
- 2) a) The management has conducted the physical verification of inventory at reasonable intervals.  
  
b) *The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account, the impact on which is disclosed in basis of qualified opinion stated above.*
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act during the year. However, the loans already granted to subsidiaries and outstanding as on March 31,2016 is as follows:

Name of Subsidiary	Amount (₹ in Lacs)
Saicon Steels Private Limited	1420.50

- a) The said loans are prejudicial to the interest of the companies as no interest is being recovered from the subsidiaries
  - b) The schedule of interest and principal repayments have not been stipulated in the resolution for the grant of such loan
  - c) The entire amount is overdue and ascertained to be irrecoverable as mentioned in the basis of qualification paragraph stated above
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
  - 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
  - 6) We have broadly reviewed the books of accounts maintained by the Company in respect of products where pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under specified under section 148(1) of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We, however, have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
  - 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been irregular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, following undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

Particulars	Amount (₹ in Lacs)
Tax Deducted at Source	30.08
Service Tax	67.86
Employee State Insurance Corporation	0.08

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) Based on the audit procedures and the information and explanations given by the management, we are of the opinion that the company has defaulted in repayment of dues to various banks and financial institutions. The details are as follows :
- a. Overdue installments on term loans including interest and overdue interest on cash credit facilities as on March 31,2016 aggregating ₹ 15,015.64 Lacs ranging from 1 days to 336 days
- The above defaults exclude defaults from one of the lenders which was not a part of Credit Restructuring scheme sanctioned. ₹ 2,952.87 Lacs was outstanding as on March 31,2016 pertaining to the same
- Bank wise defaults and outstanding has been detailed in Note 34 to the financial statements.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of  
**Bharat J Rughani & Co**  
Chartered Accountants  
Firm's registration number: 101220W

**CA Akash Rughani**  
Partner  
Membership number: 139664  
Place: Pune  
Date: April 26<sup>th</sup>, 2016

**“Annexure B” to the Independent Auditor’s Report of even date on the Standalone Financial Statements of Innoventive Industries Limited.**

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

We have audited the internal financial controls over financial reporting of Innoventive Industries Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



## **Qualified Opinion**

According to the information and explanations given to us and based our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016

- The Company did not have an appropriate internal control system for identification and valuation of slow and non-moving stocks. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 financial statements of the Company, and these material weakness have affected our opinion on the financial statements of the Company we have issued a qualified opinion on the financial statements.

For and on behalf of

**Bharat J Rughani & Co**

Chartered Accountants

Firm's registration number: 101220W

**CA Akash Rughani**

Partner

Membership number: 139664

Place: Pune

Date: April 26<sup>th</sup>, 2016

**INNOVENTIVE INDUSTRIES LIMITED**
**Balance Sheet as at March 31, 2016**
**( ₹ in Lacs )**

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	5,964.40	5,964.40
Reserves & Surplus	4	(40,020.81)	(22,523.59)
		<b>(34,056.41)</b>	<b>(16,559.19)</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	5	84,497.81	89,499.57
Long Term Liabilities	6	1,301.66	303.87
Deferred Tax Payable	7	-	-
		<b>85,799.47</b>	<b>89,803.44</b>
<b>Current Liabilities</b>			
Short Term Borrowings	8	24,136.87	19,198.28
Trade Payables	9	2,429.79	3,004.82
Other Current Liabilities	9	20,184.26	10,259.94
Short Term Provisions	10	850.15	600.01
		<b>47,601.07</b>	<b>33,063.05</b>
<b>TOTAL</b>		<b>99,344.12</b>	<b>1,06,307.30</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	42,185.06	46,510.27
Intangible Assets	11	5,675.09	6,837.29
Capital Work in Progress	11	7,502.43	7,480.49
Assets held for Sale	11	2,404.51	-
Long Term Investments	12	7,185.27	7,185.27
Long Term Loans and Advances	13	9,261.34	11,148.12
Other Non Current Assets	14	911.58	-
		<b>75,125.28</b>	<b>79,161.43</b>
<b>Current Assets</b>			
Inventories	15	6,373.17	5,240.97
Trade Receivables	16	9,826.52	12,609.01
Cash & Bank Balances	17	778.06	1,482.93
Short Term Loans & Advances	18	1,235.99	1,123.15
Other Current Assets	19	6,005.10	6,689.81
		<b>24,218.85</b>	<b>27,145.87</b>
<b>TOTAL</b>		<b>99,344.12</b>	<b>1,06,307.30</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date :- 26th April, 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

**INNOVENTIVE INDUSTRIES LIMITED****Statement Of Profit Or Loss For Year Ended on March 31, 2016****( ₹ in Lacs )**

<b>Particulars</b>	<b>Note No.</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>INCOME</b>			
Revenue From Operations (Gross)	20	36,863.43	37,162.23
Less: Excise Duty		3,341.91	2,965.27
Revenue From Operations (Net)		33,521.52	34,196.96
Other Income	21	388.29	370.64
<b>Total Revenue</b>		<b>33,909.81</b>	<b>34,567.61</b>
<b>EXPENDITURE</b>			
Cost of Material and components Consumed	22a	23,010.18	22,752.90
Cost of Traded Goods	22b	356.00	1,326.27
(Increase)/Decrease in Inventories of Finished Goods	22c	(165.95)	1,305.45
Employee Benefit Expenses	23	2,714.04	2,708.68
Manufacturing and Other Expenses	24	5,958.42	7,238.74
Finance Cost	25	13,242.93	14,905.05
Depreciation and Amortization	11	6,287.13	6,847.43
<b>Total Expenditure</b>		<b>51,402.75</b>	<b>57,084.52</b>
<b>Profit / (Loss) Before Tax</b>		<b>(17,492.94)</b>	<b>(22,516.91)</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax Charge/(Credit)		-	(455.54)
MAT Charge/ (Credit)		-	-
Tax for Earlier Years and Interest on Taxes		4.23	(713.11)
<b>Total Tax Expenses</b>		<b>4.23</b>	<b>(1,168.66)</b>
<b>Profit/ (Loss) for the Year</b>		<b>(17,497.17)</b>	<b>(21,348.26)</b>

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date : - 26th April, 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

**INNOVENTIVE INDUSTRIES LIMITED**
**Cash Flow For the Year Ended March 31, 2016**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash flow from operating activities</b>		
Profit / (Loss) before tax from operations	(17,492.99)	(22,516.91)
<b>Non-cash / Other adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation / Amortization	6,287.13	6,847.43
Loss on Sale or Write Off of Fixed Assets	35.08	-
Unrealized Exchange Fluctuation Gain	(21.57)	(90.64)
Sundry Balances Written Back	(133.49)	-
Diminution in the Value of Long Term Investment	-	-
Rent Received	59.32	(322.19)
Bad Debts Written Off / Provision for Doubtful Debts	3.05	662.82
Finance Cost	13,242.93	14,905.05
Interest Income	(114.20)	(39.47)
<b>Operating Profit Before Working Capital Changes</b>	<b>1,865.24</b>	<b>(553.92)</b>
<b>Movements in working capital :</b>		
Increase / (Decrease) in Long-Term Liabilities	997.79	(41.17)
Increase / (Decrease) in Trade Payables	(575.04)	(665.90)
Increase / (Decrease) in Other Current Liabilities	10,057.82	(2,703.75)
Increase / (Decrease) in Short-Term Provisions	250.14	(1,926.94)
Increase / (Decrease) in Other Long-Term Liabilities	-	-
Decrease / (Increase) in Long-Term Loans and Advances	1,907.21	(277.55)
Decrease / (Increase) in Other Non - Current Assets	(911.58)	-
Decrease / (Increase) in Inventories	(1,132.20)	493.45
Decrease / (Increase) in Trade Receivables	2,780.59	965.68
Decrease / (Increase) in Short-Term Loans and Advances	(112.84)	101.92
Decrease / (Increase) in Other Current Assets	684.71	(1,808.83)
<b>Cash Generated from / (used in) Operations</b>	<b>15,811.83</b>	<b>(6,417.02)</b>
Direct Taxes Paid (Net of Refunds)	(4.23)	408.51
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>15,807.60</b>	<b>(6,008.51)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets (including Intangible Assets and CWIP)	(2,717.84)	(463.36)
Proceeds from Sale of Fixed Assets	107.84	-
Rent Received	(59.32)	322.19
Investment in Subsidiaries	-	(657.56)
Interest Received	114.20	39.47
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(2,555.12)</b>	<b>(759.26)</b>

**INNOVENTIVE INDUSTRIES LIMITED****Cash Flow For the Year Ended March 31, 2016****( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Cash flows from financing activities:</b>		
Changes in Securities Premium	-	-
Proceeds from Long-Term Borrowings (Net of Repayments)	(5,653.01)	66,567.23
Proceeds from Short-Term Borrowings (Net of Repayments)	4,938.59	(45,839.85)
Other Adjustment	-	-
Finance Cost	(13,242.93)	(14,905.05)
<b>Net Cash Flow from / (used in) in Financing Activities (C)</b>	<b>(13,957.35)</b>	<b>5,822.32</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(704.87)</b>	<b>(945.45)</b>
Cash and Cash Equivalents at the Beginning of the Year	1,482.93	2,428.38
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>778.06</b>	<b>1,482.93</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	3.85	2.85
Balances with banks - on Current Account	437.10	1,141.75
- on Deposit Account	337.11	338.33
<b>Total Cash and Cash Equivalents</b>	<b>778.06</b>	<b>1,482.93</b>

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date : - 26th April, 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **1. Nature of business**

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

### **2. Significant accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements of the Company have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on the accrual basis. Indian GAAP comprises accounting standards notified by the Central Government of India under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Account) Rules 2014, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

The Company has prepared these financial statements as per the format prescribed in Schedule III to The Companies Act, 2013.

The Company's operating results continue to be materially affected by various factors, particularly high interest cost, pricing pressures from competition and general economic slowdown. The Company has incurred a net loss of Rs. 17,497.17 Lacs during the year ended March 31, 2016, and as of that date, the Company's total liabilities exceeded its total assets by Rs. 34,056.41 Lacs.

The Company is implementing various long-term measures to improve its product offering and enhancing customer base. The Company has undertaken a comprehensive review of its current network to maximize profitability and improve efficiency in its operations. The Company is also implementing various measures to optimize plant utilization, improving operational efficiencies, renegotiation of contracts and other cost control measures to improve the Company's operating results and cash flows.

The promoters continue to be committed to providing the required operational and financial support to Company in the foreseeable future. During the year, the Promoters have further infused Rs 384.16 lacs by way of promoter's contribution. The total promoter contribution as on March 31, 2016 aggregates Rs 2,903.22 lacs.

The release of the short term working capital funds by the bankers as per their commitments to the terms of the Corporate Debt Restructuring scheme will significantly improve the company's cash flow position.

In view of the foregoing, the Company's financial statements have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business.

#### **2.2 Use of estimates**

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

#### **2.3 Revenue recognition**

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

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

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

Dividends are recorded when the right to receive is established.

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

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

### **2.4 Tangible assets**

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

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

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

### **2.5 Capitalisation of foreign exchange**

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

### **2.6 Depreciation**

Depreciation on tangible assets, which has been depreciated over estimated useful life, is provided on the straight line method, pro-rata to the period of use. The rates of depreciation prescribed in Schedule II to the Companies Act, 2013 have been adopted by the Company, which in view of the management reflect the useful lives of related fixed assets except in case of one vehicle where the management estimates its useful life as 7 years.

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

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

Pursuant to Companies Act 2013 (the Act) becoming effective from April 1, 2014, the Company has re-worked depreciation with reference to the estimated useful lives of fixed assets prescribed under Schedule II to the Act or as per technical evaluation and componentization.

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.7 Intangible assets and amortisation**

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

Acquired intangible assets consisting of technical know-how, patents and software, are recorded at acquisition cost and amortised on straight-line basis based on the following useful lives.

Pursuant to Companies Act 2013 (the Act) becoming effective from April 1, 2014, the Company has re-worked amortisations with reference to the estimated useful lives of intangible assets prescribed under Schedule II to the Act or as per technical evaluation and componentization.

### **2.8 Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **2.9 Impairment of tangible and intangible assets**

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

### **2.10 Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

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

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

### **2.11 Inventories**

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

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

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



## **INNOVENTIVE INDUSTRIES LIMITED**

Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016

(All Amounts are in INR Lacs Unless otherwise stated specifically)

### **2.12 Foreign currency transactions**

#### **Initial recognition**

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

#### **Conversion**

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

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

### **2.13 Leases**

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

### **2.14 Employee benefits**

#### **a) Contribution to Provident Fund**

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

#### **b) Gratuity**

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

#### **c) Leave encashment**

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

### **2.15 Income taxes**

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

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

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

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

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

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

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

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

### **2.16 Earnings per share**

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

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

### **2.17 Cash and cash equivalents**

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

### **2.18 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.

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.19 Identification of segments**

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- i. The nature of the products,
- ii. The related risk and returns, and
- iii. The internal financial reporting systems.

The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

#### **Allocation of common costs**

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

#### **Unallocated items**

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

#### **Segment accounting policies**

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

### **2.20 Provisions:**

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### **2.21 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**3 SHARE CAPITAL**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorized:</b>		
7,50,00,000 Shares of Rs.10 Each (March 31 <sup>st</sup> , 2015: 7,50,00,000 Shares of Rs.10 Each)	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued, Subscribed &amp; Fully Paid Up:</b>		
5,96,43,999 Shares of Rs.10 Each (March 31 <sup>st</sup> , 2015: 5,96,43,999 Shares of Rs.10 Each)	5,964.40	5,964.40
	<b>5,964.40</b>	<b>5,964.40</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
At the beginning of the period	5,96,43,999	5,964.40	5,96,43,999	5,964.40
Shares issued during the period *	-	-	-	-
Bonus Issue of equity shares 1 and 2	-	-	-	-
Preferential Allotment of equity shares	-	-	-	-
Initial Public Offer of equity shares	-	-	-	-
Outstanding at the end of the period	<b>5,96,43,999</b>	<b>5,964.40</b>	<b>5,96,43,999</b>	<b>5,964</b>

**b) Terms/ Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each share holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2016, the amount of per share dividend recognised as distributed to equity shareholders was Rs. Nil. (March 31, 2015 Nil). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

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

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

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Chandu Laxman Chavan (Promoter)	1,30,13,532	21.82%	1,30,13,532	21.82%
Ravindra Waman Katre (Promoter)	38,24,437	6.41%	38,24,437	6.41%
Kavos Capital Limited	80,38,632	13.48%	80,38,632	13.48%
Standard Chartered Private Equity (Mauritius) Limited	42,06,441	7.05%	42,06,441	7.05%
Reliance Capital Trustee Co. Ltd. A/C- Reliance Regular Savings Fund-Equity Option	30,00,000	5.03%	30,00,000	5.03%

**e) Aggregate number of bonus shares issued / bought back during the period of five years immediately preceding the reporting date:**

Particulars	'March 31, 2016	'March 31, 2015
Equity shares allotted as fully paid bonus shares by capitalisation of Reserve & Surplus (Refer Note No. 1 below)	3,04,49,360	3,04,49,360
Equity shares allotted as fully paid bonus shares by capitalisation of Capital Redemption Reserve (Refer Note No. 2 below)	3,79,280	3,79,280
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity shares bought back by the company	-	-

1 Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the Company as on the record date, i.e. September 18, 2010.

2 Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**4 RESERVES & SURPLUS**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Revaluation Reserve</b>	65.64	65.64
<b>Capital Redemption Reserve</b>	362.07	362.07
<b>Securities Premium</b>	24,163.68	24,163.68
<b>General Reserve</b>		
Balance as per last Financial	2,007.06	2,477.07
Less: Effect of Change in Method of Depreciation	-	470.01
	<b>2,007.06</b>	<b>2,007.06</b>
<b>Profit and Loss Balance</b>		
Balance as per last financials	(49,122.09)	(27,773.78)
Add : Profit for the year as per statement of profit or loss	(17,497.17)	(21,348.26)
Add : Reversal of Proposed Dividend on Equity Shares	-	-
Add : Reversal of Dividend Distribution Tax	-	-
<b>Net Profit / (Loss) in the statement of profit and loss</b>	<b>(66,619.26)</b>	<b>(49,122.04)</b>
<b>Total</b>	<b>(40,020.81)</b>	<b>(22,523.59)</b>

**5 LONG TERM BORROWINGS**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Indian Rupee Loans from Banks</b>		
<u>Secured</u>		
Term loans from banks	70,774.46	73,455.24
Vehicle Loans	-	-
<u>Unsecured</u>		
Term loans from Financial Institution	2,521.17	3,028.73
<b>Foreign Currnecy Loans from Banks</b>		
<u>Secured</u>		
External Commercial Borrowings	7,193.96	9,321.66
<b>From Related Parties</b>		
<u>Unsecured</u>		
Promotors Contribution	2,903.22	2,519.06
Intercorporate Loans	1,105.00	1,174.88
<b>From other parties</b>		
<u>Unsecured</u>	-	-
<b>The above amount includes</b>		
Secured borrowings	77,968.42	82,776.90
Unsecured borrowing	6,529.39	6,722.66
	<b>84,497.81</b>	<b>89,499.57</b>

**6 LONG TERM LIABILITIES**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
Creditors for Capital Expenses	401.66	303.87
Advance agaisnt Sale of Properties	900.00	-
	<b>1,301.66</b>	<b>303.87</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**7 DEFERRED TAX**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax liability</b>		
Difference between tax depreciation and depreciation/amortization as per financial reporting	8,867.88	8,949.05
	<b>8,867.88</b>	<b>8,949.05</b>
<b>Deferred tax asset</b>		
Provision for bad and doubtful debts	5,651.88	5,650.94
Employee Benefits	107.20	102.59
Income Tax Losses for Earlier Years	15,084.97	8,465.62
Others	-	-
	<b>20,844.05</b>	<b>14,219.15</b>
<b>Deferred Tax Assets Not Recognized</b>	11,976.18	5,270.11
<b>Deferred Tax Liability (Net)</b>	-	-

During the year the company has Deferred Tax Assets arising on account of unabosrbed depreciation and business lossess. However, the same is not recognised in the books of accounts as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assests can be realised

**8 SHORT TERM BORROWINGS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
Cash credit loans from banks (Secured)*	19,850.02	13,430.11
Short term loans from Banks/ Financial Institutions (Secured)*	3,286.84	4,768.17
Business Support from Financial Institution	1,000.00	1,000.00
Loan from Key Management Personnel	-	-
<b>Total</b>	<b>24,136.87</b>	<b>19,198.28</b>

\* Cash Credit and demand loans are secured by first pari pasu charge by way of hypothecation of all current assets both present and future and second pari pasu charge by way of hyphotication on all fixed assets, both present and future and having interest rate at 10.45%

**9 TRADE PAYABLE & OTHER CURRENT LIABILITIES**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
i) <b>Trade Payables:</b>		
Sundry Creditors - Goods	1,729.43	2,302.13
Sundry Creditors - Expenses	700.35	702.69
<b>Sub Total</b>	<b>2,429.79</b>	<b>3,004.82</b>
ii) <b>Other current liabilities:</b>		
Current maturities of long term bank borrowings (Secured)*	16,465.63	5,429.47
Current maturities of long term bank borrowings vehicle loan (Secured)*	8.71	23.80
Current maturities of long term financial Institutions borrowings (Unsecured)*	293.97	569.49
Interest accrued but not due	3.00	22.91
Unclaimed dividend	0.28	0.28
	<b>16,771.59</b>	<b>6,045.94</b>
<b>Other liabilities:-</b>		
Statutory Dues	800.66	266.41
Other Payable	2,583.32	3,923.47
Trade Deposit	10.00	10.00
Advance from Customer	18.69	14.12
	<b>3,412.67</b>	<b>4,213.99</b>
<b>Sub Total</b>	<b>20,184.26</b>	<b>10,259.94</b>
<b>Total</b>	<b>22,614.05</b>	<b>13,264.76</b>

**INNOVENTIVE INDUSTRIES LIMITED****Notes to Financial Statement for the Year Ended on March 31, 2016****10 SHORT TERM PROVISIONS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
Income Tax Provision	-	-
Wealth Tax Provision	1.29	1.29
Provision for Gratuity	124.73	81.00
Provision for Leave Encashment	102.26	124.41
Provision for Bonus	119.93	126.59
Provision for Expenses	501.94	266.72
<b>Total</b>	<b>850.15</b>	<b>600.01</b>

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**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on 31st March 2016**
**11 Tangible Assets, Intangible Assets and Work in Progress**
**( ₹ in Lacs )**

Sr. No.	Particulars	Opening as on 01.04.2015	GROSS BLOCK		Closing as on 31.03.2016	Opening Balance 01.04.2015	DEPRECIATION		Total	Net Block	
			Additions during the year	Deduction			for the Year	On Deduction / sale		As At 31.03.2016	As At 31.03.2015
TANGIBLE ASSETS											
	Free Hold Land	2,788.44	-	-	2,788.44	-	-	-	-	2,788.44	2,788.44
	Leasehold Land	0.11	-	-	0.11	0.10	-	-	0.10	0.01	0.01
	Building	12,362.09	202.98	-	12,565.06	1,832.92	395.29	-	2,228.21	10,336.85	10,529.16
	Plant & Machinery	29,594.50	627.82	145.01	30,077.31	11,505.67	2,728.30	42.51	14,191.47	15,885.84	18,088.83
	Computers	237.72	0.65	-	238.37	223.01	8.01	-	231.02	7.35	14.71
	Tools & Dies	19,437.13	70.56	49.15	19,458.55	4,607.65	1,898.42	19.71	6,486.36	12,972.19	14,829.48
	Furniture & Fixtures	135.89	-	-	135.89	55.26	10.61	-	65.87	70.01	80.63
	Vehicles	334.76	-	23.58	311.18	155.76	43.66	12.61	186.82	124.36	179.00
	TOTAL TANGIBLE ASSETS	64,890.64	902.02	217.75	65,574.91	18,380.38	5,084.30	74.83	23,389.85	42,185.06	46,510.27
	PREVIOUS YEAR										
INTANGIBLE ASSETS											
	Software	544.69	4.03	-	548.72	491.38	10.91	-	502.29	46.42	53.30
	Research and Development Assets										
	I) Patent and Trademark	3,688.28	36.60	-	3,724.88	725.70	336.47	-	1,062.17	2,662.71	2,962.58
	II) Product Development Cost	336.71	-	-	336.71	128.52	72.03	-	200.55	136.16	208.19
	III) Research and Development	4,396.63	-	-	4,396.63	783.42	783.42	-	1,566.84	2,829.79	3,613.21
	TOTAL INTANGIBLE ASSETS	8,966.31	40.63	-	9,006.94	2,129.02	1,202.83	-	3,331.85	5,675.09	6,837.29
	PREVIOUS YEAR	2,817.10	6,135.93	-	8,953.03	447.99	391.14	-	839.13		
CAPITAL WORK IN PROGRESS											
	Building	57.36	0.00	-	57.36	-	-	-	-	57.36	57.36
	Plant & Machinery	7,423.17	21.41	8.31	7,436.27	-	-	-	-	7,436.27	7,423.17
	Tools & Dies	-	8.80	-	8.80	-	-	-	-	8.80	-
	TOTAL CAPITAL WORK IN PROGRESS	7,480.53	30.21	8.31	7,502.43	-	-	-	-	7,502.43	7,480.53
	PREVIOUS YEAR	7,127.45	1,224.50	882.61	7,469.34	-	-	-	-		
ASSETS HELD FOR SALE											
	Land and Building	-	2,404.51	-	-	-	-	-	-	2,404.51	-
	TOTAL ASSETS HELD FOR SALE	-	2,404.51	-	-	-	-	-	-	2,404.51	
	TOTAL	81,337.48	3,377.36	226.05	82,084.29	20,509.40	6,287.13	74.83	26,721.71	57,767.09	60,828.08

**Notes**

Foreign Exchange fluctuation loss amounting to Rs. 651.25 Lacs of which Rs. 202.86 Lacs (Previous Year Rs. 118.33 Lacs) is capitalized on Building and Rs. 448.39 Lacs (Previous Year 114.56 ) on Plant and Machinery.



**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**12 LONG TERM INVESTMENTS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>Long Term Investment</b>		
<b>Trade Investments</b>		
<b>Unquoted Equity Investments</b>		
- In Subsidiaries		
223,907 (March 2015: 223,907) Equity Shares of Rs. 10/- each fully paid-up of Sankalp Engineering & Services Private Limited (erstwhile Sankalp Forging Private Limited)	978.49	978.49
2,269,499 (March 2015: 2,269,499) Equity Shares of Rs. 10/- each fully paid - up of Saicon Steels Private Limited	0.51	0.51
399,999 (March 2015: 399,999) Equity Shares of Rs. 10/- each fully paid - up of Seven Star Electrodes Private Limited	1,200.00	1,200.00
Less : Provision for diminution in value of Investments	(19.00)	(19.00)
	<b>1,181.00</b>	<b>1,181.00</b>
1,899,999 (March 2015: 1,899,999) Equity Shares of Rs. 10/- each fully paid - up of Arihant Auto Components Private Limited	190.00	190.00
Less : Provision for diminution in value of Investments	(190.00)	(190.00)
	-	-
799,999 (March 2015: 799,999) Equity Shares of Rs. 10/- each fully paid - up of Arihant Steel and Metal Wire Private Limited	80.00	80.00
Less : Provision for diminution in value of Investments	(80.00)	(80.00)
	-	-
100 (March 2015: 100) Equity Shares of 0.1 USD each of Innoventive Americas Inc.	2,678.70	2,678.70
100 (March 2015: 100) Equity Shares 1 GBP each of Innoventive Industries UK Ltd	-	0.81
Less : Provision for diminution in value of Investments	-	0.81
	-	-
499,499 (March 2015: 499,499 ) Equity Shares of Rs. 10/- each fully paid - up of Innovative Technomics Private Limited	2,342.33	2,342.33
	<b>7,181.02</b>	<b>7,181.02</b>
<b>Non Trade</b>		
<b>Quoted Investments</b>		
In Mutual Funds		
40,000 Units (March 2015: 40,000 Units) UTI-India Lifestyle Fund - Growth Plan	4.00	4.00
<b>Unquoted Investments</b>		
2500 ( March 2015: 250) Equity Shares of Rs. 10/- each fully paid - up of The Saraswat Co-operative Bank Limited	0.25	0.25
	<b>7,185.27</b>	<b>7,185.27</b>
Aggregate value of Unquoted Investment (Gross of Provision for Dimunition)	7,470.27	7,470.27
Aggregate of Provision for Dimunition	(289.00)	(289.00)
Aggregate value of Unquoted Investment (Net of Provision for Dimunition)	7,181.27	7,181.27
Aggregate value of Quoted Investment	4.00	4.00

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**13 LONG TERM LOANS & ADVANCES**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>Loans And Advances (Unsecured )</b>		
Capital Advances	4,397.49	4,217.81
Security Deposit	212.34	238.19
Loans And Advances to Related Parties Considered Good	1,972.88	1,774.67
Loans And Advances to Related Parties Considered Doubtful	392.30	392.30
Less : Provision for long term loans and advances Related Parties	392.30	392.30
	<b>1,972.88</b>	<b>1,774.67</b>
Other Loans And Advances Considered Good	2,678.64	4,917.45
Other Loans And Advances Considered Doubtful	308.50	438.32
Less : Provision for long term loans and advances Related Parties	308.50	438.32
	<b>2,678.64</b>	<b>4,917.45</b>
<b>Total</b>	<b>9,261.34</b>	<b>11,148.12</b>

**14 OTHER NON CURRENT ASSETS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>Other Non Current Assets</b>		
Deposits with banks with maturity more than 12 Months	911.58	-
<b>Total</b>	<b>911.58</b>	<b>-</b>

**15 INVENTORIES**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>[valued at lower of cost and net realizable value]</b>		
Raw Materials & Components	1,978.12	1,300.45
Stores, Spares, Consumable etc.	875.51	707.59
Work in Progress	1.41	1.41
Semi Finished & Finished goods	3,437.63	3,141.55
Scrap	80.51	89.96
<b>Total</b>	<b>6,373.17</b>	<b>5,240.97</b>

**Details of Inventory**
**a) Raw Materials & Components**

Steel	1,184.99	1,049.50
ERW and CRW Tubes	64.07	81.39
CR and HR Coils	362.07	59.20
Bars	366.99	110.36
<b>Total</b>	<b>1,978.12</b>	<b>1,300.45</b>

**b) Work in Progress**

ERW and CRW	1.05	1.05
Pilger	0.36	0.36
<b>Total</b>	<b>1.41</b>	<b>1.41</b>

**c) Semi Finished & Finished Goods**

Auto Parts	1,389.99	1,284.58
Tubes	1,785.14	1,709.79
Others	262.50	147.18
<b>Total</b>	<b>3,437.63</b>	<b>3,141.55</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**16 TRADE RECEIVABLES**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered Good	3,849.48	7,706.50
Considered Doubtful	6,663.88	6,560.17
<b>Others</b>		
Considered Good	5,977.05	4,923.51
Considered Doubtful	-	76.09
	16,490.40	19,266.27
Less : Provision for doubtful debt	6,663.88	6,657.26
<b>Total</b>	<b>9,826.52</b>	<b>12,609.01</b>

**17 CASH AND BANK BALANCES**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalent</b>		
Balances with Bank		
- Current Accounts INR	437.10	1,141.75
Cash on Hand	3.85	2.85
	440.95	1,144.59
Other Bank Balances		
- Margin Money Deposits with Banks	337.11	338.33
	778.06	1,482.93
<b>Total</b>	<b>778.06</b>	<b>1,482.93</b>

**18 SHORT TERM LOANS AND ADVANCES**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
Advances recoverable in cash or in kind or for value to be received	-	-
Others		
Considered Good	563.45	525.04
Considered Doubtful	1,534.21	1,490.68
	2,097.66	2,015.72
Provision for Doubtful Advances	1,534.21	1,490.68
	563.45	525.04
Prepaid Expenses	74.25	30.64
Other Receivables	598.29	567.48
<b>Total</b>	<b>1,235.99</b>	<b>1,123.15</b>

**19 OTHER CURRENT ASSETS**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
Export benefits receivable	145.64	268.05
Balances With Government Authorities	463.98	290.50
Industrial Promotion Subsidy receivable	4,218.20	4,350.93
Others		
Considered Good	1,177.27	1,780.33
Considered Doubtful	9,392.00	9,309.27
	10,569.28	11,089.60
Provision for doubtful Receivables	9,392.00	9,309.27
<b>Total</b>	<b>6,005.10</b>	<b>6,689.81</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**20 REVENUE FROM OPERATIONS**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Sales of Goods(Gross) :</b>		
Sale of Manufactured Goods	35,887.75	35,024.86
Sale of Traded Goods	369.45	1,381.53
<b>Total Sale of Goods</b>	<b>36,257.20</b>	<b>36,406.39</b>
<b>Sale of Services</b>	54.16	0.82
<b>Total sale of services</b>	<b>54.16</b>	<b>0.82</b>
<b>Other Operating Revenue</b>		
Sale of Scrap	516.62	641.59
Export Benefits	35.45	113.43
<b>Total Other Operating Revenues</b>	<b>552.07</b>	<b>755.02</b>
<b>Total</b>	<b>36,863.43</b>	<b>37,162.23</b>
Less: Excise Duty	3,341.91	2,965.27
	<b>33,521.52</b>	<b>34,196.96</b>
<b>Details of Manufactured Goods sold:</b>		
- Tubes & related products	8,048.22	8,322.29
- MV parts	25,255.02	23,718.75
- Others	2,584.51	2,983.82
<b>Total</b>	<b>35,887.75</b>	<b>35,024.86</b>
<b>Details of Traded Goods sold:</b>		
- HR Coils/Sheet/Strips	-	1,366.18
- Others	369.45	15.36
<b>Total</b>	<b>369.45</b>	<b>1,381.53</b>

**21 OTHER INCOME**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
Discount Received	5.94	7.54
Sundry balances written back	133.49	-
Foreign Exchange loss/(gain)	73.32	-
Miscellaneous income	2.03	1.44
Interest income	114.20	39.47
Profit on Sale of Fixed Assets	0.00	-
Rent Received	59.32	322.19
<b>Total</b>	<b>388.29</b>	<b>370.64</b>

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**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the Year Ended on March 31, 2016**
**22a COST OF RAW MATERIALS AND COMPONENTS CONSUMED**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>Cost of Raw Materials and Components Consumed</b>		
Inventory at the beginning of the year	1,300.45	1,022.21
Add: Purchases	23,695.12	23,031.15
Less: Raw material sold out of material purchased	7.27	-
Less: inventory at the end of the year	1,978.12	1,300.45
Cost of raw material and components consumed	<b>23,010.18</b>	<b>22,752.90</b>
<b>Total</b>	<b>23,010.18</b>	<b>22,752.90</b>

**22b COST OF TRADED GOODS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
Purchase of Traded Goods and Other Charges	356.00	1,326.27
<b>(Increase) / decrease in inventories</b>		
Inventory at the end of the year	-	-
Inventory at the beginning of the year	-	-
<b>Total</b>	<b>356.00</b>	<b>1,326.27</b>

**22c CHANGES IN INVENTORIES OF WIP & STOCK IN TRADE**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>(Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	1.41	1.41
Semi finished and finished goods	3,307.50	3,141.55
<b>Inventories at the beginning of the year</b>		
Work-in-progress	1.41	1.41
Semi finished and finished goods	3,141.55	4,447.00
<b>Net (Increase)/Decrease in Inventories</b>		
Work-in-progress	-	-
Semi finished and finished goods	(165.95)	1,305.45
	<b>(165.95)</b>	<b>1,305.45</b>

**22 TOTAL COST OF GOODS SOLD**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>(22a + 22b + 22c)</b>		
<b>Cost of Goods Sold</b>		
Inventory at the beginning of the year	4,443.42	5,470.62
Add: Purchases	24,051.12	24,357.42
Less: Raw material sold out of material purchased	7.27	-
Less: Inventory at the end of the year	5,287.03	4,443.42
Cost of Goods Sold	<b>23,200.23</b>	<b>25,384.62</b>
<b>Total Cost of Goods Sold</b>	<b>23,200.23</b>	<b>25,384.62</b>

**INNOVENTIVE INDUSTRIES LIMITED****Notes to Financial Statement for the Year Ended on March 31, 2016****23 EMPLOYEE BENEFIT EXPENSES****( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Employee Benefits</b>		
Salaries, Wages & Bonus	2,289.53	2,275.25
Contribution to Provident and Other Funds	147.14	159.57
Staff Welfare Expenses	277.37	273.86
<b>Total</b>	<b>2,714.04</b>	<b>2,708.68</b>

**24 MANUFACTURING AND OTHER EXPENSES****( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>MANUFACTURING EXPENSES</b>		
Consumption of Stores, Spares & Consumables	831.75	824.83
Power & Fuel	758.46	750.43
Labour Charges	2,126.29	1,624.56
Repairs & Maintenance		
- Plant & Machinery	49.71	56.71
- Factory Building	14.37	15.31
Other Manufacturing Expenses	170.53	436.18
	<b>3,951.11</b>	<b>3,708.01</b>
<b>OTHER EXPENSES</b>		
Repairs & Maintenance		
- Other Assets	153.25	145.27
Rent	25.19	29.70
Insurance	24.58	64.78
Rates & Taxes	17.85	27.02
Freight & Packing	438.55	452.28
Printing and Stationery	25.23	20.59
Telephone Expenses	14.62	21.64
Travelling & Conveyance	330.76	345.35
Loss on sale / write-off of Fixed Assets	35.08	-
Provision for Doubtful Debts	3.05	662.82
Internal Audit Fees	1.00	
Bad debts	-	-
Auditors Remuneration		
- For Audit Services	18.00	17.23
- Tax Audit Fees	-	-
- Other Services	-	-
- Reimbursement of Out-of- Pocket Expenses	-	0.16
Legal, Professional & Consultancy fees	295.80	495.73
Other Selling & Distribution Expenses	28.04	39.94
Provision for diminution in long term Investment	(0.81)	-
Investment Written Off	0.81	
Foreign Exchange loss/(gain)	-	33.25
CSR Expenses	-	99.01
Other Expenses	301.91	267.21
Prior Period Expenses (Net of Income)	294.40	808.76
	<b>2,007.32</b>	<b>3,530.73</b>
<b>Total</b>	<b>5,958.42</b>	<b>7,238.74</b>

**25 FINANCE COST****( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Interest Expenses on</b>		
- Borrowings and Term Loans	12,970.38	14,418.83
<b>Other Borrowing Cost</b>		
- Bank Charges & Processing Fees	272.55	486.23
<b>Total</b>	<b>13,242.93</b>	<b>14,905.05</b>

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Financial Statement for the year March 31, 2016

### 26. Related Party Transactions

I] Parties where Control Exists	Relationship
Sankalp Engineering & Services Private Limited	Subsidiaries
Saicon Steels Private Limited	Subsidiaries
Innovative Technomics Private Limited	Subsidiaries
Arihant Steel and Metal Wires Private Limited	Subsidiaries
Arihant Auto Components Private Limited	Subsidiaries
Sevenstar Electrodes Private Limited	Subsidiaries
Innoventive Americas INC	Subsidiaries
Innoventive Industries UK Ltd	Subsidiaries
Salem Steels NA LLC	Step Down Subsidiaries
Sankalp Americas INC	Step Down Subsidiaries
Sankalp Middle East FZE	Step Down Subsidiaries
II] Directors and their Relatives	Relationship
Mr. Chandu Laxman Chavan	Chairman and Managing Directors
Mr. Ravindra W Katre	Whole Time Director
Mr. Pradeep Tupe	Independent Directors
Miss. Pournima Gadiya	Independent Directors
Mr. Rajendra Gaikwad	Independent Directors
Key Management Personnel	Relationship
Mr. Chandu Laxman Chavan	Chairman and Managing Directors
Mr. Ravindra W Katre (upto 9th Oct, 2015)	Whole Time Director
Relatives of Key Managerial Personnel (Relative of KMP)	Relationship
Dr. Shubhangi Jadhav	Relative of Director
Mrs. Mrunal Katre (upto 9th Oct, 2015)	Relative of Director
Promoter Group	Relationship
Mr. Sanjay Bhade	Promoter Group
Mr. Parag Muley	Promoter Group
Mr. Shivaji Katke	Promoter Group
Mr. Sanjay Waghulade	Promoter Group
III] Enterprise over which Key Managerial Personnel and the Relative of Key Managerial Personnel exercise control/significant influence (Other Related Concerns)	
Name of Enterprise	Legal status of such entity
Yashoday Engineers Private Limited	Private Limited Company
Opal Luxury Time Products Limited	Limited Company
Gargi Bio Tek Private Limited	Private Limited Company
Sourcegenie Insurance Broking Private Limited	Private Limited Company
Sourcegenie Consulting Private Limited	Private Limited Company
Swayamsiddha Mahila Utkarsha Foundation	Section 8 Company
Swayamsiddha Socio-economic Projects Private Limited	Private Limited Company
Innoventive Ventures Limited	Limited Company
Highbrow Investments Private Limited	Private Limited Company
Orgreen Private Limited	Private Limited Company
CLC Holding Private Limited	Private Limited Company
Phoenix Enterprises	Proprietorship

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Financial Statement for the year March 31, 2016

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

Particulars	Relationship	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Sale of Goods</b>			
Sankalp Engineering & Services Private Limited	Subsidiary	1.70	-
Salem Steels NA LLC	Step Down Subsidiary	592.66	2,457.42
Innovative Technomics Private Limited	Subsidiary	7.27	25.98
<b>Total</b>		<b>601.63</b>	<b>2,483.40</b>
<b>Sale of Services</b>			
Innovative Technomics Private Limited	Subsidiary	37.30	-
<b>Total</b>		<b>37.30</b>	<b>-</b>
<b>Rent Income</b>			
Innovative Technomics Private Limited	Subsidiary	-	1.98
<b>Total</b>		<b>-</b>	<b>1.98</b>
<b>Intercompany Loan Received</b>			
Innoventive Ventures Limited	Other Related Concern	958.83	256.00
Arihant Steel and Metal Wires Private Limited	Subsidiary	12.00	3.50
Sankalp Engineering & Services Private Limited	Subsidiary	-	56.00
Innovative Technomics Private Limited	Subsidiary	59.26	842.60
<b>Total</b>		<b>1,030.09</b>	<b>1,158.10</b>
<b>Advance for Investment in Step-down Subsidiary</b>			
Innoventive Americas INC	Subsidiary	198.20	-
<b>Total</b>		<b>198.20</b>	<b>-</b>
<b>Intercompany Loan Repaid</b>			
Innovative Technomics Private Limited	Subsidiary	210.11	361.38
<b>Total</b>		<b>210.11</b>	<b>361.38</b>
<b>Interest Paid on Deposit</b>			
Innovative Technomics Private Limited	Subsidiary	76.64	98.79
<b>Total</b>		<b>76.64</b>	<b>98.79</b>
<b>Purchase of Raw Material</b>			
Sankalp Engineering & Services Private Limited	Subsidiary	0.19	-
<b>Total</b>		<b>0.19</b>	<b>-</b>
<b>Purchase of Services</b>			
Swayamsiddha Mahila Utkarsha Foundation	Other Related Concerns	4.31	11.52
Sankalp Engineering & Services Private Limited	Subsidiary	3.67	-
<b>Total</b>		<b>7.98</b>	<b>11.52</b>
<b>Loans Received From Key Management Personnel &amp; Promoters</b>			
Mr. Chandu Laxman Chavan	KMP	-	1,732.37
Mr. Ravindra Katre	KMP	-	250.06
Mr. Sanjay Badhe	Promotor	-	130.00
Mr. Parag Muley	Promotor	-	150.63
<b>Total</b>		<b>-</b>	<b>2,263.06</b>
<b>Loans Repaid to Key Management Personnel &amp; Promoters</b>			
Mr. Chandu Laxman Chavan	KMP	364.62	-
Mr. Ravindra Katre	KMP	120.05	-
Mr. Sanjay Badhe	Promotor	90.00	-
<b>Total</b>		<b>574.67</b>	<b>-</b>



# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Financial Statement for the year March 31, 2016

Particulars	Relationship	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Managerial Remuneration</b>			
Mr. Chandu Laxman Chavan	KMP	36.00	25.50
Mr. Ravindra Katre	KMP	36.00	54.00
<b>Total</b>		<b>72.00</b>	<b>79.50</b>
<b>Outstanding Balances</b>			
<b>Receivables</b>			
Saicon Steels Private Limited	Subsidiary	4,408.58	4,408.58
Sankalp Engineering and Services Private Limited	Subsidiary	510.56	502.97
Sevenstar Electrodes Private Limited	Subsidiary	145.47	145.47
Arihant Auto Components Private Limited	Subsidiary	392.30	392.30
Salem Steels NA, LLC	Step Down Subsidiary	215.38	1,023.51
Sourcegenie Consulting Private Limited	Other Related Concern	23.93	23.93
Yashoday Engineers Private Limited	Other Related Concern	626.12	626.12
Opal Luxury Time Products Limited	Other Related Concern	196.66	196.66
Membrane Filters (India) Private Limited	Other Related Concern	354.18	354.18
Aim Filtertech Private Limited	Other Related Concern	12.12	12.12
M/s. Saptashrungi Engineering Works	Other Related Concern	26.79	26.79
Gargi Bio tek Private Limited	Other Related Concern	89.46	89.46
Phoenix Erectors Private Limited	Other Related Concern	982.57	3,227.37
<b>Total</b>		<b>7,984.13</b>	<b>11,029.47</b>
<b>Payables</b>			
Innovative Technomics Private Limited	Subsidiary	960.81	1,174.88
Sourcegenie Insurance Broking Private Limited	Other Related Concern	3.62	3.62
Swayamsiddha Mahila Utkarsha Foundation	Other Related Concern	4.75	2.57
Arihant Steel and Metal Wires Private Limited	Subsidiary	15.50	3.50
Mr. Chandu Laxman Chavan	KMP	1,367.75	1,732.37
Mr. Ravindra Katre	KMP	130.01	250.06
Mr. Sanjay Badhe	Promotor	40.00	130.00
Mr. Parag Muley	Promotor	150.63	150.63
Innoventive Ventures Limited	Other Related Concern	1,214.83	256.00
<b>Total</b>		<b>3,887.91</b>	<b>3,703.63</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the year March 31, 2016**
**27. Capital commitments and contingent liabilities and secured loans**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Capital Commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,171.16	1,171.16
<b>Contingent Liabilities</b>		
Claims against company not acknowledged as debts	325.01	325.01
Unfulfilled Export Obligation under EPCG Scheme to be fulfilled over 8 Years. Duty Liability on non fulfillment of above obligation is Rs. 215.29/- Lacs (March 31, 2015: 299.24 /- Lacs)	1,113.74	1,548.02
The amount of Industrial Promotion Subsidy received of Rs.137.63 Cr under the Public Scheme of Incentive 2007 of Maharashtra Government, liable to be refunded on event of stoppage of Production	13,763.00	

**28. Segment Reporting**
**I] Primary Segment**

Based on the guiding principles given in the Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's primary segments are Motor Vehicle Parts, Tubes & Others.

Description		MV Parts	Tubes	Products	Others	Total
Total Revenue (Including Export benefits)	CY	25,255.02		8,048.22	218.28	33,521.52
	PY	23,718.75		8,322.29	2,155.92	34,196.96
Segment Result - Profit/(Loss)	CY	2,971.09		(6,020.26)	(11.88)	(3,061.05)
	PY	1,501.27		(6,393.23)	(280.22)	(5,172.18)
Unallocable Expenses (Net of Income)	CY					1,188.96
	PY					2,439.68
Interest	CY					13,242.93
	PY					14,905.05
Profit / (Loss) Before Taxes	CY					(17,492.94)
	PY					(22,516.91)
Tax (Including tax for earlier years)	CY					4.23
	PY					(1,168.66)
Profit / (Loss) After Taxes	CY					(17,497.17)
	PY					(21,348.26)
Segment Assets	CY	9,876.48		61,399.44	15,700.86	86,976.78
	PY	10,478.62		65,297.59	16,812.00	92,588.21
Unallocable Assets	CY					12,367.34
	PY					13,719.09
Segment Liabilities	CY	869.08		602.29	5,477.03	6,948.40
	PY	960.34		674.87	5,799.57	7,434.78
Unallocable Liabilities	CY					92,395.72
	PY					98,872.52
Capital Expenditure	CY	166.06		746.59	60.21	3,377.36
	PY	440.62		59.09	11.14	510.85
Depreciation	CY	599.13		5,536.76	151.24	6,287.13
	PY	599.29		6,092.52	155.61	6,847.42

## INNOVENTIVE INDUSTRIES LIMITED

### Notes to Financial Statement for the year March 31, 2016

#### II] Secondary Segment

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

Particulars		In India	Outside India	Total
Segmental Revenues (Including Export benefits, Industrial Promotion Subsidy and Royalty)	CY	32,636.09	885.43	33,521.52
	PY	31,259.55	2,937.41	34,196.96
Segment Asset	CY	86,263.08	713.71	86,976.78
	PY	86,966.75	1,347.28	88,314.04
Capital Expenditure	CY	510.85	-	510.85
	PY	510.86	-	510.86

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

#### 29. Unhedged foreign Currency Balances

Particulars		March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Trade Receivables	EURO	105.47	211.29
	GBP	27.86	17.24
	USD	215.38	1,118.75
Other Receivables	EURO	-	1.89
	USD	-	89.64
Trade Payables	EURO	-	5.80
	USD	10.32	-
Other Payable	EURO	7.51	6.75
	GBP	-	2.32
	USD	-	11.09
Capital Advance	USD	388.04	276.51
Long Term Borrowings from Banks	USD	11,841.80	10,624.18

#### 30. Earnings Per Share

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	5,96,43,999	5,96,43,999
Add: effect of dilutive issue of shares / options	-	-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	5,96,43,999	5,96,43,999
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax attributable to equity shareholders (In Lacs)	(17,497.17)	(21,348.26)
Basic earning per equity share	(29.34)	(35.79)
Diluted earning per equity share	(29.34)	(35.79)
Face value per share	10.00	10.00

# **INNOVENTIVE INDUSTRIES LIMITED**

## **Notes to Financial Statement for the year March 31, 2016**

### **31. Employee benefits**

#### **I] Defined contribution Plan (Gratuity)**

##### **a) Reconciliation of opening and closing balance of obligation**

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

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Liability at the beginning of the Period	272.92	200.52
Interest Cost	21.62	18.67
Current Service Cost	41.33	36.12
Benefits Paid	(10.33)	(8.72)
Actuarial (Gain)/Loss on obligation	(10.79)	26.33
Liability at the end of the period	314.74	272.92

##### **b) Reconciliation of opening and closing balance of Fair Value of Plan Assets**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Fair Value of Plan Assets at the beginning of the Period	191.91	183.70
Expected Return on Plan Assets	15.20	17.10
Contributions	-	-
Benefit Paid	(10.33)	(8.72)
Actuarial gain/(loss) on Plan Assets	(6.76)	(0.17)
Fair Value of Plan Assets at the end of the Period	190.02	191.91
Total Actuarial Gain/(Loss) To Be Recognised	(4.02)	(15.47)

##### **c) Expenses Recognised in Profit and Loss Account**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Current Service Cost	41.33	36.12
Interest Cost	21.62	18.67
Expected Return on Plan Assets	(15.20)	(17.10)
Net Actuarial (Gain)/Loss To Be Recognised	(4.02)	(15.47)
Expense Recognised in Profit & Loss account	43.72	22.23

##### **d) Amount Recognised in the Balance Sheet**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Fair value of plan assets at the end of the period	190.02	
(Present value of benefit obligation as at the end of the period)	(314.74)	(272.92)
Funded status	(124.73)	(81.00)
Unrecognized past service cost at the end of the period	-	-
Unrecognized transitional liability at the end of the period	-	-
Net (liability)/asset recognized in the balance sheet	(124.73)	(81.00)

##### **e) Balance Sheet Reconciliation**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Opening net liability	81.00	16.82
Expense	43.72	64.18
Employers Contribution paid	-	-
Closing net Liability/ (Asset)	124.73	81.00

##### **f) Assets and liabilities recognized in Balance Sheet**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Present value of defined benefit obligation	(314.74)	(272.92)
Less: fair value of plan assets	190.02	191.91
Amount recognised as (liability)/ asset	(124.73)	(81.00)
Recognised as short term (liability)/ asset	(124.73)	(81.00)

## INNOVENTIVE INDUSTRIES LIMITED

### Notes to Financial Statement for the year March 31, 2016

#### g) Actual Return on Plan Assets

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Expected Return on Plan Assets	15.20	17.10
Actuarial Gain / (Loss) on Plan Assets	(6.76)	(0.17)
Actual Return on Plan Assets	8.43	16.94

#### h) Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Discount Rate	7.92%	7.92%
Rate of Return on Plan Assets	7.92%	7.92%
Salary Escalation	5.00%	5.00%

#### i) Composition of plan assets

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Insured Managed Funds	100%	100%

#### j) Experience Adjustment

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)	March 31, 2014 (₹ in Lacs)	March 31, 2013 (₹ in Lacs)
On Plan Liability (Gain) / Losses	10.79	(15.63)	(15.43)	74.95
On Plan Assets Gain / (Losses)	(6.76)	(0.16)	1.35	10.43

#### Notes:

Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

## II] Defined contribution

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Employers contributions to Provident fund	146.18	158.53
Employers Contribution to ESIC	0.96	1.04
<b>Total</b>	<b>147.14</b>	<b>159.57</b>

## 32. Other Notes

#### a) Details of raw material consumed

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
ERW & CRW Tubes	6,243.42	6,173.62
CR & HR Coils	7,012.27	6,933.87
Bought out & others	9,754.48	9,645.41
<b>Total</b>	<b>23,010.18</b>	<b>22,752.90</b>

#### b) Details of Traded Goods Purchased

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
HR Coils/Sheet/Strips	356.00	1,366.18
Others	-	15.36
<b>Total</b>	<b>356.00</b>	<b>1,381.53</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the year March 31, 2016**

## c) Value of Materials and Components Consumed :

Particulars	March 31, 2016		March 31, 2015	
	Amount	%	Amount	%
Indigenous	23,010.18	100.00%	22,752.90	100.00%
Imported	-	0.00%	-	0.00%
<b>Total</b>	<b>23,010.18</b>	<b>100.00%</b>	<b>22,752.90</b>	<b>100.00%</b>

## d) Value of Stores, Spares, Consumables:

Particulars	March 31, 2016		March 31, 2015	
	Amount	%	Amount	%
Indigenous	831.75	100.00%	824.83	99.64%
Imported	-	0.00%	-	0.36%
<b>Total</b>	<b>831.75</b>	<b>100.00%</b>	<b>824.83</b>	<b>100.00%</b>

## e) Value of imports on CIF basis:

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Raw Materials	-	-
Stores and Spares	-	-
Capital Goods	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## f) Earnings in foreign currency:

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Exports (F.O.B. Value without Deemed Export)	868.57	2,745.60
<b>Total</b>	<b>868.57</b>	<b>2,745.60</b>

## g) Expenditure in foreign currency:

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Foreign Travel	8.05	10.00
Interest	631.00	917.49
Commission	2.70	7.14
<b>Total</b>	<b>641.76</b>	<b>934.62</b>

**33. Prior Period Expenses and Incomes**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Prior Period Expenses	311.49	1,926.16
Prior Period Income	17.09	1,117.41
<b>Net Prior Period Expenses</b>	<b>294.40</b>	<b>808.76</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Financial Statement for the year March 31, 2016**
**34. Long term borrowings**
**I] Details of repayment of loans & charges created on assets for borrowing-**

Name of Bank / Financial Institution	Date of first instalment	Rate of Interest	Repayment Schedule	Security
Allhabad Bank	30/09/2015	10.95%	32 Quarterly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company and Personal Guarantees by Managing Directors and other Directors.
Bank of Baroda	30/09/2015	10.95%	32 Quarterly	
Bank of India	30/09/2015	10.95%	32 Quarterly	
Bank of Maharashtra	30/09/2015	10.95%	32 Quarterly	
Central Bank of India	30/09/2015	10.95%	32 Quarterly	
EXIM Bank	30/09/2015	10.95%	32 Quarterly	
ICICI Bank Limited	30/09/2015	10.95%	32 Quarterly	
IDBI Bank Limited	30/09/2015	10.95%	32 Quarterly	
Indial Overseas Bank	30/09/2015	10.95%	32 Quarterly	
Ratnakar Bank Limited	30/09/2015	10.95%	32 Quarterly	
Saraswat Co-op Bank Ltd	30/09/2015	10.95%	32 Quarterly	
State Bank of Bikaner and Jaipur	30/09/2015	10.95%	32 Quarterly	
State Bank of India	30/09/2015	10.95%	32 Quarterly	
Axis Bank Limited	30/09/2015	10.95%	32 Quarterly	
United Bank of India	30/09/2015	10.95%	32 Quarterly	
UCO Bank	30/09/2015	10.95%	32 Quarterly	
Bank of India (London)	13/03/2013	6M LIBOR + 460 bps	28 Quarterly	Hypothecation of car
Bank of Baroda (Singapore)	01/05/2012	6M LIBOR + 475 bps	24 Quarterly	
ICICI Bank Ltd (Bahrain)	18/12/2012	6M LIBOR + 500 bps	30 Quarterly	
ICICI Bank Ltd	02/04/2013	10.14%	36 Monthly	Unsecured
HDFC Bank	07/05/2012	10.90%	48 Monthly	
Kotak Mahindra Bank	01/09/2012	10.85%	36 Monthly	
Kotak Mahindra Bank	01/08/2012	10.85%	36 Monthly	
Bajaj Finance Ltd.	01/05/2012	12.50%	24 monthly	

**II] Details of Principal Repayment of long term secured & unsecured borrowings are as follows**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Within one year	3,259.08	2,851.70
Two to five years	28,516.95	18,739.71
More than five years	46,849.28	59,885.60
<b>Total</b>	<b>78,625.31</b>	<b>81,477.00</b>

**III] Details of default on account of repayment of loan installment and interest thereon are as follows:**

Particulars	Default as on March 31, 2016 (₹ in Lacs)	Default as on March 31, 2015 (₹ in Lacs)
Long term borrowings		
Secured		
Allahabad Bank	185.45	-
Bank of Baroda	506.15	-
Bank of India	2,031.09	-
Bank of Maharashtra	141.71	-
Central Bank of India	1,461.07	-
EXIM Bank	419.28	-
ICICI Bank Limited	673.91	-
IDBI Bank Limited	670.42	-
Indial Overseas Bank	96.49	-
Ratnakar Bank Limited	5.20	-
Saraswat Co-op Bank Ltd	324.90	-
State Bank of Bikaner and Jaipur	520.76	-
State Bank of India	1,051.32	-
Axis Bank Limited	217.72	-
United Bank of India	1,941.00	-
UCO Bank	255.58	-
Canbank Factors Limited	207.78	-
Bank of India (London)	629.85	-
Bank of Baroda (Singapore)	1,634.89	-
ICICI Bank Ltd (Bahrain)	831.00	-
<b>Total</b>	<b>13,805.56</b>	<b>-</b>

**INNOVENTIVE INDUSTRIES LIMITED****Notes to Financial Statement for the year March 31, 2016**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Short term borrowings (Interest Overdue)		
Central Bank of India	65.60	-
Bank of India	366.89	-
Bank of Maharashtra	98.44	-
Bank of Baroda	182.27	-
ICICI Bank Limited	45.54	-
State Bank of India	66.02	-
Saraswat Co-op Bank Limited	188.89	-
Indian Overseas Bank	31.85	-
State Bank of Bikaner and Jaipur	20.92	-
IDBI Bank Limited	143.67	-
DBS Bank(Principle + Interest)	2,952.87	-
<b>Total</b>	<b>4,162.96</b>	<b>-</b>
	€ 15,015.64	

**35. Micro, Small & Medium Enterprise Development Act, 2006**

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

**36. Foreign Exchange difference on long term foreign currency borrowings**

Pursuant to notification dated 29th December, 2011 issued by Ministry of Corporate Affairs, Government of India in respect of changes to Accounting Standard 11, the company has exercised the option of capitalising exchange differences arising on reporting of long term foreign currency loans in so far as they relate to the acquisition of depreciable capital assets. Accordingly, in the current financial year, an amount of Rs. 651.25 Lacs (March 31, 2015 Rs. 232.89/- Lacs) has been capitalized.

**37. Payments to auditors**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Statutory audit	15.00	17.23
Tax Audit	-	-
Certification & Other Services	3.00	-
Reimbursement of expenses	-	-
<b>Total</b>	<b>18.00</b>	<b>17.23</b>

**38. Prior Year Comparatives**

The company carried out restructuring exercise pertaining to its trade payable re-classifying liabilities pertaining to expenses, non trade and other long term customers as other current liabilities. The reclassification was done to bifurcate the payables pertaining to non trade transactions.

Previous year figures have been regrouped/reclassified wherever necessary.

For Bharat J Rughani & Co  
Chartered Accountants  
FRN: 101220W

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

CA Akash B. Rughani  
Partner  
Membership No. 139664  
Date :- 26th April, 2016  
Place :- Pune

Chandu Chavan  
Managing Director

Ravindra Katre  
Director



## **Independent Auditors' Report on Consolidated Financial Statements**

### **To the Members of Innoventive Industries Limited Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Innoventive Industries Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors are responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

### **Basis of Qualified Opinion**

*1. The group has not made following provisions*

- i. Stock of slow and/non -moving of stores, raw materials, semi-finished and finished goods valued at ₹ 1,900 lacs approximately;*
- ii. Debts and Loans /advances due from parties amounting to ₹ 1,437.44 lacs and ₹ 4,749.57 lacs*

iii. Loans and Advances lacs made to various parties by the following subsidiaries :

<b>Particulars</b>	<b>Amount ( ₹ in lacs)</b>
Sevenstar Electrodes Private Limited	983.03
Innovative Technomics Private Limited	160.00
Arihant Steel & Metal Wire Private Limited	48.13
<b>Total</b>	<b>1191.16</b>

2. There are unreconciled net bank balances aggregating ₹ 492.47 lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.
3. In respect of the subsidiaries of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported for non-provisioning of loans and advances. The details whereof are as follows:

<b>Name of Subsidiary</b>	<b>Amount ( ₹ in Lacs)</b>
Arihant Auto Components Private Limited	164.80
Arihant Steel & Metal Wire Private Limited	75.70
<b>Total</b>	<b>240.50</b>

We are unable to comment on ultimate loss which may arise on realization of these balances. Had the above amounts been fully provided for in the year ended March 31, 2016, the loss would have been higher by ₹ 10,011.14 lacs with consequent impact on net worth as on that date

In respect of Innovative Technomics Private Limited, subsidiary of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported that the Company has not carried out an independent evaluation and has not accounted for any potential liability on account of gratuity payable, which constitutes a departure from the Accounting Standard 15 "Employee Benefits", referred to in section 133 of the Act, read together with rule 7 of the Companies (Accounts) Rules 2014. Since no actuarial valuation is carried out, the potential impact on the financial statements cannot be quantified

4. In respect of Arihant Auto Components Private Limited, Arihant Steel & Metal Wire Private Limited, Saicon Steels Private Limited, Seven Star Electrodes Private Limited and Sankalp Engineering and Services Private Limited, the auditors who audited the financial statements have reported that the Company's net worth has been fully/substantially eroded and the conditions indicate as existence of material uncertainty that may cast a doubt about company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the consolidated statement of Profit and Loss, of the loss 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.

### **Other Matters**

We did not audit the financial statements of 7 direct subsidiaries included in the consolidated financials, whose consolidated financial statements reflect total assets of ₹ 24,022.91 lacs as at March 31, 2016 ; as well as the total revenue of ₹ 15,202.05 lacs for the year ended March 31, 2016 The financial information have been audited by other auditors whose report(s) have been furnished to us, and our opinion on the consolidated financial statements, to the extent they have been derived from such financial information is based solely on the report of such other auditors.

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

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
  - f. The going concern matter described in the basis of qualification paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - a. The legal cases pending against the company are disclosed in Note 27 as on March 31, 2016. However, it may not materially impact its financial position;
    - b. The company doesn't have any long term contracts. Accordingly, provisions for any material foreseeable losses is not required; and
    - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund.

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN 101220W**

**CA Akash Rughani**  
**Partner**  
**Membership No. 139664**  
**Place: Pune**  
**Date: April 26<sup>th</sup>, 2016**

## **Annexure - A to the Auditors' Report**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Innoventive Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Qualified Opinion**

According to the information and explanations given to us and based our audit, the following material weaknesses have been identified in the operating effectiveness of the holding Company's internal financial controls over financial reporting as at March 31, 2016

1. The Company did not have an appropriate internal control system for identification and valuation of slow and non-moving stocks. These could potentially result in material misstatements in the Company's consumption, inventory and expense account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 consolidated financial statements of the Company, and these material weakness have affected our opinion on the consolidated financial statements of the Company we have issued a qualified opinion on the consolidated financial statements.

## **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 direct subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN 101220W**

**CA Akash Rughani**  
**Partner**  
**Membership No. 139664**  
**Place: Pune**  
**Date: April 26<sup>th</sup>, 2016**

**INNOVENTIVE INDUSTRIES LIMITED**
**Consolidated Balance Sheet as at March 31, 2016**
**( ₹ in Lacs )**

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	5,964.40	5,964.40
Reserves & Surplus	4	(52,349.85)	(31,860.70)
		<b>(46,385.45)</b>	<b>(25,896.30)</b>
<b>Minority Interest</b>		468.67	478.96
<b>Non Current Liabilities</b>			
Long Term Borrowings	5	88,296.73	88,417.86
Long Term Liabilities	6	1,607.74	509.51
Deferred Tax Payable	7	-	87.20
		<b>89,904.47</b>	<b>89,014.57</b>
<b>Current Liabilities</b>			
Short Term Borrowings	8	35,505.22	30,130.59
Trade Payables	9	4,217.29	5,331.35
Other Current Liabilities	9	22,607.15	16,869.64
Short Term Provisions	10	3,747.44	2,488.91
		<b>66,077.11</b>	<b>54,820.49</b>
<b>TOTAL</b>		<b>1,10,064.80</b>	<b>1,18,417.71</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	50,638.27	55,208.52
Intangible Assets	11	7,398.42	8,472.36
Capital Work in Progress	11	7,502.43	7,480.49
Goodwill on Consolidation		667.95	667.95
Assets Held for Sale	11	2,529.00	-
Long Term Investments	12	843.02	885.18
Long Term Loans and Advances	13	8,327.01	10,211.32
Other Non Current Assets	14	930.99	14.30
		<b>78,837.08</b>	<b>82,940.12</b>
<b>Current Assets</b>			
Inventories	15	12,654.60	13,254.01
Trade Receivables	16	9,136.09	10,924.32
Cash & Bank Balances	17	1,092.34	1,830.59
Short Term Loans & Advances	18	1,620.72	1,841.79
Other Current Assets	19	6,723.98	7,626.89
		<b>31,227.72</b>	<b>35,477.59</b>
<b>TOTAL</b>		<b>1,10,064.80</b>	<b>1,18,417.71</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date :- 26th April 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

**INNOVENTIVE INDUSTRIES LIMITED**
**Consolidated Statement Of Profit Or Loss For The Year Ended March 31, 2016**
**( ₹ in Lacs )**

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
<b>INCOME</b>			
Revenue From Operations (Gross)	20	50,875.94	51,570.40
Less: Excise Duty		3,425.56	3,297.78
Revenue From Operations (Net)		47,450.38	48,272.62
Other Income	21	935.15	578.62
<b>Total Revenue</b>		<b>48,385.54</b>	<b>48,851.25</b>
<b>EXPENDITURE</b>			
Cost of Material and components Consumed	22a	24,113.45	24,355.50
Cost of Traded Goods	22b	9,591.59	8,373.84
(Increase)/Decrease in Inventories of Finished Goods	22c	545.86	1,771.25
Employee Benefit Expenses	23	4,548.41	4,861.21
Manufacturing and Other Expenses	24	8,241.10	11,397.68
Finance Cost	25	15,471.79	17,104.95
Depreciation and Amortization	11	6,871.52	7,589.96
<b>Total Expenditure</b>		<b>69,383.72</b>	<b>75,454.39</b>
<b>Profit / (Loss) Before Exceptional Items</b>		<b>(20,998.19)</b>	<b>(26,603.15)</b>
Impairment in Value of Fixed Assets		-	2,323.42
Revaluation of inventory		-	2,512.06
<b>Profit / (Loss) after Exceptional Items and Before Tax</b>		<b>(20,998.19)</b>	<b>(31,438.63)</b>
<b>Tax Expenses</b>			
Current Tax		19.09	226.51
Deferred Tax Charge/(Credit)		(87.20)	(447.33)
MAT Charge/ (Credit)		-	(5.77)
Tax for Earlier Years		(207.70)	(714.49)
<b>Total Tax Expenses</b>		<b>(275.82)</b>	<b>(941.08)</b>
<b>Minoity Interest</b>		6.90	113.81
<b>Profit/ (Loss) for the year</b>		<b>(20,729.27)</b>	<b>(30,611.35)</b>
<b>Earning Per Share (EPS)</b>			
Basic and Diluted [Nominal Value of Rs. 10/- each (March 31,2014 Rs. 10/-) ]		(34.76)	(51.32)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**Date : - 26th April 2016**  
**Partner**  
**Membership No. 139664**  
**Date : - 26th April 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

**INNOVENTIVE INDUSTRIES LIMITED**
**Consolidated Cash Flow For the Year Ended March 31, 2016**
**( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Cash flow from operating activities</b>		
Profit / (Loss) before tax from operations	(20,998.19)	(31,438.63)
<b>Non-cash / Other adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation / Amortization	6,871.52	7,589.96
Impairment Loss on Fixed Assets	-	2,323.42
Revaluation Loss on Inventory	-	2,512.06
Loss on Sale or Write Off of Fixed Assets	39.06	-
Unrealized Exchange Fluctuation Gain	(21.57)	(90.64)
Provision for Doubtful Debts	-	-
Sundry Balances Written Back	469.57	-
Rent Income	(59.32)	(320.21)
Profit on Sale of Fixed Assets	-	(2.10)
Provision for Diminution in Value of Investment	-	20.06
Bad Debts Written Off / Provision for Doubtful Debts	139.73	2,360.32
Interest from Partnership Firm	(65.53)	(73.12)
Finance Cost	15,471.79	17,104.95
Interest Income	(204.13)	(88.14)
<b>Operating Profit Before Working Capital Changes</b>	<b>1,642.93</b>	<b>(102.05)</b>
<b>Movements in working capital :</b>		
Increase / (Decrease) in Long-Term Liabilities	1,098.23	115.32
Increase / (Decrease) in Trade Payables	(1,114.06)	(1,572.94)
Increase / (Decrease) in Other Current Liabilities	5,267.94	(3,861.75)
Increase / (Decrease) in Short-Term Provisions	1,258.53	268.86
Increase / (Decrease) in Other Long-Term Liabilities	-	-
Increase / (Decrease) in Minority Interest	(17.19)	(0.00)
Increase / (Decrease) in Foreign Currency Translation Reserve	240.13	483.76
Decrease / (Increase) in Goodwill on Consolidation	-	-
Decrease / (Increase) in Long-Term Loans and Advances	1,904.74	444.22
Decrease / (Increase) in Other Non - Current Assets	(916.70)	571.65
Decrease / (Increase) in Inventories	599.42	(1,220.73)
Decrease / (Increase) in Trade Receivables	1,649.65	1,590.34
Decrease / (Increase) in Short-Term Loans and Advances	221.06	1,754.06
Decrease / (Increase) in Other Current Assets	902.92	(3,008.72)
<b>Cash Generated from / (used in) Operations</b>	<b>12,737.60</b>	<b>(4,537.98)</b>
Direct Taxes Paid (Net of Refunds/Reversals)	(188.61)	486.53
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>12,926.22</b>	<b>(5,024.51)</b>



**INNOVENTIVE INDUSTRIES LIMITED**
**Consolidated Cash Flow For the Year Ended March 31, 2016**
**( ₹ in Lacs )**

<b>Particulars</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets (including Intangible Assets and CWIP)	(4,051.15)	(546.77)
Proceeds from Sale of Fixed Assets	233.84	2.10
Investment in Partnership Firm	42.16	(888.19)
Investment in Subsidiaries	-	-
Rent Income	59.32	320.21
Interest Received from Partnership Firms	65.53	73.12
Interest Received from Banks	204.13	88.14
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(3,446.18)</b>	<b>(951.40)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Long-Term Borrowings (Net of Repayments)	(121.13)	65,828.42
Proceeds from Short-Term Borrowings (Net of Repayments)	5,374.64	(44,399.07)
Finance Cost	(15,471.79)	(17,104.95)
<b>Net Cash Flow from / (used in) in Financing Activities (C)</b>	<b>(10,218.28)</b>	<b>4,324.39</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(738.24)</b>	<b>(1,651.52)</b>
Cash and Cash Equivalents at the Beginning of the Year	1,830.59	3,482.12
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>1,092.34</b>	<b>1,830.60</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on Hand	32.95	45.90
Balances with banks - on Current Account	592.25	1,239.96
- on Deposit Account	467.13	544.73
<b>Total Cash and Cash Equivalents</b>	<b>1,092.34</b>	<b>1,830.59</b>

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date : - 26th April 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**

## INNOVENTIVE INDUSTRIES LIMITED

Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016

(All Amounts are in INR Lacs Unless otherwise stated specifically)

### 1. Nature of business

Innoventive Industries Limited ('IIL' or 'the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013 ('the Act'). The company manufactures precision steel tubes, membrane panel strips, auto components and other steel products catering to industries in automobiles, boilers and heat exchangers, energy, oil & gas, farm equipment & general engineering etc. The Company caters to both domestic and international markets.

### 2. Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The consolidated financial statements comprise the financial statements of Innoventive Industries Limited ('IIL' or 'the Company') and its subsidiaries, (together referred to as 'Innoventive' or 'the Group'). The consolidated financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on the accrual basis. Indian GAAP comprises accounting standards notified by the Central Government of India under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Account) Rules 2014, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 2013 and guidelines issued by Securities and Exchange Board of India.

The Company has prepared these financial statements as per the format prescribed in Schedule III to The Companies Act, 2013.

#### 2.2 Principles of consolidation

- A. The Consolidated Financial Statements are based on the audited Financial Statements of the Subsidiaries and are prepared in accordance with Accounting Standard 21 – 'Consolidated Financial Statements' as notified by the Rules.
- B. The Financial Statements of the Holding Company and its Subsidiaries have been combined on a line-by-line basis by adding together the like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions. The unrealised profits or losses resulting from the intra group transactions have been eliminated.
- C. The Consolidated Financial Statements have been prepared using uniform accounting policies for the transactions and events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.
- D. Following subsidiaries are included in consolidation:

Name of the subsidiary	Relationship	2015-2016	2014-2015
Sankalp Forgings Private Limited	Subsidiary	51%	51%
Saicon Steels Private Limited	Subsidiary	51%	51%
Sevenstar Electrodes Private Limited	Subsidiary	100%	100%
Arihant Steel & Metal Wires Private Limited	Subsidiary	100%	100%
Innoventive Americas, INC.	Subsidiary	100%	100%
Innoventive Industries UK Limited	Subsidiary	100%	100%
Innovative Technomics Private Limited	Subsidiary	100%	100%

#### 2.3 Use of estimates

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

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.4 Revenue recognition**

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

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

Dividends are recorded when the right to receive is established.

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

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

### **2.5 Tangible assets**

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

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

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

### **2.6 Capitalisation of foreign exchange**

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

### **2.7 Depreciation**

Depreciation on tangible assets, which has been depreciated over estimated useful life, is provided on the straight line method, pro-rata to the period of use. The rates of depreciation prescribed in Schedule II to the Companies Act, 2013 have been adopted by the Company, which in view of the management reflect the useful lives of related fixed assets except in case of one vehicle where the management estimates its useful life as 7 years.

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

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

Pursuant to Companies Act 2013 (the Act) becoming effective from April 1, 2014, the Company has re-worked depreciation with reference to the estimated useful lives of fixed assets prescribed under Schedule II to the Act or as per technical evaluation and componentization.

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.8 Intangible assets and amortisation**

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

Intangible assets consisting of technical know-how, patents and software, are recorded at acquisition cost.

Pursuant to Companies Act 2013 (the Act) becoming effective from April 1, 2014, the Company has re-worked amortisations with reference to the estimated useful lives of intangible assets prescribed under Schedule II to the Act or as per technical evaluation and componentization.

### **2.9 Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

### **2.10 Impairment of tangible and intangible assets**

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

### **2.11 Investments**

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

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

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

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

### **2.12 Inventories**

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

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

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

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

### **2.13 Foreign currency transactions**

#### **Initial recognition**

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

#### **Conversion**

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

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

### **2.14 Leases**

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

### **2.15 Employee benefits**

#### **a) Contribution to Provident Fund**

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

#### **b) Gratuity**

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

#### **c) Leave encashment**

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.16 Income taxes**

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

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

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

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

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

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

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

### **2.17 Earnings per share**

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

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

## **INNOVENTIVE INDUSTRIES LIMITED**

**Notes to Consolidated Financial Statements for the period ended on March 31<sup>st</sup>, 2016**

**(All Amounts are in INR Lacs Unless otherwise stated specifically)**

### **2.18 Cash and cash equivalents**

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

### **2.19 Government Grants and Subsidies**

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

### **2.20 Identification of segments**

The company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- i. The nature of the products,
- ii. The related risk and returns, and
- iii. The internal financial reporting systems.

The analysis of geographical segments is based on the areas in which major operating divisions of the company operate.

#### **Allocation of common costs**

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

#### **Unallocated items**

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

#### **Segment accounting policies**

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

### **2.21 Provisions:**

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

### **2.22 Contingent liabilities**

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

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

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year ended March 31, 2016

### 3 SHARE CAPITAL

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorized:</b>		
7,50,00,000 Shares of Rs.10 Each (March 31 <sup>st</sup> , 2015: 7,50,00,000 Shares of Rs.10 Each)	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued, Subscribed &amp; Fully Paid Up:</b>		
5,96,43,999 Shares of Rs.10 Each (March 31 <sup>st</sup> , 2015: 5,96,43,999 Shares of Rs.10 Each)	5,964.40	5,964.40
	<b>5,964.40</b>	<b>5,964.40</b>

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
At the beginning of the period	5,96,43,999	5,964.40	5,96,43,999	5,964.40
Shares issued during the period *	-	-	-	-
Bonus Issue of equity shares 1 and 2	-	-	-	-
Preferential Allotment of equity shares	-	-	-	-
Initial Public Offer of equity shares	-	-	-	-
Outstanding at the end of the period	<b>5,96,43,999</b>	<b>5,964.40</b>	<b>5,96,43,999</b>	<b>5,964.40</b>

b) **Terms/ Rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each share holder of the equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2016, the amount of per share dividend recognised as distributed to equity shareholders was Rs. Nil. (March 31, 2015 Nil). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

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

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

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

Name of the Shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	Percentage	No. of Shares	Percentage
Chandu Laxman Chavan (Promoter)	1,30,13,532	21.82%	1,32,78,700	22.26%
Ravindra Waman Katre (Promoter)	38,24,437	6.41%	38,24,437	6.41%
Sanjay Waghulade (Promoter)	31,42,601	5.27%	31,42,601	5.27%
Kavos Capital Limited	80,38,632	13.48%	80,38,632	13.48%
Standard Chartered Private Equity (Mauritius) Limited	42,06,441	7.05%	42,06,441	7.05%
Reliance Capital Trustee Co. Ltd. A/C- Reliance Regular Savings Fund-Equity Option	30,00,000	5.03%	30,00,000	5.03%

e) **Aggregate number of bonus shares issued / bought back during the period of five years immediately preceding the reporting date:**

Particulars	31 March 2016	31 March 2015
Equity shares allotted as fully paid bonus shares by capitalisation of Reserves & Surplus (Refer Note No. 1 below)	3,04,49,360	3,04,49,360
Equity shares allotted as fully paid bonus shares by capitalisation of Capital Redemption Reserve (Refer Note No. 2 below)	3,79,280	3,79,280
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity shares bought back by the company	-	-

1 Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the Company as on the record date, i.e. September 18, 2010.

2 Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.



# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year ended March 31, 2016

### 4 RESERVES & SURPLUS

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Revaluation Reserve</b>	441.50	441.50
<b>Capital Redemption Reserve</b>	362.07	362.07
<b>Capital Reserve</b>	149.76	149.76
<b>Securities Premium</b>	26,816.65	26,816.65
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Financial	967.60	483.84
Add: Transferred During the Year	240.13	483.76
	<b>1,207.73</b>	<b>967.60</b>
<b>General Reserve</b>		
Balance as per last Financial	2,016.75	2,486.76
Less: Effect of Change in Method of Depreciation	-	470.01
	<b>2,016.75</b>	<b>2,016.75</b>
<b>Profit and Loss Balance</b>		
Balance as per last financials	(62,615.04)	(32,209.54)
Add : Profit for the year as per statement of profit or loss	(20,729.27)	(30,611.35)
Add : Reversal of Proposed Dividend on Equity Shares	-	-
Less: Effect of Change in Method of Depreciation	-	(205.85)
Add : Reversal of Dividend Distribution Tax	-	-
<b>Net Profit in the statement of profit and loss</b>	<b>(83,344.31)</b>	<b>(62,615.04)</b>
<b>Total</b>	<b>(52,349.85)</b>	<b>(31,860.70)</b>

### 5 LONG TERM BORROWINGS

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Indian Rupee Loans from Banks</b>		
<u>Secured</u>		
Term loans from banks	73,826.23	71,822.01
Term loans from Financial Institution	201.05	-
Vehicle Loans	-	20.13
<u>Unsecured</u>		
Term loans from Financial Institution	2,573.55	1,802.85
Term loans from banks	-	-
Finance Lease	-	6.55
<b>Foreign Currnecy Loans from Banks</b>		
<u>Secured</u>		
External Commercial Borrowings	7,565.86	10,859.81
<b>From Related Parties</b>		
<u>Unsecured</u>		
Promotors Contribution	2,903.22	2,519.06
Intercorporate Loans	(0.00)	-
<b>From other parties</b>		
<u>Unsecured</u>	1,226.82	1,387.45
<b>The above amount includes</b>		
Secured borrowings	81,593.14	82,701.95
Unsecured borrowing	6,703.58	5,715.91
	<b>88,296.73</b>	<b>88,417.86</b>

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year ended March 31, 2016

### 6 LONG TERM LIABILITIES

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
Creditors for Capital Expenses	584.88	488.14
Provision for Warranty	22.87	21.37
Advance against Sale of Properties	1,000.00	-
	<b>1,607.74</b>	<b>509.51</b>

### 7 DEFERRED TAX

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred tax liability</b>		
Difference between tax depreciation and depreciation/amortization as per financial reporting	8,986.19	9,051.00
Employee Benefits	-	1.28
	<b>8,986.19</b>	<b>9,052.28</b>
<b>Deferred tax asset</b>		
Provision for bad and doubtful debts	5,651.88	5,650.94
Employee Benefits	122.07	105.52
Income Tax Losses for Earlier Years	15,193.05	8,478.73
Others	-	-
	<b>20,967.01</b>	<b>14,235.19</b>
<b>Deferred Tax Assets Not Recognized</b>	<b>11,980.82</b>	<b>5,270.11</b>
<b>Deferred Tax Liability (Net)</b>	<b>-</b>	<b>87.20</b>

### 8 SHORT TERM BORROWINGS

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
Cash credit loans from banks (Secured)*	31,218.38	24,362.42
Short term loans from Banks/ Financial Institutions (Secured)*	3,286.84	5,768.17
Business Support from Financial Institution	1,000.00	-
Loan from Key Management Personnel	-	-
<b>Total</b>	<b>35,505.22</b>	<b>30,130.59</b>

### 9 TRADE PAYABLE & OTHER CURRENT LIABILITIES

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
i) <b>Trade Payables:</b>		
Sundry Creditors - Goods	3,516.94	4,628.65
Sundry Creditors - Expenses	700.35	702.69
	<b>4,217.29</b>	<b>5,331.35</b>
ii) <b>Other current liabilities:</b>		
Current maturities of long term bank borrowings (Secured)*	18,443.72	11,488.62
Current maturities of long term bank borrowings vehicle loan (Secured)*	8.71	23.80
Current maturities of long term financial Institutions borrowings (Unsecured)*	293.97	569.49
Interest accrued but not due	6.06	22.91
Unclaimed dividend	0.28	0.28
	<b>18,752.74</b>	<b>12,105.10</b>
<b>Other liabilities:</b>		
Statutory Dues	878.66	393.04
Other Payable	2,583.90	4,092.79
Deposit	10.00	10.00
Advance from Customer	381.85	268.72
	<b>3,854.40</b>	<b>16,869.64</b>
	<b>22,607.15</b>	<b>21,634.19</b>
<b>Total</b>	<b>26,824.44</b>	<b>21,498.30</b>

**INNOVENTIVE INDUSTRIES LIMITED****Notes to Consolidated Financial Statement for the year ended March 31, 2016****10 SHORT TERM PROVISIONS**

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
Income Tax Provision	398.33	579.97
Wealth Tax Provision	1.29	1.29
Provision for Gratuity ( Refer Note No. 32)	208.32	167.04
Provision for Leave Encashment	108.31	131.03
Provision for Bonus	119.93	126.59
Provision for Expenses	2,911.25	1,482.99
<b>Total</b>	<b>3,747.44</b>	<b>2,488.91</b>

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**INNOVENTIVE INDUSTRIES LIMITED**

Notes to Consolidated Financial Statement for the year ended March 31, 2016

**11 Tangible Assets, Intangible Assets and Work in Progress**

( Amt in ₹ )														
Sr. No.	Particulars	GROSS BLOCK				Opening Balance 01.04.2015	For Change in Estimation	DEPRECIATION		Total	Foreign Exchange Diff on		Net Block	
		Opening as on 01.04.2015	Additions during the year	Deduction	Closing as on 31.03.2016			for the Year	On Deduction / sale		As At 31.03.2016	As At 31.03.2015	As At 31.03.2016	As At 31.03.2015
TANGIBLE ASSETS														
	Free Hold Land	3,340.49	-	52.76	3,287.72	-	-	-	-	-	-	-	3,287.72	3,340.49
	Leasehold Land	0.11	-	-	0.11	0.10	-	-	-	0.10	-	-	0.01	0.01
	Building	15,073.53	202.98	104.50	15,172.00	2,282.76	-	453.10	38.56	2,697.30	-	-	12,474.70	12,790.77
	Plant & Machinery	39,770.18	1,068.37	145.01	40,693.53	16,061.08	-	3,196.21	42.51	19,214.78	17.07	26.41	21,495.82	23,709.10
	Computers	505.35	0.65	-	506.01	474.18	-	10.75	-	484.93	-	-	21.08	31.18
	Tools & Dies	19,473.15	70.56	49.15	19,494.57	4,641.87	-	1,898.42	19.71	6,520.58	-	-	12,973.99	14,831.28
	Furniture & Fixtures	584.05	1.10	23.64	560.97	318.60	-	41.35	14.79	345.16	3.36	4.55	219.17	265.45
	Vehicles	509.84	-	29.04	480.80	269.59	-	61.06	15.64	315.02	-	-	165.78	240.25
	TOTAL TANGIBLE ASSETS	79,256.70	1,343.67	404.11	80,195.71	24,048.18		5,660.90	131.21	29,577.87	20.43	30.96	50,638.27	55,208.52
	PREVIOUS YEAR	78,692.57	603.97	39.85	79,256.70	15,356.53	1,749.79	6,949.80	7.95	24,048.18	30.96	30.96		
INTANGIBLE ASSETS														
	Software	730.57	4.03	-	734.60	648.73	-	18.70	-	667.43	-	-	67.16	81.83
	Research and Development Assets				-									
	I) Patent and Trademark	3,688.78	36.60	-	3,725.38	726.20	-	336.47	-	1,062.67	-	-	2,662.71	2,962.58
	II) Product Development Cost	336.71	-	-	336.71	128.52	-	72.03	-	200.55	-	-	136.16	208.19
	III) Research and Development	4,396.63	-	-	4,396.63	783.42	-	783.42	-	1,566.84	-	-	2,829.79	3,613.21
	Trademark	-	-	-	-	-	-	-	-	-	-	-	-	-
	Goodwill	1,313.05	-	-	1,313.05	(293.49)	-	-	-	(293.49)	96.05	-	1,702.59	1,606.54
		-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL INTANGIBLE ASSETS	10,465.74	40.63	-	10,506.37	1,993.38	-	1,210.62	-	3,204.00			7,398.42	8,472.36
	PREVIOUS YEAR	10,445.54	20.20	-	10,465.74	762.63	(70.53)	1,301.28	-	1,993.38				
CAPITAL WORK IN PROGRESS														
	Building	57.36	0.00	-	57.36	-	-	-	-	-			57.36	57.36
	Plant & Machinery	7,423.13	21.41	8.31	7,436.23	-	-	-	-	-			7,436.23	7,423.13
	Tools & Dies	-	8.80	-	8.80	-	-	-	-	-			8.80	-
	TOTAL CAPITAL WORK IN PROGRESS	7,480.49	30.21	8.31	7,502.39	-	-	-	-	-			7,502.39	7,480.49
	PREVIOUS YEAR	7,469.35	11.14	-	7,480.49	-	-	-	-	-				
ASSETS HELD FOR SALE														
	Land and Building	-	2,523.21	-	2,523.21	-	-	-	-	-			2,523.21	-
	Furniture and Fixtures	-	5.79	-	5.79	-	-	-	-	-			5.79	-
	TOTAL ASSETS HELD FOR SALE	-	2,529.00	-	2,529.00	-	-	-	-	-			2,529.00	-
TOTAL														
		97,202.92	3,943.50	412.42	1,00,733.46	26,041.56	-	6,871.52	131.21	32,781.87			68,068.08	71,161.36

## Notes

# Foreign Exchange fluctuation loss amounting to Rs. 651.25 Lacs of which Rs. 202.86 Lacs (Previous Year Rs. 118.33 Lacs) is capitalized on Building and Rs. 448.39 Lacs (Previous Year 114.56 ) on Plant and Machinery

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year ended March 31, 2016

### 12 LONG TERM INVESTMENTS

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Long Term Investment</b>		
<b>Trade Investments</b>		
<b>Unquoted Equity Investments</b>		
Investment in Partnership Firm	830.96	873.12
<b>Non Trade</b>		
<b>Quoted Investments</b>		
In Mutual Funds		
40,000 Units (March 2015: 40,000 Units) UTI-India Lifestyle Fund - Growth Plan	4.00	4.00
<b>Unquoted Investments</b>		
2500 ( March 2015: 250 )Equity Shares of Rs. 10/- each fully paid - up of The Saraswat Co-operative Bank Limited	0.75	0.75
72, 905 ( March 2015: 250 )Equity Shares of Rs. 10/- each fully paid - up of Thane Janata Sahakari Bank Limited	7.29	7.29
150 Equity Shares of New India Co-op Bank Limited of Rs. 10/- each fully paid up (March 2015: 150)	0.02	0.02
	<b>843.02</b>	<b>885.18</b>
Aggregate value of Unquoted Investment (Gross of Provision for Dimunition)	0.02	0.02
Aggregate of Provision for Dimunition	-	-
Aggregate value of Unquoted Investment (Net of Provision for Dimunition)	0.02	0.02
Aggregate value of Quoted Investment	4.00	4.00
Aggregate value of unquoted Investment	839.02	881.18

### 13 LONG TERM LOANS & ADVANCES

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Loans And Advances (Unsecured )</b>		
Capital Advances	4,397.49	4,217.81
Security Deposit	277.10	307.98
Advance agaisnt Purchase of Share of Interest in Salem Steels NA LLC	176.19	
Loans And Advances to Related Parties (Refer Note. No. 39(I)) Considered Good	673.16	768.09
Loans And Advances to Related Parties (Refer Note. No. 39(I)) Considered Doubtful	-	-
Less : Provision for long term loans and advances Related Parties	-	-
	<b>673.16</b>	<b>768.09</b>
Other Loans And Advances (Refer Note. No. 39(II)) Considered Good	2,803.08	4,917.45
Other Loans And Advances (Refer Note. No. 39(II)) Considered Doubtful	308.50	438.32
Less : Provision for long term loans and advances Related Parties	308.50	438.32
	<b>2,803.08</b>	<b>4,917.45</b>
<b>Total</b>	<b>8,327.01</b>	<b>10,211.32</b>

### 14 OTHER NON CURRENT ASSETS

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Other Non Current Assets</b>		
Deposits with banks with maturity more than 12 Months	930.99	14.30
MAT Credit entitlement	-	-
<b>Total</b>	<b>930.99</b>	<b>14.30</b>

**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Consolidated Financial Statement for the year ended March 31, 2016**
**15 INVENTORIES**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>[valued at lower of cost and net realizable value]</b>		
Raw Materials & Components	2,223.98	1,907.50
Stores, Spares, Consumable etc.	933.76	768.63
Work in Progress	255.02	273.46
Semi Finished & Finished goods	9,145.61	10,198.74
Scrap	96.23	105.68
<b>Total</b>	<b>12,654.60</b>	<b>13,254.01</b>

**16 TRADE RECEIVABLES**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Considered Good	1,539.34	6,310.01
Considered Doubtful	6,800.56	6,560.17
<b>Others</b>		
Considered Good	7,323.39	5,824.82
Considered Doubtful	-	76.09
	15,663.29	18,771.09
Less : Provision for doubtful debt	6,527.20	7,846.78
<b>Total</b>	<b>9,136.09</b>	<b>10,924.32</b>

**17 CASH AND BANK BALANCES**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cash and Cash Equivalent</b>		
Balances with Bank		
- Current Accounts INR	592.25	1,239.96
Cash on Hand	32.37	45.90
Foreign Currency on Hand	0.58	-
	<b>625.21</b>	<b>1,285.86</b>
Other Bank Balances		
- Margin money deposits	467.13	544.73
	<b>1,092.34</b>	<b>1,830.59</b>
<b>Total</b>	<b>1,092.34</b>	<b>1,830.59</b>

**18 SHORT TERM LOANS AND ADVANCES**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
Advances recoverable in cash or in kind or for value to be received	356.17	624.45
Others (Refer Note. No. 40)		
Considered Good	563.45	599.19
Considered Doubtful	1,534.21	1,490.68
	<b>2,097.66</b>	<b>2,089.87</b>
Provision for Doubtful Advances	1,534.21	1,490.68
	<b>563.45</b>	<b>599.19</b>
Prepaid Expenses	101.60	50.67
Other Receivables	599.51	567.48
<b>Total</b>	<b>1,620.72</b>	<b>1,841.79</b>

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year ended March 31, 2016

### 19 OTHER CURRENT ASSETS

Particulars	( ₹ in Lacs )	
	As at March 31, 2016	As at March 31, 2015
<b>(Unsecured considered good unless otherwise stated)</b>		
Export benefits receivable	279.78	379.84
Balances With Government Authorities	1,048.72	1,114.20
Industrial Promotion Subsidy receivable	4,218.20	4,350.93
Others	-	-
Considered Good	1,177.27	1,781.93
Considered Doubtful	9,246.53	9,163.80
	<b>10,423.81</b>	<b>10,945.73</b>
Provision for doubtful Receivables	9,246.53	9,163.80
Total	<b>6,723.98</b>	<b>7,626.89</b>

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**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Consolidated Financial Statement for the year ended March 31, 2016**
**20 REVENUE FROM OPERATIONS**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
<b>Sales of Goods(Gross) :</b>		
Sale of Manufactured Goods	37,115.88	37,044.72
Sale of Traded Goods	12,871.71	13,585.26
<b>Total Sale of Goods</b>	<b>49,987.59</b>	<b>50,629.98</b>
<b>Sale of Services</b>	<b>234.06</b>	<b>84.98</b>
<b>Total sale of services</b>	<b>234.06</b>	<b>84.98</b>
<b>Other Operating Revenue</b>		
Sale of Scrap	572.78	721.30
Export Benefits	81.51	134.15
<b>Total Other Operating Revenues</b>	<b>654.29</b>	<b>855.45</b>
<b>Total</b>	<b>50,875.94</b>	<b>51,570.40</b>
Less: Excise Duty	3,425.56	3,297.78
	<b>47,450.38</b>	<b>48,272.62</b>

**21 OTHER INCOME**

( ₹ in Lacs )		
Particulars	As at March 31, 2016	As at March 31, 2015
Discount Received	5.94	7.54
Sundry balances written back	469.57	-
Miscellaneous income	2.03	87.52
Interest income	204.13	88.14
Profit on Sale of Fixed Assets	-	2.10
Interest from Partnership Firm	65.53	73.12
Rent Received	59.32	320.21
Foreign Exchange Fluctuation Gain	128.65	-
<b>Total</b>	<b>935.15</b>	<b>578.62</b>

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**INNOVENTIVE INDUSTRIES LIMITED**
**Notes to Consolidated Financial Statement for the year ended March 31, 2016**
**22a COST OF RAW MATERIALS AND COMPONENTS CONSUMED**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Cost of Raw Materials and Components Consumed</b>		
Inventory at the beginning of the year	1,945.85	1,987.43
Add: Purchases	24,390.43	24,313.92
Less: Raw material sold out of material purchased	7.27	-
Less: inventory at the end of the year	2,215.55	1,945.85
Cost of raw material and components consumed	<b>24,113.45</b>	<b>24,355.50</b>
<b>Total</b>	<b>24,113.45</b>	<b>24,355.50</b>

**22b COST OF TRADED GOODS**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
Purchase of Traded Goods and Other Charges	8,877.24	10,733.08
<b>(Increase) / decrease in inventories</b>		
Inventory at the end of the year	5,536.76	6,251.12
Inventory at the beginning of the year	6,251.12	3,891.88
	<b>714.36</b>	<b>(2,359.24)</b>
<b>Total</b>	<b>9,591.59</b>	<b>8,373.84</b>

**22c CHANGES IN INVENTORIES OF WIP & STOCK IN TRADE**
**( ₹ in Lacs )**

Particulars	As at March 31, 2016	As at March 31, 2015
<b>(Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	424.86	1,760.94
Semi finished and finished goods	3,307.50	4,993.44
		-
<b>Inventories at the beginning of the year</b>		
Work-in-progress	436.58	2,808.33
Semi finished and finished goods	3,841.64	5,717.30
		-
<b>Net (Increase)/Decrease in Inventories</b>		
Work-in-progress	11.72	1,047.39
Semi finished and finished goods	534.14	723.86
	<b>545.86</b>	<b>1,771.25</b>

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# **INNOVENTIVE INDUSTRIES LIMITED**

## **Notes to Consolidated Financial Statement for the year ended March 31, 2016**

### **23 EMPLOYEE BENEFIT EXPENSES**

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Employee Benefits</b>		
Salaries, Wages & Bonus	3,972.63	4,176.14
Contribution to Provident and Other Funds (Refer Note No. 33.2)	241.66	319.53
Staff Welfare Expenses	334.12	365.54
<b>Total</b>	<b>4,548.41</b>	<b>4,861.21</b>

### **24 MANUFACTURING AND OTHER EXPENSES**

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
Consumption of Stores, Spares & Consumables	831.75	824.83
Power & Fuel	847.10	830.77
Labour Charges	2,189.02	1,720.86
Rent	16.41	-
Repairs & Maintenance		
- Plant & Machinery	80.44	96.49
- Building	14.58	16.19
Other Manufacturing Expenses	203.30	436.18
	<b>4,182.61</b>	<b>3,925.31</b>
Repairs & Maintenance		
- Other Assets	199.76	153.38
Insurance	74.99	209.78
Sales Commission	177.25	290.18
Advertisement Expenses	2.99	1.13
Engineering consultancy charges paid	23.91	100.77
Rent	268.00	198.53
Rates & Taxes	59.63	70.53
Freight & Packing	923.79	1,021.82
Printing and Stationery	27.71	24.39
Telephone Expenses	44.78	52.77
Travelling & Conveyance	460.02	508.13
Loss on sale / write-off of Fixed Assets	39.06	0.29
Provision for Doubtful Debts*	139.73	866.88
Internal Audit Fees	1.00	-
Bad debts	-	1,355.68
Sundry Balances Written Off	-	137.76
Auditors Remuneration (Refer Note No. 38)		
- For Audit Services	24.75	24.47
- Tax Audit Fees	-	0.57
- Other Services	-	0.57
- Reimbursement of Out-of- Pocket Expenses	-	0.16
Legal, Professional & Consultancy fees	502.53	918.55
Other Selling & Distribution Expenses	28.04	106.20
Provision for diminution in long term Investment	(0.81)	20.06
Investment Written Off	0.81	
Foreign Exchange loss/(gain)	111.18	151.56
Assessment Dues	1.48	43.15
CSR Expenses	-	99.01
Other Expenses	653.50	307.30
Prior Period Expenses (Net of Income)	294.40	808.76
	<b>4,058.49</b>	<b>7,472.37</b>
<b>Total</b>	<b>8,241.10</b>	<b>11,397.68</b>

### **25 FINANCE COST**

( ₹ in Lacs )

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Interest Expenses on</b>		
- Borrowings and Term Loans	15,174.47	16,546.12
<b>Other Borrowing Cost</b>		
- Bank Charges & Processing Fees	297.32	558.84
<b>Total</b>	<b>15,471.79</b>	<b>17,104.95</b>

# INNOVENTIVE INDUSTRIES LIMITED

## Notes to Consolidated Financial Statement for the year March 31, 2015

### 26. Related Party Transactions

I]	Directors and their Relatives	Relationship
	Mr. Chandu Laxman Chavan	Chairman and Managing Director
	Mr. Ravindra W Katre	Whole Time Director
	Mr. Pradeep Tupe	Independent Directors
	Miss. Pournima Gadiya	Independent Directors
	Mr. Rajendra Jagdale (Upto 14th August 2014)	Independent Directors
	Mr. Ramprasad Joshi (Upto 31st August 2014)	Independent Directors
	Mr. Sanjay Asher (Upto 30th September 2014)	Independent Directors
	Key Management Personnel	Relationship
	Mr. Chandu Laxman Chavan	Chairman and Managing Director
	Mr. Ravindra W Katre	Whole Time Director
	Mr. Sanjay Bhade	Director of Innovative Technomics Pvt Ltd
		Director of Arihant Steel and Metal Wires Pvt Ltd
	Mr. Shivaji Katke	Director of Sevenstar Electrodes Pvt Ltd
		Director of Arihant Steel and Metal Wires Pvt Ltd
		Director of Sevenstar Electrodes Pvt Ltd
	Mr. Vasant Illawe	Executive Chairman of Sankalp Engineering & Services Pvt Ltd
	Mr. G Balasybranium	Managing Director of Sankalp Engineering & Services Pvt Ltd
	Mr. Bhaskar Gawade	Whole Time Director of Sankalp Engineering & Services Pvt Ltd
	Mr. Shamsundar Agarwal	Managing Director of Saicon Steels Pvt Ltd
	Mr. Ronald Herman	President of Salem Steels NA LLC
	Mr. Rajendra Gaikwad	Director of Arihant Auto Components Pvt Ltd
	Mr. Ramprasad Joshi	Director of Saicon Steels Pvt Ltd
		Director of Arihant Auto Components Pvt Ltd
	Mr. Avinash Adige	Additional Director of Innovative Technomics Pvt Ltd
	Relatives of Key Managerial Personnel (Relative of KMP)	Relationship
	Dr. Shubhangi Jadhav	Relative of Director
	Mrs. Mrunal Katre	Relative of Director
	Mrs. Vishka Bhade	Relative of Director
	Mrs. Smita Katke	Relative of Director
	Promoter Group	Relationship
	Mr. Sanjay Bhade	Promoter Group of Innventive Industries Limited
	Mr. Parag Muley	Promoter Group of Innventive Industries Limited
	Mr. Shivaji Katke	Promoter Group of Innventive Industries Limited
	Mr. Sanjay Waghulade	Promoter Group of Innventive Industries Limited
II]	Enterprise over which Key Managerial Personnel and the Relative of Key Managerial Personnel exercise control/significant influence (Other Related Concerns)	
	Name of Enterprise	Legal status of such entity
	Opal Luxury Time Products Limited	Limited Company
	Gargi Bio Tek Private Limited	Private Limited Company
	Sourcegenie Insurance Broking Private Limited	Private Limited Company
	Sourcegenie Consulting Private Limited	Private Limited Company
	Swayamsiddha Mahila Utkarsha Foundation	Section 8 Company
	Swayamsiddha Socio-economic Projects Private Limited	Private Limited Company
	Innoventive Ventures Limited	Limited Company
	Highbrow Investments Private Limited	Private Limited Company
	Orgreen Private Limited	Private Limited Company
	CLC Holding Private Limited	Private Limited Company
	Phoenix Enterprises	Proprietorship
	Tulip Greenhouses Private Limited	Private Limited Company
	Phoenix Erectors Private Limited	Private Limited Company
	Techno Traders	Partnership Firm
	Sumit Facilities Private Limited (Till 2nd July 2014)	Private Limited Company
	Superb Unishoe Private Limited (Till 2nd July 2014)	Private Limited Company
	Unique Delta Force Security Private Limited (Till 2nd July 2014)	Private Limited Company
	Sumit Infotech Private Limited (Till 2nd July 2014)	Private Limited Company
	Delta4 Facility Private Limited (Till 2nd July 2014)	Private Limited Company
	Unique Delta Force E Security Private Limited (Till 2nd July 2014)	Private Limited Company
	Sumeet Laserfabtech Private Limited (Till 2nd July 2014)	Private Limited Company

**INNOVENTIVE INDUSTRIES LIMITED****Notes to Consolidated Financial Statement for the year March 31, 2015**

Unique Delta Technologies Private Limited (Till 2nd July 2014)  
Yashoday Engineers Private Limited  
New Tradelink Impex Private Limited  
Gunjan Steel Corporation

Private Limited Company  
Private Limited Company  
Private Limited Company  
Proprietary Concern

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

Particulars	Relationship	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Purchase of Services</b>			
Swayamsiddha Mahila Utkarsha Foundation	Other Related Concerns	4.31	11.52
<b>Total</b>		<b>4.31</b>	<b>11.52</b>
<b>Loans Received From Key Management Personnel &amp; Promoters</b>			
Mr. Chandu Laxman Chavan	KMP	-	1,732.37
Mr. Ravindra Katre	KMP	-	250.06
Mr. Sanjay Badhe	Promotor	-	130.00
Mr. Parag Muley	Promotor	-	150.63
<b>Total</b>		<b>-</b>	<b>2,263.06</b>
<b>Loans Repaid to Key Management Personnel &amp; Promoters</b>			
Mr. Chandu Laxman Chavan	KMP	364.62	-
Mr. Ravindra Katre	KMP	120.05	-
Mr. Sanjay Badhe	Promotor	90.00	-
<b>Total</b>		<b>574.67</b>	<b>-</b>
<b>Managerial Remuneration</b>			
Mr. Chandu Laxman Chavan	KMP	36.00	25.50
Mr. Ravindra Katre	KMP	36.00	54.00
Mr. Sanjay Bhade	KMP	36.00	-
Mr. Vasant Illawe	KMP	10.00	32.00
Mr. G Balasubramanian	KMP	10.00	32.00
Mr. Bhaskar Gawade	KMP	10.00	32.00
<b>Total</b>		<b>138.00</b>	<b>175.50</b>

**Outstanding Balances**

<b>Receivables</b>			
Sourcegenie Consulting Private Limited	Other Related Concern	23.93	23.93
Yashoday Engineers Private Limited	Other Related Concern	626.12	626.12
Opal Luxury Time Products Limited	Other Related Concern	196.66	196.66
Membrane Filters (India) Private Limited	Other Related Concern	354.18	354.18
Aim Filtertech Private Limited	Other Related Concern	12.12	12.12
M/s. Saptashruni Engineering Works	Other Related Concern	26.79	26.19
Gargi Bio tek Private Limited	Other Related Concern	89.46	89.46
Phoenix Erectors Private Limited	Other Related Concern	982.57	3,227.37
<b>Total</b>		<b>2,311.83</b>	<b>4,556.02</b>
<b>Payables</b>			
Sourcegenie Insurance Broking Private Limited	Other Related Concern	3.62	3.62
Swayamsiddha Mahila Utkarsha Foundation	Other Related Concern	4.75	2.57
Mr. Chandu Laxman Chavan	KMP	1,367.75	1,732.37
Mr. Ravindra Katre	KMP	130.01	250.06
Mr. Sanjay Badhe	Promotor	40.00	130.00
Mr. Parag Muley	Promotor	150.63	150.63
Innoventive Ventures Limited	Other Related Concern	1,214.83	256.00
<b>Total</b>		<b>6,295.46</b>	<b>2,525.26</b>

27. Capital commitments and contingent liabilities and secured loans

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Capital Commitments</b>		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of	1,171.16	1,171.16
<b>Contingent Liabilities</b>		
Claims against company not acknowledged as debts	325.01	416.04
Income Tax Cases	42.56	83.30
Sales Tax Cases	775.75	336.70
Unfulfilled Export Obligation under EPCG Scheme to be fulfilled over 8 Years. Duty Liability on non fulfillment of above obligation is Rs. Rs. 299.24 /- (March 31, 2015: 1492.30 /- Lacs)	1,113.74	1,548.02
The amount of Industrial Promotion Subsidy received of Rs.137.63 Cr under the Public Scheme of Incentive 2007 of Maharashtra Government, liable to be refunded on event of stoppage of Production	13,763.00	

28. Segment Reporting

I) Primary Segment

Based on the guiding principles given in the Accounting Standard - 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company's primary segments are Motor Vehicle Parts, Tubes & Others.

Description		MV Parts	Tubes and Products	OCTG	HR & CR COIL	Others	Total
Total Revenue	CY	25,255.02	8,048.22	1,440.70	0.00	12,706.45	47,450.38
(Including Export benefits)	PY	23,718.75	8,322.29	2,154.12	-	14,077.46	48,272.62
Segment Result	CY	2,971.09	(6,020.26)	(745.65)	(8.63)	(323.18)	(4,126.64)
	PY	1,501.27	(6,393.23)	(4,130.72)	(4,062.17)	221.03	(12,863.83)
Unallocable Expenses (Net of Income)	CY						1,399.76
	PY						1,469.85
Interest	CY						15,471.79
	PY						17,104.95
Profit / (Loss) Before Taxes	CY						(20,998.19)
	PY						(31,438.63)
Tax (Including tax for earlier years)	CY						(275.82)
	PY						(941.08)
Profit / (Loss) After Taxes	CY						(20,722.37)
	PY						(30,497.54)
Segment Assets	CY	9,876.48	61,399.44	6,138.35	2,691.11	17,592.07	97,697.46
	PY	10,478.62	65,297.59	7,918.62	2,699.57	18,304.22	1,04,698.61
Unallocable Assets	CY						12,367.34
	PY						13,719.09
Segment Liabilities	CY	869.08	602.29	6,138.35	2,691.11	7,368.24	17,669.08
	PY	960.34	674.87	7,918.62	2,699.57	7,291.79	19,545.19
Unallocable Liabilities	CY						92,395.72
	PY						98,872.52
Capital Expenditure	CY	166.06	746.59	-	-	3,030.86	3,943.50
	PY	440.62	59.09	-	-	47.06	546.77
Depreciation	CY	599.13	5,536.76	405.43	-	330.19	6,871.52
	PY	599.29	6,092.52	415.43	177.83	304.89	7,589.96

## II] Secondary Segment

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

Particulars		In India	Outside India	Total
Segmental Revenues (Including Export benefits, Industrial Promotion Subsidy and Royalty)	CY	31,157.16	16,293.23	47,450.38
	PY	32,276.11	15,996.51	48,272.62
Segment Asset	CY	86,986.52	10,710.93	97,697.46
	PY	94,052.23	10,646.38	1,04,698.61
Capital Expenditure	CY	3,518.69	424.81	3,943.50
	PY	511.04	35.73	546.77

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

### 29. Unhedged foreign Currency Balances

Particulars	Currency	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Trade Receivables	EURO	105.47	211.29
	GBP	27.86	17.24
	USD	215.38	1,118.75
Other Receivables	EURO	-	1.89
	USD	-	89.64
Trade Payables	EURO	-	5.80
	USD	10.32	-
Other Payable	EURO	7.51	6.75
	GBP	-	2.32
	USD	-	11.09
Capital Advance	USD	388.04	276.51
Long Term Borrowings from Banks	USD	11,841.80	10,624.18

### 30. Earnings Per Share

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
<b>Reconciliation of basic and diluted shares used in computing earnings per share</b>		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	5,96,43,999	5,96,43,999
Add: effect of dilutive issue of shares / options	-	-
Number of shares considered as weighted average shares and potential shares outstanding for computing diluted earnings per share	5,96,43,999	5,96,43,999
<b>Computation of basic and diluted earnings per share</b>		
Net profit after tax attributable to equity shareholders (In Lacs)	(20,729.27)	(30,611.35)
Basic earning per equity share	(34.76)	(51.32)
Diluted earning per equity share	(34.76)	(51.32)
Face value per share	10.00	10.00

### 31. Employee benefits

#### I] Defined contribution Plan (Gratuity)

##### a) Reconciliation of opening and closing balance of obligation

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

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Liability at the beginning of the Period	272.92	200.52
Interest Cost	21.62	18.67
Current Service Cost	41.33	36.12
Benefits Paid	(10.33)	(8.72)
Actuarial (Gain)/Loss on obligation	(10.79)	26.33
Liability at the end of the period	314.74	272.92

b) Reconciliation of opening and closing balance of Fair Value of Plan Assets

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Fair Value of Plan Assets at the beginning of the Period	191.91	183.70
Expected Return on Plan Assets	15.20	17.10
Contributions	-	-
Benefit Paid	(10.33)	(8.72)
Actuarial gain/(loss) on Plan Assets	(6.76)	(0.17)
Fair Value of Plan Assets at the end of the Period	190.02	191.91
Total Actuarial Gain/(Loss) To Be Recognised	(4.02)	(15.47)

c) Expenses Recognised in Profit and Loss Account

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Current Service Cost	41.33	36.12
Interest Cost	21.62	18.67
Expected Return on Plan Assets	(15.20)	(17.10)
Net Actuarial (Gain)/Loss To Be Recognised	(4.02)	(15.47)
Expense Recognised in Profit & Loss account	43.72	22.23

d) Amount Recognised in the Balance Sheet

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Fair value of plan assets at the end of the period	190.02	191.91
(Present value of benefit obligation as at the end of the period)	(314.74)	(272.92)
Funded status	(124.73)	(81.00)
Unrecognized past service cost at the end of the period	-	-
Unrecognized transitional liability at the end of the period	-	-
Net (liability)/asset recognized in the balance sheet	(124.73)	(81.00)

e) Balance Sheet Reconciliation

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Opening net liability	81.00	16.82
Expense as above	43.72	64.18
Employers Contribution paid	-	-
Closing net Liability/ (Asset)	124.73	81.00

f) Assets and liabilities recognized in Balance Sheet

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Present value of defined benefit obligation	(314.74)	(272.92)
Less: fair value of plan assets	190.02	191.91
Amount recognised as (liability)/ asset	(124.73)	(81.00)
Recognised as short term (liability)/ asset	(124.73)	(81.00)

g) Actual Return on Plan Assets

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Expected Return on Plan Assets	15.20	17.10
Actuarial gain/(loss) on Plan Assets	(6.76)	(0.17)
Actual Return on Plan Assets	8.43	16.94

h) Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Discount Rate	7.92%	7.92%
Rate of Return on Plan Assets	7.92%	7.92%
Salary Escalation	5.00%	5.00%

i) Composition of plan assets

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Insured Managed Funds	100%	100%

j) Experience Adjustment

Particulars	March 31, 2014 (₹ in Lacs)	March 31, 2013 (₹ in Lacs)	March 31, 2014 (₹ in Lacs)	March 31, 2013 (₹ in Lacs)
On Plan Liability (Gain) / Losses	10.79	(15.63)	(15.43)	74.95
On Plan Assets Gain / (Losses)	(6.76)	(0.16)	1.35	10.43

Notes:

Expected rate of return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

**II] Defined contribution**

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Employers contributions to Provident fund	146.18	158.53
Employers Contribution to ESIC	0.96	1.04
<b>Total</b>	<b>147.14</b>	<b>159.57</b>

**32. Long term borrowings**

i] Details of repayment of loans & charges created on assets for borrowing-

Name of Bank / Financial Institution	Date of first instalment	Rate of Interest	Repayment Schedule	Security
Allhabad Bank	30/09/2015	10.95%	32 Quarterly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company and Personal Guarantees by Managing Directors and other Directors.
Bank of Baroda	30/09/2015	10.95%	32 Quarterly	
Bank of India	30/09/2015	10.95%	32 Quarterly	
Bank of Maharashtra	30/09/2015	10.95%	32 Quarterly	
Central Bank of India	30/09/2015	10.95%	32 Quarterly	
EXIM Bank	30/09/2015	10.95%	32 Quarterly	
ICICI Bank Limited	30/09/2015	10.95%	32 Quarterly	
IDBI Bank Limited	30/09/2015	10.95%	32 Quarterly	
Indial Overseas Bank	30/09/2015	10.95%	32 Quarterly	
Ratnakar Bank Limited	30/09/2015	10.95%	32 Quarterly	
Saraswat Co-op Bank Ltd	30/09/2015	10.95%	32 Quarterly	
State Bank of Bikaner and Jaipur	30/09/2015	10.95%	32 Quarterly	
State Bank of India	30/09/2015	10.95%	32 Quarterly	
Axis Bank Limited	30/09/2015	10.95%	32 Quarterly	
United Bank of India	30/09/2015	10.95%	32 Quarterly	
UCO Bank	30/09/2015	10.95%	32 Quarterly	
Bank of India (London)	13/03/2013	6M LIBOR + 460 bps	28 Quarterly	Hypothecation of car
Bank of Baroda (Singapore)	01/05/2012	6M LIBOR + 475 bps	24 Quarterly	
ICICI Bank Ltd (Bahrain)	18/12/2012	6M LIBOR + 500 bps	30 Quarterly	
ICICI Bank Ltd	02/04/2013	10.14%	36 Monthly	
HDFC Bank	07/05/2012	10.90%	48 Monthly	
Kotak Mahindra Bank	01/09/2012	10.85%	36 Monthly	Unsecured
Kotak Mahindra Bank	01/08/2012	10.85%	36 Monthly	
Bajaj Finance Ltd.	01/05/2012	12.50%	24 monthly	The term loans in consortium are secured by First Pari Passu charge on entire fixed assets of the company and pair Passu charge on EM RM land at Gat No 1018 , Village Karandi, Taluka Shirur, EM/RM of Residential Bungalow Owned by Mr. V G Illawe, co-owned by Mrs. Smita Illawe at Nigdi Pardihiakaran and Personal Guarantee of Mr. V. G. Illawe, Mr., B. K. Gawade, Mr G Balasubramanian, Managing Director, Mrs Samita Illawe and Sankalp Industries.
Canara Bank	27/09/2011	Base Rate + 475 BPS	60 Monthly	
State Bank of India	10/01/2015	Base Rate + 520 BPS	60 Monthly	



**INNOVENTIVE INDUSTRIES LIMITED**  
**Notes to Consolidated Financial Statement for the year ended March 31, 2015**

Name of Bank / Financial Institution	Date of first instalment	Rate of Interest	Repayment Schedule	Security
Electronics Finance Limited	15/04/2012	13.93%	48 Monthly	This loan is secured by charge on Specific Plant and Machinery
Electronics Finance Limited	15/05/2012	13.93%	48 Monthly	
Electronics Finance Limited	15/10/2012	14.52%	60 Monthly	
Electronics Finance Limited	15/08/2012	14.11%	50 Monthly	
Electronics Finance Limited	15/04/2012	13.99%	60 Monthly	
First Leasing Company of India Ltd.	25/10/2012	14.11% Rate	48 Monthly	This loan is secured by charge on Specific Plant and Machinery
First Leasing Company of India Ltd.	04/01/2012	Ranging	48 Monthly	
First Leasing Company of India Ltd.	30/01/2012	between 11%	48 Monthly	
First Leasing Company of India Ltd.	30/01/2012	to 16%	48 Monthly	
Intec Capital Limited	07/12/2012	14.05%	60 Monthly	This loan is secured by charge on Specific Plant and Machinery
Intec Capital Limited	01/01/2013		60 Monthly	
Intec Capital Limited	01/01/2013		60 Monthly	
Bajaj Finserve Ltd	05/05/2013	18.99%	36 Monthly	Personal Guarantee of Mr. G Balasubramanian, Mr. B K Gawade, Mr. V G Illave
Ratnakar Bank Limited		13.00%		Secured by way of hypothecation of all movable fixed assets and entire current assets of the Company.

II] Interest Range and Security on Cash Credit Accounts

Name of Bank / Financial Institution	Rate of Interest	Security
Innoventive Industries Limited	10.45%	First pari passu charge by way of hypothecation on all current assets, both present & future and second pari passu charge by way of hypothecation on all fixed assets, both present & future.
Sankalp Engineering & Services Private Limited	12.5% - 13.5%	First Pari Passu charge on entire current assets of the company and Second Pari Passu charge on EM RM land at Gat No 1018 , Village Karandi, Taluka Shirur, EM/RM of Residential Bungalow Owned by Mr. V G Illawe, co-owned by Mrs. Smita Illawe at Nigdi Pradhikaran and Personal Guarantee of Mr. V. G. Illawe, Mr., B. K. Gawade, Mr G Balasubramanian, Managing Director, Mrs Smita Illawe and Sankalp Industries.
Saicon Steels Private Limited	BR+4% (14.75%PA)	First Pari Passu charge on entire current assets of the company and Second Pari Passu charge on EMT of Freehold Factory Land & Building and of the Company at 375/1 & 375/2, Village Golanda Silvasa, Kilawani Road, Dadra and Nagar Haveli, Silvasa (UT)
Innovative Technomics Pvt Ltd	13.00%	First Pari Passu charge on entire current assets of the company and Second Pari Passu charge on EM Plot GM No 725 & 727, Behind Reliance Plant, Velu, Tal. Bhor, Dist - Pune, and Plot No 114/2, B-G Block, Pimpri Industrial Area, MIDC Bhosari, Tal. Haveli, Dist. Pune and Personal Guarantee of Mr Chandu Chavan
Innoventive Americas, Inc, State of Delaware USA	LIBOR + 2.5%	The Loan is taken by Salem Steel NA, LLC and is guaranteed by Innoventive Americas Inc, an 85% owner of the Company and secured by substantially all the assets of the Company

III] Details of default on account of repayment of loan installment and interest thereon are as follows:

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Long term borrowings		
Secured		
Allahabad Bank	185.45	-
Bank of Baroda	506.15	-
Bank of India	2,031.09	-
Bank of Maharashtra	141.71	-
Central Bank of India	1,461.07	-
EXIM Bank	419.28	-
ICICI Bank Limited	673.91	-
IDBI Bank Limited	670.42	-
Indial Overseas Bank	96.49	-
Ratnakar Bank Limited	5.20	-
Saraswat Co-op Bank Ltd	324.90	-
State Bank of Bikaner and Jaipur	520.76	-
State Bank of India	5,028.23	-
Axis Bank Limited	217.72	-
United Bank of India	1,941.00	-
UCO Bank	255.58	-
Canbank Factors Limited	207.78	-
Canara Bank Limited	348.89	-
Bank of India (London)	629.85	-
Bank of Baroda (Singapore)	1,634.89	-
ICICI Bank Ltd (Bahrain)	831.00	-

Particulars	March 31, 2016 (₹ in Lacs)	March 31, 2015 (₹ in Lacs)
Electronica Finance Ltd	262.29	-
Intec Capital Ltd	155.54	-
First Leasing Company of India Ltd.	63.00	-
Bajaj Finance Ltd	2.53	-
Short term borrowings (Interest Overdue)		
Central Bank of India	65.60	-
Bank of India	366.89	-
Bank of Maharashtra	98.44	-
Bank of Baroda	182.27	-
ICICI Bank Limited	45.54	-
State Bank of India	66.02	-
Saraswat Co-op Bank Limited	188.89	-
Indian Overseas Bank	31.85	-
State Bank of Bikaner and Jaipur	20.92	-
IDBI Bank Limited	143.67	-
DBS Bank (Principle+Interest)	2,952.87	-
Short term borrowings (Amounts Recalled with Interest Overdue)		
State Bank of India	1,307.81	-
Canara Bank Limited	6,433.69	-
Thane Janata Sahakari Bank Limited	1,193.40	-
<b>Total</b>	<b>31,712.57</b>	<b>-</b>

**33. Micro, Small & Medium Enterprise Development Act, 2006**

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

**34. Foreign Exchange difference on long term foreign currency borrowings**

Pursuant to notification dated 29th December, 2011 issued by Ministry of Corporate Affairs, Government of India in respect of changes to Accounting Standard 11, the company has exercised the option of capitalising exchange differences arising on reporting of long term foreign currency loans in so far as they relate to the acquisition of depreciable capital assets. Accordingly, current financial year, an amount of Rs. 651.25/- Lacs (March 31, 2015 Rs. 232.89/- lacs) has been capitalized

**35. Prior Year Comparatives**

The company carried out restructuring exercise pertaining to its trade payable re-classifying liabilities pertaining to expenses, non trade and other long term customers as other current liabilities. The reclassification was done to bifurcate the payables pertaining to non trade transactions.

Previous year figures have been regrouped/reclassified wherever necessary.

**For Bharat J Rughani & Co**  
**Chartered Accountants**  
**FRN: 101220W**

**For and on Behalf of the Board of Directors**  
**of Innoventive Industries Limited**

**CA Akash B. Rughani**  
**Partner**  
**Membership No. 139664**  
**Date :- 26th April 2016**  
**Place :- Pune**

**Chandu Chavan**  
**Managing Director**

**Ravindra Katre**  
**Director**



### PROXY FORM

Name of the Company : Innoventive Industries Limited  
CIN : CIN L29309PN1991PLC063045  
Registered Office : Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur,  
District Pune- 412 208 Maharashtra  
Tel No (020) 66203549 Fax No (020) 66203549  
Email: company.secretary@innoventive.in  
Website: [www.innoventive.in](http://www.innoventive.in)

Name of the member (s)
Registered address
Email iD
Folio No / DP ID and Client ID

I /We, being the member(s) of ..... shares of the above named Company, hereby appoint:

1. Name:  
Address:  
Email- iD:  
Signature: ..... , or failing him
2. Name:  
Address:  
Email iD:  
Signature: ..... , or failing him
3. Name:  
Address:  
Email-iD:  
Signature:

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25<sup>th</sup> Annual General Meeting of the Company, to be held on Monday, the 26<sup>th</sup> day of September 2016 at 9.30 a.m. at the Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune- 412 208 Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Particulars of Resolutions	Optional#	
Ordinary Business:		For	Against
1	Adoption of the Financial Statement for the financial year ended on 31st March, 2016 and also the reports of the Auditors and the Board of Directors thereon.		
2	Reappointment of Mr. Ravindra Katre, Director who retires by rotation.		
3	Reappointment of M/s. Bharat J Rughani, Chartered Accountants as Auditors and to authorise the Board of Directors to fix their remuneration		
Special Business:			
4.	Ratification of the remuneration of the Cost Auditors		

Signed this ..... day of ..... 2016

Signature of Member : .....

Signature of Proxy holder(s) : .....

Affix  
Revenue  
Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

2. A Proxy need not be a member of the Company.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10 percent of the total share capital of the Company carrying voting rights. A member holding more than 10 percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. #This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.

5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.



## ATTENDANCE SLIP

Name of the Company : Innoventive Industries Limited  
CIN : CIN L29309PN1991PLC063045  
Registered Office : Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur,  
District Pune- 412 208 Maharashtra  
Tel No (020) 66203549 Fax No (020) 66203549  
Email: company.secretary@innoventive.in  
Website: [www.innoventive.in](http://www.innoventive.in)

Please fill Attendance Slip, sign and hand it over at the entrance of the Meeting Hall.

Name of the Member :

Address of the Member :

DP ID. \* :

Client ID \* :

Folio No. :

No. of shares :

I hereby record my presence at the **25TH ANNUAL GENERAL MEETING** of the Company held on Monday, the 26<sup>th</sup> day of September 2016 at 9.30 a.m. at the Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur, District Pune- 412 208

Signature of the Member or the Proxy

\*Applicable for investors holding shares in electronic form.

## This image shows a full page of primary-ruled notebook paper. It features multiple sets of horizontal lines across the entire page. Each set consists of a solid black top line followed by two dashed black lines, creating uniform writing spaces. The paper is white and contains no other markings or text.



**(For members holding shares in physical form)**

To,

**Karvy Computershare Private Limited**

Unit: Innoventive Industries Limited  
Karvy Selenium Tower- B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032

Dear Sir,

Date:

**Subject: Green Initiative in the Corporate Governance - registration of email address**

**Reference:** Folio No.:

I/we hereby give my / our consent to register the following email address (es) to receive documents such as, notice calling annual general meeting, annual report comprising of balance sheet, statement of profit and loss, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

Email Address:.....

Thanking you,

Yours faithfully,

<b>Name :</b>	<b>Name :</b>	<b>Name :</b>
<b>Signature of First shareholder</b>	<b>Signature of Second Shareholder</b>	<b>Signature of Third Shareholder</b>

.....CUT HERE.....

**(For members holding shares in electronic form)**

Members, who hold shares in electronic form, are requested **to register email address with the Depository Participant**, by a written communication quoting your DP ID and Client ID, to receive documents such as, notice calling annual general meeting, annual report comprising of balancesheet, statement of profit and loss, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

**INNOVENTIVE INDUSTRIES LIMITED**

Reg Off: Gat No. 56/4/5, Pimple Jagtap, Taluka: Shirur, Pune- 412208

Tel.:02137-669001/02 Fax: 02137-669014

Corporate Off: 604, Nucleus Mall, 1 Church Road, Camp, Pune – 411001

CIN: L29309PN1991PLC063045

E-mail ID: company.secretary@innoventive.in Website: www.innoventive.in

**BALLOT FORM**
**Sr. No.:**

SR.NO.	PARTICULARS	DETAILS
1.	Name of first named shareholder	
2.	Postal Address	
3.	Registered Folio/*Client ID No. (*Applicable to investors holding shares in dematerialized form)	
4.	No. of Shares held	

I/We hereby exercise my/our vote in respect of Ordinary resolution(s) to be passed for the business stated in the Notice dated 13th August, 2016 convening the 25th Annual General Meeting of the Company to be held on 26th September, 2016 by recording my/our assent or dissent to the said resolution in the following manner:

Sr. No.	Description of Resolution	No. of Shares held by me	I/We assent to the resolution	I/We dissent from the resolution
<b>Ordinary Business</b>				
1.	Adoption of Financial Statements			
2.	Re-appointment of Mr. Ravindra Katre(DIN 00035125)			
3.	Appointment of Auditor			
<b>Special Business</b>				
4.	Ratification and confirmation of remuneration of cost auditor for year 2016-17			

Place:

Date:

**Signature of the Shareholder**

NOTE: Kindly read the instructions printed overleaf before filling of the form. Valid Postal Ballot Forms received by the scrutinizer up to 5.00 p.m. on 25<sup>th</sup> September, 2016 shall only be considered.

**E-VOTING**

**Users who wish to opt for e-voting may use the following login credentials:**

EVENT (E-Voting Event Number)	USER ID	PASSWORD/PIN

Please follow steps for e-voting procedure as given in the Notice of AGM by logging on to- <https://evoting.karvy.com>



## INSTRUCTIONS FOR BALLOT

- i. The Board has appointed P.C.Dhamane and Associates, Practicing Company Secretaries, Pune as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- ii. Members may fill up the ballot form printed overleaf and submit the same in the enclosed self-addressed business reply envelope to the Scrutinizers so as to reach by 5:00 P.M on 25<sup>th</sup> September, 2016. Ballot Form received thereafter will strictly be treated as if not received.
- iii. Shareholders have option to vote either through e-voting i.e. electronically or to convey assent/dissent in physical form. If a shareholder has opted for this physical ballot form, then he/she should not vote electronically and vice-versa. However, in case of shareholders cast their vote through physical ballot form and e-voting, then vote cast through e-vote shall be considered, subject to it being found to be valid and vote cast through this form shall be treated as invalid.
- iv. The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 19<sup>th</sup> September, 2016 (cut-off date)
- v. The right of voting by Ballot Form shall not be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.
- vi. In respect of shares held by corporate and institutional members (companies, trusts, societies, etc.), the completed Postal Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory (ies) duly attested.
- vii. Members are requested to fill the Postal Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- viii. There will be one Postal Ballot Form for every folio / Client id irrespective of the number of joint holders
- ix. Members are requested not to send any other paper along with the Postal Ballot Form. They are also requested not to write anything in the Postal Ballot form excepting giving their assent or dissent and putting their signature. If any such other paper is sent the same will be destroyed by the Scrutinizer.
- x. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate column in the Postal Ballot Form. The assent or dissent received in any other form shall not be considered valid.
- xi. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the scrutinizer on the validity of the forms will be final.
- xii. The Scrutinizer shall within a period of not exceeding three (3) working days from the date of conclusion of e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a scrutinizer's report of the votes cast in favors or against, if any, forthwith to the Chairman of the Company.
- xiii. The Results on resolutions shall be declared at or after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favor of Resolutions.