



Innoventive Industries Limited

22nd Annual Report | 2012-13

Corporate Information

BOARD OF DIRECTORS (As on August 10, 2013)

Mr. Chandu Chavan	Chairman & Managing Director
Mr. Ravindra Katre	Whole-time Director
Mr. Sanjay Waghulade	Whole-time Director
Mr. Ramprasad Joshi	Independent Director
Mr. Yashpaul Gupta	Independent Director
Mr. Pradeep Tupe	Independent Director
Dr. Rajendra Jagdale	Independent Director
Mr. Sanjay Asher	Independent Director
Mr. Laxman Sankade	Independent Director

STATUTORY AUDITORS

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

INTERNAL AUDITORS

AMB & Co.,
Chartered Accountants,
Pune

COMPANY SECRETARY

Ms. Neha Joshi (Till June 12, 2013)

CORPORATE OFFICE

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

BANKERS

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

PLANTS

Unit I:

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

Unit II:

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

REGISTERED OFFICE

Gat No. 56/4/5,
Pimple Jagtap, Taluka: Shirur,
District: Pune – 412208.

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.

Overview

Vision & Mission Statement	pg. 4
About the Group	pg. 5
Chairman's Message	pg. 8
Corporate Social Responsibility	pg. 10

Statutory Reports

Notice convening 22 nd AGM	pg. 12
Directors' Report	pg. 19
Management Discussion & Analysis	pg. 26
Report on Corporate Governance	pg. 32

Contents

Standalone Financials

Auditors' Report	pg. 44
Balance Sheet	pg. 48
Statement of Profit & Loss	pg. 49
Cash Flow Statement	pg. 50
Notes to Accounts	pg. 52

Consolidated Financials

Auditors' Report	pg. 82
Balance Sheet	pg. 83
Statement of Profit & Loss	pg. 84
Cash Flow Statement	pg. 85
Notes to Accounts	pg. 87

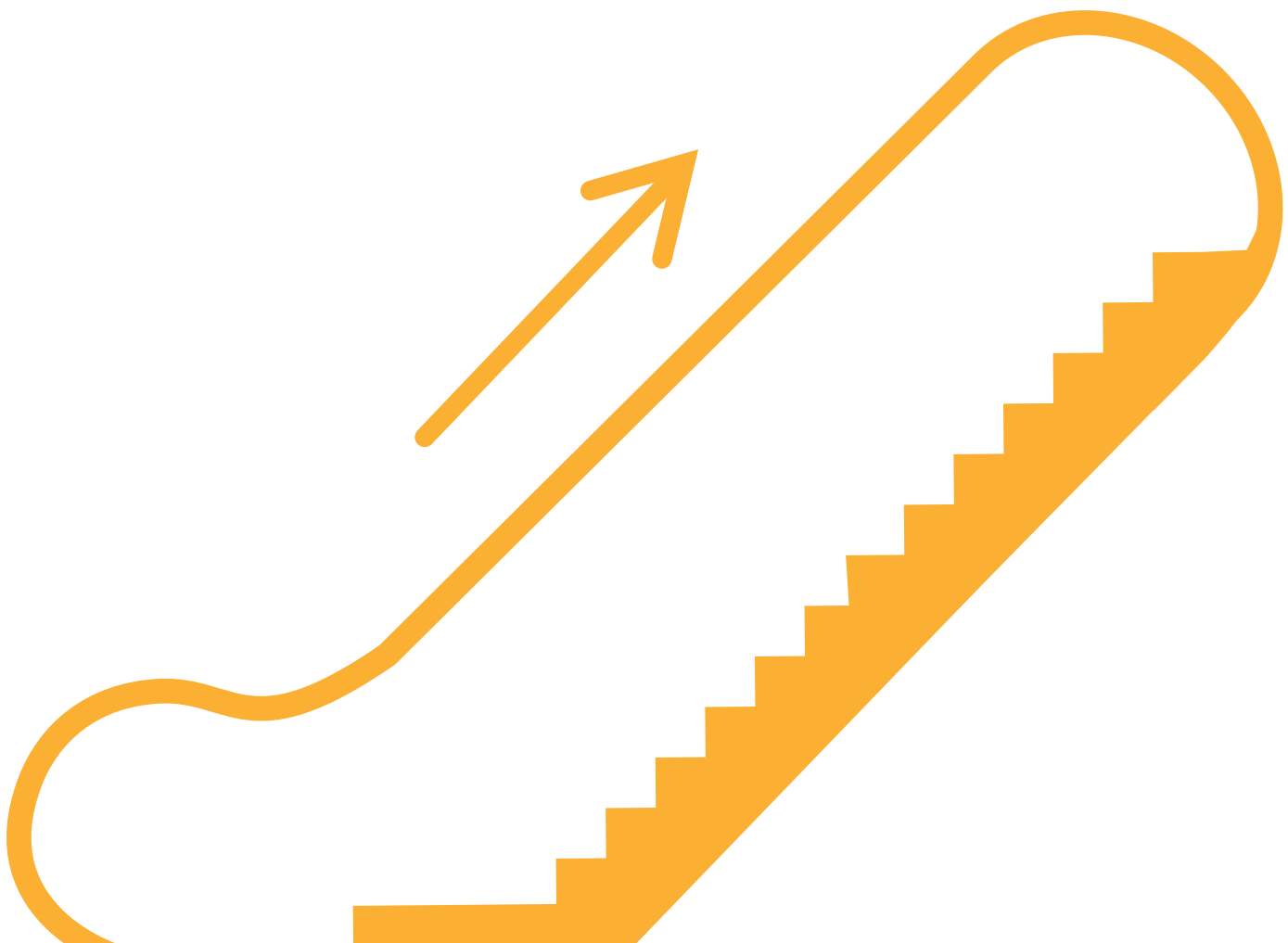
Vision & Mission Statement

Our Vision

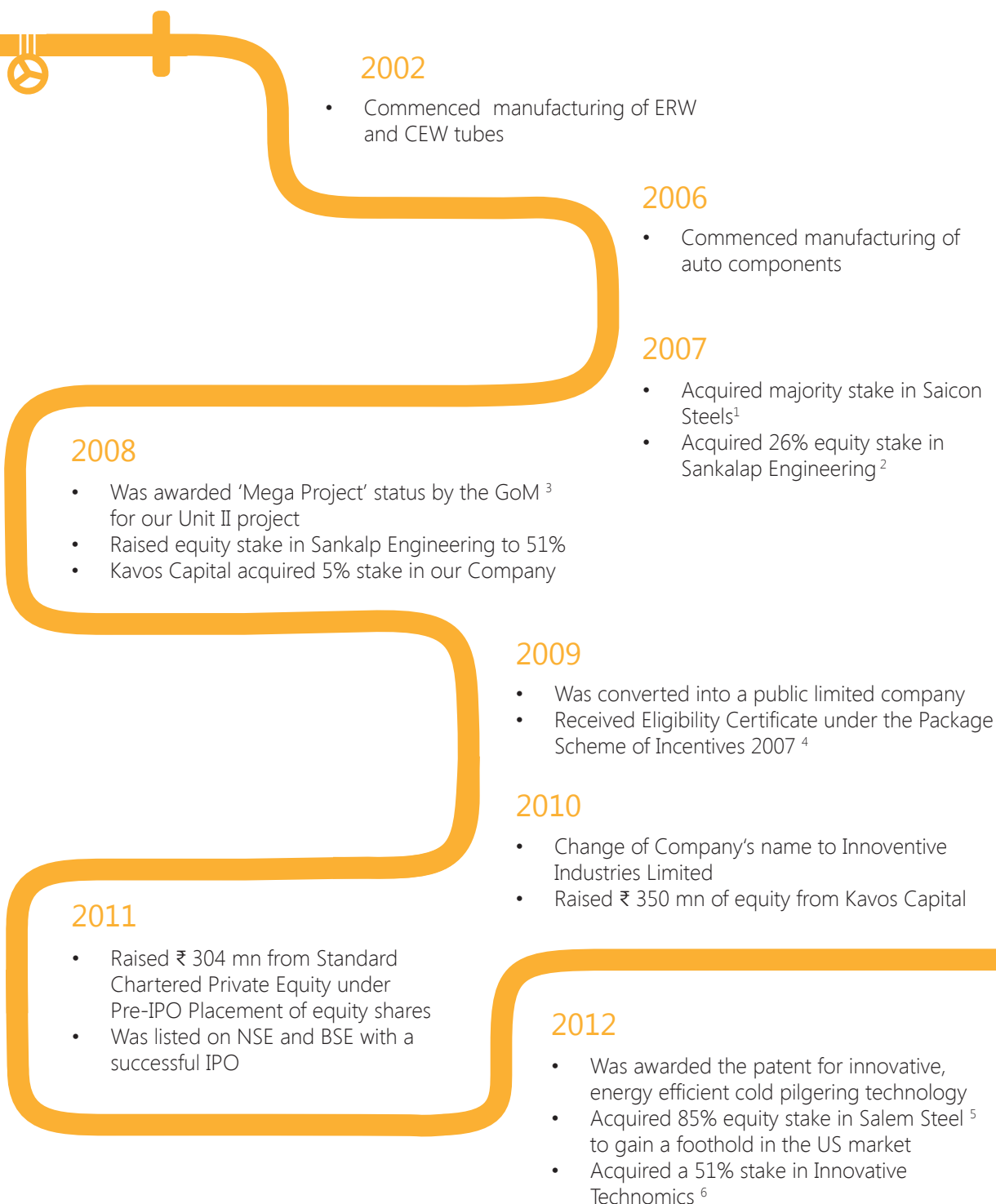
To evolve globally as value creator for customers by specializing in Total Engineering Solutions and Supply Chain Management.

Our Mission

To instill the core values of Excellence, Freedom, Integrity, Respect and Harmony.



Our Evolution



1. Saicon Steels Private Limited is engaged in converting hot rolled coils to cold rolled coils and manufactures a wide range of low and medium grade carbon and special grade CR products.

2. Sankalp Engineering & Services Private Limited caters to the oil and gas industry and manufactures oil well drilling couplings, casing couplings, pup-joints, cross-overs, etc.

3. Government of Maharashtra

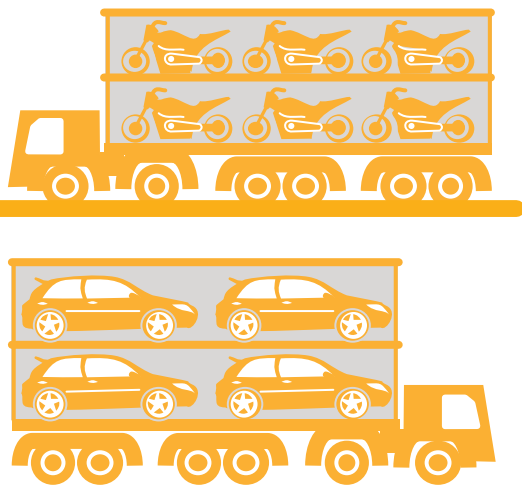
4. The Eligibility Certificate under the Package Scheme of Incentives 2007 is granted for recognition of 'Mega Project' status.

5. Salem Steel NA, LLC is a global distributor of ERW, DOM and seamless tubing.

6. Innovative Technomics Private Limited, is a leading manufacturer of FCMA soft starters and testing equipment's for water pumping & irrigation, sugar, steel and various industries.

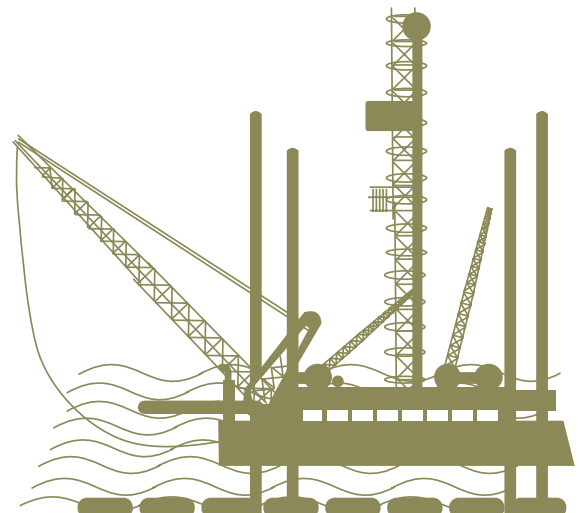
Our Presence, Products & User Industries

- Our exports primarily comprise of Tube Products and Oil & Gas Components.
- Established presence in key strategic markets of the Middle East by setting up a subsidiary.
- Acquisition and business integration of Salem Steel North America, LLC has further enhanced our reach in North America.



Automotive

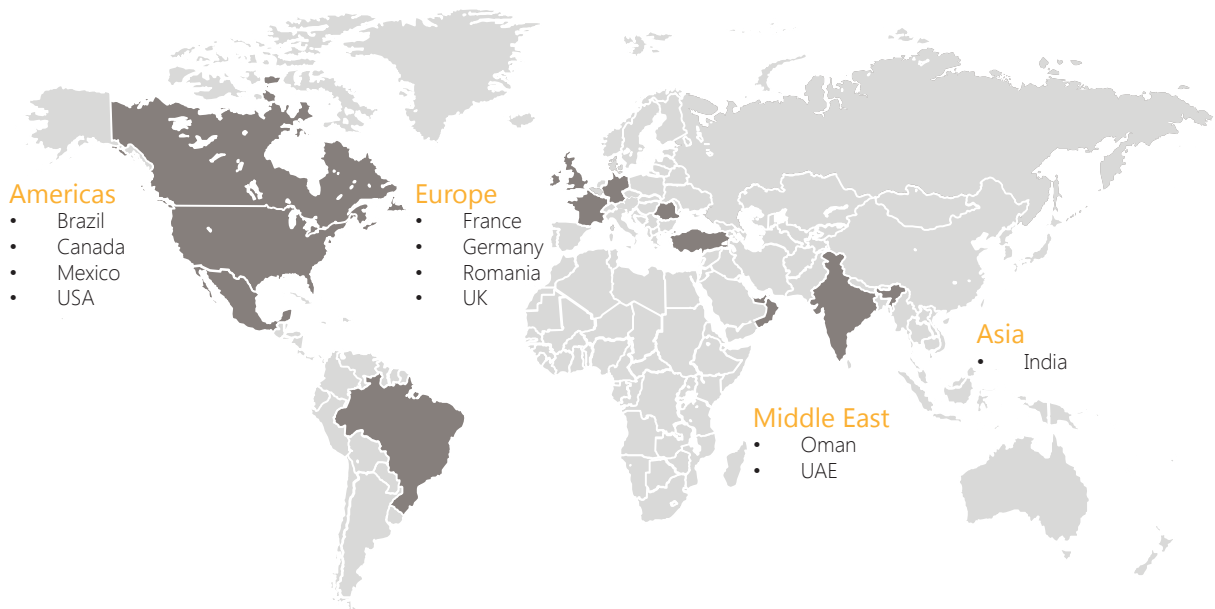
Swing Arm Assembly, Trailing Arm Assembly, Engine Mounting Brackets, Stands, Foot-steps



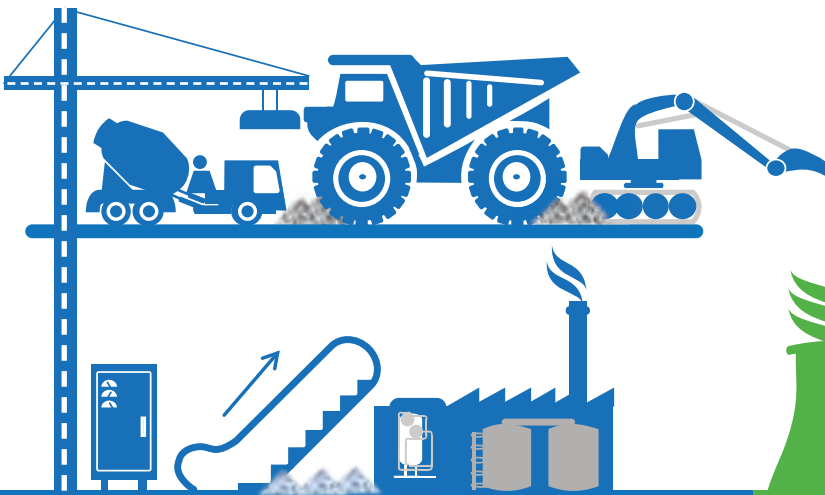
Oil & Gas

Machined Tubing, Couplings, Casing Couplings, Pup joints, Crossovers



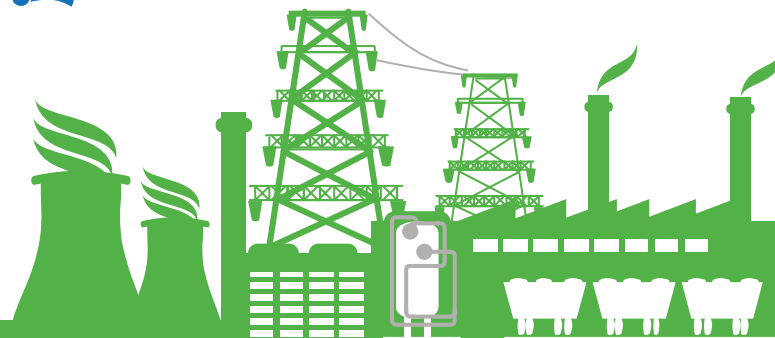


Shaded region represents our current export markets.



Mining, Construction Equipment, General Engineering

ERW Tubes, DOM/CEW Tubes,
Hydraulic Cylinder Tubes, FCMA Soft
Starters, Other Machined Components



Power

Membrane Panel Strips used in
Boilers and Heat exchangers

Message From The Chairman



Dear Shareholders,

It gives me pleasure to present the Company's 22nd Annual Report for the financial year ending March 31, 2013 to you. Amidst challenging global & domestic business environment, the fiscal year 2013 (FY13) for Innoventive was a mixed bag in terms of performance. The global economic conditions were not in the best of health for large part of the year gone by. Momentum of global economic recovery was slow and overall economic growth was sluggish. Escalation of the European debt crisis has further worsened the export environment.

Indian economy has been impacted as a result of these adverse global events. Indian GDP grew at 5% in FY13, the lowest in the decade. While all sectors in the economy were impacted, some of the industries that we cater to such as power and automobiles felt the impact more acutely than others. Policy paralysis and lack of reforms have greatly diminished the effects of economic stimulation. Despite these challenges we grew marginally in the domestic markets.

Our consolidated revenues in FY13 grew by 7.2% and were at ₹ 847 crore against ₹ 790 crore in FY12. PAT was at ₹ 64 crore given the same in FY12 at

₹ 80 crore, owing to increased personnel cost, higher depreciation costs on commissioning of new machinery and financing costs. Profitability has been impacted due to increase in cost without a corresponding increase in utilization. Taking in view the current business scenario and need for cash to be deployed in the business in the near future, the Board and management shall be cautious with respect to the use of funds.

We have sustained the momentum in FY13 on several key strategic initiatives. The global distribution & direct market access and customer reach has been enhanced over the last 18 months through the acquisition of Salem and the setting up of subsidiaries in key strategic markets such as the USA and the Middle East. The integration of Salem Steel North America, LLC has been successfully undertaken and efforts are on to optimize the product offering and further enhance the reach into the US markets. Further in October 2012, Innoventive acquired a 51% stake in Innovative Technomics Pvt. Ltd (ITPL), an industry leader in high voltage soft starters and testing equipment. With this acquisition, Innoventive aims to gain a strong foothold in specialty engineering products for domestic and export markets.

We have also applied for patents in additional processes/products in this fiscal year and a few more patent applications are under process for filing to widen our product portfolio. It is anticipated that favorable monsoon, improving macro-economic outlook in the US and stabilization in parts of Europe and the Middle East, may contribute to a revival in demand. Several additional measures such as augmentation in operation team, continued focus on productivity and cost optimization initiatives have been undertaken to strengthen our platform for sustainable long term performance.

Future opportunities & challenges have been analyzed and addressed. That is how we ensure that your company can maneuver its growth potential. We seek and shall rely on your continued support in pursuit of these objectives. We would like to thank all our business partners for preserving their confidence in us during tough business environment like this and we express our gratitude towards the employees, who are the driving force behind the success of this organization over the years. Management is committed to the growth and development of its employees, which will ensure the continued success of this company.

Management appreciates their dedication and commitment, and is confident that their buoyancy will guide the company through uncertain times and unforeseen challenges.

Yours sincerely,
Chandu Chavan

Chairman & Managing Director

Corporate Social Responsibility (CSR)

Swayamsiddha Mahila Utkarsh Foundation

Swayamsiddha is a Sec. 25 company (NGO) from Pune, working primarily towards women empowerment and social entrepreneurship development. Swayamsiddha is trying to address society's challenges such as Water, Health and Sanitation, Rural Development and Social Productivity. Swayamsiddha has undertaken a number of projects since its incorporation to further the cause of women empowerment. It has worked with 30 villages in Shirur taluka to issue low cost health insurance policies and supply low cost sanitary napkins.

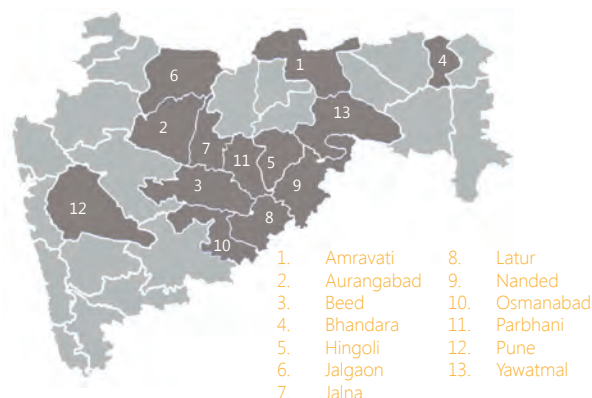
JALDOOT Project

With a strong pro-poor and non-charity focus, Swayamsiddha with the help of Innoventive Group has developed JALDOOT, a socio-economic business model, which addresses issues of economic development of rural Maharashtra through women empowerment, rural employment and social entrepreneurship development. Jaldoot - 'the water messenger' is a highly scalable and a sustainable safe drinking water delivery model, which attempts to address the challenges in the drinking water sector. In addition to filtering water, 'Jaldoot' involves the distribution of the safe drinking water to people at an affordable price. It is based on the unique idea of using 'mobile filtration vehicles' which can filter water on-the-go and deliver safe drinking water at the doorstep of consumers. In addition to delivering safe potable water, 'Jaldoot' also helps create rural employment opportunities for the local population, primarily for women, and helps develop social entrepreneurship.

Pilot Project and Further Expansion

A pilot project to assess the scalability and sustainability of the model was initiated in 2009 in Koregaon Bhima village in Shirur taluka in Pune with just 3 vehicles, which has now grown to 25 vehicles. Buoyed by the success of the pilot project, Swayamsiddha has expanded to 10 more distribution

centres within Pune District. With intent of expanding across Maharashtra, Swayamsiddha has already begun expanding in Vidarbha and Marathwada. As of August 2013, 50 entrepreneurs have been trained in Shikrapur Village of Pune District. 25 new distribution centers have been operationalized and next 25 are on their way of being rolled out. JALDOOT has a long-term plan of growing Jaldoot project to 400 Distribution Centers across Maharashtra.



Socio-Economic Impact of JALDOOT

- Access to safe drinking water: The 'Jaldoot 400' mission is expected to benefit almost 7%-10% of the total rural households in Maharashtra.
- Reduction in medical expenses: Annual medical expenses per household served will be lower by about ₹ 2,000 per annum.
- Sustainable rural employment: Employment for more than 10,000 locals will be generated, thus increasing their standard of living.
- Social entrepreneurship Development: Training and support to 400 rural entrepreneurs, channelizing their passion and commitment towards bringing about a change in society into structured and profitable ventures.
- Increased productivity: By relieving the women from travelling and fetching water daily, additional income generation opportunities will be created.
- Women empowerment: Women empowerment is expected to get a major boost as majority of the entrepreneurs as well as Jaldoot vehicle drivers (about 8,000 in number) are targeted to be women.

Statutory Reports

Notice

Directors' Report

Management Discussion & Analysis

Corporate Governance

Notice

NOTICE is hereby given that the 22nd Annual General Meeting of Innoventive Industries Limited will be held on Monday, the 30th day of September, 2013 at 10:30 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 Accounts**
To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the Financial Year ended 31st March 2013 together with the Directors' Report and Auditors' Report thereon.
- 2. Declaration of dividend**
To declare final dividend for the financial year ended 31st March 2013.
- 3. Reappointment of Mr. Ravindra Katre**
To appoint a Director in place of Mr. Ravindra Katre who retires by rotation and being eligible offers himself for re-appointment.
- 4. Reappointment of Mr. Sanjay Asher**
To appoint a Director in place of Mr. Sanjay Asher who retires by rotation and being eligible offers himself for re-appointment.
- 5. Reappointment of Mr. Pradeep Tupe**
To appoint a Director in place of Mr. Pradeep Tupe who retires by rotation and being eligible offers himself for re-appointment.
- 6. Appointment of Auditor**
To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board / Audit Committee to fix their remuneration.

SPECIAL BUSINESS :

7. Appointment of Mr. Sanjay Waghulade as a Whole - time Director

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

"RESOLVED THAT in accordance with the provisions of the Articles of Association of the Company read along with Sections 198, 269, 309, 310, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), and subject to necessary approvals as may be necessary, Mr. Sanjay Waghulade be and is hereby appointed as a Whole - time Director of the Company, liable to retire by rotation, for a period of 1 (one) year with effect from 30th May, 2013 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with authority to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not contrary to the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. Appointment of Mr. Laxman Sankade as a Director

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

"RESOLVED THAT Mr. Laxman Sankade who was co-opted as Additional Director by the Board of Directors of the Company (the Board), with effect from 29th May, 2013 and who holds office up to the date of this Annual General Meeting pursuant to Article 152 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956 and in respect of whom the Company has been received a notice pursuant to Section 257 of the Companies Act, 1956 from a Member in writing, proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company liable to retire by rotation with immediate effect on such terms and conditions as may be mutually agreed by and between Mr. Laxman Sankade & the Board.

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

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

Chairman & Managing Director

Pune, 12th August, 2013

Registered Office:

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

Notice

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be received by the Company not less than 48 hours before the time appointed for the meeting.
3. Pursuant to Section 173 of the Companies Act, 1956, an Explanatory Statement in respect of the businesses mentioned under Item No. 7 is annexed.
4. The Register of Members and Share Transfer Register will remain closed from 24th September, 2013 to 30th September, 2013 (both days inclusive).
5. Investor Grievance Redressal:

The Company has designated an exclusive e-mail id viz. investor.grievance@innoventive.in to enable investors to register their complaints, if any.
6. The dividend, if any declared, shall be payable to those shareholders whose name(s) stand registered:
 - a) As Beneficial Owner as at the end of business on 23rd September, 2013 as per the lists to be furnished by National Securities Depositories Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - b) As Member in the Register of Members of the Company / Registrar & Share Transfer Agent after giving effect to valid share transfers in physical form lodged with the Company as at the end of business on 23rd September, 2013.
7. Shareholders seeking any information with regard to accounts and operations of the Company are requested to write to the Company at least 10 days before the meeting so that the information is made available by the management at the day of the meeting.
8. Members who are holding shares in demat mode are requested to notify any change in their residential address, Bank A/c details and/or email addresses immediately to their respective Depository Participants
9. The annual accounts of the subsidiary companies are available for inspection at the Registered Office of the Company and of the subsidiaries concerned and copies will be made available to Shareholders of Innoventive Industries Limited and its subsidiary companies upon request.
10. Pursuant to the requirements of the Listing Agreement of Stock Exchanges with respect to Corporate Governance, the information about the Directors proposed to be re-appointed at the Annual General Meeting is given in the Annexure to the Notice.
11. Corporate members intending to send their Authorized Representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution / Power of Attorney authorizing their representatives to attend and vote on their behalf at the meeting.
12. Members are requested to bring their attendance slip and copy of the annual report at the meeting.

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

Chairman & Managing Director

Pune, 12th August, 2013

Registered Office:

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

Notice

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

Item No. 7

Mr. Sanjay Waghulade was appointed as a Whole-time Director at Extra-ordinary General Meeting of the Company held on 10th July, 2008. The said appointment was made for a period of 5 years with effect from 30th June, 2008. The term of appointment of Mr. Sanjay Waghulade expires on 29th June, 2013.

The Board of Directors of the Company (the "Board"), at its meeting held on 29th May, 2013 has re-appointed Mr. Sanjay Waghulade as a Whole-time Director for another period of 1 year with effect from 30th May, 2013. The said appointment is subject to the approval of Members at the General Meeting and other necessary approvals, if any.

Hence, it is proposed to seek Members approval for the appointment of and remuneration payable to Mr. Sanjay Waghulade in terms of the applicable provisions of the Companies Act, 1956 or any amendment or statutory re-enactment thereof ("Act").

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

Category	Particulars
Tenure	Period of one year with effect from 30 th May, 2013 to 29 th May, 2014
Basic Salary	₹ 1,90,000/- per month The Board of Directors may alter the remuneration from time to time in accordance with the limits specified in part II of Schedule XIII of the Companies Act, 1956.
Commission	Payment of commission of such amount for each corporate financial year as may be decided by the Board of Directors or committee thereof for each financial year.
Perquisites and Allowances	<p>Medical Benefits: Reimbursement of medical expenses incurred by the appointee on self, spouse and dependent children will be reimbursed to him subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.</p> <p>Leave Travel Concession: For self and family once a year in accordance with the rules of the Company.</p> <p>Club Fees: Fees of two clubs subject to a maximum of two clubs excluding admission and life membership fees.</p> <p>Personal Accident Insurance: Personal accident insurance cover shall be payable as per rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation and Annuity Fund: Company's contribution, at the discretion of the Company, to Provident Fund and Superannuation or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</p> <p>Gratuity: Gratuity at the rate of half month's salary for each completed year of service as per the rules of the Company.</p> <p>Leave: Leave with full pay or encashment thereof as per the rules of the Company.</p> <p>Newspapers & Periodicals: As per requirement.</p> <p>Other perquisites: Subject to the overall ceiling on remuneration as per Schedule XIII of the Act, additional benefits and / or perquisites may be provided by the Board of Directors (which includes any committee thereof) as they may deem fit.</p>
Amenities	<p>Conveyance facilities: Whole- time Director will be provided with a car and driver for use on Company's business. Use of car for private purpose, if any will be billed by the Company. The provision of car for official use and telephone at residence will not be considered as perquisite.</p> <p>Communication facilities: The Company shall provide telephone at the residence.</p> <p>Minimum Remuneration: Where in any financial year during the currency of the tenure if the Company has no profits or the profits are inadequate the Company may pay remuneration by way of salary, dearness allowances, perquisites and any other allowances as detailed above subject to provision of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956.</p> <p>Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.</p>

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

Notice

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

Item No. 8

Mr. Laxman Sankade was co-opted as Additional Director of the Company with effect from 29th May, 2013 pursuant to Section 260 of the Companies Act, 1956. Mr. Laxman Sankade holds office of Director up to the date of Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of ₹ 500/- proposing the candidature of Mr. Laxman Sankade for the office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Director other than Mr. Laxman Sankade is interested or concerned in the resolution.

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

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

Pune, 12th August, 2013

Registered Office:

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

Chairman & Managing Director

Notice

ANNEXURE

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

1. RAVINDRA KATRE

Profile:

Mr. Katre, aged 47 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
Chairman of Board Committees	Nil
Member of Board Committees	Nil

Mr. Ravindra Katre holds 21,09,000 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.

2. SANJAY ASHER

Profile:

Mr. Sanjay Asher, aged 49 years, has over 20 years of experience in the field of law and corporate matters. He is presently a partner at Crawford Bayley and Co., and deals with corporate laws, Mergers & Acquisitions, cross border Mergers & Acquisitions, joint ventures, and capital markets. Some of the Companies with which he has been associated as a Director are Tribhovandas Bhimji Zaveri Ltd, Ashok Leyland Limited, Bajaj Allianz General Insurance Company Limited, Bajaj Allianz Life Insurance Company Limited, Finolex Cables Limited, Sharp India Limited, Shree Renuka Sugars Limited, Sudarshan Chemicals Industries Limited, Morgan Stanley Investment Management Private Limited, etc.

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

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

Directorships	<ol style="list-style-type: none"> 1. Ashok Leyland Limited 2. Bajaj Allianz General Insurance Company Limited 3. Bajaj Allianz Life Insurance Company Limited 4. Balkrishna Industries Limited 5. Finolex Cables Limited 6. Kryfs Power Components Limited 7. Mandhana Industries Limited 8. Repro India Limited 9. Sanghvi Movers Limited 10. Sharp India Limited 11. Shree Renuka Sugars Limited 12. Sudarshan Chemical Industries Limited 13. Tribhovandas Bhimji Zaveri Limited 14. Finolex Industries Limited 15. J. B. Chemicals and Pharmaceuticals Limited (Alternate Director)
---------------	---

Notice

ANNEXURE

Chairman of Board Committees

1. Repro India Limited
Remuneration Committee
2. Ashok Leyland Limited
Shareholders and Investor Grievance Committee
3. Shree Renuka Sugars Limited
Audit Committee
Share Transfer and Investor Grievance Committee
4. Sharp India Limited
Share Transfer and Investor Grievance Committee

Member of Board Committees

1. Finolex Cables Limited
Audit Committee
Share Transfer and Investor Grievance Committee
Remuneration Committee
2. Repro India Limited
Audit Committee
3. Ashok Leyland Limited
Audit Committee
4. Shree Renuka Sugars Limited
Remuneration Committee
5. Sharp India Limited
Audit Committee
Remuneration Committee
6. Mandhana Industries Limited
Audit Committee
Remuneration Committee
7. Tribhovandas Bhimji Zaveri Limited
Remuneration Committee

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

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

3. PRADEEP TUPE

Profile:

Mr. Pradeep Tupe, aged 55 years, is an Independent Director of the Company.

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

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

Directorships

1. Innoventive Venture Limited
2. Opal Luxury Time Products Limited

Chairman of Board Committees

1. Innoventive Venture Limited
Audit Committee
2. Opal Luxury Time Products Limited
IPO Committee

Notice

ANNEXURE

Member of Board Committees	1. Innoventive Venture Limited Shareholders'/ Investors' Grievance Committee
	2. Opal Luxury Time Products Limited Audit Committee Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee

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

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

4. SANJAY WAGHULADE

Profile:

Mr. Sanjay Waghulade, aged 48 years is a Whole-time Director of the Company. Mr. Waghulade completed BE from Bapuji Institute of Engineering and Technology, Karnataka, in 1987. He joined Bajaj Auto Ltd where he handled procurement of components, forging and casting. In 1991, he joined Kalyani Seamless Metal Tubes, where he handled procurement of project components. He joined Saw Pipes Limited in 1993 as an Assistant Manager, Purchases and was in charge of all activities related to procurement up to 1995. During these stints, he gained expertise in the tubes business. He joined the Board of Directors of the Company in 2002.

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

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

*Does not include directorship(s) held in Private Company which is a subsidiary of a Public Company.

Mr. Sanjay Waghulade holds 31,42,601 equity shares of the Company.

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

5. LAXMAN SANKADE

Profile:

Mr. Laxman Sankade, aged 63 years is an Additional / Independent Director of the Company. Mr. Sankade, Ex-Managing Director & Chief Executive Officer of Canbank Factors Limited holds degree of Master of Business Administration & Diploma in Business Management from Nagpur University. He is a Certified Associate of Indian Institute of Bankers. He has over 34 years of experience in Branch operations encompassing Banking Operations, Deposits, HRM, Credit Management, Branch Banking and Training & Development. He joined Canbank ("the Bank") and worked in various capacities with the Bank before assuming the position of Managing Director & Chief Executive Officer of Canbank Factors Limited.

He had been a Lecturer at G. S. College of Commerce, Wardha, Nagpur University from July 1972 to August 1975.

Public Companies (other than Innoventive Industries Limited) in which Mr. Laxman Sankade holds directorship and committee memberships.

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

Mr. Laxman Sankade does not hold any 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.

Directors' Report

To,
The Members of,
Innoventive Industries Limited,
Pune

We are delighted to present the report on our business and operations for the year ended 31st March, 2013. Following are the financial highlights of the year under review:

FINANCIAL HIGHLIGHTS:

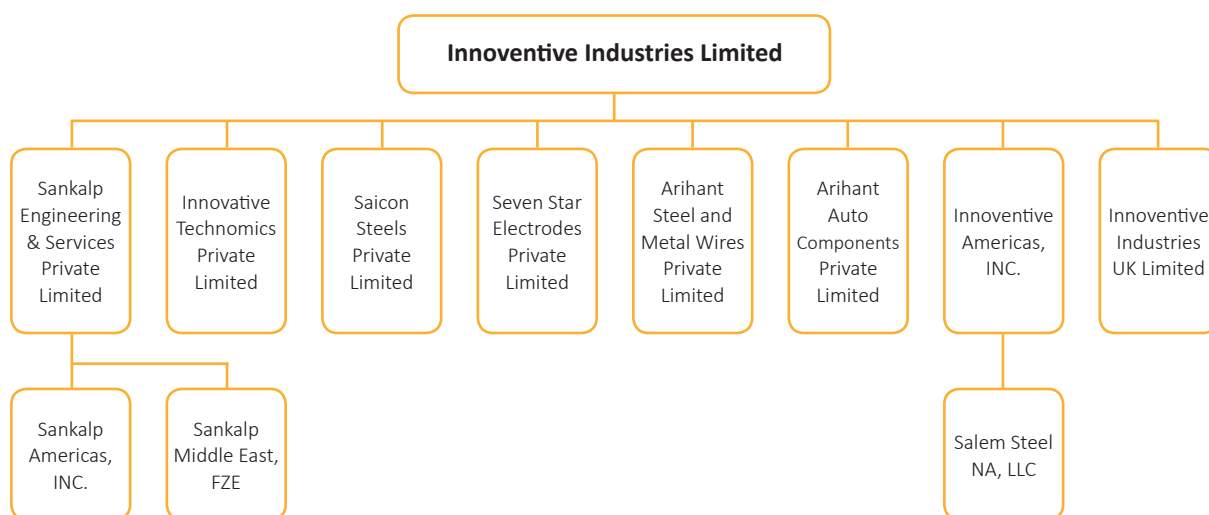
Particulars	Year Ended March 31, 2013 (₹ In Lacs except per share data)	Year Ended March 31, 2012 (₹ In Lacs except per share data)
Turnover / Income (Gross)	68742.76	68,604.09
Turnover / Income (Net)	63620.26	63,830.59
Other Income	1654.71	1,256.70
Total Expenditures (Including Interest & Depreciation)	57944.31	56,234.25
Profit Before Tax	7330.66	8,853.04
Provision for Tax		
Current	1571.60	1,765.36
Deferred	1216.35	1,414.87
MAT (Credit)	(1367.00)	(1,427.01)
Tax for Earlier Period	255.68	-
Profit After Tax	5654.03	7,099.82
Balance Brought forward from last year	10638.42	6,328.18
Profit Available for Appropriation	16292.45	13,428.00
Appropriations		
Proposed Dividend on Equity Shares	596.44	1,789.32
Corporate Dividend Distribution Tax	101.36	290.27
General Reserve	565.40	709.98
Surplus Carried over to Balance sheet	15029.25	10,638.42
EPS (Face value- ₹ 10/- per equity share)	9.48	12.27

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

Directors' Report

SUBSIDIARIES AND STEP-DOWN SUBSIDIARIES

The business of your Company is spread across various engineering sectors through its subsidiaries as detailed below. Further, in the current financial year, your Company has acquired one more company named, Innovative Technomics Private Limited (ITPL). The brief nature about the business of ITPL is herein after described.



Your Company has acquired 51% stake of Innovative Technomics Private Limited during the financial year 2012-13. The ITPL is in the business of manufacturing high voltage Soft Starters, High Speed Testing Equipments, Linear Motor Systems and Project Engineering. ITPL's business is operative since 1993 to cater various engineering and/or manufacturing companies in India as well as abroad. Further, ITPL has been developing newer engineering products and technology through its in-house R&D to cater to the engineering requirements of various manufacturing industries.

FINANCIAL STATEMENTS OF THE SUBSIDIARY COMPANIES

A company having subsidiaries is required to attach to the Directors' Report, Balance Sheet and Profit & Loss Account of its subsidiaries pursuant to Section 212 of the Companies Act, 1956. However, if such companies publish the audited consolidated financial statement in the Annual Report, they get exemption from complying with the Section 212 vide General Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India.

In view of the above, Annual Report 2012-13 of your Company does not contain the annual reports of its subsidiaries. A statement containing summarized financials which includes reserves, total assets, total liabilities, investments, total sales, profit before tax etc. of all subsidiaries is included in this report. The audited annual accounts and related information of subsidiaries will be made available upon request. These documents will also be available for inspection during business hours at registered office of the Company.

DIVIDEND

Your Directors have recommended final dividend of Re. 1/- per share for financial year ended 31st March, 2013. The said dividend, if approved by the Members, would involve a cash outflow of ₹ 596.44 Lacs (excluding applicable taxes).

Directors' Report

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the name and other particulars of employees are set out below.

Particulars	Details	Details
Name & Designation	Ravindra W. Katre, Whole-time Director	K. V. Ramarathnam, Whole-time Director
Qualification	Post Graduate in Management Science and Diploma in Mechanical Engineering.	B.E.(Mech)
Age	47 years	65 years
Date of Joining	01.11.2002	07.08.2012
Experience (Years)	27	36
Gross Remuneration (₹ In Lacs)	68.50	65.85
Previous Employment Designation	Phoenix Enterprises- Head Commercial	Masscorp Ltd.- CEO
Details of Shareholding	21,09,000 equity shares are held in his name whereas 17,15,437 equity shares are held in the name of his wife.	1,650 equity shares are held in his name whereas 1,650 equity shares are held in the name of his wife.

DEPOSITS

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

DIRECTORS

Mr. K. V. Ramarathnam and Ms. Bhagyam Ramani were appointed as Directors during the period under review. However, Ms. Bhagyam Ramani and Mr. K. V. Ramarathnam have stepped down from the post of Directors with effect from 29th May, 2013 and 8th August, 2013 respectively.

Further, Mr. Rahul Raisurana & Mr. William Sean Sovak have resigned from the post of Directorship with effect from 8th August, 2013 and 9th August, 2013 respectively.

The Board has inducted Mr. Laxman Sankade as an Additional/ Independent Director on the Board of the Company with effect from 29th May, 2013. According to Section 260 of the Companies Act, 1956 (Act) the term of Mr. Sankade as an Additional Director shall expire at ensuing Annual General Meeting (AGM) of the Company, therefore your Board of Directors has recommended his appointment to the shareholders at the forthcoming AGM.

Further, pursuant to Section 255 & 256 of the Companies Act, 1956, Mr. Ravindra Katre, Mr. Sanjay Asher and Mr. Pradeep Tupe retires by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Mr. Sanjay Waghulade whose existing term as a Whole time Director shall expire on 29th June, 2013 has been appointed as a Whole time Director for a period of 1 year with effect from 30th May, 2013. The said appointment has been made in the Board Meeting of your Company held on 29th May, 2013. However, said appointment is subject to necessary approvals. As such, the Board seeks approval of the shareholders at forthcoming AGM.

The information about the Directors proposed to be appointed/re appointed at the AGM is given in the annexure to the Notice calling 22nd AGM.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' Report and a certificate required under Clause 49(VII) confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement entered with the Indian Stock Exchanges is included in the Annual Report.

Directors' Report

AUDITORS

M/s. B. K. Khare & Co, Chartered Accountants, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for the appointment.

The Company has received a letter from the Statutory Auditor to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for the appointment within the meaning of Section 226 of the said Act.

It is proposed to appoint them as Statutory Auditors at upcoming AGM.

COST AUDIT

The Central Government had directed an audit of the cost accounts maintained by the companies in respect of various industries. Further, your Company is required to carry out an audit of cost accounts pursuant to Section 233B and other applicable provisions, if any, of the Companies Act, 1956 and orders passed by the Central Government, from time to time, in this behalf.

Accordingly, your Board has re-appointed M/s. A. J. Paranjape & Co, Cost Management Accountant to audit the cost accounts of the Company for the Financial Year 2013-14.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earnings (FOB Value of exports)- ₹ 4,785.19 Lacs (previous year ₹ 6567.18 Lacs).

Foreign exchange outgo- ₹ 2,612.41 Lacs (previous year ₹ 4,401.62 Lacs).

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the annual accounts for the financial year ended on 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the accounts for the financial year ended 31st March, 2013 on a 'Going Concern basis'.

Directors' Report

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.

ACKNOWLEDGEMENT

Your Directors express their grateful thanks and appreciation for the assistance and co-operation received from the investors, shareholders, bankers, government authorities 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INNOVENTIVE INDUSTRIES LIMITED

Place: Pune
Date : August 12, 2013

CHANDU CHAVAN
CHAIRMAN & MANAGING DIRECTOR

Directors' Report

ANNEXURE 'A'

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

(A) Power and Fuel Consumption

Sr. No.	Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
1.	Electricity:		
	Purchased		
	Units (KW)	14,448,620	14,731,079
	Total Amount	101,632,103	92,379,560
	Rate/Unit (₹)	7.03	6.27
	Own Generation	N. A.	N. A.
2.	Coal:	NIL	NIL
3.	Furnace Oil:		
	Quantity	222,470	261,910
	Total Amount	95,72,096	83,78,225
	Average Rate	43	32
4.	Other/Internal Generation:	NIL	NIL

(B) Consumption per Unit of Production

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

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. This includes regular maintenance of machineries and regular check-up of energy consuming devices.

Technology Absorption, Adaptation, Innovation and Research & Development

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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
INNOVENTIVE INDUSTRIES LIMITED

Place: Pune
Date : August 12, 2013

CHANDU CHAVAN
CHAIRMAN & MANAGING DIRECTOR

Statement Pursuant to Section 212

OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr.no	Particulars	Arihant Auto Components Pvt Ltd	Arihant Steel and Metal Wires Pvt Ltd	Seven Star Electrodes Pvt Ltd	Saicon Steels Pvt Ltd	Sankalp Engineering & Services Pvt Ltd	Sankalp Americas, INC.	Sankalp Middle East FZE	Innoventive Industries UK Ltd.	Innoventive Americas, INC	Salem Steel NA, LLC	Innoventive Technomics Pvt Ltd.
1	Capital	190.00	80.00	40.00	445.00	43.90	0.01	3.61	0.08	0.05	3,182.43	49.95
2	Reserve & surplus	-352.20	-27.65	1,141.00	1,073.05	4,488.25	41.46	10.40	0.42	2,807.93	585.41	2,580.27
3	Total Assets	849.50	652.56	1,291.94	8,356.04	16,130.43	2,485.03	591.43	0.50	5,793.20	6,950.91	3,460.83
4	Total Liabilities	849.50	652.56	1,291.94	8,356.04	16,130.43	2,485.03	591.43	0.50	5,793.20	6,950.91	3,460.83
5	Investments	0.00	0.25	0.00	5.00	11.15	0.00	0.00	0.00	2,705.07	0.00	20.06
6	Total sales(Net)	0.00	138.63	59.87	5,839.56	12,598.61	1,094.69	271.73	0.00	0.00	10,355.75	2,749.11
7	Profit before tax	-27.70	13.64	-2.87	586.63	1,267.17	41.57	10.40	-0.32	331.95	398.39	249.57
8	Provision for tax	91.53	-23.62	42.34	214.44	458.25	0.00	0.00	0.00	135.95	0.00	35.72
9	Profit after tax	-119.23	37.26	-45.21	372.19	808.92	41.57	10.40	-0.32	196.00	398.39	213.85
10	Proposed dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N.A.	0.00

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

Chandu Chavan

Chairman & Managing Director

Sanjay Waghulade

Whole Time Director

Neha Joshi

Company Secretary

May 29, 2013 Pune

Management Discussion & Analysis

I. MACRO-ECONOMIC OVERVIEW

FY13 was a challenging year for the global economy, and in particular, for India. While many expected gradual improvement and revival after the pain of the last few years, the situation was exactly the opposite as macroeconomic variables further deteriorated and the global economy witnessed a broad-based slowdown in FY13, with GDP in several regions falling to the year's low.

Several initiatives have been undertaken by Governments all across the globe, but there was little effect for most part of the year. Towards the latter half of the financial year, the US market started to show signs of stabilizing while the Euro zone continued to emit mixed signals. Even emerging markets which were the key growth engine of the world economy in recent times have started slowing down and China, in particular, has been mired in severe challenges.

In addition to slowing growth the global economy had to contend with heightened volatility on the back of the frail global economic environment. While there has been some cooling off in commodity prices, most notably for gold, the management of interest rates by Central Banks to prop up their economies has led to increased volatility in foreign currency exchange rates.

There continues to be inherent uncertainty across many regions but despite the rough industrial tide, developed markets are expected to inch towards greater stability while emerging markets are expected to rediscover growth momentum in 2014.

II. INDIAN ECONOMY

As per the economic survey conducted by the Ministry of Finance, the economy is projected to grow at an optimistic 6.1-6.7% for FY14, signaling that the Government's efforts may help improve the situation. The International Monetary Fund has also projected a 6.2% growth for FY14. To achieve this growth, the country would need a normal monsoon ensuring agriculture growth and lower interest rates, along with improved exports and raised industrial and services activity.

The reason for the sluggishness in the domestic economy could be attributed mainly to bottlenecks in infrastructure, inadequacy of fuel supply linkages, especially domestic coal as well as restrictions on mining in previously allocated coal blocks and slower capital investment owing to government indecisiveness. Also cost increases which are difficult to be passed on to customers have eroded profitability and to that extent adversely impacted newer investment prospects.

Further, the increasing number of scams which came to light had a bearing on policy decision making leading to uncertainty in the business environment. The recent slide of Indian Rupee versus US Dollar, although beneficial to exporters, have amplified the concerns on the fiscal deficit and also resulted in a slow down on the capex cycle due to costlier imports, a significant factor affecting domestic demand. Besides manufacturing companies, even the other non-financial services sector has witnessed slowdown in sales and tapering margins over last two years.

Outlook: Post elections in 2014, it is expected that there will be an uptick in activity in order to achieve the production and

capacity creation targets in the key infrastructure sectors such as coal, power, roads, railways and ports, which are largely in the public sector or public-private partnership (PPP) domain, will act as a great stimulus to private investment and faster growth. An abundant monsoon is expected to lead to improved rural demand and the revival in consumption will aid growth during 2013-14. However the overall recovery in growth could be slow. During the first half of the year we do not expect any significant improvement in the situation.

III. INNOVENTIVE INDUSTRIES LTD. (IIL)

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.

Business Review: FY 2012-13 has been a challenging year for the Company as growth has been sluggish owing to a weak business sentiment. Revenues grew by 7.2% from ₹ 790 crore in FY12 to ₹ 847 crore in FY13. Profit after Tax dipped by 20% on a year on year basis to ₹ 64 crore owing to an increase in depreciation, employee cost and finance costs.

Your Company acquired a 51% stake in Innovative Technomics Pvt. Ltd which manufactures high voltage soft starters and testing equipment for domestic and global markets. We believe this acquisition can enable our transformation into a diversified engineering company.

Outlook: The slowdown in capex cycle and issues plaguing the power sector continue to pose tough challenges to our business. But as a result of varied initiatives taken in the recent years like developing newer processes, product development and multi-product strategy, we expect to overcome the challenges in the ensuing year. We have received approvals for various products to be supplied to a few global majors which would help us maintain sales off take.

IV. PERFORMANCE OF BUSINESS SEGMENTS

A. SEGMENT-WISE REVENUE

Particulars	Consolidated Year Ended	
	March 31, 2013 (₹ In Crore)	March 31, 2012 (₹ In Crore)
Tubes & Products	455.10	422.35
Auto Components	174.13	174.35
Oil & Gas	109.56	98.03
Cold Rolled Coils	58.40	57.99
Others	26.54	17.65
Total	823.73	770.37

Management Discussion & Analysis

B. PRECISION TUBE SEGMENT

Industry Overview: Our products in these segments primarily find application in transportation, power, farm equipment and general engineering sectors, which are currently facing a challenging business environment. While overall demand has slowed, both global and domestic customers are focused on cost optimization and will consider suppliers, like your Company, that offers high quality products at competitive rates. Further, companies in emerging markets are being considered for their ability to supply niche products of high quality. Given maturing supply infrastructure and currency depreciation vis-à-vis China, companies such as ours are being increasingly considered for supply contracts.

Business Performance: Revenue from this segment grew by 7.8% to ₹ 455.10 crore from ₹ 422.35 crore in the previous year. 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. Membrane Panel Strips is an import substitute product and also contributes to the sales of this division. However there has been significant impact on the sales of Membrane Panel Strips due to unclear Government policy on Coal Distribution, adversely affecting the under development and upcoming power projects.

Outlook: Higher interest cost in emerging markets and subdued consumption in developed markets has impacted demand from end-user industries which has had a bearing on the tubes business which has led to reduced visibility on the business in the coming year. Membrane Panel Strips is also facing slowdown because of the government policy freeze on issues plaguing the power sector. This division faces the biggest challenge in the current business scenario. Softening in interest rates could lead to a spurt in investments during the coming year. Approvals of newer products owing to the efforts of our R&D should help us maintain sales in this segment. On a global front, USA, Europe, Brazil, Colombia & Canada have imposed anti-dumping duties on Chinese pipes, creating a favorable position for Indian manufacturers in these countries. However large inventory pile ups in these countries had dampened newer requirement. We expect inventory rationalisation to happen during this year leading to a pick-up in demand.

C) AUTO COMPONENTS SEGMENT

Industry Overview: Demand for 2 wheelers, 3 wheelers and 4 wheelers have been on a decline during the year. Slowdown in the economy led consumers to defer their purchases despite various offers being doled out by automobile companies which were evident in their declining volumes during the year. Even two-wheeler sales which are insulated from a broader slowing economy faced sluggishness in demand.

Business Performance: Revenue from this segment for the year was flat at ₹ 174.13 crore versus ₹ 174.35 crore in FY12. The Company manufactures various products for this segment from its precision steel tubes, sheets and different raw materials. During the year we have undertaken commercial trials and sales for bearing

spacers. Bajaj Auto continues to be one of our oldest clients for this division and continues to stand by our manufacturing capabilities.

Outlook: In our opinion the auto sector is expected to face an unfavourable business environment in both the domestic and global markets leading to a slowdown in volumes for a couple of quarters going forward. However with a favourable monsoon, newer products in the offering and expanding business opportunities with newer players would help us maintain stable sales during the year. We are in the process of setting up an automated manufacturing facility for motor vehicle parts leading to reduction of human component in the manufacturing process through the addition of robotic manufacturing capabilities. As the process becomes more efficient there will be an overall decrease in the consumption of power, material and resources thereby improving the profitability. This will further increase the acceptance of our products with the 4 wheeler and heavy automobile manufacturers. Lastly, efforts by domestic manufacturers to increase volumes, thrust in export markets may help to drive additional volumes during the year.

D) OIL & GAS COMPONENTS SEGMENT

Industry Overview: It was estimated that total OPEC liquids capacity would rise by five million barrels/day over 2012-16 corresponding to an estimated investment of about \$270 billion (Source: OPEC Annual Statistical Bulletin 2013). The global demand for liquid fuels has grown by 0.8 million in 2012 to reach 89.2 barrels/day (Source: US EIA). It is expected that over the next 2 years non-OPEC supply from countries like Brazil and Colombia will increase. Further to drive towards energy self-sufficiency and the intent to diversify sources of energy by encouraging the development of shale gas and other unconventional resources in the U.S. (and other regions) will change the competitive balance in energy for a generation. Favorable crude prices will be key for sustained investments by companies in this sector.

Business Performance: In FY13 revenues grew by 11.8% and were at ₹ 109.56 crore against ₹ 98.03 crore in FY12. Products manufactured by this division include machined tubings, couplings, casing couplings, pup joints, cross-overs, open-die and closed-die forgings.

Outlook: The short-term impact owing to restrictive measures by Brazilian Government is nearing an end and would aid in increasing the off take for our oil & gas division. This is further aided by the decreasing US inventory. Many of our customers have indicated increasing volume requirements in the coming year which would further drive up the volumes for this division, although at a slower pace.

Management Discussion & Analysis

E. COLD ROLLED COILS & OTHER PRODUCTS SEGMENT

Industry Overview: During 2012-13, the share of manufacturing sector in the GDP declined to 15.2 per cent, compared to 15.7 per cent in the previous financial year. The government had introduced the National Manufacturing Policy in October 2011, which seeks to raise the share of manufacturing to GDP from 16-25 per cent by 2025. However, the manufacturing sector, which constitutes over 75 per cent of the Index of Industrial Production (IIP), grew by 3.2 per cent in March as against a decline in output by 3.6 per cent in the same month of 2012. Although the industrial production during March improved to 2.5 per cent, the factory output during 2012-13 worked out to be only 1 per cent, down from 2.9 per cent in the previous fiscal.

Business Performance: In FY13 revenue for this division was at ₹ 58.40 crore in comparison to ₹ 57.99 crore in FY12. The Company and its subsidiaries manufactures Cold Rolled (CR) Coils, Cold Rolled Sheets Strips, Metal Wires, Laminates and Stampings, etc. Given the current pressures in industry, demand for these products has been sluggish from the various end-user industries.

Outlook: This division is focused on small batch sizes and value added products and would grow at steady levels. While there has been a slowdown in capex and industrial expenditure, it is expected that the government will push PSU expenditure and infrastructure investments. This is expected to lead to some revival in these products.

V. OPERATIONAL REVIEW

During the year Innoventive Industries received a patent for its 'cold pilgering' Technology for a period of 20 years effective from April 24, 2009 and have applied for a patent of this process in various countries. Application for few more product/process patents is underway. During the year, we have received a VAT refund of ₹ 20.98 crore for FY12 which is 85% of the total eligible claim amount of ₹ 25.01 crore from the Directorate of Industries, Government of Maharashtra (GoM). Further, balance 15% claim of FY 2010 & FY 2011 of ₹ 7.38 crore was also received during the year.

VI. INNOVATIVE TECHNOMICS PRIVATE LIMITED (ITPL)

In line with our strategy to expand and diversify our product portfolio, we acquired a 51% stake in Innovative Technomics Private Limited (ITPL). ITPL is a leader in FCMA soft starters a concept pioneered by them and electrical testing equipment. ITPL has a strong customer base in India and has recently entered the Middle-East and European markets. This acquisition will augment our product range offering across our customers and would also help us in cross-selling our existing products to the customers of ITPL.

VII. SWOT ANALYSIS

A. STRENGTHS

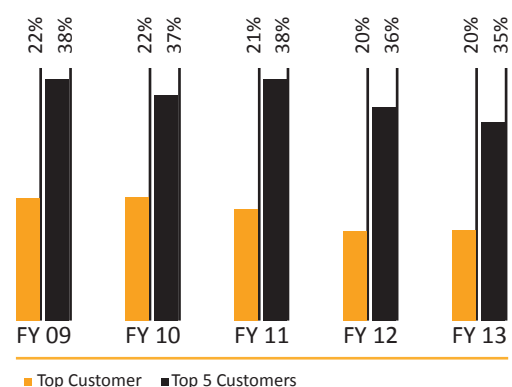
Diversified Operations: A diverse range of products manufactured by IIL finds application in several sectors. The Company services customers in the power, automobiles, oil & gas, farm equipment and general engineering segments. It offers products like precision tubes, oil & gas components and FCMA soft starters. It has even expanded its international presence with the acquisition of Salem Steel in North America and has a distribution set up in Europe, North Africa and Middle East. Operations in multiple sectors, multiple end user industries and multiple geographies provide it with a natural hedge.

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. This process has helped the Company remain cost competitive in manufacturing on a global scale.

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

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.

Top Customers of Innoventive (% of Revenue)



Management Discussion & Analysis

Regulatory Incentives: Under the Industrial Promotional Subsidy (IPS) scheme Unit II of the company has been awarded a 'mega project' status under which it is eligible for VAT/CST refund for sales undertaken from this unit. Further this tenure has been increased by 2 years till FY2018 and the amount has been capped at INR 562 crore. This has greatly reduced the capital outlay in setting up capacity. 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.

Barriers to entry: Your Company enjoys several advantages including proprietary technologies, robust track record, rich customer base and API Certifications which act as a barrier to entry. The API (American Petroleum Institute) certification is an industry standard for manufacturers aiming to cater to the oil & gas exploration sector. It is a time consuming process and can take upto 24 months to receive such approval. The company has received a host of API certifications putting it ahead of its peers and is well positioned to tap business opportunities arising from these approvals. Several Large MNC company's present in the oil & gas and energy sector have undertaken their respective audits and the company has received approval to supply its products. Completion of these audits play a pivotal role in securing long term supply contracts to these companies.

B. WEAKNESSES

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 under utilization 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.

Susceptible to delays: We are susceptible to delays in setting up new capacity or delay in timely procurement of raw materials. Requirement of special grade raw materials for our special products, accentuates the procurement delays. Further, we may face delays owing to business in new markets. These delays or cost escalations may impact our profitability.

Capital Intensity: The nature of our business has requirements for both capital outlay as well as working capital. In order to set up capacities significant investments are required in land, building, plant & machinery prior to commencing operations. Similarly, working capital investments in materials, resources, labour, machine implements, tools and dies are also fairly significant.

C. 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.

Improving product mix: Our product portfolio is constantly enhanced with newer products as well as improved processes for products which have been in existence for several years. Further, the industries that we cater to are at different phases of growth and our customers have varying requirements. The margins on our products vary and some of our niche products which require higher manufacturing complexity enjoy better margins. 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 Industries: While IIL currently caters primarily to the precision tubes, automobile components oil & gas, general engineering segments there are several other industries which may require similar products or whose manufacturing processes are synergistic to ours. In order to enhance its capabilities and strengthen its business model, the company will look to broaden its product range to cater to newer industries which demonstrate significant potential.

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.

Refinancing Debt: The increasing debt burden is due to additional loans taken to finance capacity expansion as well as firming up of interest rates. We are also in talks with credit rating agencies to translate improvement in size, scale and operating metrics into higher credit worthiness and reduced interest cost.

D) THREATS

Economic Slowdown: The continued listless performance of the domestic economy could further dampen the growth of our business. Macro-economic issues such as sustained-high inflation, continued high interest rates, declining currency value and policy paralysis pose a threat to reviving GDP growth to levels in excess of 6%.

Regulatory and Political Risks: Any measures adopted by the government to regulate the industries we serve or specific to our industry can impact our progress. An increase in regulation or the incidence of increase levy and charges could also hamper profitability. A premature withdrawal of subsidies and incentives granted to us can alter expected returns. The uncertain political environment resulting in policy flip flops can have an adverse effect on aggregate demand for our products.

Management Discussion & Analysis

Currency Fluctuation: Rupee has fallen and depreciated considerably against the USD over recent months. As a result this shall increase the future cash outflows towards loan repayments to be made for the outstanding External Commercial Borrowings (ECBs) and other foreign currency loans of the Company.

Disruptive technologies: The pace of technological change has increased and industries can be impacted by disruptive technology. Any new technologies that impact our customers industries could also affect the requirement for our products catering to those industries.

Increasing Competition: The size and scale of the manufacturing sector in India and its increasing popularity on a global scale as well as the healthy demand for our products may attract more players resulting in intensifying competition. This may result in re-pricing of products as well as competition for resources like labour, materials and suitable operating sites which are in limited supply. All of these factors could have a bearing on growth and performance of our business.

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.

XII. COMPANY OUTLOOK

We expect that the coming year will see inventory rationalisation taking place across our clients in the US markets. Thus we believe that exports can post a moderate growth. It is encouraging that few of our customers have indicated increasing volumes over the next fiscal which is a positive sign for our business. Further various initiatives undertaken over the last 18 months to scale up our presence in markets like USA, the Middle East, Europe and North Africa should help us to drive up volumes during the year. Lastly, newer product additions owing to our R&D efforts and through the acquisition of ITPL should help us offer a better range of multiple products to existing and newer customers across geographies. The year ahead looks challenging but we are confident of navigating through this phase.

VIII. CAPITAL EXPENDITURE

In view of the continued slowdown, the Company has lowered its pace of its investments in capex. The Company has undertaken capex in automation of its motor vehicle parts segment and delivery of 'cold pilgering' machines which had been earlier ordered. Commissioning will be in a phased manner depending on the improvement in the business scenario. Besides the project expansion, IIL continues to invest in upgrading its facilities to service and deliver products of the highest standards.

IX. INTEREST COST

The year witnessed rising interest rates, in the given scenario the Company's average cost of borrowing was at approx. 7.65% owing to mix of foreign currency and Indian Rupee denominated borrowings. Higher interest cost was due to increase in borrowings for meeting the Company's capex requirements.

X. FINANCIAL PERFORMANCE

Consolidated revenues for the full year ended March 31, 2013 were at ₹ 847 crore representing a growth of 7.2% versus ₹ 790 crore in FY12. PAT on a consolidated basis at ₹ 64 crore lower by 20% compared to ₹ 80 crore in FY12.

XI. INTERNAL CONTROLS

The Company and its management have implemented comprehensive systems and processes commensurate with the Company's size to ensure the highest level of internal controls. These ensure that its assets and interests are carefully protected; checks and balances are in place to determine the accuracy and reliability of accounting data. Well documented processes have been implemented throughout the organization to ensure that policies are promoted and adhered to. There are clear demarcation of roles and responsibilities at various levels of operations. The Internal Control system aims

XIII. HUMAN RESOURCES

Your Company understands the value of a talented work force and keeping this in mind has put various talent retention policies in place. During the year, the Company has entered into a wage settlement agreement with workers'. In its endeavor to retain its staff, the Company has also undertaken a salary revision for its staff. It has combined the experience and expertise of seasoned professionals with the rich skills of its mid-management team and fresh energetic talent. The Company has worked towards building a more effective organizational structure across all business verticals and creating a leadership pipeline. At the same time there is considerable effort towards imbibing core values such as integrity, teamwork, accountability and respect for individual talent. The result is focus and delivery.

Active employee engagement in the business, strong employee oriented HR policies and competitive compensation have helped in enhancing the productivity of the workforce. Periodically, various training programs have been conducted to improve both their professional and personal lives, thereby improving individual growth and achieving the organizational goals. As per recognised industry standards various safety and health measures have been initiated.

XIV. 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.

Management Discussion & Analysis

XV. RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

Risks	Mitigation
Currency Volatility ECB's & Exports of our products exposes us to fluctuation risks	Selective forward contracts are undertaken by the Company if required
Capacity under-utilization We have been increasing our capacities over the last 18 months, drop in demand for our products could affect our performance	Aggressive marketing of products even to SME's. Temporarily utilizing capacities to manufacture low margin products which contribute towards absorption of fixed costs
Slowing Business Environment Slower off-take of products leading to build up in inventory Reducing demand for our existing products	We are increasing the customer base globally as well as in India. Improved distribution network with increased touch points to help tap demand. Widening of product portfolio to help increase business momentum
Raw Material Volatility Fluctuations in prices of steel	Strategic sourcing initiatives and tie-ups with steel producers undertaken to reduce the price fluctuations and ensure a just in time approach to reduce inventory
Intellectual property The company utilizes various niche processes to improve profitability any infringement of these processes could affect the profitability of the Company	The Company has received patent for its cold pilgering process to manufacture CEW tubes. Patents for other products and processes are underway

Risks	Mitigation
Customer concentration Top customer contributes to nearly 18% of topline	The company is in the process of expanding its customer and end user industry base by enhancing the product profile. Automation of our motor vehicle parts segment has offset the rising power, raw material, rejections and man power costs helping us to maintain margins and increase acceptance of our products amongst 4 wheeler and heavy automobiles manufacturers
Increasing Competition Competition from unorganized and integrated steel mills	Improving our product profile and timely delivery with consistent quality is being followed very closely. Customer engagement programs underway

XVI. 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.

Report On Corporate Governance

1. PHILOSOPHY ON CODE OF 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.

Through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency and independence in its decision making. The Company has complied with the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The disclosure requirements of Clause 49 of the Listing Agreement are given in this report.

2. THE BOARD OF DIRECTORS

The Board of Directors has a combination of Executive, Non-Executive and Independent Directors. Independent Directors help to maintain the independence of the Board and separate the Board functions of governance and management.

The Board consists of twelve Directors consisting of four Executive Directors, six Independent Directors and two Nominee Directors. The Chairman of the Board is an Executive Director. No member of the Board is member of more than ten Committees or Chairman of more than five Committees. Further, no Director is related to each other.

There were 4 (four) Board meetings held during the year. The gap between any two Board Meetings does not exceed four months.

Following are the details of Directors, their attendance at Board Meetings, Committee Meetings and last Annual General Meeting.

Name of the Director	Category	No. of Board Meetings attended in the Financial Year 2012-13	Attendance at the last AGM	Directorships in Public Companies including our Company*		Committee positions in Public Companies including our Company**		No. of equity shares held as on 31.03.2013
				Chairman	Member	Chairman	Member	
Mr. Chandu Chavan (Promoter)	Chairman & Managing Director	4	Yes	1	0	1	2	1,32,78,700
Mr. Ravindra Katre (Promoter)	Whole time Director w.e.f 30.05.2012	4	Yes	0	1	0	2	21,02,500
Mr. Sanjay Waghulade (Promoter)	Whole-time Director	1	No	0	1	0	2	31,30,601
Mr. K. V. Ramarathnam	Whole-time Director	3	Yes	0	3	0	1	1,650
Mr. Ramprasad Joshi	Independent Director	3	No	0	3	3	4	Nil
Mr. Yashpaul Gupta	Independent Director	3	Yes	0	1	1	1	Nil
Mr. Pradeep Tupe	Independent Director	4	No	0	3	3	4	Nil
Dr. Rajendra Jagdale	Independent Director	3	Yes	0	2	0	0	Nil

Report On Corporate Governance

2. THE BOARD OF DIRECTORS

Name of the Director	Category	No. of Board Meetings attended in the Financial Year 2012-13	Attendance at the last AGM	Directorships in Public Companies including our Company*		Committee positions in Public Companies including our Company**		No. of equity shares held as on 31.03.2013
				Chairman	Member	Chairman	Member	
Mr. Sanjay Asher	Independent Director	3	No	0	16##	5	11#	Nil
Mr. William Sean Sovak	Nominee Director	2	No	0	3	0	1	Nil
Mr. Rahul Raisurana	Nominee Director	4	No	0	4	0	6	Nil
Ms. Bhagyam Ramani	Independent Director	1	Yes	0	3	1	3	Nil

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

** It includes other Committees in addition to a) Audit Committee & b) Shareholders' / Investors' Grievance, Share Allotment and Share Transfer Committee.

As per clause 49 of the Listing Agreement, Chairmanship/ membership of the Audit Committee and the Shareholders' Grievance Committee alone shall be considered. The director is not a member of more than 10 Committees as mentioned in clause 49 of the Listing Agreement.

Alternate Director in 16th company.

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

Report On Corporate Governance

2. THE BOARD OF DIRECTORS

Compensation paid to directors in FY 2012-13

Following are the details of compensation paid to Directors during the financial year ending on March 31, 2013.

Name of the Director	Basic Salary	House Rent Allowance	Conveyance Allowance	Book Allowance	Education Allowance	Sitting Fees	Perquisites	Others	Total
Mr. Chandu Chavan	30.00	-	-	-	-	-	-	-	30.00
Mr. Ravindra Katre	60.00	-	-	-	-	-	-	8.50	68.50
Mr. Sanjay Waghulade	22.80	-	-	-	-	-	-	-	22.80
Mr. K. V. Ramarathnam	40.00	8.80	1.60	-	-	-	-	15.45	65.85
Mr. Ramprasad Joshi	-	-	-	-	-	0.90	-	-	0.90
Mr. Yashpaul Gupta	-	-	-	-	-	0.90	-	-	0.90
Mr. Pradeep Tupe	-	-	-	-	-	1.20	-	-	1.20
Dr. Rajendra Jagdale	-	-	-	-	-	0.60	-	-	0.60
Mr. William Sean Sovak	-	-	-	-	-	0.40	-	-	0.40
Mr. Sanjay Asher	-	-	-	-	-	0.60	-	-	0.60
Mr. Rahul Raisurana	-	-	-	-	-	0.80	-	-	0.80
Ms. Bhagyam Ramani	-	-	-	-	-	0.20	-	-	0.20

Code of Conduct

The Company has adopted a Code of Conduct for the Board and Senior Management pursuant to Clause 49 of the Listing Agreement. The Company has obtained declaration from Directors and Senior Management Personnel(s) affirming their compliance to the Code of Conduct for the current year. The Chairman has affirmed to the Board of Directors that this Code of Conduct has been complied with by the Board Members and Senior Management Personnel(s) and a declaration to that effect forms part of this report.

Report On Corporate Governance

3. THE COMMITTEES OF THE BOARD

The Board has constituted following committees.

Mandatory Committees:

- Audit Committee
- Shareholders'/ Investors' Grievance, Share Allotment and Share Transfer Committee

Non - mandatory Committees

- IPO Committee
- Working Group Committee

A. Audit Committee

The Audit Committee comprises of three Independent Directors and one Executive Director. The Chairman of the Committee is an Independent Director. There were 4 (four) meetings of the Committee held during the year.

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

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

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Yashpaul Gupta	Chairman	Independent Director	3
Mr. Pradeep Tupe	Member	Independent Director	4
Mr. Ramprasad Joshi	Member	Independent Director	3
Mr. Chandu Chavan	Member	Chairman & Managing Director	4

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

The Shareholders'/Investors' Grievance Share Allotment and Share Transfer Committee consists of three Directors. It includes two Independent Directors and one Executive Director. The main function of the Committee is to look into the redressal of shareholders grievances.

Following are the details of composition of the Shareholders'/Investors' Grievance Share Allotment and Share Transfer Committee.

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

During the Financial Year 2012-13 there were 18 complaints received from the Shareholders and these complaints were satisfactorily resolved by the Company.

C. IPO Committee

The IPO Committee currently comprise of 4 Directors. It includes one Independent Director, two Executive Directors and one Nominee Director. Mr. Ramprasad Joshi, Independent Director is the Chairman of the Committee.

The details of the Committee are as given below:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company
Mr. Ramprasad Joshi	Chairman	Independent Director
Mr. Chandu Chavan	Member	Chairman & Managing Director
Mr. Ravindra Katre	Member	Whole time Director
Mr. William Sean Sovak	Member	Nominee Director

*This committee stands dissolved w.e.f. May 29, 2013

Report On Corporate Governance

3. THE COMMITTEES OF THE BOARD

D. Working Group Committee

The Working Group Committee comprises of three Directors. All members of the Committee are Executive Directors of the Company. 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 nineteen (19) meetings held during the year. Following are the details of the meeting:

Name of the Director	Designation in the Committee	Nature of Directorship in the Company	No. of Meetings Attended During the Year
Mr. Chandu Chavan	Chairman	Chairman & Managing Director	18
Mr. Ravindra Katre	Member	Whole time Director	19
Mr. Sanjay Waghulade	Member	Whole time Director	1

4. GENERAL BODY MEETINGS

A. The details of last three years Annual General Meetings (AGMs) held are as below:

Financial Year	Date & Time of Meeting	Details of Location
2011-12	28/09/2012 10.30 A. M.	'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208.
2010-11	26/09/2011 10.30 A.M.	'Krishnaleela Garden', Plot No. 147, Opp: Duro Socks Co., Pune – Nagar Road, Sanaswadi, Pune 412208.
2009-10	06/09/2010 04.30 P. M.	Gat No. 1261, Sanaswadi, Tal Shirur, Dist: Pune- 412208.

- B.** At the AGM held on 28th September, 2012 one Special Resolution was passed to make alteration, subject to the approval of central government, in the Articles of Association of the Company authorizing the Company to increase the maximum number of Directors that can be appointed on the Board from 12 (twelve) to 14 (fourteen).
- C.** At the AGM held on 26th September, 2011 one Special Resolution was passed to alter the Articles of Association of the Company for deleting Part B and permitting the Company to conduct meetings, send documents to members & directors, maintenance of records etc. through electronic mode.
- D.** At the AGM held on 6th September 2010 following three Special Resolutions were passed:
- To alter Articles of Association of the Company for adopting Part 'B'
 - To increase Foreign Institutional Investors (FII) equity investment ceiling in the Company from 24% to 49%
 - To authorize Board of Director under Section 81(1A) of the Companies Act, 1956 for issuing shares to non-members under Initial Public Offering (IPO) of the Company.
- E.** There were no Postal Ballots conducted during the financial year 2012-2013.

5. DISCLOSURES

- There are no materially significant related party transactions which have potential conflict with the interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities, on any matter related to capital markets.

Report On Corporate Governance

5. DISCLOSURES

- iii. The Company has not adopted any Whistle Blower Policy. However employees can raise their concern regarding any instance of unethical behaviour to the attention of their immediate reporting authority, who is required to report the same to the Head of the concerned Department. Further, no person is denied an access to the management for unsolved issues.
- iv. Clause 49 of the Listing Agreement mandates the company to obtain a certificate from either the auditors or practicing company secretaries regarding compliance of conditions of corporate governance as stipulated in the Clause. We have obtained a certificate to this effect and the same is included in this Annual Report. Further, the Company has not complied with non-mandatory requirements as prescribed in Annexure 1D to Clause 49.
- v. The CEO of the Company have certified to the Board, the specified matters, as required under Clause 49V of the Listing Agreement.

6. MEANS OF COMMUNICATION

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 provides various comprehensive information about the Company to the public.

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.

7. GENERAL SHAREHOLDER INFORMATION

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

Date	Time	Venue
30 th September, 2013	10:30 A.M.	At Gat No. 56/4/5, Pimple Jagtap, Taluka- Shirur District Pune- 412 208, Maharashtra, India

B. Financial Year

01st April, 2012 to 31st March 2013

C. Date of Book Closure

From 24th September, 2013 to 30th September, 2013 (Both days inclusive)

D. Dividend Payment Date

On or before 29th October, 2013

E. Listing on Stock Exchanges

The equity shares of the Company are listed on the following two exchanges.

Name & Address of Stock Exchanges	Stock Code
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001	533402
National Stock Exchange of India Limited "Exchange Plaza" Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051	INNOIND (Series EQ)

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.

Report On Corporate Governance

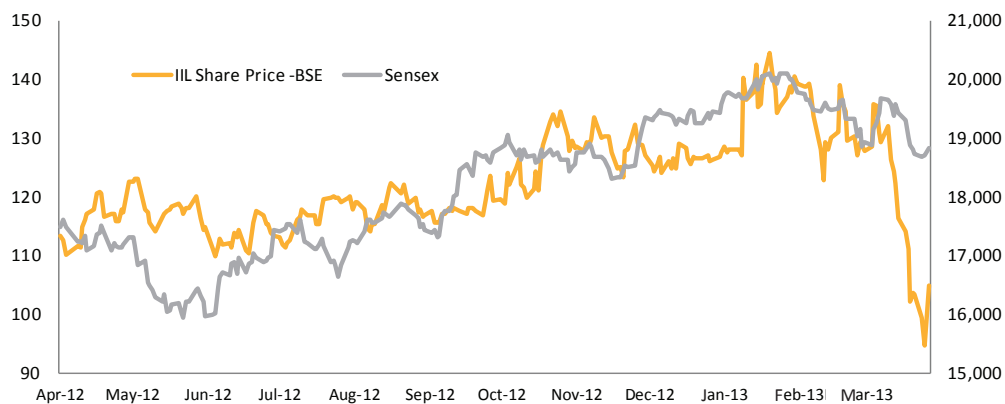
7. GENERAL SHAREHOLDER INFORMATION

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

I. Stock market data on Bombay Stock Exchange Limited.

Month	Share Quotation (₹)		No. of Shares Traded	BSE Sensex	
	High Price	Low Price		High	Low
April-12	123.45	108.50	1225098	17664.10	17010.16
May-12	124.50	109.00	444051	17432.33	15809.71
June-12	119.20	104.90	103116	17448.48	15748.98
July-12	121.40	109.80	651173	17631.19	16598.48
August-12	125.75	108.20	474457	17972.54	17026.97
September-12	124.00	115.05	137328	18869.94	17250.80
October-12	135.90	118.15	250588	19137.29	18393.42
November-12	136.00	119.05	245565	19372.70	18255.69
December-12	130.00	122.00	219645	19612.18	19149.03
January-13	147.90	125.30	1117077	20203.66	19508.93
February-13	147.00	120.10	128686	19966.69	18793.97
March-13	138.00	93.30	349083	19754.66	18568.43

II. Bombay Stock Exchange Limited v/s IIL Share price chart



Report On Corporate Governance

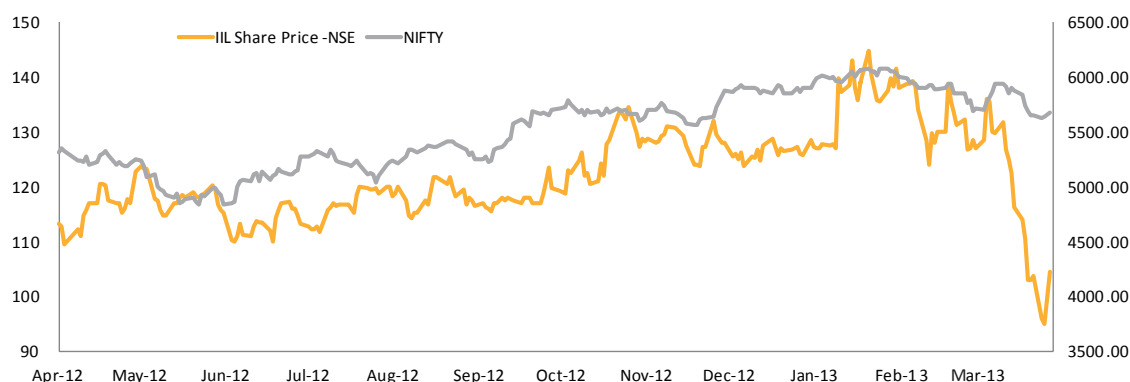
7. GENERAL SHAREHOLDER INFORMATION

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

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

Month	Share Quotation (₹)		No. of Shares Traded	S&P CNX Nifty	
	High Price	Low Price		High	Low
April-12	123.95	109.00	2270139	5378.75	5154.30
May-12	124.50	105.50	1595784	5279.60	4788.95
June-12	119.30	108.05	330449	5286.25	4770.35
July-12	121.00	111.20	725485	5348.55	5032.40
August-12	125.75	108.45	647586	5448.60	5164.65
September-12	124.00	111.10	183214	5735.15	5215.70
October-12	135.80	118.00	535877	5815.35	4888.20
November-12	135.00	118.00	371125	5885.25	5548.35
December-12	134.80	122.20	275470	5965.15	5823.15
January-13	148.90	118.00	2700912	6111.80	5935.20
February-13	147.50	121.00	257131	6052.95	5671.90
March-13	138.00	92.50	524003	5971.20	5604.85

IV. National Stock Exchange of India Limited v/s IIL Share price chart



Report On Corporate Governance

7. GENERAL SHAREHOLDER INFORMATION

G. Shareholding Pattern

The Shareholding Pattern as on 31st March, 2013 of the Company is as mentioned below:

Sr. No.	Category of Shareholder	No. of Shares Held	Percentage of total Shareholding
1.	Promoters & Promoter Group	2,70,46,582	45.35
2.	Foreign Bodies	96,01,855	16.10
3.	Foreign Institutional Investor	85,25,041	14.29
4.	Banks	5,43,503	0.91
5.	Clearing Members	12,551	0.02
6.	Foreign Venture Capital Investor	26,00,000	4.36
7.	H U F	59,676	0.10
8.	Indian Financial Institutions	8,40,550	1.41
9.	Bodies Corporate	17,24,696	2.89
10.	Mutual Funds	45,80,546	7.68
11.	Non Resident Indians	81,560	0.14
12.	Resident Individuals	21,04,322	3.53
13.	Trust	19,23,117	3.22
	Total	59643999	100.00

H. Investor Correspondence

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

Company Secretary
Innoventive Industries Limited

Corporate Office No. 601 & 602,
Nucleus Mall, 1 Church Road,
Camp, Pune 411001.
Tel No. +91-020-66203549,
Fax No. +91-020-66203549
Email: investor.grievance@innoventive.in

Registrar & Share Transfer Agent
Karvy Computershare Private Limited

17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500081.
Andhra Pradesh, India.
Tel No. +091-40-44655265
Fax No. +91-40-2331 1968

In terms of Clause 47 of the Listing Agreement, the designated email address for investor complaints is investor.grievance@innoventive.in

I. 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

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

**To,
The Members,**

I, Chandu Chavan, Chairman & Managing Director of the Company, do hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management of Innoventive Industries Limited for the financial year 2012-13.

Chandu Chavan
Chairman & Managing Director

Certificate on Corporate Governance

To,
The Members of Innoventive Industries Limited,

We have examined the compliance of conditions of Corporate Governance by Innoventive Industries Limited for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

For Ritesh R. Mahajan
Company Secretaries

Ritesh R. Mahajan
Proprietor

Membership No: 6318
C P No: 6901

Date: May 29, 2013
Place: Pune

Standalone Financials

Auditors' Report
Balance Sheet
Statement of Profit & Loss
Cash Flow Statement
Notes

Auditors' Report

To the Members of Innoventive Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Innoventive Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 errors.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Auditors' Report

- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number: 105102W

Prasad Paranjape

Partner

Membership Number: 47296

Date: May 29, 2013

Place: Pune

Auditors' Report

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us and on the basis of our examination of the records of the inventory, the Company is maintaining proper records of inventory. Discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt with in the books of account.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 are not applicable and hence not commented upon.
- (b) The Company had taken loan from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 270 lacs and the year-end balance of loans taken from such party was ₹ 176 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.
- (d) The loan taken is re-payable on demand. As informed, the lender has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the company.
- (iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed asset and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control procedures.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public. Therefore, the provisions of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed thereunder are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We however have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. However, in respect of *payment of tax deducted at source there have been slight delays in few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

Auditors' Report

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Rupees in lacs	Period to which the amount relates	Forum where dispute is pending
Provident Fund Act, 1952	Dues towards sec. 7A as per demand notice	5.55	2007-2008	Commissioner of Provident Fund
The Income Tax Act, 1961	Disallowance of certain claims	44.70	A.Y. 2009-2010	I.T.A.T (Appeals)
The Income Tax Act, 1961	Disallowance of certain claims	191.70	A.Y. 2010-2011	I.T.A.T (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For B. K. Khare & Co.

Chartered Accountants

Firm registration number: 105102W

Prasad Paranjape

Partner

Membership No.:47296

Place: Pune

Date: May 29, 2013

Balance Sheet

As At March 31, 2013

Particulars	Note No.	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Equity And Liabilities			
Shareholders' Funds			
Share Capital	3	5,964.40	5,964.40
Reserves & Surplus	4	42,097.70	37,029.53
		48,062.10	42,993.93
Non Current Liabilities			
Long Term Borrowings	5	20,284.81	24,650.87
Deferred Tax Liability (Net)	6	5,802.87	4,586.52
Other Long Term Liabilities	7	150.46	137.69
Long Term Provisions	8	1,141.29	508.26
		27,379.43	29,883.34
Current Liabilities			
Short Term Borrowings	9	16,120.19	3,933.63
Trade Payables	10	4,622.18	4,812.99
Other Current Liabilities	10	9,845.00	8,225.31
Short Term Provisions	11	836.58	2,079.59
		31,423.95	19,051.52
Total		106,865.48	91,928.79
Assets			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	47,567.93	46,222.79
Intangible Assets	12	2,369.12	346.88
Capital Work in Progress	12	10,926.16	9,742.43
Non Current Investments	13	6,213.41	4,999.41
Long Term Loans and Advances	14	5,328.09	4,407.11
Other Non Current Assets	15	115.80	143.56
		72,520.51	65,862.18
Current Assets			
Inventories	16	19,045.76	13,354.39
Trade Receivables	17	3,730.71	3,237.19
Cash & Bank Balances	18	1,387.57	1,144.78
Short Term Loans & Advances	19	5,771.10	4,707.98
Other Current Assets	20	4,409.83	3,622.28
		34,344.97	26,066.61
Total		106,865.48	91,928.79

Notes to the Financial Statements 1
The accompanying notes are an integral part of the financial statements

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Statement Of Profit & Loss

For The Year Ended March 31, 2013

Particulars	Note No.	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Revenue From Operations			
Gross Sales	21	68,742.76	68,604.09
Less: Excise Duty		5,122.50	4,773.50
Net Sales		63,620.26	63,830.59
Other Income	22	1,654.71	1,256.70
Total Revenue		65,274.97	65,087.29
Expenses			
Cost of Material and components Consumed	23	42,439.29	33,985.39
(Increase)/Decrease in Inventories	23	(5,542.01)	4,426.98
Employee Benefit Expenses	24	3,030.37	2,168.33
Manufacturing and Other Expenses	25	8,355.78	7,664.31
Finance Cost	26	6,094.76	5,683.07
Depreciation and Amortization	12	3,566.12	2,306.17
		57,944.31	56,234.25
Profit Before Tax		7,330.66	8,853.04
Tax Expenses			
Current Tax		1,571.60	1,765.36
Deferred Tax Charge/(Credit)		1,216.35	1,414.87
Mat Charge/(Credit)		(1,367.00)	(1,427.01)
Tax for Earlier Years		255.68	-
Profit After Tax		5,654.03	7,099.82
Earning Per Share	32	9.48	12.27
Basic and Diluted			
[Nominal value of ₹ 10 each (March 31, 2012 ₹ 10)]			
Notes to the Financial Statements	1		
The accompanying notes are an integral part of the financial statements			

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Cash Flow Statement

For the Year Ended March 31, 2013

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Cash flow from operating activities		
Profit/(Loss) before tax from operations	7,330.66	8,853.04
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	3,566.12	2,306.17
Loss/(profit) on sale or write off of fixed assets	(0.12)	5.45
Unrealized foreign exchange loss/(gain)	210.10	159.70
Interest expense (Net)	6,033.84	5,507.64
Dividend income	(0.05)	(0.05)
Sundry Balances Written Back	(139.59)	81.80
Provision for doubtful debts	56.77	-
Provision for doubtful debts written back	-	(48.46)
Bad debts written off	3.22	29.22
Operating profit before working capital changes	17,060.95	16,894.50
Movements in working capital :		
Increase/(decrease) in trade payables	(82.27)	(10,935.88)
Increase/(decrease) in other current liabilities	1,758.47	699.72
Increase/ (decrease) in other long-term liabilities	1,216.35	(1,179.47)
Decrease/(increase) in trade receivables	(550.56)	(456.00)
Decrease/(increase) in inventories	(5,691.37)	3,497.94
Decrease / (increase) in long-term loans and advances	(1,374.89)	(5.75)
Decrease / (increase) in short-term loans and advances	(1,063.13)	(3,043.15)
Decrease/(increase) in other current assets	(787.55)	1,476.48
Cash generated from /(used in) operations	10,486.00	6,919.17
Direct taxes paid (net of refunds)	1,043.55	2,609.36
Net cash flow from/ (used in) operating activities (A)	9,442.45	4,309.81
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(8,644.15)	(27,274.20)
Proceeds from sale of fixed assets	1,204.82	4.13
Investment in Subsidiaries	(1,214.00)	(2,546.16)
Investments in bank deposits (having original maturity of more than three months)	(221.06)	125.84
Dividends received	0.05	0.05
Net cash flow from/(used in) investing activities (B)	(8,874.34)	(29,690.33)
Cash flows from financing activities:		
Proceeds from issue of share capital including securities premium (Net of share issue expenses)	-	20,127.62
Proceeds from long-term borrowings	4,431.60	25,939.46
Repayment of long-term borrowings	(8,797.66)	(14,677.93)
Proceeds from short-term borrowings	11,852.90	-
Repayment of short-term borrowings	-	(2,009.77)
Interest paid	(5,981.34)	(5,463.63)
Dividend Paid (Including Dividend Distribution Tax)	(2,079.64)	(1,390.61)
Net cash flow from/(used in) in financing activities (C)	(574.14)	22,525.15
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(6.03)	(2,855.37)
Cash and cash equivalents at the beginning of the year	9.55	2,864.92

Cash Flow Statement

For the Year Ended March 31, 2013

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Cash and cash equivalents at the beginning of the year	9.55	2,864.92
Cash and cash equivalents at the end of the year	3.52	9.55
Components of cash and cash equivalents		
Cash on hand	3.12	3.45
With banks		
On Current Accounts	0.06	5.71
On Unpaid Dividend Accounts*	0.34	0.39
Total cash and cash equivalents (Note 18)	3.52	9.55

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

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Notes To The Financial Statements

1. Nature of Business:

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

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements

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

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.

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 Depreciation

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

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

Notes To The Financial Statements

2. Significant Accounting Policies

2.5 Depreciation

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

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

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

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

2.6 Intangible assets and amortisation

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

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

Software is amortised over the period 5 years.

2.7 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.

2.8 Impairment of assets

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

2.9 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.

2.10 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.

Notes To The Financial Statements

2. Significant Accounting Policies

2.10 Inventories

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

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

2.11 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.

2.12 Leases

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

2.13 Employee benefits

a) Contribution to Provident Fund

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

b) Gratuity

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

c) Leave encashment

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

2.14 Provisions and Contingencies

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

Notes To The Financial Statements

2. Significant Accounting Policies

2.14 Provisions and Contingencies

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

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

2.15 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.

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 Earning per share

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

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

2.17 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.

Notes To The Financial Statements

2. Significant Accounting Policies

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.

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. Business segments have been identified considering-

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

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

Notes To The Financial Statements

3. Share Capital

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Authorized		
75,000,000 (March 2012: 75,000,000) Equity Shares of ₹ 10 each	7,500.00	7,500.00
	7,500.00	7,500.00
Issued, Subscribed & Fully Paid - Up		
59,643,999 (March 2012: 59,643,999) Equity Shares of ₹ 10 each fully paid- up	5,964.40	5,964.40
Total	5,964.40	5,964.40

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

Particulars	As At March 31, 2013 (₹ In Lacs)		As At March 31, 2012 (₹ In Lacs)	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	59,643,999	5,964.40	41,062,349	4,106.23
Equity shares issued during the year				
Bonus Issue of equity shares 1 & 2	-	-	-	-
Preferential Allotment of equity shares	-	-	-	-
Initial Public Offer of equity shares	-	-	18,581,650	1,858.17
Outstanding at the end of the year	59,643,999	5,964.40	59,643,999	5,964.40

b) Terms/ Rights attached to equity shares:

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

During the year ended March 31, 2013, the amount of per share dividend recognised as distributed to equity shareholders was ₹ 1 (March 31, 2012 ₹ 3). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

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

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

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

Name of the Shareholder	As At March 31, 2013		As At March 31, 2012	
	No. of Shares	Percentage	No. of Shares	Percentage
Chandu Laxman Chavan (Promoter)	13,278,700	22.26%	12,984,000	21.77%
Sanjay Waghulade (Promoter)	3,130,601	5.25%	3,292,361	5.52%
Kavos Capital Limited	8,038,632	13.48%	8,038,632	13.48%
Standard Chartered Private Equity (Mauritius) Limited	4,206,441	7.05%	4,206,441	7.05%
Reliance Capital Trustee Co. Ltd. A/C-Reliance Regular Savings Fund-Equity Option	3,000,000	5.03%	3,500,000	5.87%

Notes To The Financial Statements

3. Share Capital

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

Particulars	As At March 31, 2013	As At March 31, 2012
Equity shares allotted as fully paid bonus shares by capitalisation of Reserve & Surplus (Refer Note No. 1 below)	30,449,360	30,449,360
Equity shares allotted as fully paid bonus shares by capitalisation of Capital Redemption Reserve (Refer Note No. 2 below)	379,280	379,280
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity shares bought back by the company	-	-

Notes:

- Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the Company as on the record date, i.e. September 18, 2010.
- Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.

4. Reserves & Surplus

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Revaluation Reserve	65.64	65.64
Capital Redemption Reserve	362.07	362.07
Securities Premium		
Balance as per last Financial	24,163.68	5,894.22
Add: Premium on issue of equity shares	-	19,882.37
Less: Share issue expenses adjusted	-	1,612.91
	24,163.68	24,163.68
General Reserve		
Balance as per last financials	1,799.72	1,030.36
Add : Adjustment on account of exchange fluctuation capitalised (net)	-	59.37
Add : Adjustment on account of exchange fluctuation capitalised (net) (Refer Note No. 38)	111.94	-
Add : Transferred from profit & loss account	565.40	709.99
	2,477.06	1,799.72
Profit and Loss Balance		
Balance as per last financials	10,638.42	6,328.18
Add : Profit for the year as per statement of profit or loss	5,654.03	7,099.82
Less : Proposed Dividend on Equity Shares	596.44	1,789.32
Less : Dividend Distribution Tax	101.36	290.27
Less : Transfer to General Reserve	565.40	709.99
	15,029.25	10,638.42
Total	42,097.70	37,029.53

Notes To The Financial Statements

5. Long Term Borrowings

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Term loans from banks (Secured)	18,587.27	23,962.59
Term loans from Financial Institution (Unsecured)	1,658.21	588.28
Vehicle Loans	39.33	100.00
Total	20,284.81	24,650.87

Notes:

- For details of rate of interest, security and repayment schedule to banks, financial institutions and vehicle loans (Refer Note 35)
- Long term loans from banks and financial institutions are netted off by margin money deposits ₹ 1,083.48 (March 31, 2012 ₹ 1,518.81) kept with respective banks.

6. Deferred Tax Liability (Net)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Deferred Tax Liability		
Difference between tax depreciation and depreciation/ amortisation charged for financial reporting	6,321.42	4,747.88
	6,321.42	4,747.88
Deferred Tax Assets		
Provision for bad and doubtful debts	147.23	131.87
Employee Benefits	46.87	29.49
Others	324.45	-
	518.55	161.36
Deferred Tax Liability(Net)	5,802.87	4,586.52

7. Other long Term Liabilities

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Trade Payables*	150.46	137.69
Total	150.46	137.69

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

8. Long Term Provisions

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Income Tax Provision [net of Advance tax ₹ 1,775.27 Lacs (March 2012 ₹ 1,336.89 Lacs)]	1,139.54	506.26
Wealth tax Provision	1.75	2.00
Total	1,141.29	508.26

Notes To The Financial Statements

9. Short Term Borrowings

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Cash credits from banks (Secured)	14,933.78	3,328.15
Short Term Loans from banks Financial Institutions (Unsecured)	1,009.79	605.48
Trade Advance From Related Party	176.62	-
Total	16,120.19	3,933.63

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

10. Trade Payables And Other Current Liabilities

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
i) Trade Payables (Refer Note No. 36)	4,622.18	4,812.99
	4,622.18	4,812.99
ii) Other current liabilities:		
Current maturities of long term bank borrowings (Secured)	5,945.93	4,244.79
Current maturities of long term financial institutions borrowings (Secured)	-	5.00
Current maturities of long term bank borrowings vehicle loan (Secured)	53.03	35.42
Current maturities of long term financial institutions borrowings (Unsecured)	1,008.35	720.73
Current Maturities of Sales Tax Deferral loan (Unsecured) (Refer Note No. 39)	-	1,838.19
Interest accrued but not due	52.50	44.01
Unclaimed dividend	0.34	0.39
Other liabilities		
Statutory Dues	519.02	306.43
Deposits	10.00	10.00
Advances from customers	1,345.30	491.93
Other Payables	910.53	528.42
	9,845.00	8,225.31
Total	14,467.18	13,038.30

11. Short Term Provisions

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Proposed Dividend on Equity Shares	596.44	1,789.32
Provision for Tax on Dividend	101.36	290.27
Provision for Gratuity (Refer Note No. 33.1)	17.54	-
Provision for Leave Encashment	121.24	-
Total	836.58	2,079.59

Notes To The Financial Statements

12. Fixed Assets

Descriptions	Gross Block			Depreciation			Net Block		
	As At 01.04.2012	Additions During The Year	Deletion	As At 01.04.2012	For The Year	Deletion	As At 31.03.2013	As At 31.03.2012	As At 31.03.2012
Tangible Assets									
Free Hold Land	3,011.64	-	223.20	-	-	-	2,788.44	3,011.64	
Leasehold Land	0.11	-	-	-	-	-	0.11	0.11	
Building	12,271.49	547.40	940.00	674.94	391.26	16.17	10,828.86	11,596.55	
Plant & Machinery (Refer Note No. 42)	21,285.95	4,592.03	5.56	4,086.65	1,803.45	0.14	19,982.46	17,199.30	
Computers	205.50	28.31	-	124.92	33.10	-	75.79	80.58	
Tools & Dies	17,056.41	519.61	-	3,084.45	990.07	-	13,501.50	13,971.96	
Furniture & Fixtures	127.19	17.11	8.50	30.24	7.15	-	98.41	96.95	
Vehicles	326.63	105.68	51.39	60.93	35.26	7.64	292.37	265.70	
Total Tangible Assets	54,284.92	5,810.14	1,228.65	8,062.13	3,260.29	23.95	47,567.93	46,222.79	
Previous Year	33,278.42	21,025.87	19.37	5,830.67	2,221.67	(9.79)	8,062.13		
Intangible Assets									
Software	489.03	40.52	-	142.15	168.31	-	219.09	346.88	
Research and Development Assets (Refer Note No. 42)	-	-	-	-	-	-	-	-	
Pilgering Process Patent	-	1,950.84	-	-	114.71	-	1,836.13	-	
Product Development Cost	-	336.71	-	-	22.81	-	313.90	-	
Total Intangible Assets	489.03	2,328.07	-	142.15	305.83	-	2,369.12	346.88	
Previous Year	385.91	103.12	-	57.65	84.50	-	142.15		
Capital Work In Progress (Refer Note No. 42)									
Total Fixed Assets									
							10,926.16	9,742.43	
							60,863.21	56,312.10	

Notes :

1. Amount of borrowing cost capitalised during the period is as under

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Interest charges	359.22	237.72
Other charges	-	714.93
Total	359.22	952.65

Amount of exchange fluctuation loss capitalised during the current year is ₹ 406.17 Lacs (Previous Year ₹ 776.18 Lacs) (Refer Note No. 37)

2. Pilgering patent process have remaining useful life of 9 years and balance carrying value of ₹ 1,836.13 Lacs.

3. Product development expenses have remaining useful life of 9 years and balance carrying value of ₹ 313.90 Lacs.

Notes To The Financial Statements

13. Non Current Investments

(At cost unless stated otherwise)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Long term Investment		
Trade Investment		
Unquoted Equity Investment		
In Subsidiaries		
223,907 (March 2012: 223,907) Equity Shares of ₹ 10 each fully paid-up of Sankalp Engineering & Services Private Limited (erstwhile Sankalp Forging Private Limited)	978.49	978.49
2,269,499 (March 2012: 2,269,499) Equity Shares of ₹ 10 each fully paid- up of Saicon Steels Private Limited	0.51	0.51
399,999 (March 2012: 399,999) Equity Shares of ₹ 10 each fully paid - up of Seven Star Electrodes Private Limited	1,200.00	1,200.00
1,899,999 (March 2012: 1,899,999) Equity Shares of ₹ 10 each fully paid- up of Arihant Auto Components Private Limited	190.00	190.00
799,999 (March 2012: 799,999) Equity Shares of ₹ 10 each fully paid - up of Arihant Steel and Metal Wires Private Limited	80.00	80.00
100 (March 2012: 100) Equity Shares of 0.1 USD each of Innoventive Americas Inc.	2,545.35	2,545.35
100 (March 2012: 100) Equity Shares 1 GBP each of Innoventive Industries UK Ltd	0.81	0.81
254,745 (March 2012: Nil) Equity Shares of ₹ 10 each fully paid- up of Innovative Technomics Private Limited	1,214.00	-
	6,209.16	4,995.16
Others		
250 (March 2012: 250)Equity Shares of ₹ 10/- each fully paid- up of The Saraswat Co-operative Bank Limited	0.25	0.25
Non Trade		
Quoted Investments		
In Mutual Funds		
40,000 units (March 2012: 40,000) UTI- India Life Style fund- Growth plan	4.00	4.00
Total	6,213.41	4,999.41
Aggregate value of unquoted investments	6,209.41	4,995.41
Aggregate value of quoted investments	4.00	4.00
Aggregate market value of quoted investments	5.33	4.78

14. Long Term Loans & Advances

(Unsecured, considered good)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Capital Advances	462.99	916.90
Security Deposit	164.14	156.25
MAT Credit Entitlement	4,700.96	3,333.96
Total	5,328.09	4,407.11

Notes To The Financial Statements

15. Other Non Current Assets

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Other Bank Balances (Refer Note No. 18)	115.80	143.56
Total	115.80	143.56

16. Inventories

(Valued at lower of cost or net realizable value)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Raw Materials & Components	4,247.23	4,163.35
Stores, Spares, Consumable etc.	308.39	249.87
Work-in-progress	2,032.18	1,918.59
Semi Finished and Finished goods	12,399.87	6,971.45
Scrap	58.09	51.13
Total	19,045.76	13,354.39

17. Trade Receivables

(Unsecured)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Outstanding over 6 months		
Considered Good	205.16	129.32
Considered Doubtful	453.79	397.02
Others Considered Good	3,525.55	3,107.87
	4,184.50	3,634.21
Less- Provision for doubtful debts	453.79	397.02
Total	3,730.71	3,237.19

Trade receivables are netted off by bill discounting and PS/PC export credit finance. (Refer Note No. 41)

Notes To The Financial Statements

18. Cash And Bank Balances

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Cash and Cash Equivalent		
Balances with Bank		
Current Accounts	0.06	5.71
Unclaimed dividend	0.34	0.39
Cash on Hand	3.12	3.45
	3.52	9.55
Other Bank Balances		
Margin money deposits with maturity more than 3 months and less than 12 months	1,384.05	1,135.23
Margin money deposits with maturity more than 12 months	115.80	143.56
	1,499.85	1,278.79
Amount disclosed under non current assets (Refer Note No. 15)	115.80	143.56
Total	1,387.57	1,144.78

19. Short Term Loans and Advances

(Unsecured considered good unless otherwise stated)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Advances recoverable in cash or in kind or for value to be received	4,916.85	3,116.79
Advances to related party	-	1.00
Balance with Central Excise, Customs & VAT etc.	854.25	1,590.19
Total	5,771.10	4,707.98

20. Other Current Assets

(Unsecured considered good unless otherwise stated)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Export benefits receivable	450.62	415.12
Industrial Promotion Subsidy receivable	3,772.94	3,185.03
Others	186.27	-
Gratuity (Refer Note No. 33.1)	-	22.13
Total	4,409.83	3,622.28

Notes To The Financial Statements

21. Revenue From Operations

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Revenue From Operations (Gross)		
Sale of manufactured goods	65,750.49	65,784.31
Sales of Traded Goods	1,412.38	1,137.40
Sale of scrap	1,579.89	1,682.38
	68,742.76	68,604.09
Less: Excise Duty	5,122.50	4,773.50
Total	63,620.26	63,830.59
Details of products sold		
Tubes & Related Products	39,629.26	42,235.30
MV Parts	17,412.51	17,434.60
Others	6,578.49	4,160.69
Total	63,620.26	63,830.59

22. Other Income

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
A. Operating Income		
Benefit on Sales Tax Deferral prepayments (Refer Note No. 39)	1,109.07	662.35
Export Benefits	229.48	382.20
Royalty	109.00	-
B. Other than Operating Income		
Discount received	36.75	42.78
Provision for bad and doubtful debts written back	-	48.46
Sundry balances written back	139.59	81.80
Miscellaneous income	30.70	39.11
Profit on sale of assets	0.12	-
Total	1,654.71	1,256.70

Notes To The Financial Statements

23. Cost of Raw Materials and Components Consumed

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Inventory at the beginning of the year	4,163.35	3,262.74
Add: Purchases	43,821.31	35,855.40
Less: Raw material sold out of material purchased	1,298.14	969.40
Less: inventory at the end of the year	4,247.23	4,163.35
Cost of raw material consumed	42,439.29	33,985.39
(Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress	2,032.18	1,918.59
Semi finished and finished goods	12,399.87	6,971.45
Less : Inventories at the beginning of the year		
Work-in-progress	1,918.59	2,462.24
Semi finished and finished goods	6,971.45	10,854.78
Net (Increase)/Decrease in inventories	(5,542.01)	4,426.98
Total	36,897.27	38,412.37

24. Employee Benefit Expenses

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Salaries, Wages & Bonus	2,349.04	1,729.81
Contribution to Provident and Other Funds (Refer Note 33.2)	173.19	165.69
Staff Welfare Expenses	395.16	249.24
Gratuity Expenses (Refer Note 33.1)	112.98	23.59
Total	3,030.37	2,168.33

Notes To The Financial Statements

25. Manufacturing and Other Expenses

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Stores, Spares and Components	947.80	1,285.33
Power & Fuel	1,065.99	985.98
Labour Charges	1,980.99	2,187.05
Other Manufacturing Expenses	464.35	256.67
Repairs & Maintenance		
Plant & Machinery	204.51	73.76
Building	42.31	13.00
Other Assets	119.75	62.42
Rent (Refer Note 31)	70.43	69.67
Rates & Taxes	13.10	16.63
Insurance	132.18	198.65
Freight & Packing	790.57	751.20
Printing and Stationery	129.69	32.33
Telephone Expenses	33.50	41.24
Travelling & Conveyance	501.44	420.99
Loss on sale of Fixed Assets	-	5.45
Bad Debts Written Off	3.22	29.22
Provision for Doubtful Debts	56.77	-
Office & Other Expenses	511.68	305.84
Auditors Remuneration		
For Audit Services	15.00	15.00
Other Services	6.50	0.50
Certification	4.50	4.00
Reimbursement of Out-of- Pocket Expenses	0.75	0.49
Professional & Consultancy fees	522.08	207.79
Other Selling & Distribution Expenses	208.34	115.34
Bank Charges	500.63	573.95
Foreign Exchange loss/(gain)	29.70	11.81
Total	8,355.78	7,664.31

26. Finance Cost

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Interest On Loans (Net)	6,033.84	5,507.64
Foreign Exchange loss/(gain) on restatement	60.92	175.43
Total	6,094.76	5,683.07

Note : Finance cost is netted off by interest income earned on bank deposits and loans to various parties etc.

Notes To The Financial Statements

27. Capital commitments and contingent liabilities and secured loans

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	789.58	885.33
Contingent liabilities		
Claims against Company not acknowledged as debts.	501.54	443.26
Income Tax Cases	421.54	8.27
Guarantee issued in respect of obligations of a subsidiary- Loans Outstanding in respect of above	NIL	170.00
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years. Duty liability on non-fulfilment of above obligation is ₹ 1,012.53 Lacs (₹ 1,037.64 Lacs)	2,198.19	6,250.13
Unfulfilled Export Obligations under Advance Authorization. Duty liability on non-fulfilment of above obligation is ₹ 175.26 Lacs (₹ 66.46 Lacs)	1,233.68	711.36

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	2012-13 (₹ in Lacs)			TOTAL
	MV Parts	Tubes & Products	Others	
TOTAL REVENUE (Including Export benefits, Industrial Promotion Subsidy and Royalty)	17,412.51 (17,434.60)	39,967.74 (42,617.50)	6,578.48 (4,160.69)	63,958.73 (64,212.79)
SEGMENT RESULT	3,396.03 (3,849.38)	8,760.19 (10,266.57)	698.82 (355.07)	12,855.04 (14,471.02)
Unallocable Expenses (Net of Income)				(570.36) (65.09)
Interest				6,094.76 (5,683.07)
Profit Before Taxes				7,330.66 (8,853.04)
Tax (Including tax for earlier years)				1,676.63 (1,753.22)
Profit After Taxes				5,654.03 (7,099.82)
SEGMENT ASSETS	15,550.73 (15,948.69)	71,345.02 (58,391.54)	7,422.62 (5,909.66)	94,318.37 (80,249.89)
Unallocable Assets				12,547.10 (11,678.90)
SEGMENT LIABILITIES	5,235.58 (3,678.30)	1,851.83 (1,974.66)	470.06 (678.90)	7,557.47 (6,331.86)

Notes To The Financial Statements

28. Segment Reporting

i) Primary Segment

Description	2012-13 (₹ in Lacs)			TOTAL
	MV Parts	Tubes & Products	Others	
Unallocable Liabilities				50,548.09 (42,603.00)
CAPITAL EXPENDITURE	240.55 (2,976.90)	8,877.45 (23,343.10)	203.92 (954.20)	9,321.92 (27,274.20)
DEPRECIATION	545.28 (409.09)	2,928.24 (1,817.99)	92.60 (79.09)	3,566.12 (2,306.17)

Note:

- Figures in brackets pertain to previous year.
- 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."

ii) Secondary Segment

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

Description	2012-13 (₹ in Lacs)		TOTAL
	In India	Outside India	
Segmental Revenues (Including Export benefits, Industrial Promotion Subsidy and Royalty)	58,944.06 (57,263.41)	5,014.67 (6,949.38)	63,958.73 (64,212.79)
Segment Asset	93,165.39 (89,401.09)	1152.98 (2,527.70)	94,318.37 (91,928.79)
Capital Expenditure	8,644.14 (27,274.20)	- (-)	8,644.14 (27,274.20)

Note : Figures in brackets pertain to previous year.

29. Related Party Transactions:

a) Parties where control exists

Subsidiaries

Arihant Steel and Metal Wires Private Limited
 Arihant Auto Components Private Limited
 Sankalp Engineering & Services Private Limited (erstwhile Sankalp Forgings Private Limited.)
 Saicon Steels Private Limited
 Seven Star Electrodes Private Limited
 Innoventive Americas, INC.
 Innoventive Industries UK Limited
 Salem Steel NA, LLC (fellow Subsidiary)
 Sankalp Americas Inc. (fellow Subsidiary)
 Sankalp Middle East FZE (fellow Subsidiary)
 Innovative Technomics Private Limited (w.e.f. October 1st, 2012)

Notes To The Financial Statements

29. Related Party Transactions:

b) Key management personnel and their relatives (KMP)

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

Relatives of Key management personnel (Relative of KMP)

Dr. Shubhangi Jadhav
Mrs. Mrunal Katre
Mrs. Vishakha Bhade
Mrs. Kavita Dhupkar
Mrs. Smita Katke

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

Name of the Enterprise

Yashoday Engineers Private Limited
Keytool Engineering Solutions Private Limited
Opal Luxury Time Products Limited
GeneOmbio Technologies Private Limited
Phoenix Erectors Private Limited(till March,2012)
Gargi Bio Tek Private Limited
Membrane Filters (India) Private Limited
Aim Filtertech Private Limited
M/s. Saptashrungi Engineering Works
Sourcegenie Insurance Broking Private Limited
Swayamsiddha Mahila Utkarsh Foundation
Innoventive Venture Limited

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

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Sale of Goods			
Saicon Steels Private Limited	Subsidiary	2,478.26	896.12
Sankalp Engineering & Services Private Limited	Subsidiary	3,627.98	3,105.06
Salem Steel NA, LLC	Fellow Subsidiary	4,474.97	812.05
Innovative Technomics Private Limited	Subsidiary	5.23	-
Total		10,586.44	4,813.23
Sale of Scrap			
Arihant Steels and Metal Wires Private Limited	Subsidiary	-	43.54
Gargi Bio Tek Private Limited	Other related concern	-	0.83
Total		-	44.37
Royalty Income			
Salem Steel NA, LLC	Fellow Subsidiary	109.00	-
Total		109.00	-

Notes To The Financial Statements

29. Related Party Transactions:

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

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Interest Income			
Salem Steel NA, LLC	Fellow Subsidiary	77.26	-
Total		77.26	-
Rent Income			
Innovative Technomics Private Limited	Subsidiary	0.60	-
Total		0.60	-
Reimbursement of Expenses Given			
Arihant Auto Components Private Limited	Subsidiary	21.59	-
Total		21.59	-
Interest on Trade Advance			
Innovative Technomics Private Limited	Subsidiary	7.90	-
Total		7.90	-
Trade Advance Accepted			
Innovative Technomics Private Limited	Subsidiary	270.00	-
Total		270.00	-
Purchase of Raw Material			
Aim Filtertech Private Limited	Other related concern	-	0.60
Saicon Steels Private limited	Subsidiary	117.81	-
Opal Luxury Time Products Limited	Other related concern	0.28	-
Total		118.09	0.60
Purchase of Fixed Assets			
Phoenix Erectors Private Limited	Other related concern	-	1,364.20
Arihant Steels and Metal Wires Private Limited	Subsidiary	629.69	60.00
Seven Star Electrodes Private Limited	Subsidiary	40.84	-
Sankalp Engineering & Services Private Limited	Subsidiary	308.46	-
Total		978.99	1,424.20
Purchase of Services			
Swayamsidha Mahila Utkarsh Foundation	Other related concern	1.19	3.09
Saicon Steels Private Limited	Subsidiary	0.06	4.14
Total		1.26	7.23
Guarantees given to banks / financial institutions on behalf of			
Sankalp Engineering & Services Private Limited	Subsidiary	-	170.00
Total		-	170.00

Notes To The Financial Statements

29. Related Party Transactions:

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

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Managerial Remuneration			
Mr. Chandu Chavan	KMP	30.00	30.40
Mr. Ravindra Katre	KMP	68.50	94.32
Mr. Sanjay Waghulade	KMP	22.80	18.20
Mr. K V Ramarathnam	KMP	65.86	-
Mr. Sanjay Bhade	KMP	59.05	47.13
Mr. Shivaji Katke	KMP	15.40	12.29
Total		261.61	202.34
Dividend Paid			
Mr. Chandu Chavan	KMP	394.70	259.41
Mr. Ravindra Katre	KMP	63.08	42.00
Mr. Sanjay Waghulade	KMP	93.92	65.85
Mr. Sanjay Bhade	KMP	36.91	24.58
Mr. Shivaji Katke	KMP	29.92	19.95
Mr. Parag Mulye	KMP	36.91	24.58
Dr. Shubhangi Jadhav	Relative of KMP	80.97	53.98
Mrs. Mrunal Katre	Relative of KMP	51.46	34.31
Mrs. Vishakha Bhade	Relative of KMP	3.75	2.50
Mrs. Kavita Dhupkar	Relative of KMP	3.75	2.50
Mrs. Smita Katke	Relative of KMP	2.85	1.90
Total		798.22	531.56
Outstanding			
Receivables			
Saicon Steels Private Limited	Subsidiary	518.63	865.35
Sankalp Engineering and Services Private Limited	Subsidiary	690.50	1,241.07
Seven Star Electrodes Private Limited	Subsidiary	145.47	-
Arihant Auto Components Private Limited	Subsidiary	276.58	34.44
Arihant Steel and Metal Wires Private Limited	Subsidiary	-	15.29
Salem Steel NA, LLC	Fellow Subsidiary	1,007.44	421.28
Yashoday Engineers Pvt. Ltd.	Other related concern	443.81	-
Opal Luxury Time Products Pvt. Ltd.	Other related concern	338.10	-
Membrane Filters (India) Pvt Ltd	Other related concern	35.00	-
Aim Filtertech Pvt Ltd	Other related concern	12.11	-
M/s. Saptashrungi Engineering Works	Other related concern	26.79	-
Others	Other related concern	13.50	-
Total		3,507.93	2,577.43
Payables			
Arihant Steel and Metal Wires Private Limited	Subsidiary	254.01	-
Innovative Technomics Private Limited	Subsidiary	173.79	-
Innoventive Americas, INC.	Subsidiary	2,628.11	-
Gargi Bio Tek Pvt Ltd	Other related concern	0.10	-
Sourcegenie Insurance Broking Pvt Ltd	Other related concern	36.24	-
Swayamsiddha Mahila Utkarsh Foundation	Other related concern	0.45	0.18
Seven Star Electrodes Private Limited	Subsidiary	-	7.16
Aim Filtertech Private Limited	Other related concern	-	12.12
Phoenix Erectors Private Limited	Other related concern	-	65.04
Total		3,092.70	84.50

Notes To The Financial Statements

29. Related Party Transactions:

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

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Advance for Expenses Given			
Others	Other related concern	-	1.00
Total		-	1.00
Outstanding Guarantees at year end given to banks / financial institutions on behalf of			
Sankalp Engineering & Services Private Limited	Subsidiary	-	170.00
Total		-	170.00

30. Unhedged Foreign Currency Balances

The company has Outstanding forward contract as of March 31, 2013 USD 10, 00,000 (March 31, 2012 – NIL)
The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Category	Currency	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Trade Receivables	EURO	41.80	62.51
	GBP	28.21	20.86
	USD	6,008.49	6,310.40
Other Receivables	USD	188.14	-
Trade Payables	EURO	10.67	9.95
	USD	80.88	1,466.81
Advance for supply of goods	USD	2,628.11	-
Short Term Borrowings from Banks	USD – PS/ Export Finance*	601.38	6287.40
	USD – PS/PCFC	3,312.96	1,724.58
	GBP – WCDL	905.53	907.23
	USD – WCDL	1,871.43	-
Long Term Borrowings from Banks	USD	15,820.09	12,284.70
Bank Balances	USD	108.77	103.31

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

31. Leases:

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Lease payments debited to the Profit and loss account	51.00	69.67
Future minimum lease payments in respect of leases		
- amount due within one year from the Balance sheet date	26.85	19.49
- amount due in the period between one year and five years	32.33	44.82
- amount due after five years	-	-

Notes To The Financial Statements

32. Earning Per Share:

Particulars	March 31, 2013	March 31, 2012
Reconciliation of basic and diluted shares used in computing earnings per share		
Number of shares considered as basic weighted average shares outstanding for computing basic earnings per share	5,96,43,999	5,78,67,065
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	5,78,67,065
Computation of basic and diluted earnings per share		
Net profit after tax attributable to equity shareholders (₹ In Lacs)	5,654.04	7,099.82
Basic earnings per equity share (₹)	9.48	12.27
Diluted earnings per equity share (₹)	9.48	12.27
Face value per share (₹)	10	10

33. Employee benefits

1. Defined contribution Plan (Gratuity)

a) Reconciliation of opening and closing balance of obligation

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Liability at the beginning of the Period	86.68	67.53
Interest Cost	7.37	5.57
Current Service Cost	25.53	25.55
Benefits Paid	(16.80)	(8.20)
Actuarial (Gain)/Loss on obligation	99.76	(3.78)
Liability at the end of the period	202.54	86.68

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Fair Value of Plan Assets at the beginning of the Period	108.81	95.49
Expected Return on Plan Assets	9.25	7.88
Contributions	73.31	17.76
Benefit Paid	(16.80)	(8.20)
Actuarial gain/(loss) on Plan Assets	10.43	(4.12)
Fair Value of Plan Assets at the end of the Period	185.00	108.81

Notes To The Financial Statements

33. Employee benefits

1. Defined contribution Plan (Gratuity)

c) Expenses recognised in Profit and Loss Account

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Current Service Cost	25.54	25.55
Interest Cost	7.37	5.57
Expected Return on Plan Assets	(9.25)	(7.88)
Net Actuarial (Gain)/Loss To Be Recognised	89.33	0.34
Expense Recognised in Profit & Loss account	112.98	23.59

d) Amount Recognised in the Balance Sheet

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Fair value of plan assets at the end of the period	185.00	108.81
(Present value of benefit obligation as at the end of the period)	(202.54)	(86.68)
Funded status	(17.54)	22.13
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	(17.54)	22.13

e) Balance Sheet Reconciliation

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Opening net liability	(22.13)	(27.96)
Expense as above	112.98	23.59
Employers Contribution paid	73.31	(17.76)
Closing net Liability/ (Asset)	17.54	(22.13)

f) Assets and liabilities recognised in Balance Sheet

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Present value of defined benefit obligation	(202.54)	(86.68)
Less: fair value of plan assets	185.00	108.81
Amount recognised as (liability)/ asset	(17.54)	22.13
Recognised as short term (liability)/ asset	17.54	22.13

g) Actual Return on Plan Assets

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Expected Return on Plan Assets	9.25	7.88
Actuarial gain/(loss) on Plan Assets	10.43	(4.12)
Actual Return on Plan Assets	19.68	3.76

Notes To The Financial Statements

33. Employee benefits

1. Defined contribution Plan (Gratuity)

h) Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	March 31, 2013	March 31, 2012
Discount Rate	8.00%	8.25%
Rate of Return on Plan Assets	8.70%	8.25%
Salary Escalation	5.00%	5.00%

i) Composition of plan assets

Particulars	March 31, 2013	March 31, 2012
Insured Managed Funds	100%	100%
Total	100%	100%

j) Experience Adjustment

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
On Plan Liability (Gains) / Losses	74.95	2.38
On Plan Assets Gains / (Losses)	10.43	(1.78)

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.

Expected contribution during next 12 months ₹ 41.05 Lacs

2. Defined Contribution

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Employers contributions to Provident fund	159.90	108.84
Employers Contribution to ESIC	0.88	1.86

34. Other Notes

a) Dividend remitted in foreign currency:

Particulars	March 31, 2013	March 31, 2012
Number of shareholders	1	1
Number of shares held	66,98,860	80,38,632
Year to which dividend relates	2011-12	2010-11
Amount remitted (₹ In Lacs)	200.97	160.77

Notes To The Financial Statements

34. Other Notes

b) Value of Materials and Components Consumed:

Particulars	March 31, 2013		March 31, 2012	
	₹ In Lacs	%	₹ In Lacs	₹ In Lacs
Indigenous	42,079.64	99.15%	30,044.16	88.40%
Imported	359.65	0.85%	3,941.23	11.60%
Total	42,439.29	100.00%	33,985.39	100.00%

c) Value of imports on CIF basis:

Sr. No.	Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
(i)	Stores and Spares	36.56	72.30
(ii)	Capital Goods	873.77	507.81
(iii)	Raw Materials	359.65	3,705.65
	Total	1,269.98	4,285.76

d) Earnings in foreign currency:

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Exports (F.O.B. Value without Deemed Export)	4,785.19	6,567.18
Royalty	109.00	-
Interest	77.27	-
Total	4,971.46	6567.18

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Foreign Travel	58.85	40.95
Interest	1,252.06	44.01
Commission	31.52	30.90
Total	1,342.43	115.86

Notes To The Financial Statements

35. Long Term Borrowings

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

Name of Bank / Financial Institution	Repayment Schedule	Security
Allahabad Bank	60 Monthly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company.
Axis Bank Ltd	60 Monthly	
State Bank of Bikaner & Jaipur	10 Quarterly	
State Bank of India	30 Monthly	
Central Bank of India	16 Quarterly	
Export Import Bank of India	24 Quarterly	
Bank Of India	Up to 28 Quarterly	
UCO Bank	20 Quarterly	
Bank of Baroda	24 Quarterly	
ICICI Bank	30 Quarterly	
Kotak Mahindra Bank	Up to 48 Monthly	Hypothecation of car
HDFC Bank	Up to 48 Monthly	Hypothecation of car

Details of Repayment schedule of unsecured borrowings-

Name of Bank / Financial Institution	Repayment
Intec Capital Ltd.	36 monthly
Bajaj Finance Ltd.	24 monthly

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

Sr. No	Particulars	Amount (₹ in Lacs)
1	Within one year	7019.00
2	Two to five years	19436.28
3	More than five years	1,934.70
	Total	28,389.98

36. Micro, Small & Medium Enterprise Development Act, 2006

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

37. Foreign Exchange difference on long term foreign currency borrowings

Pursuant to notification dated 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 ₹ 406.17 Lacs (March 31, 2012 ₹ 776.18 Lacs) has been capitalised.

- 38.** As per circular no. 25/2012 dated 09.08.2012 issued by the Ministry of Corporate Affairs, exchange loss of ₹ 111.94 Lacs has been capitalised to relevant fixed assets which was charged as interest expense in the previous year.

Notes To The Financial Statements

- 39.** The Company had opted for prepayment of sales tax deferral liability amounting to ₹ 3,181.29 Lacs outstanding as on April 1, 2011. As per the provisional valuation of Net Present Value (NPV) an amount of ₹ 1,397.26 Lacs is payable against the full and final settlement of aforesaid liability of ₹ 3,181.29 Lacs. The Company has paid aforesaid NPV of ₹ 1,397.26 Lacs to sales tax authorities in financial year 2011-2012. The sales tax deferral liability upto 2006-2007 after completion of assessment amounted to ₹ 1,343.43 Lacs, against which an amount of ₹ 681.08 Lacs was determined as NPV. The sales tax authorities have completed the Assessment upto 2006-2007 and determined an amount of ₹ 681.08 Lacs as payable against the total liability of ₹ 1,343.10 Lacs. Accordingly, the company has accounted ₹ 662.02 Lacs as income on prepayment of sales tax deferral liability under other income in financial year 2011-2012.

Balance liability of ₹ 1,838.19 Lacs was pending for assessment in financial year 2011-2012. This liability has been shown as a part of other current liability and payments already made of ₹ 716.18 Lacs towards the said liability are shown as part of deposits in financial statement of 2011-2012. During the current year said pending assessments are completed and accordingly the company has accounted ₹ 1,109.07 Lacs as income on prepayment of sales tax deferral liability.

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

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Can Bank Factors Limited	1,290.91	1,534.92
IFCI Factors Limited	1,247.50	1,525.76
United Bank of India	10,741.70	10,058.62
IDBI Bank	4,499.25	4,134.20
Total	17,779.36	17,253.50

The Company has adjusted above stated amounts along with USD-PS/Export Finance of ₹ 601.38 Lacs (March 31, 2012 ₹ 6,287.40 Lacs) with trade receivables.

- 42.** The company has in-house research and development (R & D) facility at Gat No. 56/3,4,5 Village Pimple Jagtap, Tal. Shirur, Dist. Pune 412 208. The company has applied for recognition of this R & D Unit with Department of Scientific and Industrial Research (DSIR).

Details of assets capitalized during the year and Capital Work In Progress in respect of In-house R&D facility is as under:

Particulars	Gross Block FY 2012-13 ₹ In Lacs	Gross Block FY 2011-12 ₹ In Lacs
Plant and Machinery	390.84	187.37
CWIP Product Development Cost	2,838.85	2,366.60
CWIP Product Process Patent	959.88	30.96
CWIP Pilgering Process Patent	-	1,950.84
Intangible Assets (Research and Development)	2287.55	-

- 43.** Previous year figures have been regrouped/reclassified wherever necessary

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

This page has been intentionally left blank.

Consolidated Financials

Auditors' Report

Consolidated Balance Sheet

Consolidated Statement of Profit & Loss

Consolidated Cash Flow

Notes

Independent Auditors' Report

To the Members of Innoventive Industries Limited

1. We have audited the accompanying consolidated financial statements of Innoventive Industries Limited ("the Company") and its subsidiaries, hereinafter referred to as the "Group" (refer note no 2.1 (b) to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statement

2. The Company's Management is responsible for the preparation of these consolidated financial statements 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 accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and presentation 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 accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standards (AS) 21- Consolidated Financial Statements notified under Section 211(3C) of the Companies Act 1956.
7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b. in the case of the consolidated statement of Profit and Loss, of the profit for the year ended on that date; and
 - c. in the case of 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 Arihant Steel and Metal Wires Private Limited, Arihant Autocomponents Private Limited, Saicon Steels Private Limited, Sevenstar Electrodes Private Limited, Sankalp Engineering and Services Private Limited, Innovative Technomics Private Limited, Innoventive Americas Inc. and Innoventive Industries UK Limited included in the consolidated financial statements, whose financial statements reflect total assets (net) of ₹ 40,124.48 lacs as at March 31, 2013, total revenues of ₹ 29,559.89 lacs and net cash inflows amounting to ₹ 171.50 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number: 105102W

Prasad Paranjape

Partner

Membership Number: 47296

Date: May 29, 2013

Place: Pune

Consolidated Balance Sheet

As At March 31, 2013

Particulars	Note No.	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Equity And Liabilities			
Shareholders' Funds			
Share Capital	3	5,964.40	5,964.40
Reserves & Surplus	4	45,066.47	39,051.91
		51,030.87	45,016.31
Minority Interest		4,759.53	2,885.66
Non Current Liabilities			
Long Term Borrowings	5	22,830.99	30,279.56
Deferred Tax Liability (Net)	6	6,626.91	5,088.92
Other Long Term Liabilities	7	192.93	137.80
Long Term Provisions	8	1,727.23	1,175.13
		31,378.06	36,681.41
Current Liabilities			
Short Term Borrowings	9	30,592.90	10,983.74
Trade Payables	10	5,732.71	10,781.42
Other Current Liabilities	10	11,661.69	9,281.70
Short Term Provisions	11	697.80	2,079.59
		48,685.10	33,126.45
Total		135,853.56	117,709.83
Assets			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	58,253.64	54,274.08
Intangible Assets	12	3,737.40	1,695.47
Capital Work in Progress	12	11,536.29	10,835.73
Goodwill on Consolidation		838.12	838.12
Non Current Investments	13	17.04	12.04
Long Term Loans and Advances	14	6,251.29	5,342.80
Other Non Current Assets	15	147.83	143.56
		80,781.61	73,141.80
Current Assets			
Inventories	16	33,146.92	23,135.42
Trade Receivables	17	6,481.31	7,722.75
Cash & Bank Balances	18	2,119.08	1,706.09
Short Term Loans & Advances	19	8,314.24	8,208.72
Other Current Assets	20	5,010.40	3,795.05
		55,071.95	44,568.03
Total		135,853.56	117,709.83

Notes to the Consolidated Financial Statements

1 and 2

The accompanying notes are an integral part of the consolidated financial statements

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Consolidated Statement of Profit and Loss

For The Year Ended March 31, 2013

Particulars	Note No.	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Income			
Gross Sales			
Sale of Manufactured Goods	21	86,200.72	79,798.39
Sale of Traded Goods		1,472.25	2,639.40
Less: Excise Duty		5,300.09	5,400.42
		82,372.88	77,037.37
Other Income	22	2,319.06	1,964.72
Total Revenue		84,691.94	79,002.09
Expenditure			
Cost of Material and components Consumed	23	54,390.83	41,352.55
(Increase)/Decrease in Inventories	23	(8,750.47)	3,660.97
Employee Benefit Expenses	24	5,170.76	3,323.17
Manufacturing and Other Expenses	25	11,738.05	9,483.40
Finance Cost	26	8,159.47	6,784.47
Depreciation and Amortization	12	4,284.99	2,712.22
		74,993.63	67,316.78
Profit Before Tax		9,698.31	11,685.31
Less: Tax Expenses			
Current Tax		2,169.30	2,554.65
Deferred Tax Charge/(Credit)		1,537.99	1,629.11
Mat Credit		(1,377.69)	(1,427.02)
Tax for earlier years		323.96	-
MAT Credit (Earlier years)		-	27.13
Profit & Loss For the Period After Tax		7,044.73	8,901.44
Less: Shares of Minority Interest		645.73	899.42
Profit After Tax And Minority Interest		6,399.00	8,002.02
Earning Per Share	32	10.73	13.83
Basic and Diluted			
[Nominal value of ₹ 10 each (March 31, 2012 ₹ 10)]			
Notes to the Consolidated Financial Statements	1 & 2		

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Consolidated Cash Flow

For the Year Ended March 31, 2013

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Cash flow from operating activities		
Profit/(Loss) before tax from operations	9,698.31	11,685.31
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization	4,284.99	2,712.22
Loss/(profit) on sale or write off of fixed assets	14.91	(14.82)
Unrealized foreign exchange loss/(gain)	(255.95)	73.77
Interest expense (Net)	8,098.56	6,601.61
Dividend income	(0.05)	(0.05)
Sundry Balances Written Back	(257.07)	-
Bad debts written off	58.10	176.18
Provision for debtors written off/(written back)	56.77	(48.46)
Operating profit before working capital changes	21,698.57	21,185.76
Movements in working capital :		
Increase/(decrease) in trade payables	(4,791.64)	(7,115.09)
Increase/(decrease) in other current liabilities	2,362.16	974.84
Increase/ (decrease) in other long-term liabilities	55.13	(1,304.00)
Increase/ (decrease) in other long-term provision	250.90	2.50
Decrease/(increase) in trade receivables	1,183.34	(5,656.24)
Decrease/(increase) in inventories	(10,011.50)	(1,190.76)
Decrease / (increase) in long-term loans and advances	(1,590.50)	267.50
Decrease / (increase) in short-term loans and advances	(105.52)	(4,138.45)
Decrease/(increase) in other current assets	(1,215.35)	1,497.79
Cash generated from /(used in) operations	7,835.59	4,523.85
Direct taxes paid (net of refunds)	1,869.02	3,100.27
Net cash flow from/ (used in) operating activities (A)	5,966.58	1,423.58
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(13,443.04)	(30,777.99)
Proceeds from sale of fixed assets	1,739.11	784.42
Investments in bank deposits (having original maturity of more than three months)	(257.42)	(84.89)
(Increase)/Decrease in Investment	(5.00)	-
Dividends received	0.05	0.05
Net cash flow from/(used in) investing activities (B)	(11,966.30)	(30,078.41)
Cash flows from financing activities:		
Proceeds from issue of share capital including securities premium (Net of share issue expenses)	-	20,127.62
Proceeds from long-term borrowings	-	30,355.35
Repayment of long-term borrowings	(7,448.57)	(16,160.53)
Repayment of short-term borrowings (Net)	19,609.16	(540.91)
Interest paid	(8,080.67)	(6,557.60)
Dividend Paid (Including Dividend Distribution Tax)	2,079.64	(1,390.61)
Net cash flow from/(used in) in financing activities (C)	6,159.56	25,833.32
Net increase/(decrease) in cash and cash equivalents (A + B + C)	159.83	(2,821.51)
Cash and cash equivalents at the beginning of the year	186.16	3,007.67
Cash and cash equivalents at the end of the year	346.00	186.16

Consolidated Cash Flow

For the Year Ended March 31, 2013

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Cash and cash equivalents at the end of the year	346.00	186.16
Components of cash and cash equivalents		
Cash on hand	41.63	184.92
With banks		
On Current Accounts*	304.03	0.85
On Unpaid Dividend Accounts**	0.34	0.39
Total cash and cash equivalents (Note 18)	346.00	186.16

* Includes exchange difference on translation of foreign currency cash & cash equivalent ₹ 7.84 Lacs

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

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Notes to the financial statements

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, 1956 ('the Act'). The company manufactures precision steel tubes, membrane panel strips, auto components and other steel products catering to industries in automobiles, boilers and heat exchangers, energy, oil & gas, farm equipment & general engineering etc. The Company caters to both domestic and international markets.

2. Significant Accounting Policies:

2.1 a) Basis of preparation

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

b) Principles of consolidation

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

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

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

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

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

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

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

Following subsidiaries are included in consolidation:

Name of the subsidiary	Relationship	2012-2013	2011-2012
Sankalp Engineering & Services Private Limited	Subsidiary	51%	51%
Saicon Steels Private Limited	Subsidiary	51%	51%
Sevenstar Electrodes Private Limited	Subsidiary	100%	100%
Arihant Steel and Metal Wires Private Limited	Subsidiary	100%	100%
Arihant Auto Components Private Limited	Subsidiary	100%	100%
Innoventive Americas, INC.	Subsidiary	100%	100%
Innoventive Industries UK Limited	Subsidiary	100%	100%
Salem Steel NA, LLC	Fellow subsidiary	85%	85%
Innovative Technomics Private Limited*	Subsidiary	51%	-

* became a subsidiary w. e. f October 1, 2012

Notes to the financial statements

2. Significant Accounting Policies:

2.2 Capitalisation of foreign exchange

In accordance with MCA notification on Accounting Standard (AS 11), in respect of long term foreign currency loan taken for acquisition of assets, the exchange difference arising on reporting of said loan is adjusted to the cost of the assets. (Also refer note 35 below.)

2.3 Use of estimates

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

2.4 Revenue recognition

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

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

Dividends are recorded when the right to receive is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Export benefits are accrued when it is reasonably certain that those will get realised.

2.5 Tangible assets

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

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

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

2.6 Depreciation

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

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

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

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

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

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

Notes to the financial statements

2. Significant Accounting Policies:

2.7 Intangible assets and amortization

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

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

Software is amortised over the period 5 years.

Product development expense is amortised over a period of 10 years.

2.8 Borrowing costs

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

2.9 Impairment of 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.

2.10 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.

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.

Notes to the financial statements

2. Significant Accounting Policies:

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 are recognized in full in the period in which they occur in the statement of profit and loss.

c) Leave encashment

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

2.15 Provisions and Contingencies

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

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

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

2.16 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 year. 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.

Notes to the financial statements

2. Significant Accounting Policies:

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

2.18 Cash and cash equivalents

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

2.19 Government Grants and Subsidies

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

2.20 Identification of segments

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

Allocation of common costs

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

Unallocated items

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

Segment accounting policies

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

Notes to the financial statements

3. Share Capital

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Authorized		
75,000,000 (March 2012: 75,000,000) Equity Shares of ₹ 10 each	7,500.00	7,500.00
	7,500.00	7,500.00
Issued, Subscribed & Fully Paid - Up		
59,643,999 (March 2012: 59,643,999) Equity Shares of ₹ 10 each fully paid- up	5,964.40	5,964.40
Total	5,964.40	5,964.40

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

Particulars	As At March 31, 2013 (₹ In Lacs)		As At March 31, 2012 (₹ In Lacs)	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	59,643,999	5,964.40	41,062,349	4,106.23
Equity shares issued during the year				
Bonus Issue of equity shares 1 & 2	-	-	-	-
Initial Public Offer of equity shares	-	-	18,581,650	1,858.17
Outstanding at the end of the year	59,643,999	5,964.40	59,643,999	5,964.40

b) Terms/ Rights attached to equity shares:

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

During the year ended March 31, 2013, the amount of per share dividend recognised as distributed to equity shareholders is Re. 1.

(March 31, 2012 ₹ 3). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distributing all preferential amounts.

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

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

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

Name of the Shareholder	As At March 31, 2013 (₹ In Lacs)		As At March 31, 2012 (₹ In Lacs)	
	No. of Shares	Percentage	No. of Shares	Percentage
Chandu Laxman Chavan (Promoter)	13,278,700	22.26%	12,984,000	21.77%
Sanjay Waghulade (Promoter)	3,130,601	5.25%	3,292,361	5.52%
Kavos Capital Limited	8,038,632	13.48%	8,038,632	13.48%
Standard Chartered Private Equity (Mauritius) Limited	4,206,441	7.05%	4,206,441	7.05%
Reliance Capital Trustee Co. Ltd. A/C-Reliance Regular Savings Fund-Equity Option	3,000,000	5.03%	3,500,000	5.87%

Notes to the financial statements

3. Share Capital

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

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Equity shares allotted as fully paid bonus shares by capitalisation of Reserve & Surplus	30,449,360	30,449,360
Equity shares allotted as fully paid bonus shares by capitalisation of Capital Redemption Reserve	379,280	379,280
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	-	-
Equity shares bought back by the company	-	-

Notes:

1. Bonus Issue of 3,04,49,360 equity shares in the ratio of five shares for every share held in the Company as on the record date, i.e. September 18, 2010.
2. Bonus Issue of 379,280 equity shares only to Kavos Capital Limited in the ratio of 1.51712 shares for every single share on their existing holding of 250,000 equity shares as on the record date, i.e. July 30, 2010 in compliance with Section 205 (3) of the Companies Act, 1956.

Notes to the financial statements

4. Reserves & Surplus

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Revaluation Reserve	65.64	65.64
Balance as per last financials		
Add: Addition During the Year	-	-
	65.64	65.64
Capital Redemption Reserve		
Balance as per last financials	362.07	362.07
Less: Utilisation for issue of Bonus Shares	-	-
	362.07	362.07
Securities Premium		
Balance as per last Financial	24,163.68	5,894.22
Add: Premium on issue of equity shares	-	19,882.37
Less: Share issue expenses adjusted	-	1,612.91
	24,163.68	24,163.68
General Reserve		
Balance as per last financials	1,799.72	1,030.36
Add: Adjustment on account of Exchange fluctuation capitalised (Refer Note No. 37)	111.94	59.37
Add: Transferred From Profit & Loss Account	602.62	709.99
	2,514.28	1,799.72
Capital Reserve	64.25	-
Foreign Exchange Translation Reserve		
Balance as per last financials	4.11	-
Add : Transferred during the year	137.17	4.11
	141.28	4.11
Profit and Loss Account		
Balance as per last financials	12,656.69	7,444.25
Add : Profit for the year as per statement of profit or loss	6,399.00	8,002.02
Less : Proposed Dividend on Equity Shares	596.44	1,789.32
Less : Dividend Distribution Tax	101.36	290.27
Less : Transfer to General Reserve	602.62	709.99
	17,755.27	12,656.69
Total	45,066.47	39,051.91

5. Long Term Borrowings

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Term loans from banks (Secured) (Refer Note No. 1 below)	19,448.50	25,550.46
Term Loans from Financial Institution (Secured) (Refer Note No. 1 below)	224.27	144.25
Term loans from Financial Institution (Unsecured)	1,994.90	943.87
Interest Free Deferred Sales Tax Loan (Unsecured)	20.42	20.42
Loan From Others (Unsecured)	1,103.57	3,520.56
Vehicle Loans	39.33	100.00
Total	22,830.99	30,279.56

Notes:

- For details of rate of interest, security and repayment schedule to banks and financial institutions (Refer Note 34)
- Long term loans from banks and financial institutions are netted off by margin money deposits ₹ 1,083.48 (March 31, 2012 ₹ 1,518.81) kept with respective banks.

Notes to the financial statements

6. Deferred Tax

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Deferred tax liability		
Difference between tax depreciation and depreciation/ amortisation charged for financial reporting	7,230.87	5,259.48
	7,230.87	5,259.48
Deferred tax Assets		
Other Timing Differences		
Provision for doubtful debts	147.23	131.87
Employee Benefits	108.36	38.69
Others	348.36	-
	603.95	170.56
Deferred Tax Liability(Net)	6,626.91	5,088.92

7. Other long Term Liabilities

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Trade Payables*	192.93	137.80
Total	192.93	137.80

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

8. Long Term Provisions

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Income Tax Provision [net]	1,471.83	1,170.63
Wealth tax Provision	1.75	2.00
Gratuity (Refer Note No. 33.1)	96.87	-
Leave Encashment	156.78	2.50
Total	1,727.23	1,175.13

9. Short Term Borrowings

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Cash credit from banks (Secured) *	29,406.49	10,275.95
Short Term Loans from Financial Institutions (Unsecured)	1,009.79	605.48
Loan From Others (Unsecured)	176.62	102.31
Total	30,592.90	10,983.74

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

Notes to the financial statements

10. Trade Payables And Other Current Liabilities

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
i) Trade Payables (Refer Note No. 35)	5,732.71	10,781.42
ii) Other current liabilities:		
Current maturities of long term bank borrowings (Secured) (Refer Note No. 34)	6,809.68	4,633.30
Current maturities of long term financial institutions borrowings (Secured) (Refer Note No. 34)	-	38.81
Current maturities of long term bank borrowings vehicle loan (Secured) (Refer Note No. 34)	53.03	35.42
Current maturities of long term financial institutions borrowings (Unsecured)	1,008.35	772.54
Current Maturities of Sales Tax Deferral loan (Unsecured) (Refer Note No. 38)	-	1,838.19
Interest accrued but not due	61.89	44.01
Unclaimed dividend	0.34	0.39
Other liabilities		
Statutory Dues	669.08	375.70
Deposits	10.00	10.00
Advances from customers	1,414.47	664.71
Other Payables	1,634.87	868.63
	11,661.69	9,281.70
Total	17,394.40	20,063.12

11. Short Term Provisions

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Proposed Dividend on Equity Shares	596.44	1,789.32
Provision for Tax on Dividend	101.36	290.27
Total	697.80	2,079.59

Notes to the financial statements

12. Fixed Assets

Descriptions	Gross Block			Depreciation			Net Block	
	As At 01.04.2012	Additions / Reclassifications during the year	Deduction And Adjustments	As At 31.03.2013	For The Year	Deduction And Adjustments	As At 31.03.2013	As At 31.03.2012
Tangible Assets								
Free Hold Land	3,054.70	157.88	223.20	2,989.39	-	-	2,989.39	3,054.70
Leasehold Land	0.11	-	-	0.11	-	-	0.11	0.11
Building	14,478.79	1,015.75	939.98	14,554.56	516.22	16.17	13,136.15	13,560.43
Plant & Machinery	28,048.61	7,684.21	743.10	34,989.72	2,276.23	297.04	27,666.07	22,704.15
Computers	369.17	156.67	-	525.83	70.56	-	254.89	184.83
Tools & Dies	17,239.58	458.83	147.16	17,551.25	998.71	38.48	13,470.02	14,118.58
Furniture & Fixtures	359.22	87.42	8.50	438.14	33.06	-	335.77	289.91
Vehicles	441.54	116.20	51.39	506.36	48.63	7.64	385.19	361.37
Total Tangible Assets	63,991.72	9,676.96	2,113.33	71,555.35	3,943.40	359.33	58,253.64	54,274.08
Previous Year	41,495.81	23,353.43	857.52	63,991.72	2,616.91	87.91		
Intangible Assets								
Software	-	-	-	-	-	-	-	-
Research and Development Assets (Refer Note No. 41)	1,875.59	95.68	-	1,971.27	204.07	-	1,587.08	1,695.47
(i) Pilgering Process Patent	-	1,951.13	-	1,951.13	114.71	-	1,836.42	-
(ii) Product Development Cost	-	336.71	-	336.71	22.81	-	313.90	-
Total Intangible Assets	1,875.59	2,383.52	-	4,259.11	341.59	-	3,737.40	1,695.47
Previous Year	451.09	1,424.50	-	1,875.59	95.31	-	180.12	
Capital Work In Progress								
							11,536.28	10,835.73

Notes :

1. Amount of borrowing cost capitalised during the period is as under

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Interest charges	359.22	237.72
Other charges	-	714.93
Total	359.22	952.65

Amount of exchange fluctuation loss capitalised during the current year is ₹ 406.17 Lacs (Previous Year ₹ 776.18 Lacs)

2. Pilgering patent process have remaining useful life of 9 years and balance carrying value of ₹ 1,836.13 Lacs.

3. Product development expenses have remaining useful life of 9 years and balance carrying value of ₹ 313.90 Lacs.

Notes to the financial statements

13. Non Current Investments

(At cost unless stated otherwise)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Long term Investment		
Unquoted Equity Investment		
Others		
7500 (March 2012: 7500) Equity shares of ₹ 10/- each of The Saraswat Co-Operative Bank Limited	0.75	0.75
50,000 Equity shares (March 2012: 50,000) of ₹ 10/- each of New India Co-operative Bank Limited	5.00	5.00
22,905 Equity shares (March 2012: 22,905) of ₹ 10/- each of The Thane Janta Sahakari Bank Limited	7.29	2.29
Non Trade Investment		
Quoted Investment		
In Mutual Funds		
40,000 units (March 2012: 40,000) UTI- India Life Style fund- Growth plan	4.00	4.00
Total	17.04	12.04
Aggregate value of unquoted investments	13.04	8.04
Aggregate value of quoted investments	4.00	4.00
Aggregate market value of quoted investments	5.33	4.78

14. Long Term Loans & Advances

(Unsecured, considered good)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Advances recoverable in cash or kind or for value to be received.	756.05	275.52
Balance with Excise/Custom/Sales tax authorities	-	-
Capital Advances	476.28	1,158.29
MAT Credit entitlement	4,771.13	3,393.44
Security Deposit	247.83	515.55
Total	6,251.29	5,342.80

15. Other Non Current Assets

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Other Bank Balances (Refer Note No. 18)	147.83	143.56
Total	147.83	143.56

Notes to the financial statements

16. Inventories

(Valued at lower of cost or net realizable value)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Raw Materials & Components	5,904.83	5,619.46
Stores, Spares, Consumable etc.	368.86	371.16
Work-in-progress	8,066.03	5,457.26
Semifinished and Finished goods	18,749.10	11,629.47
Scrap	58.10	58.07
Total	33,146.92	23,135.42

17. Trade Receivables

(Unsecured considered good unless otherwise stated)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Outstanding for a period exceeding six months		
Considered Doubtful	453.79	397.02
Less : Provision for doubtful debt	453.79	397.02
	-	-
Above Six Months considered good	1,092.06	523.49
Other debts- considered good	5,389.25	7,199.26
Total	6,481.31	7,722.75

Trade receivables are netted off by bill discounting and PS/PC export credit finance. (Refer Note No. 40)

18. Cash And Bank Balances

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Cash and Cash Equivalent		
Balances with Bank		
Current Accounts	304.03	0.85
Unclaimed dividend	0.34	0.39
Cash on Hand	41.63	184.92
	346.00	186.16
Other Bank Balances		
Margin money deposits with maturity more than 3 months and for less than 12 months	1,920.91	1,663.49
Less: Transferred to other current assets (Refer Note No. 15)	147.83	143.56
	1,773.08	1,519.93
Total	2,119.08	1,706.09

Notes to the financial statements

19. Short Term Loans and Advances

(Unsecured considered good unless otherwise stated)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Advances recoverable in cash or in kind or for value to be received	6,049.37	5,770.93
Advance Income Tax	-	-
Advance to related party	-	106.17
Balance with Central Excise & Customs & VAT etc. (Refer Note 38)	2,264.88	2,331.62
Total	8,314.24	8,208.72

20. Other Current Assets

(Unsecured considered good unless otherwise stated)

Particulars	As At March 31, 2013 (₹ In Lacs)	As At March 31, 2012 (₹ In Lacs)
Export benefits receivable	767.48	610.02
Industrial Promotion Subsidy receivable	3,772.94	3,185.03
Others	469.98	-
Total	5,010.40	3,795.05

21. Revenue From Operations

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Revenue From Operations		
Sale of Manufactured goods	83,959.29	77,412.99
Sale of Traded Goods	1,472.25	2,639.40
Other Operating Revenue		
Sale of Scrap	2,191.59	2,171.06
Labour Charges	49.84	214.34
Revenue from operations (Gross)	87,672.97	82,437.79
Less : Excise Duty	5,300.09	5,400.42
Revenue from operations (Net)	82,372.88	77,037.37
Details of products sold		
Finished goods sold		
Tube & Products	45,510.04	42,235.30
Motor Vehicle Parts	17,412.51	17,434.60
Cold Rolled Coils	5,721.81	5,798.85
Oil & Gas	10,956.40	9,803.16
Others (including Scrap & Services)	2,772.12	1,765.46
Total	82,372.88	77,037.37

Notes to the financial statements

22. Other Income

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Operating Income		
Benefit on Sales Tax Deferral prepayments (Refer note number 38)	1,109.07	662.35
Export Benefits	489.11	703.06
Other than Operating Income		
Compensation Received	-	265.60
Profit on Sale of Assets	4.76	14.82
Sundry Balances Written Back	257.07	-
Exchange Fluctuation Gain	175.56	90.56
Discount received	60.24	42.78
Miscellaneous income	223.26	185.55
Total	2,319.06	1,964.72

23. Cost of Raw Materials and Components Consumed

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Cost of Raw Materials and Components Consumed		
Inventory at the beginning of the year	5,619.46	4,659.77
Add: Stock bought out during the year	217.56	-
Add: Purchases	55,756.78	43,281.64
	-	-
Less: Raw material sold out of material purchased	1,298.14	969.40
Less: inventory at the end of the year	5,904.83	5,619.46
Cost of raw material and components consumed	54,390.83	41,352.55
(Increase)/decrease in inventories		
Inventories at the end of the year		
Work-in-progress	8,066.03	5,457.26
Semi finished and finished goods	18,749.10	11,553.14
	26,815.13	17,010.40
Inventories at the beginning of the year		
Work-in-progress	5,457.26	5,742.10
Semi finished and finished goods	11,553.14	11,270.06
Add : Stock bought out during the year	1,054.26	3,659.21
	18,064.66	20,671.37
Net (Increase)/Decrease in inventories	(8,750.47)	3,660.97
Total	45,640.36	45,013.52

Notes to the financial statements

24. Employee Benefit Expenses

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Salaries, Wages & Bonus	4,224.70	2,763.93
Contribution to Provident and Other Funds (Refer Note 33.2)	178.74	152.49
Staff Welfare Expenses	558.87	370.83
Gratuity Expenses (Refer Note 33.1)	208.44	35.92
Total	5,170.76	3,323.17

25. Manufacturing and Other Expenses

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Stores, Spares and Components	947.80	1,285.33
Labour Charges	2,126.83	2,280.69
Power & Fuel	1,319.78	1,173.93
Water Charges	4.08	5.17
Freight & Transport	-	267.21
Other Manufacturing Expenses	742.81	272.75
Repairs & Maintenance		
Building	102.52	18.14
Plant & Machinery	264.98	98.60
Other Assets	130.80	78.10
Telephone Expenses	68.92	79.04
Rent, Rates & Taxes (Refer Note 31)	309.33	147.23
Freight & Packing	1,566.11	1,016.23
Printing and Stationery	145.25	38.91
Insurance	242.85	221.93
Travelling & Conveyance	734.37	479.42
Professional & consultancy	780.44	257.24
Office & Other Expenses	770.28	290.27
Auditors Remuneration		
For Audit Services	20.68	15.66
Other Services	8.25	9.00
Certification	4.50	-
Reimbursement of Out-of- Pocket Expenses	0.75	0.49
Provision for Doubtful Debts (Net)	56.77	-
Bad Debts Written off	58.10	176.18
Other Selling & Distribution Expenses	555.81	589.35
Bank Charges	725.69	682.53
Loss on Sale Of Assets	14.91	-
Foreign Exchange loss/(gain)	35.43	-
Total	11,738.05	9,483.40

26. Finance Cost

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Interest On Loans (Net)	8,098.56	6,601.61
Foreign Exchange loss/(gain) on restatement	60.92	182.86
Total	8,159.47	6,784.47

Note : Finance cost is netted off by interest income earned on bank deposits and loans to various parties etc.

Notes to the financial statements

27. Capital commitments and contingent liabilities and secured loans

Particulars	Year Ended March 31, 2013 (₹ In Lacs)	Year Ended March 31, 2012 (₹ In Lacs)
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	789.58	885.33
Contingent liabilities		
Claims against Company not acknowledged as debts.	501.54	451.53
Sales Tax Cases	366.70	-
Income Tax Cases	504.84	8.27
Unfulfilled Export Obligations under EPCG scheme to be fulfilled over 8 years.		
Duty liability on non-fulfillment of above obligation is ₹ 1012.53 Lacs (₹ 1,037.64 Lacs) .	2,198.19	6,250.13
Unfulfilled Export Obligations under Advance Authorization. Duty liability on non-fulfillment of above obligation is ₹ 175.26 Lacs (₹ 66.46 Lacs).	1,233.68	711.36

28. Consolidated statement of Segment Reporting

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

Particulars	2012-13 (₹ in Lacs)					
	MV Parts	Tubes & Products	OCTG	CR Oil	Others	TOTAL
Total Revenue (Including Export Incentives)	17,412.51 (17,434.60)	45,739.52 (42,617.50)	11,216.02 (10,137.05)	5,734.70 (5,798.85)	2,759.24 (1,752.43)	82,861.99 (77,740.43)
Segment Results	3,396.03 (3,849.38)	10,578.11 (10,266.57)	2,260.43 (2,619.76)	1,025.76 (1,034.04)	326.26 (274.73)	17,586.59 (18,044.48)
Unallocable Expenses (Net)						-271.18 (-425.30)
Interest						8,159.47 (6,784.47)
Profit Before Taxes						9,698.31 (11,685.31)
Less:						
Provision for Taxes (Including Short Provision for earlier Years)						2,653.58 (2,783.87)
Profit After Tax before Minority Interest						7,044.43 (8,901.44)
Segment Assets	15,550.73 (15,948.69)	80,667.27 (59,321.86)	15,796.17 (14,533.92)	8,064.12 (6,897.23)	7,763.39 (8,510.97)	127,841.68 (1,05,212.67)

(Figures in bracket are of previous year)

Notes to the financial statements

28. Consolidated statement of Segment Reporting

Particulars	2012-13 (₹ in Lacs)					
	MV Parts	Tubes & Products	OCTG	CR Oil	Others	TOTAL
Unallocable Assets						8,011.88 (12,497.16)
Segment Liabilities	5,235.38 (3,678.30)	3,724.83 (5,726.20)	815.12 (4,360.26)	1,944.67 (882.58)	524.26 (4,395.56)	12,244.26 (19,042.90)
Unallocable liabilities						67,818.90 (50,764.96)
Capital Expenditure	240.55 (2,976.90)	8984.03 (22,609.79)	1,714.64 (1,563.90)	849.75 (1,128.01)	972.06 (2,499.39)	12,761.03 (30,777.99)
Depreciation	545.28 (409.09)	2,959.63 (1,817.99)	426.70 (168.03)	148.48 (107.28)	204.91 (209.83)	4,284.99 (2,712.22)

Note :

1. (Figures in bracket are of previous year)
2. 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. Related Party Transactions:

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

a) Key management personnel and their relatives (KMP)

Chandu L. Chavan	Chairman & Managing Director
Ravindra W. Katre	Whole Time Director
Sanjay Waghulade	Whole Time Director
K V Ramarathnam	Whole Time Director
Sanjay Bhade	Promoter Group
Parag Mulye	Promoter Group
Shivaji Katke	Promoter Group
G Balasubramaniam	Managing Director of Subsidiary
Vasant Illawe	Executive Chairman of Subsidiary
Bhaskar Gawade	Whole time Director of Subsidiary
Jitendra Palande	Managing Director of Subsidiary
Shyamsunder Agarwal	Whole Time Director of Subsidiary
Ronald Herman	President Salem Steel NA, LLC

Relatives of Key management personnel (Relative of KMP)

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

Notes to the financial statements

29. Related Party Transactions:

b) Enterprise over which the relative of key management personnel exercise control/significant influence (Other related concerns)

Yashoday Engineers Private Ltd.	M/s Saptashrungi Engineering Works
Keytool Engineering Solutions Private Ltd.	New Tradelink Impex Pvt Ltd
Opal Luxury Time Products Ltd.	Gunjan Steel Corporation
GeneOmbio Technologies Private Ltd.	Dehu Engineering
Sourcegenie Insurance Broking Private Ltd.	Phoenix Erectors Private Limited(till March,2012)
Innoventive Venture Ltd.	Sankalp Industries
Gargi Bio Tek Private Ltd.	Phoenix Enterprises
Membrane Filters (India) Private Ltd.	Swayamsiddha Mahila Utkarsh Foundation
Konzept Energy Engineering Private Limited	Innovative Electromech Pvt. Ltd.
Aim Filtertech Private Ltd.	

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

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Sale of Goods			
New Tradelink Impex Private limited	Other related concern	375.79	370.42
Others	Other related concern	-	29.73
Total		375.79	400.15
Sale of Scrap			
Gargi Biotek Private Limited	Other related concern	-	0.83
Total		-	0.83
Purchase of Raw Material			
New Tradelink Impex Private limited	Other related concern	364.54	295.43
Opal Luxury Time Products Limited	Other related concern	0.28	-
Sankalp Industries	Other related concern	-	238.90
Others	Other related concern	-	177.53
Total		364.82	711.86
Purchase of Fixed Assets			
Phoenix Erectors Private Limited	Other related concern	-	1,364.20
Dehu Engineering India Pvt Ltd	Other related concern	-	134.25
Others	Other related concern	-	30.74
Total		-	1,529.19
Purchase of Services			
Gunjan Steel Corporation	Other related concern	27.58	19.49
Swayamsidha Mahila Utkarsh Foundation	Other related concern	1.19	3.09
Konzept Energy	Other related concern	-	163.81
Parag Mulye	KMP	22.80	-
Sourcegenie Insurance Broking Private Ltd.	Other related concern	-	4.14
Total		51.57	190.53

Notes to the financial statements

29. Related Party Transactions:

Particulars	Relationship	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Managerial Remuneration			
Mr. Chandu Chavan	KMP	30.00	30.40
Mr. Ravindra Katre	KMP	68.50	94.32
Mr. Sanjay Waghulade	KMP	22.80	18.20
Mr. K V Ramarathnam	KMP	65.86	-
Mr. Sanjay Bhade	KMP	59.05	47.13
Mr. Shivaji Katke	KMP	15.40	12.29
Mr. Vasant G. Ilawe	KMP	32.00	18.00
Mr. G Balasubramanian	KMP	32.00	23.00
Mr. Bhaskar K. Gawade	KMP	32.00	15.00
Mr. Shyam Agarwal	KMP	15.00	15.00
Total		372.61	273.34
Dividend Paid			
Mr. Chandu Chavan	KMP	394.70	259.41
Mr. Ravindra Katre	KMP	63.08	42.00
Mr. Sanjay Waghulade	KMP	93.92	65.85
Mr. Sanjay Bhade	KMP	36.91	24.58
Mr. Shivaji Katke	KMP	29.92	19.95
Mr. Parag Mulye	KMP	36.91	24.58
Dr. Shubhangi Jadhav	Relative of KMP	80.97	53.98
Mrs. Mrunal Katre	Relative of KMP	51.46	34.31
Mrs. Vishakha Bhade	Relative of KMP	3.75	2.50
Mrs. Kavita Dhupkar	Relative of KMP	3.75	2.50
Mrs. Smita Katke	Relative of KMP	2.85	1.90
Total		798.22	531.56
Outstanding			
Receivables			
Yashoday Engineers Pvt. Ltd.	Other related concern	443.81	-
Opal Luxury Time Products Ltd.	Other related concern	338.10	100.00
Membrane Filters (India) Pvt Ltd	Other related concern	35.00	-
Aim Filtertech Pvt Ltd	Other related concern	12.11	-
M/s. Saptashrungi Engineering Works	Other related concern	26.79	-
Others	Other related concern	13.50	106.17
Total		869.31	206.17
Payables			
Gargi Bio Tek Pvt Ltd	Other related concern	0.10	-
Sourcegenie Insurance Broking Pvt Ltd	Other related concern	36.24	-
Swayamsiddha Mahila Utkarsh Foundation	Other related concern	0.45	0.18
Aim Filtertech Pvt Ltd	Other related concern	-	12.12
Opal Luxury Time Products Ltd.	Other related concern	-	14.88
Yashoday Engineers Pvt. Ltd.	Other related concern	-	421.11
Total		36.79	448.29

Notes to the financial statements

30. Unhedged foreign Currency Balances

The company has Outstanding forward contract as of March 31st, 2013 USD 10, 00,000 (March 31st, 2012 – NIL)

The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Category	Currency	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Trade Receivables	EURO	41.80	62.51
	GBP	28.21	20.86
	USD	6,008.49	6,310.40
Other Receivables	USD	188.14	-
Trade Payables	EURO	10.67	9.95
	USD	80.88	1,466.81
Advance for supply of goods	USD	2,628.11	-
Short Term Borrowings from Banks	USD – PS/ Export Finance*	601.38	6287.40
	USD – PS/PCFC	3,312.96	1,724.58
	GBP – WCDL	905.53	907.23
	USD – WCDL	1,871.43	-
Long Term Borrowings from Banks	USD	15,820.09	12,284.70
Bank Balances	USD	108.77	103.31

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

31. Leases:

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Lease payments debited to the Profit and loss account	160.62	76.31
Future minimum lease payments in respect of leases		
- amount due within one year from the Balance sheet date	161.00	86.49
- amount due in the period between one year and five years	447.23	44.82
- amount due after five years	-	28.40

32. Earnings Per Share:

Particulars	March 31, 2013	March 31, 2012
Profit after tax available for equity shareholders (₹ in Lacs)	6,399.00	8,002.02
Weighted average number of equity shares outstanding during the year	5,96,43,999	5,78,67,065
Basic and Diluted Earning per Share (₹)	10.73	13.83
Face value per share (₹)	10	10

Notes to the financial statements

33. Employee benefits

1. Defined contribution Plan (Gratuity)

a) Reconciliation of opening and closing balance of obligation

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Liability at the beginning of the Period	96.51	67.53
Liability taken over during the year	52.79	-
Interest Cost	11.86	5.57
Current Service Cost	84.31	35.38
Benefits Paid	(18.22)	(8.20)
Actuarial (Gain)/Loss on obligation	77.20	(3.78)
Liability at the end of the period	304.45	96.51

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Fair Value of Plan Assets at the beginning of the Period	108.81	95.49
Expected Return on Plan Assets	9.25	7.88
Contributions	95.37	17.76
Benefit Paid	(16.80)	(8.20)
Actuarial gain/(loss) on Plan Assets	10.95	(4.12)
Fair Value of Plan Assets at the end of the Period	207.58	108.81
Total Actuarial Gain/(Loss) To Be Recognised	66.25	(0.34)

c) Expenses recognised in Profit and Loss Account

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Current Service Cost	139.57	35.38
Interest Cost	11.87	5.57
Expected Return on Plan Assets	(9.25)	(7.88)
Net Actuarial (Gain)/Loss To Be Recognised	66.25	2.85
Expense Recognised in Profit & Loss account	208.44	35.92

d) Amount recognised in the Balance Sheet

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Fair value of plan assets at the end of the period	207.58	108.81
(Present value of benefit obligation as at the end of the period)	(304.45)	(96.51)
Funded status	(96.87)	12.30
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	(96.87)	12.30

Notes to the financial statements

33. Employee benefits

e) Balance Sheet Reconciliation

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Opening net liability	(12.30)	(27.96)
Expense as above	204.54	33.42
Employers Contribution paid	(95.37)	(17.76)
Closing net Liability/ (Asset)	96.87	(12.30)

f) Assets and liabilities recognised in Balance Sheet

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Present value of defined benefit obligation	(304.45)	(96.51)
Less: fair value of plan assets	207.58	108.81
Amount recognised as (liability)/ asset	(96.87)	12.30
Recognised as short term (liability)/ asset	(96.87)	12.30

g) Actual Return on Plan Assets

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Expected Return on Plan Assets	9.25	7.88
Actuarial gain/(loss) on Plan Assets	10.95	(4.12)
Actual Return on Plan Assets	20.20	(3.76)

h) Principal Actuarial Assumptions for Defined Benefit Plans

Particulars	March 31, 2013	March 31, 2012
Discount Rate	8.00%	8.25%
Rate of Return on Plan Assets	8.70%	8.25%
Salary Escalation	5.00%	5.00%

i) Composition of plan assets

Particulars	March 31, 2013	March 31, 2012
Insured Managed Funds	100%	100%
Total	100%	100%

j) Experience Adjustment

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
On Plan Liability (Gains) / Losses	74.95	2.38
On Plan Assets Gains / (Losses)	10.43	(1.78)

Notes to the financial statements

33. Employee benefits

Notes:

- | | |
|---|--|
| 1 | 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. |
| 2 | The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors on long term basis. |

2. Other contributions

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Employers contributions to Provident fund	175.37	149.56
Employers Contribution to ESIC	3.37	2.93
Total	178.74	152.49

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

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

Name of Bank / Financial Institution	Repayment Schedule	Security
Allahabad Bank	60 Monthly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company.
Axis Bank Ltd	60 Monthly	
State Bank of Bikaner & Jaipur	10 Quarterly	
State Bank of India	30 Monthly	
Central Bank of India	16 Quarterly	
Export Import Bank of India	24 Quarterly	
Bank Of India	Up to 28 Quarterly	
UCO Bank	20 Quarterly	
Bank of Baroda	24 Quarterly	
ICICI Bank	30 Quarterly	
Kotak Mahindra Bank	Up to 48 Monthly	Hypothecation of car
HDFC Bank	Up to 48 Monthly	Hypothecation of car
State Bank of India	Up to 60 Monthly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company.
Canara Bank Limited	60 Monthly	1st Pari passu charge on all Fixed Assets of the Company and 2nd Pari passu charge on Current Assets of the Company.
Kotak Mahindra Bank	Up to 48 Monthly	Hypothecation of car
HDFC Bank	Up to 60 Monthly	Hypothecation of car
Electronica Finance Ltd.	Up to 48 Monthly	Specific Fixed Assets
First Leasing Company of India Ltd.	Up to 60 Monthly	Specific Fixed Assets
Intec Capital Limited	Up to 60 Monthly	Specific Fixed Assets

Notes to the financial statements

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

Details of Repayment schedule of unsecured borrowings-

Name of Bank / Financial Institution	Repayment
Intec Capital Ltd.	36 monthly
Bajaj Finance Ltd.	24 monthly
Dhanalakshmi Bank Limited	36 monthly
Kotak Mahindra Bank Limited	18 monthly
Religare Finvest Limited	24 monthly
Tata Capital Limited	18 monthly
Magma Fincorp Limited	36 monthly

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

Sr. No	Particulars	Amount (₹ in Lacs)
1	Within one year	6,862.70
2	Two to five years	17,777.40
3	More than five years	1,934.71
	Total	26,574.81

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 ₹ 406.17 Lacs (March 31, 2012 ₹ 776.18 Lacs) has been capitalised.

- 37.** As per circular no. 25/2012 dated 09.08.2012 issued by the Ministry of Corporate Affairs, exchange loss of ₹ 111.94 Lacs has been capitalised to relevant fixed assets which was charged as interest expense in the previous year.

38. Sales Tax Deferral

The Company had opted for prepayment of sales tax deferral liability amounting to ₹ 3,181.29 Lacs outstanding as on April 1, 2011. As per the provisional valuation of Net Present Value (NPV) an amount of ₹ 1,397.26 Lacs is payable against the full and final settlement of aforesaid liability of ₹ 3,181.29 Lacs. The Company has paid aforesaid NPV of ₹ 1,397.26 Lacs to sales tax authorities in financial year 2011-2012. The sales tax deferral liability up to 2006-2007 after completion of assessment amounted to ₹ 1,343.43 Lacs, against which an amount of ₹ 681.08 Lacs was determined as NPV. The sales tax authorities have completed the Assessment up to 2006-2007 and determined an amount of ₹ 681.08 Lacs as payable against the total liability of ₹ 1,343.10 Lacs. Accordingly, the company has accounted ₹ 662.02 Lacs as income on prepayment of sales tax deferral liability under other income in financial year 2011-2012.

Balance liability of ₹ 1,838.19 Lacs was pending for assessment in financial year 2011-2012. This liability has been shown as a part of other current liability and payments already made of ₹ 716.18 Lacs towards the said liability are shown as part of deposits in financial statement of 2011-2012. During the current year said pending assessments are completed and the difference between sales tax deferred liability as at March 31, 2012 and NPV of ₹ 1109.07 Lacs have been accounted as income.

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

Notes to the financial statements

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

Particulars	March 31, 2013 (₹ In Lacs)	March 31, 2012 (₹ In Lacs)
Can Bank Factors Limited	1746.73	1,534.92
IFCI Factors Limited	1,247.50	1,525.76
United Bank of India	10,741.70	10,058.62
IDBI Bank	4,499.25	4,134.20
Total	18,235.18	17,253.50

The Company has adjusted above stated amounts along with USD-PS/Export Finance of ₹ 601.38 Lacs (March 31, 2012 ₹ 6,287.40 Lacs) with trade receivables.

- 41.** The company has in-house research and development (R & D) facility at Gat No. 56/3,4,5 Village Pimple Jagtap, Tal. Shirur, Dist. Pune 412 208. The company has applied for recognition of this R & D Unit with Department of Scientific and Industrial Research (DSIR).

Details of assets capitalized during the year and Capital Work In Progress in respect of In-house R&D facility is as under:

Particulars	FY 2012-13 ₹ In Lacs	FY 2011-12 ₹ In Lacs
Plant and Machinery	390.84	187.37
CWIP Product Development Cost	2,838.85	2,366.60
CWIP Product Process Patent	959.88	30.96
CWIP Pilgering Process Patent	-	1,950.84
Intangible Assets (Research and Development)	2287.55	-

- 42.** Previous year figures have been regrouped/reclassified wherever necessary

As per our Report of even date
For B. K. Khare & Co
Chartered Accountants
Firm Regn No. 105102W

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

Prasad Paranjape
Partner

Chandu Chavan
Chairman & Managing Director

Sanjay Waghulade
Whole Time Director

Neha Joshi
Company Secretary

Membership No.: 047296

May 29, 2013 Pune

Innovative Industries Limited

Regd. Office: Gat No. 56/4/5, Pimple Jagtap, Taluka: Shirur, District: Pune 412208.



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

Attendance Slip

I hereby record my presence at the 22nd ANNUAL GENERAL MEETING of the Company at registered office of the Company at Gat No. 56/4/5, Pimpale Jagtap, Taluka – Shirur, District – Pune 412208 at 10.30 a.m. on Monday, the 30th Day of September, 2013.

.....
Full name of the Shareholder
(In block capitals)

.....
Signature

Folio No.

/ DP ID No.*

& Client ID No.*

*Applicable for members holding shares in electronic form.

No. of Shares:

.....
Full name of Proxy
(In block capitals)

.....
Signature

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

----- Tear Here -----

Innovative Industries Limited

Regd. Office: Gat No. 56/4/5, Pimple Jagtap, Taluka: Shirur, District: Pune 412208.



Proxy

I/We resident of.....

..... being a Member/Members of the above named Company,

hereby appoint resident of.....

..... or failing him

resident of

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 22nd ANNUAL GENERAL MEETING of the Company, to be held on Monday, 30th Day of September, 2013 and at any adjournment thereof.

Signed this day of 2013.

Folio No.

/ DP ID No.*

& Client ID No.*

*Applicable for members holding shares in electronic form.

No. of Shares:

Affix
Revenue
Stamp

.....
Signature

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

Corporate Office

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

Registered Office

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