



(Company under Corporate insolvency resolution
process By NCLT Order, dated January 17, 2017)

Innoventive Industries Ltd.

Corporate Office: Office No. 604, 6th Floor, Nucleus Mall,
1 Church Road, Camp, Pune - 411001. Maharashtra (INDIA)
Tele/Fax : +91 20 66203549 Website: www.innoventive.in

Factory : Gat No. 56/3, 4, 5, Village Pimple Jagtap, Tal. Shirur, Dist. Pune-412 208.
Maharashtra (INDIA) Tel : +91 2137617042

May 27, 2017

To,

BOMBAY STOCK EXCHANGE LIMITED, Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai-400001 Ref: Scrip Code:533402	NATIONAL STOCK EXCHANGE OF INDIA LIMITED, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400051 Ref: Symbol: INNOIND
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Dear Sir/Madam,

SUB: Financial Results for Quarter and year Ended March, 31 2017

Pursuant to provisions of SEBI LODR Regulations, 2015, we would like to intimate your esteemed exchange that Insolvency Professional on 27 May 2017 has considered and approved the following

- The Audited Financial Results of the Company (Standalone and Consolidated) for the fourth quarter & year ended on 31st March, 2017.
- Statement of Assets & Liabilities as at that date.
- The Auditors Report on Standalone and Consolidated Financial Results for the quarter and year ended on 31st March, 2017.

Enclosed summarised copy of the financial Results along with the Audit Report of the Statutory Auditor pursuant to regulation 33 of SEBI regulations

Further Please note that the Company has already made necessary arrangement to publish the same in the newspaper as required under SEBI (LODR), Regulations, 2015.

Please acknowledge the receipt.

Thanking you,

Yours faithfully,

For Innoventive Industries Limited

Rupesh Kuche

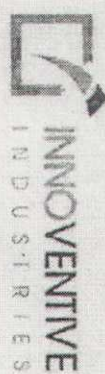
Secretarial Officer





INNOVENTIVE INDUSTRIES LIMITED
(Company under Corporate Insolvency Resolution Process by NCLT order dated 17th January, 2017)
Registered Office: Cat No. 56/4/5, Pimpri Jagtap, Taluka - Shirur, Pune
District - Pune 412208
CIN: L29309PN1991PLC063045

(Company under Corporate insolvency resolution
process By NCLT Order, dated January 17, 2017)



Audited Financial Results For The Quarter and Year Ended March 31st, 2017

Particulars	Quarter Ended				Year Ended				Consolidated	
	31.03.2017 (Audited)	31.12.2016 (Un-Audited)	31.03.2016 (Un-Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2016 (Audited)
1										
Income from operations										
(a) Net sales	5,658.09	7,133.42	9,095.28	30,045.62	33,486.07	47,330.60	47,368.87			
(b) Other operating income	144.57	210.97	15.52	670.57	35.45	78.83	81.51			
Total income from operations (net)	5,802.66	7,344.39	9,110.80	30,716.19	33,521.52	47,409.43	47,450.38			
2										
Expenses										
(a) Cost of materials consumed	4,132.58	6,833.28	5,482.48	23,889.78	23,010.18	24,609.43	24,113.45			
(b) Purchases of stock-in-trade			356.00	702	356.00	11,089.12	9,591.59			
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	438.38	2,027.75	287.42	2,794.06	(165.95)	2,988.93	5,458.86			
(d) Employee benefits expense	469.00	592.80	648.38	2,173.81	2,714.04	3,963.12	4,548.41			
(e) Depreciation	1,548.77	1,590.48	1,555.56	6,287.22	6,287.13	6,829.31	6,871.52			
(f) Foreign exchange loss / (gain) (net)	5.13	(2.36)	(73.32)	93.70	(73.32)	99.18	(17.47)			
(g) Other expenses	3,662.82	18,168.30	2,066.58	28,947.04	5,962.66	23,407.47	8,129.92			
Total expenses	10,256.69	29,210.24	10,323.10	64,201.63	38,090.74	72,986.57	53,783.29			
Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	(4,454.03)	(21,865.84)	(1,212.30)	(33,485.44)	(4,569.22)	(25,577.14)	(6,332.90)			
3										
Other income	59.47	85.96	194.60	439.08	314.98	821.65	806.51			
Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	(4,394.56)	(21,779.89)	(1,017.71)	(33,046.36)	(4,254.24)	(24,755.49)	(5,526.40)			
4										
Finance costs (net)	4,616.26	3,598.17	3,143.09	15,169.01	13,242.93	16,284.29	15,471.79			
Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	(9,010.80)	(22,378.06)	(4,160.79)	(48,215.37)	(17,497.17)	(41,039.78)	(20,998.19)			
5										
Exceptional items						1,695.89				
Profit / (Loss) from ordinary activities before tax (7+8)	(9,010.80)	(22,378.06)	(4,160.79)	(48,215.37)	(17,497.17)	(42,735.67)	(20,998.19)			
6										
Tax expense			1.82			565.58				
Net Profit / (Loss) from ordinary activities after tax (9-10)	(9,010.80)	(22,378.06)	(4,162.61)	(48,215.37)	(17,497.17)	(43,301.25)	(20,722.37)			
7										
Less: Minority interest in Net Income of subsidiaries						11.83	6.50			
Net Profit after taxes, minority interest and share of profit / (loss) of associates (11-12)	(9,010.80)	(22,378.06)	(4,162.61)	(48,215.37)	(17,497.17)	(43,313.08)	(20,729.27)			
12										
Paid-up equity share capital (Face value of ₹ 10 each)	5,964.40	5,964.40	5,964.40	5,964.40	5,964.40	5,964.40	5,964.40			
13										
Reserves excluding Revaluation Reserves	(88,301.77)	(79,590.93)	(40,086.45)	(88,301.77)	(40,086.44)	(88,256.96)	(52,884.40)			
14										
Basic and Diluted Earnings per share (₹)	(15.11)	(42.55)	(6.98)	(80.84)	(29.34)	(72.60)	(34.73)			



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(Company under Corporate insolvency resolution process By NCLT Order, dated January 17, 2017)

Segment-wise revenue, results and capital employed

Particulars	Quarter ended			Stand alone		Year Ended		Consolidated	
	31.03.2017 (Audited)	31.12.2016 (Un-Audited)	31.03.2016 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2016 (Audited)
1 Segment revenue									
Motor Vehicle parts	3,661.29	5,007.01	6,411.25	20,843.97	25,255.02	20,843.97	25,255.02	20,843.97	25,255.02
Tubes & Products	2,182.3	2,225.49	2,674.53	9,597.51	8,048.22	9,597.51	8,048.22	9,597.51	8,048.22
Cold Rolled Coils	-	-	-	-	-	-	-	-	-
Oil & Gas	23.15	31.09	25.01	27.471	218.28	16,084.10	1,440.70	1,440.70	1,440.70
Others	5,802.66	7,344.39	9,110.80	30,716.18	33,521.52	47,409.43	47,409.43	47,409.43	47,409.43
Total									
2 Segment profit / (Loss) before tax and financing cost									
Motor Vehicle parts	(622.94)	(1,908.44)	781.73	(1,814.15)	2,971.09	(1,814.15)	2,971.09	(1,814.15)	2,971.09
Tubes & Products	(1,479.21)	(4,220.09)	(1,372.31)	(7,997.94)	(6,020.26)	(7,997.94)	(6,020.26)	(7,997.94)	(6,020.26)
Cold Rolled Coils	-	-	-	-	-	-	-	-	-
Oil & Gas	(67.46)	(92.89)	(7.05)	(1,964)	(11.86)	(3,627.99)	(323.10)	(3,627.99)	(323.10)
Others	(2,169.60)	(6,221.42)	(597.63)	(9,991.73)	(3,061.05)	(13,440.08)	(4,126.64)	(13,440.08)	(4,126.64)
Total									
Profit / (Loss) before finance costs	(2,169.60)	(6,221.42)	(597.63)	(9,991.73)	(3,061.05)	(13,440.08)	(4,126.64)	(13,440.08)	(4,126.64)
Less: Financing cost	4,616.28	3,598.17	3,143.09	15,169.01	13,242.93	16,284.29	15,471.79	16,284.29	15,471.79
Less: Exceptional items	-	-	-	-	-	-	-	-	-
Less: Other Un-allocable (Net)	2,224.95	16,848.55	420.08	23,054.63	1,188.96	13,011.28	1,492.81	13,011.28	1,492.81
Profit / (Loss) before tax	(9,010.84)	(26,668.14)	(4,160.79)	(48,215.37)	(17,492.94)	(42,735.66)	(21,091.24)	(42,735.66)	(21,091.24)
3 Capital employed									
Motor Vehicle parts	7,040.67	7,663.60	8,854.82	7,040.66	8,854.82	8,854.82	8,854.82	8,854.82	8,854.82
Tubes & Products	35,593.35	37,072.56	43,591.30	35,593.36	43,591.30	43,591.30	43,591.30	43,591.30	43,591.30
Cold Rolled Coils	-	-	-	-	-	-	-	-	-
Oil & Gas	(7,302.49)	(7,235.03)	(7,122.85)	(7,302.49)	(7,122.85)	(11,186.20)	(7,456.5)	(11,186.20)	(7,456.5)
Others	(1,17,603.26)	(1,10,762.02)	(79,379.67)	(1,17,603.26)	(79,379.67)	(1,02,769.01)	(80,743.48)	(1,02,769.01)	(80,743.48)
Total	(82,271.73)	(72,668.99)	(34,056.41)	(82,271.73)	(34,056.41)	(81,851.06)	(46,385.45)	(81,851.06)	(46,385.45)
4 Segmental Assets									
Motor Vehicle parts	4,068.73	5,059.02	9,876.48	4,068.73	9,876.48	4,068.73	9,876.48	4,068.73	9,876.48
Tubes & Products	47,478.07	49,888.62	61,399.44	47,478.07	61,399.44	47,478.07	61,399.44	47,478.07	61,399.44
Cold Rolled Coils	-	-	-	-	-	-	-	-	-
Oil & Gas	4,316.73	6,209.38	15,200.86	4,316.73	15,200.86	15,144.43	20,283.18	15,144.43	20,283.18
Others	7,984.42	6,916.19	12,367.34	7,984.42	12,367.34	7,984.42	12,367.34	7,984.42	12,367.34
Total	63,847.95	68,573.21	99,344.12	63,847.95	99,344.12	74,675.65	1,10,064.80	74,675.65	1,10,064.80
5 Segmental Liabilities									
Motor Vehicle parts	4,079.40	4,710.27	869.08	4,079.40	869.08	4,979.40	869.08	4,979.40	869.08
Tubes & Products	1,871.24	1,341.56	602.29	1,871.24	602.29	1,871.24	602.29	1,871.24	602.29
Cold Rolled Coils	-	-	-	-	-	-	-	-	-
Oil & Gas	-	-	-	-	-	-	-	-	-
Others	56,997.31	62,521.38	92,395.72	56,997.31	92,395.72	10,827.21	10,827.21	10,827.21	10,827.21
Total	63,847.95	68,573.21	99,344.12	63,847.95	99,344.12	74,675.65	1,10,064.80	74,675.65	1,10,064.80

(Rs in Lacs)



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Disclosure of Assets and Liabilities Pursuant to Regulation 33 of SEBI (LODR) Regulations, 2015 For The Year Ended March 31st, 2017

Particulars	Standalone		Consolidated	
	31.03.2017 (Audited)	31.03.2016 (Audited)	31.03.2017 (Audited)	31.03.2016 (Audited)
A Equity and liabilities				
1 Shareholders' funds				
(a) Share capital	5,964.40	5,964.40	5,964.40	5,964.40
(b) Reserves and surplus	(88,236.13)	(40,020.81)	(87,815.46)	(52,349.85)
Sub-total - Shareholders' funds	(82,271.73)	(34,056.41)	(81,851.06)	(46,385.45)
2 Minority Interest				468.67
3 Non-current liabilities				
(a) Long-term borrowings	3,139.02	84,497.81	3,540.92	88,296.73
(b) Deferred tax liabilities (net)				
(c) Other long term liabilities	342.63	1,301.66	630.47	1,607.74
(d) Long-term provisions				
Sub-total - Non-current liabilities	3,481.65	85,799.47	4,171.39	89,904.47
4 Current liabilities				
(a) Short-term borrowings	25,737.93	24,136.87	32,551.41	35,505.22
(b) Trade payables	6,958.80	2,429.79	8,111.28	4,217.29
(c) Other current liabilities	1,09,098.96	20,184.26	1,09,628.49	22,607.15
(d) Short-term provisions	842.34	850.15	2,064.15	3,747.44
Sub-total - Current liabilities	1,42,638.03	47,601.07	1,52,355.33	66,077.11
Total - Equity and liabilities	63,847.95	99,344.12	74,675.65	1,10,064.80
B Assets				
1 Non-current assets				
(a) Fixed assets	51,532.74	57,767.09	54,825.32	60,068.11
(b) Goodwill on consolidation			709.07	667.96
(c) Non-current investments	3,076.13	7,185.27	1,130.69	843.02
(d) Long-term loans and advances	276.56	9,261.34	711.67	8,327.01
(e) Other non current assets		911.58	-	930.89
Sub-total - Non-current assets	54,885.43	75,125.28	57,377.55	78,837.09
2 Current assets				
(a) Inventories	1,008.41	6,373.17	5,274.71	12,654.60
(b) Trade receivables	2,442.81	9,826.52	4,123.81	9,136.09
(c) Cash and bank balances	694.59	778.06	2,591.25	1,092.34
(d) Short-term loans and advances	456.93	1,235.99	741.54	1,620.72
(e) Other current assets	4,359.78	6,005.10	4,566.79	6,723.98
Sub-total - Current assets	8,962.52	24,218.85	17,298.10	31,227.72
Total - Assets	63,847.95	99,344.12	74,675.65	1,10,064.81



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**(Company under Corporate insolvency resolution
process By NCLT Order, dated January 17, 2017)**

NOTES

- 1 On December 22 2016, ICICI Bank Limited in its capacity of financial creditor had filed a petition under Insolvency and Bankruptcy Code 2016 with National Company Law Tribunal (NCLT) against Innovative Industries Limited. The Case was admitted by NCLT and it had ordered for commencement of Corporate Insolvency Resolution Process (CIRP) with effect from January 17, 2017 and had appointed Mr. Dhinai Shah as Interim Resolution Professional for the Company.

Under the IBC proceedings the powers of the Board were suspended with effect from January 17, 2017.

The NCLT order also provided for a moratorium with effect from January 17, 2017 till the completion of the Corporate Insolvency Resolution (CIR) process or until it approves the resolution plan under section 31(1) or passes an order for liquidation of the company under Section 33, whichever is earlier. CIR process is yet to be completed.

- 2 Pursuant to NCLT order on the company a public announcement was made on January 20, 2017 and a committee of creditors was formed under section 21 of the act. The Committee of Creditors held their first meeting on February 15, 2017 and approved appointment of Interim Resolution Professional, Mr. Dhinai Shah as the Resolution Professional.

Under the current CIR process, a resolution plan needs to be presented and approved by the Committee of creditors (COC) and thereafter will need to be approved by the National Company Law Tribunal (NCLT) to keep the Corporate Debtor (i.e. Innovative Industries Limited) as a going concern. Currently, the resolution plan is under formulation and yet to be presented for approval of COC, hence the Financial statements of the company are continued to be prepared on the going concern basis.

Various options are being explored as a part of the resolution plan and steps have been taken to improve its product offering and enhancing customer base. As a part of the plan various measures are proposed to be implemented to optimize plant utilization, improvising operational efficiencies, renegotiation of contracts and other cost control measures to improve the company's operating results and cash flows and review of its current network to maximize the profitability and improve efficiency in its operations.

- 3 The results for the year ended March 31, 2017 have been Audited by the Statutory Auditors of the Company.

- 4 Other Expenses include Provision for doubtful debt of INR 16,647.67 Lacs provided during the year ended March 31, 2016

- 5 The net worth of the company has been fully eroded and the company has incurred loss of Rs. 48,215.37 Lacs during year ended March 31, 2017 (Negative net worth of Rs. 82,271.73 Lacs).

- 6 The Auditors in their report has made the following qualifications:

- a. The accounts have been prepared on the basis of going concern assumption inspite of the negative net worth and losses of the company.
- b. The carrying cost of tangible / intangible assets as per books has not been subjected to impairment under Accounting Standard -28 'Impairment of the Assets' as there is no estimate of recoverable amount made as defined in Accounting Standard. In view of the above and ongoing CIR process, we are unable to comment on the adjustments/disclosures which may become necessary and consequential impact, if any, on these financial statements.
- c. As per the letter dated December 29, 2016, issued by the CDR Eq, we understand that the company has exited the CDR mechanism on account of the failure of the package. Further, under the IBC proceedings the financial claims submitted by the creditors (operational and financial) shall be considered as outstanding for the purposes of resolution plan which are pending reconciliation by the Resolution Professional. In view of the above, we are unable to comment on the adjustments/disclosures which may become necessary as a result of further findings of the ongoing reconciliation of financial claims and the consequential impact, if any, on these financial statements.

- 7 The company's Reply to above qualifications are as under

- a. The accounts have been prepared on the basis of going concern for the reasons given in para 2 above.
- b. The company has not made any estimate of fair value of assets during the year. However, no condition exist that may materially impact the valuation of fixed assets. Accordingly, no impairment loss has been recognized
- c. The company is in the process of verification and reconciliation of the due submitted by the creditors.

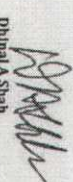
- 8 Previous year's/ quarter's figures have been regrouped wherever required.

Place: Pune
Date : May 27, 2017



For Innovative Industries Limited

Chandu Chauhan
Managing Director
On Behalf of Board of Directors


Dhinai A. Shah
IP Registration no. JHB/I/PA-01/2016-17/15
Resolution Professional



**To Resolution Professional
Innoventive Industries Limited
IP Registration No. IBBI/IPA-01/2016-17/15**

The Hon'ble National Company Law Tribunal, Mumbai ("NCLT") admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Innoventive and appointed Mr. Dhinal Shah as the Interim Resolution Professional in terms of the Insolvency and Bankruptcy Code, 2016 ("Code"). Further, the committee of creditors constituted during the CIR process has confirmed appointment of Mr. Dhinal Shah as the Resolution Professional ("RP") on February 15, 2017 to manage the affairs of Innoventive as per provisions of Insolvency and Bankruptcy Code 2016.

As per Section 134 of the Companies Act, 2013, the financial statements of a company are required to be authenticated by the chairperson of the board of directors, where authorised by the Board or at least two directors, of which one shall be the managing director or the CEO (being a director), the CFO and the Company secretary where they are appointed. In view of the pendency of the CIR process, these powers are now vested with Mr. Dhinal Shah in his capacity as the RP from January 17, 2017 as per the provisions of Insolvency and Bankruptcy Code, 2016

We have audited the quarterly financial results of Innoventive Industries Limited for the quarter ended March 31, 2017 and the year to date results for the period April 01, 2016 to March 31, 2017 attached herewith, being submitted by the company duly approved by the Resolution Professional pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016

These quarterly financial results as well as the year to date financial results have been prepared on the basis of the interim financial statements, which are the responsibility of the company's management. Our responsibility is to express an opinion on these financial results based on our audit of such interim financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed, under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India, as applicable and other accounting principles generally accepted in India.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion and to the best of our information and according to the explanations given to us these quarterly financial results as well as the year to date results:

(i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 in this regard; and

(ii) give a true and fair view of the net profit/ loss and other financial information for the quarter ended March 31,2017 as well as the year to date results for the period from April 01,2016 to March 31,2017 subject to the following qualifications:

1. *As per Note 2.1 to the Financials Statements, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during year ended March 31, 2017 aggregating ₹ 48,215.37 Lacs. The Company's current liabilities exceeded its current assets as at the balance sheet date and the company has a net worth of (₹ 82,271.73 Lacs) Further, as highlighted the lenders have initiated CIR proceedings against the company on account of default in payment of dues under Insolvency and Bankruptcy Code, 2016. According to section 12 of Insolvency and Bankruptcy Code, 2016 corporate insolvency resolution process shall be completed within a period of one hundred and eighty days from the date of admission of the application to initiate such process which can be maximum extended for another ninety days, failing which, the company will be liquidated.*

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis.

2. *The carrying cost of tangible / intangible assets as per books has not been subjected to impairment under Accounting Standard -28 "Impairment of the Assets" as there is no estimate of recoverable amount made as defined in Accounting Standard.*

In view of the above and ongoing CIR process, we are unable to comment on the adjustments/disclosures which may become necessary and consequential impact, if any, on these financial statements.

3. *As per the letter dated December 29, 2016, issued by the CDR EG, we understand that the company has exited the CDR mechanism on account of the failure of the package. Further, under the IBC proceedings the financial claims submitted by the creditors (operational and financial) shall be considered as outstanding for the purposes of resolution plan which are pending reconciliation by the Resolution Professional.*

In view of the above, we are unable to comment on the adjustments/disclosures which may become necessary as a result of further findings of the ongoing reconciliation of financial claims and the consequential impact, if any, on these financial statements.

Emphasis of Matters

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

- a. Note 34 on reclassification of Long term borrowings due to the initiation of the CIR process, all creditors have to submit their claims with the resolution professionals to be considered in resolution plan which is to be approved within a period of 180 days further extendable by 90 days. Accordingly, the borrowings have to be settled/restructured within a period of one year and have been reclassified as Other Current Liabilities in the financial statements

Our opinion is not modified in respect of these matters.

The statement includes the results for the quarter ended March 31, 2017 being the balancing figure between the audited figures in respect of the full financial year and the reviewed year to date figures up to the third quarter of the current financial period

For **Bharat J Rughani & Co**

Chartered Accountants

FRN :101220W



CA Akash Rughani

Partner

M No :139664

Date: May 27,2017



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

Corporate Insolvency Proceedings as per Insolvency and Bankruptcy Code, 2016 (IBC)

The Hon'ble National Company Law Tribunal, Mumbai ("NCLT") admitted the Corporate Insolvency Resolution Process ("CIRP") application filed against Innoventive and appointed Mr. Dhinal Shah as the Interim Resolution Professional in terms of the Insolvency and Bankruptcy Code, 2016 ("Code"). Further the committee of creditors constituted during the CIR process has confirmed appointment of Mr. Dhinal Shah as the Resolution Professional ("RP") to manage the affairs of Innoventive. In view of the pendency of the CIR process, the power and responsibilities of Board of Directors shall vest with the RP under the provisions of the code

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 2017, 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.

As highlighted earlier, RP is responsible for the above matters

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. *As per Note 2.1 to the Financials Statements, the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during year ended March 31, 2017 aggregating ₹ 43,313.07 Lacs. The Company's current liabilities exceeded its current assets as at the balance sheet date and the company has a net worth of (₹ 81,851.06 Lacs) Further, as highlighted the lenders have initiated CIR proceedings against the company on account of default in payment of dues under Insolvency and Bankruptcy Code, 2016. According to section 12 of Insolvency and Bankruptcy Code, 2016 corporate insolvency resolution process shall be completed within a period of one hundred and eighty days from the date of admission of the application to initiate such process which can be maximum extended for another ninety days, failing which, the company can be liquidated.*

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company has been prepared on a going concern basis.

2. *The carrying cost of tangible / intangible assets as per books in the holding company has not been subjected to impairment under Accounting Standard -28 "Impairment of the Assets" as there is no estimate of recoverable amount made as defined in Accounting Standard.*

In view of the above and ongoing CIR process, we are unable to comment on the adjustments/disclosures which may become necessary and consequential impact, if any, on these financial statements.

3. As per the letter dated December 29, 2016, issued by the CDR EG, we understand that the company has exited the CDR mechanism on account of the failure of the package. Further, under the IBC proceedings the financial claims submitted by the creditors (operational and financial) shall be considered as outstanding for the purposes of resolution plan which are pending reconciliation by the Resolution Professional.

In view of the above, we are unable to comment on the adjustments/disclosures which may become necessary as a result of further findings of the ongoing reconciliation of financial claims and the consequential impact, if any, on these financial statements.

4. 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	164.82
Arihant Steel & Metal Wires Private Limited	132.50
Seven Star Electrodes Private Limited	904.32

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, 2017, the loss would have been higher by ₹1,201.64 lacs with consequent impact on net worth as on that date

5. 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
6. In respect of Arihant Auto Components Private Limited, Arihant Steel & Metal Wire Private Limited, Saicon Steels Private Limited, Seven Star Electrodes Private Limited and Innovative Technomics 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, 2017;
- (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

1. We did not audit the financial statements of 6 direct subsidiaries included in the consolidated financials, whose consolidated financial statements reflect total assets of ₹ 14,808.01 lacs as at March 31, 2017 ; as well as the total revenue of ₹ 18,142.97 lacs for the year ended March 31, 2017. 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.
2. We draw attention to Note 2.2 of the consolidated financial statements, with respect to assets and liabilities of a subsidiary derecognised due to dilution in ownership of the holding company.

Our Opinion is not modified in these matters

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 2017 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.

However, due to initiation of the Corporate Insolvency proceedings under the Insolvency and Bankruptcy code, 2016 the powers of the board of directors of the holding company are suspended.

- 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 and other contingent liability are disclosed in Note 27 as on March 31, 2017 which may materially impact the financial position of the company
 - b. The company doesn't have any long term contracts. Accordingly, provisions for any material foreseeable losses is not required; and
 - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund.

For Bharat J Rughani & Co

Chartered Accountants

FRN 101220W



CA Akash Rughani

Partner

Membership No. 139664

Place: Pune

Date: May 27, 2017

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 2017, 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.

As highlighted earlier, RP is responsible for the above matters

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.

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 5 direct subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Bharat J Rughani & Co

Chartered Accountants

FRN 101220W



CA Akash Rughani

Partner

Membership No. 139664

Place: Pune

Date: May 27, 2017