

Date: 24th May, 2016

To,
National Stock Exchange of India Limited
Listing Department
Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex,
Bandra (E), Mumbai - 400051
Tel: 022-26598235/36, 26598346
Fax: 022-26598237/38 and 022-26598347/48

The Bombay Stock Exchange Limited
Corporate Service Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001
Tel: 022-22728398
Fax: 022-22722037/39/41/61

Subject: Consolidated Audit Report of the Statutory Auditor and Form B.

Dear Sir / Madam,

Pursuant to the regulations 30 and 33 of SEBI (Listing obligations and Disclosure Requirements) regulations 2015 ("SEBI" Regulations), Please find the following documents:

- Form B (Audit Report with modified opinion) for the standalone and consolidated financial results duly approved by the Board of Directors of the Company pursuant to regulation 33 of SEBI regulations.
- Consolidated Audit Report of the Statutory Auditor.

This is for your information and further dissemination purpose.

Kindly acknowledge the receipt of the same.

Thanking you.
Yours truly,

For Innoventive Industries Limited



Authorised Signatory



Independent Auditors' Report on Consolidated Financial Statements

To the Members of Innoventive Industries Limited Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Innoventive Industries Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Basis of Qualified Opinion

1. The group has not made following provisions

- i. Stock of slow and/non -moving of stores, raw materials, semi-finished and finished goods valued at ₹ 1,900 lacs approximately;
- ii. Debts and Loans /advances due from parties amounting to ₹ 1,437.44 lacs and ₹ 4,749.57 lacs
- iii. Loans and Advances lacs made to various parties by the following subsidiaries :

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

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

3. In respect of the subsidiaries of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported for non-provisioning of loans and advances. The details whereof are as follows:

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

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



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

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

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

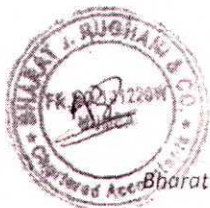
Other Matters

We did not audit the financial statements of 7 direct subsidiaries included in the consolidated financials, whose consolidated financial statements reflect total assets of ₹ 24,022.91 lacs as at March 31, 2016 ; as well as the total revenue of ₹ 15,202.05 lacs for the year ended March 31, 2016. The financial information have been audited by other auditors whose report(s) have been furnished to us, and our opinion on the consolidated financial statements, to the extent they have been derived from such financial information is based solely on the report of such other auditors.



Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
 - f. The going concern matter described in the basis of qualification paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - h. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The legal cases pending against the company are disclosed in Note 27 as on March 31, 2016. However, it may not materially impact its financial position;
 - b. The company doesn't have any long term contracts. Accordingly, provisions for any material foreseeable losses is not required; and



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- c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund.

For Bharat J Rughani & Co
Chartered Accountants
FRN 101220W



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

Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Innoventive Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Annexure - A to the Auditors' Report

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Innoventive Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



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Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

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

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

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

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



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Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 6 direct subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Bharat J Rughani & Co
Chartered Accountants
FRN 101220W

A. B. Rughani



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

FORM B

Name of Company	Innoventive Industries Limited
Annual Financial Statement for the year ended	31 st March 2016
Type of Audit observation	Statement of Standalone Audited Financial Results
	1. Qualified Opinion a) Auditors Qualification The Company has not made following provisions: - Stock of slow and/non-moving of stores, raw materials, semi-finished and finished goods valued at ' 1,900 lacs approximately; - Debts and loans/advances due from subsidiary amounting to ' 3,494.81 lacs and ' 1,420.50 respectively - Debts and Loans /advances due from other parties amounting to ' 1,437.44 lacs and ' 4,749.57 lacs Management Note: The company is making various products for export and domestic market. The Company has to maintain delivery on time and hence sometimes it results into longer cycles. Being a auto component Supplier, we are under obligation to keep stock as spare parts for a longer time. We are fairly compensated in price and customers are taking entire responsibility of buying the products. Accordingly the Company is of the view that no provision for slow / Non-moving stock is required. The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time. Based on the efforts and steps taken by the company, we are of the view that the said debts and loans & advances fully recoverable and no provision is required in respect thereof. b) The company has investments in subsidiaries whose net worth has been substantially eroded or is negative which has casted material uncertainty in the continuance of the business of these subsidiaries. However, the diminution in the value of investment in these subsidiaries aggregating to Rs 1979 lacs is not provided for. Management Note: The management believes the diminution in the value of investment, if any, that exists is only temporary and that sufficient efforts are being undertaken to revive the subsidiaries in the forceable future so as to recover the carrying value. c) There are unreconciled net bank balances aggregating ' 492.47 lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.

Management Note:

Certain banks with whom the company had entered into Corporate Debt Restructuring scheme hadn't released the funds as required in the scheme. Accordingly, the balances of such banks are subject to reconciliation of such items. The company is continuously following up with the bankers for the resolution of the same. Further, company and the Lead Bank has appointed a special auditor to reconcile the balances of the said banks

2. Emphasis of Matters (EOM)

a) Auditors EOM:

Note 2.1 in the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current and previous year(s) aggregating to ₹ 17,497.17 lacs and ₹ 21,348.26 lacs respectively, the Company's current liabilities exceeded its current assets as at the balance sheet date and the company has a net worth of (₹ 34,056.41 Lacs). These conditions indicate existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Further, the company has defaulted in interest and capital repayment to banks and financial institutions aggregating ₹ 942.15 lacs. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Management Note:

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

The promoters continue to be committed to providing the required operational and financial support to Company in the foreseeable future. The Promoters have infused ₹ 2903.22 Lacs by way of promoter's contribution so far. The release of the short term working capital funds by the bankers as per their commitments to the terms of the Corporate Debt Restructuring scheme will significantly improve the company's working Capital position.

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

b) Auditors EOM:

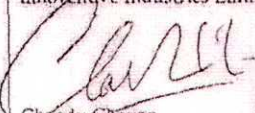
Note 38 in the financial statements, states that the company has regrouped liabilities in excess of one year in other current liabilities instead of trade payables for reasons as detailed in the note. However, there is no financial impact of the same.

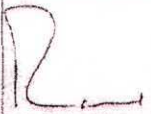
Management Note:

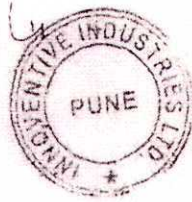
The long term Trade Payables outstanding exceeding one year are regrouped as Other Current Liabilities for better presentation.

Frequency of Observation	<u>Qualifications/ Observations</u> Qualification 1(a), 1(b), 1(c) has been appearing from 2015. <u>Emphasis of Matter</u> Observation 2(a) has been appearing from 2015 and 2 (b) appearing first time
Drew attention to relevant notes in the annual standalone audited financial results and management response to the qualifications	As stated above
Additional Comments from the Board/ Audit Committee Chair	None
To be signed by	

Innoventive Industries Limited


 Chandu Chavan
 Chairman & Managing Director


 Ravindra Katre
 Director


 Pournima Gadgil
 Chairman Audit Committee



For Bhaskar J. Bhargava & Co
 Chartered Accountants


 Bhaskar J. Bhargava
 Partner
 FRN: 1002244A
 M No: 139064



FORM B

Name of Company	Innoventive Industries Limited										
Annual Financial Statement for the year ended	31 st March 2016										
Type of Audit observation	Statement of Consolidated Audited Financial Results										
	<p>1. Qualified Opinion</p> <p>a) Auditors Qualification The group has not made following provisions</p> <p>I. Stock of slow and / non -moving of stores, raw materials, semi-finished and finished goods valued at ` 1,900 lacs approximately;</p> <p>II. Debts and Loans / advances due from parties amounting to ` 1,437.44 lacs and ` 4,749.57 lacs</p> <p>III. Loans and Advances lacs made to various parties by the following subsidiaries :</p> <table border="1"> <thead> <tr> <th>Particulars</th><th>Amount ( ` in lacs)</th></tr> </thead> <tbody> <tr> <td>Sevenstar Electrodes Private Limited</td><td>983.03</td></tr> <tr> <td>Innovative Technomics Private Limited</td><td>160.00</td></tr> <tr> <td>Arihant Steel & Metal Wire Private Limited</td><td>48.13</td></tr> <tr> <td>Total</td><td>1191.16</td></tr> </tbody> </table> <p>Management Note:</p> <p>The company is making various products for export and domestic market. The Company has to maintain delivery on time and hence sometimes it results into longer cycles. Being a auto component Supplier, we are under obligation to keep stock as spare parts for a longer time. We are fairly compensated in price and customers are taking entire responsibility of buying the products. Accordingly the Company is of the view that no provision for slow / Non-moving stock is required.</p> <p>The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time. Based on the efforts and steps taken by the company, we are of the view that the said debts and loans & advances fully recoverable and no provision is required in respect thereof.</p> <p>b) There are unreconciled net bank balances aggregating ` 492.47 lacs for a period exceeding one year which will impact the financial position. We are unable to comment on the ultimate loss which may realize on reconciliation of these balances.</p> <p>Management Note:</p> <p>Certain banks with whom the company had entered into Corporate Debt Restructuring scheme hadn't released the funds as required in the scheme. Accordingly, the balances of such banks are subject to reconciliation of such items. The company is continuously following up with the bankers for the resolution of the same. Further, company and the Lead Bank has appointed a special auditor to reconcile the balances of the said banks</p>	Particulars	Amount (` in lacs)	Sevenstar Electrodes Private Limited	983.03	Innovative Technomics Private Limited	160.00	Arihant Steel & Metal Wire Private Limited	48.13	Total	1191.16
Particulars	Amount (` in lacs)										
Sevenstar Electrodes Private Limited	983.03										
Innovative Technomics Private Limited	160.00										
Arihant Steel & Metal Wire Private Limited	48.13										
Total	1191.16										

- c) In respect of the subsidiaries of the Holding Company, the other auditor(s) who audited the financial statements / financial information of the subsidiaries has reported for non-provisioning of loans and advances. The details whereof are as follows:

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

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

Management Note:

The Company is making full efforts for recovery of debts and loans & advances. We have received commitments to get the money back or equivalent value materials from them over a period of time

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

Management Note:

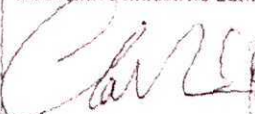
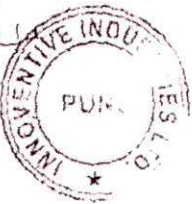
The necessary provision for gratuity payable has been made in the financial statement, however the independent evaluation shall be carried out in FY 2015-16

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

Management Note:

The Companies are implementing various long-term measures to improve their product offering and enhancing customer base. The Companies have undertaken a comprehensive review of its current network to maximize profitability and improve efficiency in their operations.

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

	2. Emphasis of Matters (EOM)
Frequency of Observation	Qualifications/ Observations Qualification 1(a),(c), (e) appearing since 2015 and 1(b), (d) appearing first time.
	Emphasis of Matter
Drew attention to relevant notes in the annual standalone audited financial results and management response to the qualifications	As stated above
Additional Comments from the Board/ Audit Committee Chair	None
To be signed by	
Innoventive Industries Limited  Chandu Chavan Chairman & Managing Director	  Pournima Gade Chairman Audit Committee
 Ravindra Katre Director	  For Bharat Rughani & Co Chartered Accountant CA Akash Rughani Partner ERN : 101220V M No : 139664