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**CORPORATE INFORMATION**

**BOARD OF DIRECTORS:**

<b>Shri Nagji K. Rita</b>	Chairman & Managing Director
<b>Shri Virendra D. Singh</b>	Director
<b>Shri Harilal B. Rita</b>	Director
<b>Shri Vinod K. Shah</b>	Director
<b>Shri Pravin N. Gala</b>	Director
<b>Shri Srinivasaiyer Jambunathan</b>	Independent Director
<b>Shri Harshwardhan M. Gajbhiye</b>	Independent Director
<b>Shri Arun N. Joshi</b>	Independent Director
<b>Shri Deepak M. Vaishnav</b>	Independent Director
<b>Shri Ajay Khera</b>	Independent Director
<b>Shri Dilip C. Shah</b>	Independent Director

**Audit Committee**

Shri Harshwardhan Gajbhiye  
Shri Srinivasaiyer Jambunathan  
Shri Nagji K. Rita

**Remuneration / Compensation Committee**

Shri Srinivasaiyer Jambunathan  
Shri Harshwardhan Gajbhiye  
Shri Vinod K. Shah

**Investors Grievances Committee**

Shri Ajay Khera  
Shri Arun Joshi  
Shri Nagji K. Rita

**Company Secretary & Compliance Officer**

Mrs. Bhavi R Gandhi

**Statutory Auditors**

M/s. PHD & Associates  
Chartered Accountants

**Internal Auditors**

M/s. SMARK & Co, Chartered Accountants.

**Bankers**

Bank of India

HDFC Bank Ltd.

Kotak Mahindra Bank Ltd.

Axis Bank Ltd.

Punjab National Bank

Syndicate Bank

State Bank of India

ICICI Bank Ltd.

Canara Bank

**REGD. OFFICE**

201, 2nd floor, Viraj towers,  
western express highway, Andheri – East,  
Mumbai – 400 069, INDIA.

**REGISTRAR AND SHARE TRANSFER  
AGENT**

LINK INTIME INDIA PRIVATE LIMITED

C -13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (West),

Mumbai – 400 078

Tel. No.: +91 22 2596 0320

Fax No.: +91 22 2596 0329

## CHAIRMAN'S MESSAGE

**Dear Shareowners,**

It is with great joy that I welcome you to the Company's 17 Annual General Meeting, and significantly, the first AGM after our successful IPO last year. The IPO was an important milestone and the next step in the ladder is to take the Company to a higher level of growth and operational scale. It will also be fair to say that by virtue of being a listed Company on the Bombay Stock Exchange and the National Stock Exchange, the stature of your Company has also increased in the business and financial community. At the same time, this has showered more responsibilities on us, which we are sure to take care with the support of our team.

A wonderful benefit of this opportunity was the addition of a number of new shareowners into the IGSL family, and I along with the Board and all the existing shareowners warmly welcome them and look forward to a bright future together with everyone's strong support and participation.

The Company did quite well in FY 2011-12, reporting a rise in its revenues and profits as can be seen from the Annual Report. In keeping with the performance, the Board of Directors of the Company has recommended an interim dividend of Re.1 per Share and the Bonus Shares to Existing Shareholders in the ratio of 3:1(Three new equity share for every one existing share).

Looking at the overall picture and business environment, I feel we have made good progress in FY 2011-12, inspite of the fact that your Company's Board and management had intensively invested its time and resources to roll out the Company's IPO successfully. Now, we should be able to post even better results next year as we are all set to strongly focus on taking our business to higher levels of operational excellence and growth. This gives me the confidence to say that with God's blessings, team's hard work and your support, we shall be able to report stellar results for the next year.

To proceed, the Board believes that the Company will need to follow a very sharp business strategy that is in line with the Company's higher scale, status and ambitions. There are three pillars to this – one is to nurture the brand INVENTURE to make it even more trusted, preferred and vibrant. Second is to focus strongly on our Client and deliver a fabulous experience on a sustained basis across each of our business vertical. The third is to look at expansion with a very careful eye to reach out to areas that offer a good catchment, have optimal overheads. This is the clear endeavor of your Company's management, and is bound to yield fruitful results. You are the shareowner of a Company that is well-diversified and is fortunate to have enormous inherent strength.

With your support, I am confident of leveraging opportunities and overcoming challenges to report exciting success in the coming times as well. Thank you once again for your unstinted support to the Company and your unwavering belief in the Board and the Management.

Warm regards,

**Mr. Nagji K. Rita**  
**Chairman & Managing Director**

**Notice**

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the members of Inventure Growth & Securities Limited will be held on 27<sup>th</sup> September, 2012 at 11:00A.M at Monica Arcade Hall, Subhash Lane, off. Daftary Road, Malad (East) Mumbai -400097 to transact the following businesses:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2012, the Profit & Loss Account for the Financial Year ended as on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Arun N. Joshi, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Shri Ajay Kherra, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri Deepak N. Vaishnav, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To re-appoint Auditors M/s. PHD & Associates, Chartered Accountants, the retiring auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
**“RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any reenactment( s) thereof for the time being in force), Shri. Harilal B. Rita, who was appointed as an Additional Director by the Board of Directors of the Company with effect from **29<sup>th</sup> February 2012** in terms of provisions of Section 260 and any other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
7. To consider, and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:  
**RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any reenactment( s) thereof for the time being in force), Shri. Dilip C. Shah, who was appointed as an Additional Independent Director by the Board of Directors of the Company with effect from **29<sup>th</sup> February 2012** in terms of provisions of Section 260 and any other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By order of the Board of Directors  
 For **Inventure Growth & Securities Limited**

**Bhavi Gandhi**  
 Company Secretary

Place: Mumbai  
 Date: 14.08.2012

**NOTES :**

1. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business is annexed hereto. The Details in respect of Item No. 6 & 7 above, as required under Clause 49 of the Listing Agreement are annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
3. Members/Proxies should bring the enclosed attendance Slip duly filled in, for attending the Meeting, along with the Annual Report.
4. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting in terms of Section 187 of the Companies Act, 1956.
5. The Register of Members and Share Transfer Books will remain closed from 23.09.2012 to 27.09.2012 (both days inclusive) for the purpose of Annual General Meeting
6. Members are requested to notify changes, if any, in their addresses to their depository participants in respect of their holding in electronic form and to Registrar and Share Transfer Agents (RTA's) of the Company, LINKINTIME INDIA PRIVATE LIMITED in respect of their holding in physical form.
7. Members Holding Shares in Physical form may obtain the Nomination form from the Company's Registrar & Share Transfer Agent  
Members holding Shares in electronic form may obtain the Nomination forms from their respective Depository Participants.
8. Members desiring any information/clarification on the accounts are requested to write to the Company at least 10 days in advance, so as to enable the management to keep the information ready at the Annual General Meeting.
9. Should any assistance be desired/clarification be sought, you may write to the Company Secretary and Compliance Officer at "Inventure Growth & Securities Limited", 2<sup>nd</sup> Floor, Viraj Towers, W. E. Highway, Near Landmark Building, Andheri- East, Mumbai 400 069.
10. The Company has designated an exclusive e-mail id viz. [investorgrievances@inventuregrowth.com](mailto:investorgrievances@inventuregrowth.com) to enable investors to register their complaints/queries, if any.
11. To support the green initiative of the Ministry of Corporate Affairs in full measure, members are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants Members who hold shares in physical form are requested to register their e-mail addresses with the Company's Registrars, M/s. Link Intime India Pvt. Ltd. at the address mentioned in point No.\_ of this section.

**EXPLANATORY STATEMENT IN RESPECT OF ITEM NO.6 and 7 OF THE NOTICE PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 6:**

The Board of Directors of the company appointed Mr. Harilal B. Rita as an Additional Director on the Board of the Company, with effect from 29<sup>th</sup> February 2012, in terms of Section 260 of the Companies Act, 1956. Shri. Harilal B. Rita holds office upto the date of the ensuing Annual General Meeting.

The Board recommends for approval, the special Resolution as set out in Item No. 6 of the Notice.

None of the Directors of the Company, except Shri. Harilal B. Rita is concerned or interested in this item of Business.

**Item No. 7:**

The Board of Directors of the company appointed Shri. Dilip C. Shah as an Additional Independent Director on the Board of the Company, with effect from 29<sup>th</sup> February 2012, in terms of Section 260 of the Companies Act, 1956. Shri. Dilip C. Shah holds office upto the date of the ensuing Annual General Meeting.

The Board recommends for approval, the special Resolution as set out in Item No. 7 of the Notice.

None of the Directors of the Company, except Shri. Dilip C. Shah is concerned or interested in this item of Business.

**By the order of the Board of Directors,**

Mrs. Bhavi R. Gandhi  
(Company Secretary)

**INFORMATION OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name</b>	Shri Arun N. Joshi	Shri Deepak N Vaishnav	Shri Ajay Khera
<b>Date of Birth</b>	08 <sup>th</sup> October 1941	27 <sup>th</sup> August 1964	7 <sup>th</sup> December 1955.
<b>Date of Appointment</b>	24 <sup>th</sup> December 2009	24 <sup>th</sup> December 2009	24 <sup>th</sup> December 2009
<b>Qualifications</b>	M.Sc., CAIIB	Chartered Accountant	M.sc (Hons.) in Bio Chemistry; -Diploma in International Marketing; -Diploma in Industrial Purchasing and Materials Management; -Advance diploma in German language; -Fellow of Chartered Institute of Logistics and Transport; -Member of Institute of Materials Management, United Kingdom.
<b>Directorship held in other Companies</b>	NIL	Inventure Finance Private Limited	Horizon Country Wide Logistics limited.  Fastlane Distriparks &logistics Limited.  Chiplun FTWZ Private Limited.
<b>Brief Profile covering experience achievements etc.</b>	Mr. Arun N. Joshi, 70 years, is a M.Sc. and a CAIIB. He is the Non Executive&Independent Director of our Company. He has vast experience in the area of Banking and Finance. He has worked with the State Bank of India for a period of 35 years, in various capacities, in India and abroad. During his long stint with SBI, he gained knowledge and expertise in various areas such as Credit	Mr. Deepak M. Vaishnav, 47 years, is the Non Executive and Independent Director of our Company. He is a Chartered Accountant by profession. He has a vast experience of 19 years in the fields of business process re-engineering, computerisation of processes, ERP evaluation, implementation and post production support, ERP due diligence, providing functional, technical and strategic support to various teams working on various projects in diverse industries like stock exchange, finance, real estate, telecommunication,	Mr. Ajay Kher a, 56 years, is the Non executive and Independent Director of our Company. His qualifications include:-  -M.sc (Hons.) in Bio Chemistry; -Diploma in International Marketing; -Diploma in Industrial Purchasing and Materials Management; -Advance diploma in German language; -Fellow of Chartered Institute of Logistics and Transport; -Member of Institute of Materials Management, United Kingdom. -He has around 29 years of experience in warehousing and



	<p>Appraisal and follow up, N.P.A. Management, Forex Operations, Planning and Control and Reorganisation of Bank's Structure etc. He has also served as an executive Director of Bombay Stock Exchange Ltd for 3 years Mr. Joshi has also served as a director of Central Depository Services Limited and as a member of various committees including the audit committee and the Finance &amp; Accounts committee for a period of 3 years and also served as a director on the board of BOI Shareholding Limited, the clearing house of BSE, for a period of 3 years.</p>	<p>banking, government financials, IT consulting, insurance and investments, process manufacturing, retail etc. at different locations in India and abroad.</p> <p>He represents Tata Consultancy Services at various academic premium institutions and he has conducted various trainings programmes on project management, Oracle applications and finance for variety of audiences across Tata Consultancy Services' offices.</p>	<p>logistics. He stands credited with outstanding services and contributions towards the growth of hi-tech Jawaharlal Nehru Port, by the Jawaharlal Nehru Port Trust and stands conferred with JPI's Rajiv Gandhi Memorial Shipping Performance Award – 1996 for special services for outstanding contribution for promoting of shipping trade at JNPT, Navi Mumbai.</p>
<b>Shares held in the Company</b>	Nil	Nil	Nil

**By the order of the Board of Directors,**

Mrs. Bhavi R. Gandhi  
(Company Secretary)

## BOARD OF DIRECTORS

### ***Shri. Nagji K. Rita, Chairman and Managing Director***

Mr. Nagji K. Rita, 60 years, is the Chairman and Managing Director of our Company. He is one of our founder members and has been with our Company, in the capacity of a Director since incorporation. He is a Bachelor of Commerce from the University of Mumbai. He started his career by managing a grocery store, his family business. It is during this period that he became a member of the Retail Grains Dealers Federation and was elected as the Honorary Secretary in the year 1980. He went on to become the President of the Retail Grains Dealers Federation in the year 1981. He has rendered his services to the Public Distribution Services of the Government of Maharashtra and he further went on to become a member of the Vigilance Committee – Rationing Department, Mumbai. He was appointed as special executive magistrate by the Government of Maharashtra in the year 1980 and was re-appointed in the years 1988 and 1996. His vast experience also includes running and managing a departmental store of custom notified consumer durable goods by the name Oswal Consumer Co-operative Society from the year 1982 to 1990.

In the year 1991 he joined Mr. Arvind M. Shah, a member of BSE, as a sub-broker and trader. Capitalising on his experience and knowledge gained as a sub-broker he incorporated our Company in the year 1995. Under his guidance our Company has expanded from being a BSE broker to a full service brokerage house. He has been involved in the capital markets for approximately twenty years and has also held the post of director of the Governing Board of the Bombay Stock Exchange Limited from 2004 to 2006. He plays an active role in developing the corporate relationships of our Company. He further plays a vital role in various operations and working of our Company.

He has been:

- Awarded the 'Stock Market Award' on behalf of the Company by Bruhad Mumbai Gujarati Samaj for his exceptional achievement in the field of Stock Market in the year 2009;
- Felicitated by Commissioner of Police for supporting the Mumbai Police in maintaining peace, order, communal harmony and unity in the year 2008;
- Awarded 'Sanman Patra' by Sanskar Sarjan Education Trust in the year 2004;
- Awarded 'Best Corporate Services Award' by Kutch Shakti in the year 2004 for his exceptional achievements in the field of Corporate Services;
- Awarded Gujarat's Gaurav Award by Divya Bhaskar in the year 2010; and
- Awarded 'Swarnim Maharashtra Award – 2011' by Bruhad Mumbai Gujarat Samaj in the year 2011.
- Awarded 'Vyapar Ratna Puraskar-2012' in the Year 2012 by Rashtravadi Congress Party Vyapar Udhayog Vibhag.

Further he is involved with several non-governmental organizations for the promotion of social and humanitarian activities

### ***Shri. Harilal B. Rita, Director***

Mr. Harilal B. Rita, 41 years, is the Non Executive Director of our Company, since February 2012. He started his career in the year 1990. He has around 8 years of Experience in Finance & Brokerage and overall he has 20 years of experience. At present he is a Director in Keshvi Developers Private Limited, Pioneer Securities Pvt Ltd and Kothari Builders Pvt Ltd. He is also a Partner in Kenorita Reality, LLP.

***Shri. Virendra Singh, Whole-time Director***

Mr. Virendra Singh, 56 years, is the Whole-Time Director of our Company. He is one of the founder members of our Company and has been with our Company, in the capacity of a Director since the time of incorporation. He is a Bachelor of Science from the University of Bombay. His experience includes fifteen years in the field of Capital Markets and seven years in marketing pharmaceuticals. He has been instrumental in the expansion of our Company's various financial services. He is actively associated with the functionality of these companies and is involved in the overall planning and strategizing of our Company. Mr. Singh is also a director of:

- Central Warehouse Corporation, a Government of India undertaking;
- Central Railside Warehouse Company, a Government of India undertaking;
- Inventure Commodities Limited;
- Inventure Wealth Management Limited; and
- Inventure Insurance Broking Private Limited.

He is also the Chairman of

- National Co-operative Consumers' Federation of India

***Shri . Vinod K. Shah, Non Executive Director***

Mr. Vinod K. Shah, 54 years, is the Non Executive Director of our Company. He is one of the founder members of our Company and has been with us as a Director since the time of incorporation. He started his career as a director with Nirmal Poly Plast Private Limited which is engaged in the business of manufacture and export of plastic house-ware. He has diversified business interests in the areas of polymers, textiles, plastic multi-products and realty. He looks after overall management of Nirmal Poly Plast Private Limited which involves accounting, finances, marketing and exports.

***Shri. Pravin N. Gala, Non Executive Director***

Mr. Pravin N. Gala, 48 years, is the Non Executive Director of our Company, since June 27, 1995. He is a fellow member of the Institute of Chartered Accountants of India. For the last fifteen years he has been engaged in the stock markets and has previously worked with a category II Merchant Banker, Gaurav Capital and Financial Services Limited. Currently he is engaged in various financial activities including equity broking, portfolio management service, loan syndication and risk management.

***Shri. Srinivasaiyer Jambunathan, Independent Director***

Mr. Srinivasaiyer Jambunathan, 74 years, is a Non Executive and Independent Director of our Company. He is a gold medalist in Mathematics from Madras University. He is an officer of Indian Administrative Service, 1960 Batch. He has been a member of the Board of Directors of the Bombay Stock Exchange Limited for a period of six years and has further served as a Non-Executive Chairman for three years. He has also served as: -

- Chairman and Managing Director of Export Credit Guarantee Corporation, Government of India;
- Additional Chief Secretary (Home) Maharashtra;
- Managing Director of Maharashtra State Finance Corporation;
- Vice Chairman cum General Manager of Maharashtra State Road Transport Corporation;
- Joint Secretary Defense Production;
- Chairman of the State Bank of Mauritius, Local Advisory Board;
- Secretary General of Council for Fair Business Practices; and

- Hon. Director, Bhartiya Vidya Bhavan, Gandhi Institute of Computer Education.

***Shri. Harshawardhan M. Gajbhiye, Independent Director***

Mr. Harshawardhan M. Gajbhiye, 67 years, is a Non Executive and Independent Director of our Company. He retired in April 2005 from the Indian Administrative Service (1985 Batch) in Supertime Scale. He started his career in the year 1969 with the Department of Co-operation, Government of Maharashtra wherein he held various senior positions. During his tenure with the Indian Administrative Service he has worked on various posts such as the C.E.O. of Zilla Parishad, Deputy Secretary of the Revenue Department, Director of Small Savings and State Lotteries, Controller of Rationing-Mumbai, Additional Commissioner of Sales Tax, Municipal Commissioner-Aurangabad and Managing Director-Maharashtra Agro Industries Development Corporation Limited.

***Shri. Arun N. Joshi, Independent Director***

Mr. Arun N. Joshi, 71 years, is a M.Sc. and a CAIIB. He is the Non Executive and Independent Director of our Company. He has vast experience in the area of Banking and Finance. He has worked with the State Bank of India for a period of 35 years, in various capacities, in India and abroad. At the time of retirement, he held the position of Managing Director of SBI Factors and Commercial Services Limited. During his long stint with SBI, he gained knowledge and expertise in various areas such as Credit Appraisal and follow up, N.P.A. Management, Forex Operations, Planning and Control and Reorganisation of Bank's Structure etc. He has also served as an executive Director of Bombay Stock Exchange Limited for three years where he was closely involved in various areas such as control and regulation, market development, launch of products such as Internet trading, Futures & Options and upgradation of Trading platform etc. Mr. Joshi has also served as a director of Central Depository Services Limited and as a member of various committees including the audit committee and the Finance & Accounts committee for a period of three years. Mr. Joshi has also served as a director on the board of BOI Shareholding Limited, the clearing house of BSE, for a period of three years.

***Shri. Deepak M. Vaishnav, Independent Director***

Mr. Deepak M. Vaishnav, 48 years, is the Non Executive and Independent Director of our Company. He is a Chartered Accountant by profession. He has a vast experience of 19 years in the fields of business process re-engineering, computerisation of processes, ERP evaluation, implementation and post production support, ERP due diligence, providing functional, technical and strategic support to various teams working on various projects in diverse industries like stock exchange, finance, real estate, telecommunication, banking, government financials, IT consulting, insurance and investments, process manufacturing, retail etc. at different locations in India and abroad.

He represents Tata Consultancy Services at various academic premium institutions like S.P. Jain Management & Research Institute, D. J. Sanghavi College of Engineering, Swami Vivekanand College etc. for faculty trainings, addressing students to prepare under testing times etc. He has conducted various trainings programmes on project management, Oracle applications and finance for variety of audiences across Tata Consultancy Services' offices.

***Shri. Ajay Khera, Independent Director***

Mr. Ajay Khera, 57 years, is the Non executive and Independent Director of our Company. His qualifications include:-

- M.sc (Hons.) in Bio Chemistry;
- Diploma in International Marketing;
- Diploma in Industrial Purchasing and Materials Management;
- Advance diploma in German language;
- Fellow of Chartered Institute of Logistics and Transport;
- Member of Institute of Materials Management, United Kingdom.
- 

He has around twenty-nine years of experience in warehousing and logistics. He stands credited with outstanding services and contributions towards the growth of hi-tech Jawaharlal Nehru Port, by the Jawaharlal Nehru Port Trust and stands conferred with JPI's Rajiv Gandhi Memorial Shipping Performance Award – 1996 for special services for outstanding contribution for promoting of shipping trade at JNPT, Navi Mumbai.

***Shri. Dilip C. Shah, Independent Director***

Mr. Dilip C. Shah, 38 years, is the Non executive and Independent Director of our Company, since February 2012. He is a Graduate and started his career in Real Estate Sector in 1998. He has over 12 years of experience in real estate sector, including 8 years of experience in the stock markets. At present he is a partner in Oswal Enterprises, a Partnership Firm.

### Directors' Report

To,

The Members,

Your Directors have pleasure in presenting the Seventeenth annual report together with the audited accounts of your Company for the year ended March 31, 2012.

#### FINANCIAL HIGHLIGHTS

Consolidate Financial Information:

(Rs. In Lacs)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Gross Income	4143.57	4257.62
<b>Profit Before Depreciation, Interest &amp; Tax</b>	<b>2242.23</b>	<b>1889.37</b>
Less: Depreciation	109.00	124.52
Interest	935.09	828.45
<b>Profit Before Tax</b>	<b>1198.14</b>	<b>936.40</b>
Provision for Tax	370.40	320.30
Deferred Tax	6.50	(2.78)
<b>Net Profit (after Minority Interest)</b>	<b>824.92</b>	<b>621.21</b>
Add: Profit brought forward from earlier years	900.61	747.61
Adjustment arising on consolidation	(3.26)	-
<b>Profit available for appropriation</b>	<b>1722.27</b>	<b>1368.82</b>
<b>Appropriations</b>		
Proposed Dividend	-	140.00
Interim Dividend	210.00	-
Dividend Tax	34.07	22.71
General Reserve	300.00	300.00
Statutory Reserve	33.00	5.50
Balance carried to Balance sheet	1145.20	900.61
Basic and Diluted Earnings Per Share	4.41	4.44

## II Standalone Financial Information of Inventure Growth and Securities Limited:

(Rs. In Lacs)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Gross Income	2958.83	3614.70
<b>Profit Before Depreciation, Interest &amp; Tax</b>	<b>1323.02</b>	<b>1415.79</b>
Less: Depreciation	106.10	121.95
Interest	388.71	477.59
<b>Profit Before Tax</b>	<b>828.22</b>	<b>816.25</b>
Provision for Tax	255	265.00
Deferred Tax	6.18	(2.63)
<b>Net Profit</b>	<b>567.04</b>	<b>553.88</b>
Add: Profit brought forward from earlier years	262.43	171.26
<b>Profit available for appropriation</b>	<b>829.47</b>	<b>725.14</b>
<b>Appropriations</b>		
Proposed Dividend	-	140.00
Interim Dividend	210.00	-
Dividend Tax	34.07	22.71
General Reserve	300.00	300.00
Balance carried to Balance sheet	285.40	262.43
Basic and Diluted Earning Per Share	3.03	3.96

**DIVIDEND**

Yours Directors recommended interim dividend of Re.1 per share of face value of Rs.10 each to the shareholders of the Company in April .2012

**CHANGE IN CAPITAL STRUCTURE AND LISTING OF EQUITY SHARES**

During the year under review, 70,00,000 Equity Shares of Rs.10/- each at a price of Rs. 117/- per equity share (including premium of Rs.107/- per equity share) aggregating to Rs. 81.90 Crores were allotted pursuant to Initial Public Offer (IPO) of the Company. Thus, the Paid-up Share Capital of the Company stands increased to Rs.21.00 Crores as against Rs.14.00 Crores in the previous year.

The Shares of your Company got listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 4<sup>th</sup> August, 2011.

**FIXED DEPOSITS**

Your Company has not accepted any deposits from the public and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet for the year ended 31 March, 2012.

## SUBSIDIARY COMPANIES

As at March 31, 2012, the Company has following Subsidiary Companies:

Inventure Finance Private Limited -	Non- Banking Financial Company registered with Reserve Bank of India (RBI) and classified as Loan Company
Inventure Commodities Limited -	Registered member of MCX, NCDEX, NSEL and NMCE - dealing in commodities. The Company undertakes commodity broking activities.
Inventure Wealth Management Limited -	The Company deals into providing investment advisory services, financial planning and distribution of structured products, debt products, fixed deposits and mutual funds to HNI and retail clients.
Inventure Insurance Broking Private Limited -	The Company has a team of IRDA certified advisors who cater the varied needs of customers in both life and general insurance space offered by major insurance companies in India.
Inventure Merchant Banker Services Private Limited -	Business of Investment Banking and Merchant Banking in all its aspects, to Act as Lead Managers, Syndicate Member, Sub-Syndicate Member, Investment Advisors and Counsellors, Financial Advisors, Underwriters, Managers to Issues and offers, whether by way of public offer or otherwise of Securities.

## FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.



### DIRECTORS

Shri Arun N. Joshi , Shri Deepak M. Vaishnav and Shri Ajay Khera directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri Arun N. Joshi, Shri Deepak M. Vaishnav and Shri Ajay Khera, were appointed as Additional Directors w.e.f 24th December, 2009 .They hold office upto the date of ensuing Annual General Meeting. They are eligible for appointment as Directors of the Company.

The Company has received notices in writing from Members proposing the candidature for the office of Directors under the provision of Section 257 of the Companies Act, 1956, for Shri Harilal B. Rita , Shri. Dilip C. Shah.

A brief resume of the Directors seeking re-election and also of the Directors appointed during the year is provided in Annexure attached to the Report.

### PARTICULARS OF EMPLOYEES

The Company doesn't have any employee drawing remuneration as per monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

The requirement of disclosure, in terms of Sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to the steps taken for conservation of energy and technology absorption is not applicable to the Company as the Company does not own any manufacturing facility.

#### Foreign Exchange Earning and Outgo

(Rupees in Lacs)

Sr. No.	Particular	Current year	Previous year
1	Foreign Exchange earned	NIL	NIL
2	Foreign Exchange outgo	NIL	NIL

### AUDITORS' REPORT

Observations made by the Auditor in their Report, have been appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

### AUDITORS

M/s. PHD & Associates, Chartered Accountants, who retires on the conclusion of this Annual General Meeting, has requested to consider their re-appointment at the ensuing AGM of the Company. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and they are not disqualified for such an appointment within the meaning of sub section (3) and (4) of Section 226 of the Companies Act, 1956.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA), the Directors of the Company confirm the following: -

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
2. that Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 under review and of the profit of the Company for the year;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the annual accounts on a going concern basis.

## **CORPORATE GOVERNANCE**

The report on Corporate Governance together with the certificate from M/s. D.M. Zaveri & Co, Practicing Company Secretary [FCS No.4364], confirming the compliance of the Corporate Governance is attached to this report for information of the Members.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report of financial condition and results of operations of the Company is given as a separate statement forming part of this Annual Report.

## **CEO/CFO Statement**

The CEO/CFO certification of the financial statements for the year ended 31<sup>st</sup> March, 2012 is attached as Annexure to the report.

## **ACKNOWLEDGEMENT**

It is often normal to see a Company's Board being credited for its stellar performance. However, Your Company's Directors feel that they are simply the representatives of the myriad forces that architected the success of your Company, and therefore richly extend their appreciation to each and every such individual and entity. Specifically, the Board places on record its appreciation to the shareowners who kept their belief up and high in the Company, and allowed it to work with independence for the overall good, while offering their advice, guidance and opinion at each critical juncture. Same for the Company's bankers who held consistent and strong belief in the Company's Board, management and business approach and funded its requirements appropriately to ensure smooth working. Special note goes out to all the team members of the Company, who believed in the values and vision of the Company and worked cohesively to realize its objectives, unmindful of the challenges in the way. The board warmly thanks the regulatory bodies, government departments, auditors, financial institutions, vendors and all business associates of the Company for helping it navigate successfully. Lastly, but not the least, a big vote of thanks goes out to the Company's customers who chose us repeatedly over others, appreciating our services while dismissing small lapses that may have occurred unintentionally.

## **For and on Behalf of the Board of Directors**

**Nagji K. Rita**  
**Chairman & Managing Director**

Date: 14/08/2012

Place: Mumbai

## **Registered Office:**

201, 2<sup>nd</sup> Floor, Viraj Towers, Western Express Highway,  
Andheri – East, Mumbai – 400 069.

**Management Discussion and Analysis**

The Management of Inventure Growth & Securities Ltd. (“IGSL”) is pleased to present its Analysis Report. The Report contains expectations of Company’s business based on the current environment. However, the unforeseen and uncontrollable external factors may alter the expectations.

IGSL is the first generation financial intermediary and flagship Company of Inventure Group. A professionally managed Company led by Mr. Nagji K. Rita who is the founder member and through his managerial acumen and cumulative experience of 20 years in the financial markets has steered the growth of Inventure Group.

We offer a host of services under one roof providing comprehensive advisory services that are well diversified from trading services in equity cash and derivatives market, debt market, commodities and currency futures segment to financing activity, wealth management, and distributions of financial product. IGSL has direct interests in equity, debt and currency futures broking, depository activities, PMS and other activities like commodity broking, non-banking financial services, wealth management and sale of insurance products are provided through its Subsidiaries.

As a growing Indian domestic brokerage house, we have a diversified clientele base that includes institutional clients, high net worth individuals and retail investors. We use a knowledge-based approach together with personalized services to meet our clients’ needs in line with their investment objective. Our clientele includes institutional clients, high net worth individuals and retail investors across the country.

We could withstand the volatile market conditions based on this diversified base of customers and the speed and accuracy of our employees.

**Our products and services**



The activities undertaken by IGSL and its Subsidiaries are illustrated in the table below:

Service Area	Membership / Products offered*	Company Name
Equity Broking	<ul style="list-style-type: none"> <li>• NSE (Cash and Derivatives Segments)</li> <li>• BSE (Cash Segments)</li> <li>• OTCEI</li> </ul>	<b>Inventure Growth &amp; Securities Limited</b>
Research	<ul style="list-style-type: none"> <li>• Fundamental</li> <li>• Technical</li> </ul>	
Depository Services	<ul style="list-style-type: none"> <li>• CDSL</li> </ul>	
IPO Distribution	<ul style="list-style-type: none"> <li>• Distribution of IPOs</li> </ul>	
Currency Futures	<ul style="list-style-type: none"> <li>• NSE</li> <li>• MCX – SX</li> </ul>	
Wholesale Debt market segment	<ul style="list-style-type: none"> <li>• BSE</li> <li>• NSE</li> </ul>	
Portfolio Management	<ul style="list-style-type: none"> <li>• SEBI/PMS</li> </ul>	
Commodity Trading	<ul style="list-style-type: none"> <li>• MCX</li> <li>• NCDEX</li> <li>• NMCE</li> <li>• NSEL</li> </ul>	<b>Inventure Commodities Limited</b>
Insurance advisory services	<ul style="list-style-type: none"> <li>• Life Insurance</li> <li>• General Insurance</li> </ul>	<b>Inventure Insurance Broking Private Limited</b>
Non Banking Financial Services	<ul style="list-style-type: none"> <li>• IPO Funding</li> <li>• Loan Against Shares</li> </ul>	<b>Inventure Finance Private Limited</b>
Wealth Management	<ul style="list-style-type: none"> <li>• Investment Advisory Services</li> <li>• Mutual Funds Distribution</li> </ul>	<b>Inventure Wealth Management Limited</b>
Merchant Banking Services	<ul style="list-style-type: none"> <li>• Investment Banking Services</li> <li>• Merchant Banking Services</li> </ul>	<b>Inventure Merchant Bankers Services Limited</b>

## Our Business Model and Methodology

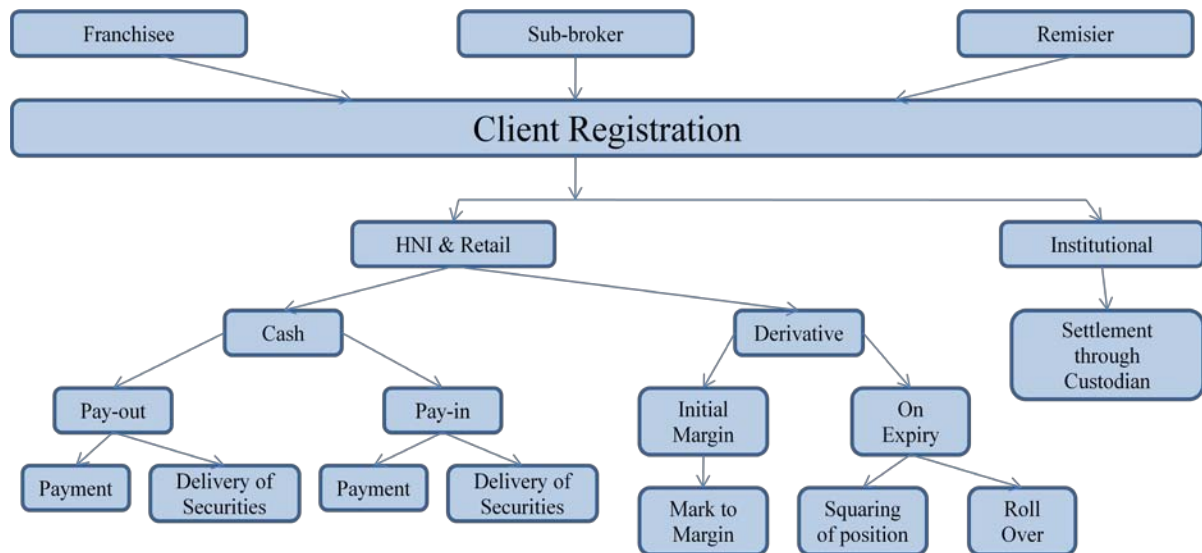
### **Business Model**

We follow a simplified business model. Firstly, we do business through our sub-brokers. Our second business model is called Remise where we have registered sub-brokers who sit in our office or at his own premises. If required we provide them with the entire infrastructure etc. Our third business model is our direct franchisees. Franchisee is an individual who purchases the rights to use our Company’s trademarked name and business model to do business. The franchisee must follow certain rules and guidelines already established by us, and the franchisee pays us a

deposit to us at the time of registration. If the franchisee shows the inclination we register him as a sub-broker and provide the support to develop his business.

**Our Business Methodology**

Our brokerage services are based on an advisory model using research provided by our team of research analysts.



**HNI & Retail**

Brokerage services are based on an advisory model using research provided by a team of research analysts. Dedicated dealers and advisors provide personalized trade and execution services to active traders, retail investors and high net worth investors. IGSL is a member of BSE, NSE in the equity segment, wholesale debt market segment and NSE and MCX-SX in the currency futures segment and OTCEI’s equity segment and primarily offers secondary market broking services to its HNI & retail customers both Indian and non-resident Indian. ICL is a member of MCX, NCDEX, NMCE and NSEL.

Our HNI & retail client brokerage covers equity brokerage services, personal financial services including the distribution of mutual funds & initial public offerings (IPO’s) through IGSL, commodity brokerage services through ICL and loans against shares provided by IFPL which are targeted at high net worth and other individuals who actively invest and trade in equity markets and seek research and advisory support. Historically, the services offered in this segment have been the most substantial part of our business.

For our equity trading services, our model combines a dedicated relationship and dealing team behind each client to ensure that our services continuously grow not only in terms of revenue but also in terms of number of clients. While the dealing teams continuously keep equity trading clients updated with market information and are responsible for execution of trades, the relationship team continues to acquire and enroll new clients for our services.

**Institutional**

To be eligible to offer broking services to the institutions, a broker has to be empanelled with an institution. Institutions evaluate brokerage houses on a number of parameters, such as quality of service and research capability before choosing them. IGSL commenced our institutional brokerage business to increase our clients’ base.

IGSL's institutional brokerage operations are managed by experienced and knowledgeable relationship managers. IGSL services clients through dedicated sales teams. This team provides products and services including trading, distribution and research services to our clients. IGSL is empanelled with 26 institutional clients, domestic mutual funds, insurance companies, Indian banks and corporates.

### Our Business Locations

We are head quartered at Mumbai and operate through 233 business locations including branches, franchisees and sub- brokers located across 29 cities and towns.

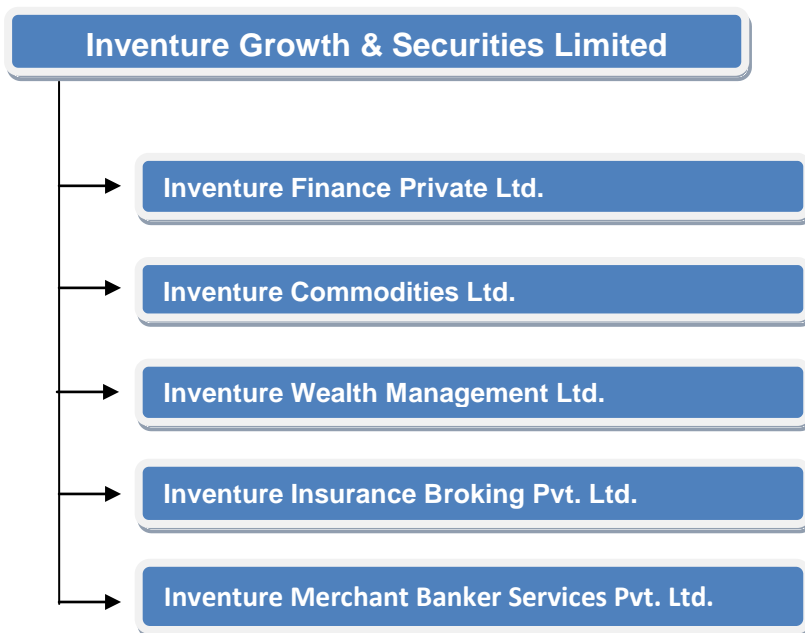
Our branches are the retail locations where we offer our services face-to-face and automated services to our customers. It is an independent profit centre. We develop branches in line with our growth strategy keeping in mind the overall market condition. As of June 30, 2011 we have 15 branches located across the western region.

Our business locations also include intermediaries or our "Business Associates", who deliver a standard quality of service offering on the basis of a pre-determined revenue sharing ratio for the business generated through them.

### Our Group Structure

IGSL is the holding company of the following subsidiaries:

- Inventure Finance Private Limited (IFPL)
- Inventure Commodities Limited (ICL)
- Inventure Wealth Management Limited (IWML)
- Inventure Insurance Broking Private Limited (IIBPL)
- Inventure Merchant Banker Service Private Limited.(IMBSPL)



### **Inventure Growth and Securities Limited**

Incorporated as a public limited company in the year 1995, IGSL has grown from being a SEBI registered broker with BSE membership into a full service brokerage house providing services in the financial services sector.

IGSL has membership in the cash and derivative segments of BSE and NSE, currency futures market segment of NSE and MCX-SX, wholesale debt market of BSE and NSE, member of OTCEI and also registered as a DP with CDSL. IGSL has been recently registered as Portfolio Manager with SEBI. IGSL currently employs 193 employees.

The activities undertaken by IGSL are given below:

#### **Equity Broking**

IGSL is a trading cum clearing member of BSE and NSE for trading in derivatives and securities and also a member of OTCEI. IGSL caters to the needs of clients' i.e. institutional clients, high net worth individuals and retail investors in the secondary market segment. IGSL offers advisory services to our clients through the research undertaken by a team of fundamental and technical research analyst. IGSL provides personalized trade and execution services along with real time information to our clients. Our online equity trading portal "net net lite" was launched in the year 2006-07. The portal offers equity news, announcements, market commentary, sector watch, company specific information, personalized portfolio tracking and real time quotes without involving any additional intermediary thus saving on cost.

#### **Research**

IGSL provides research services on both fundamental and technical side. It employs a blend of chartered accountants and management graduates who track economy, industries and companies on a regular basis. The purpose of research is to identify money-making opportunities for the clients without exposing them to unwarranted risk. IGSL focus on providing in-depth insightful research that is timely and valuable to clients. The support team provides robust research deliverables that are in many cases serve as the basis for buy-hold-sell decisions. The research team comprises of head institutional sales, research analysts and technical analysts. The research team covers companies in various sectors and analyses the Indian and global economy in order to identify potentially wealth-creating equity investment ideas. Research desk offers reports to our Institutional clients.

#### **Currency Futures Market**

Currency future trading in India is comparatively new and gives investors opportunities to hedge risk of capital market fluctuations. It also is emerging as an additional class of investment for investors. IGSL is targeting our equity as well as commodity trading customers for investment in global currencies. IGSL has recently become a clearing & trading member of currency future segment of BSE, NSE and MCX SX.

#### **Depository Services**

Depository Participant is as an agent of the depository and can offer depository related services only after obtaining a certificate of registration from SEBI. Therefore IGSL is the intermediary between the depository and the investors. The relationship between us and the depository is governed by an agreement under the Depositories Act. IGSL offers depository facility to our equity trading clients as a part of integrated service offering as well as to third parties through CDSL, where it is a depository participant.

### **Wholesale Debt market segment**

The debt market is the market where fixed income securities of various types and features are issued and traded. Debt Markets are therefore, markets for fixed income securities issued by Central and State Governments, Municipal Corporations, Government bodies and commercial entities like financial institutions, banks, public sector units, public limited companies and also structured finance instruments. The commercial banks and the financial institutions are the most prominent participants in the Wholesale Debt Market in India. As government securities enjoys the greatest amount of security and have zero default risk they offer one of the best reasons for investments to investors. In tandem with this we are expecting a rise in this business segment. IGSL is a member of Wholesale Debt market segment of BSE and NSE and undertake transactions in debt instruments namely government securities and other fixed income instruments.

### **Portfolio Management Services**

IGSL has been recently registered as portfolio manager with SEBI and is in the process of starting portfolio management services. Portfolio management is used to organise a portfolio of various securities (shares, bonds and other securities) to achieve the following:

- maximize the profitability or value of the portfolio
- provide balance
- to meet specified investment goals for the benefit of the investors

As a portfolio manager, IGSL would provide investment advisory and planning services to high net worth individuals.

### **Other services offered by IGSL**

Apart from the services mentioned above IGSL also offers investment opportunities in a diverse range of products like distribution of IPO's. The clients are updated about forthcoming IPO and news articles in relation to IPO. IGSL has also forayed into imparting training on capital market, commodities market and currency market segments and has established an institute with a view to train our present personnel as well as prospective candidates.

### **Inventure Finance Private Limited**

IFPL enable clients to take greater participation in different segments of capital market, IFPL provides loan against shares to various clients, including our broking clients. Through such financing clients pay a partial sum of stock price and the balance is then funded by IFPL at an interest.

### **Non Banking Financial Services**

IFPL is RBI registered NBFC and is in the business of advancing loans to clients for acquisition of shares/ stock/ bonds/ debentures/ securities issued by government or local authority or other securities of like marketable nature. This facility provides the clients with the opportunity to buy shares listed on the stock exchanges on credit.

### **Inventure Commodities Limited**

ICL undertakes commodities brokerage business and has membership of MCX, NCDEX, NSEL and NMCE. It serves 794 clients with the help of 14 employees.

### **Commodity Trading**

Trading in commodities market to retail and HNI clients is offered through ICL. A commodities market is an exchange for buying and selling commodities for future delivery. These primary commodities includes agricultural products, bullion, industrial products, oil and oil seeds and



energy products which are traded on regulated commodities exchanges in which they are bought and sold in standardized contracts. ICL is a member of MCX, NCDEX, NMCE and NSEL.

**Inventure Wealth Management Limited**

IWML our advisory arm, caters to retail and HNI clients to provide advisory services in almost all the sectors related with financial market which include areas like finance, equities, mutual funds, life insurance, general insurance and tax planning. IWML have a dedicated team of employees including specialist advisors who understand each client needs individually and offer customised services to them. The advisors first analyze the risk appetite and identify individual’s goals and objectives. They diversify the investment strategy by combining asset classes, securities from different sectors to maximize performance, minimize losses and increase the likelihood of returns. As the number of individual securities in the investment increases, unsystematic risk (the risk that pertains to a single company) decreases. They then create a basket of stock, bonds and mutual funds to fit into the personal investment goals and objectives. Hence, different types of investment strategies are provided. Since an investment strategy is a collection of individual securities, the amount each single security contributes to the total depends both on its individual return and its share of the initial market value of the investment. The advisors also accept clients existing securities, bonds and mutual fund holdings along with cash which can be then be revamped according to their goal and preferences. The aim of diversification is to reduce risk without sacrificing returns.

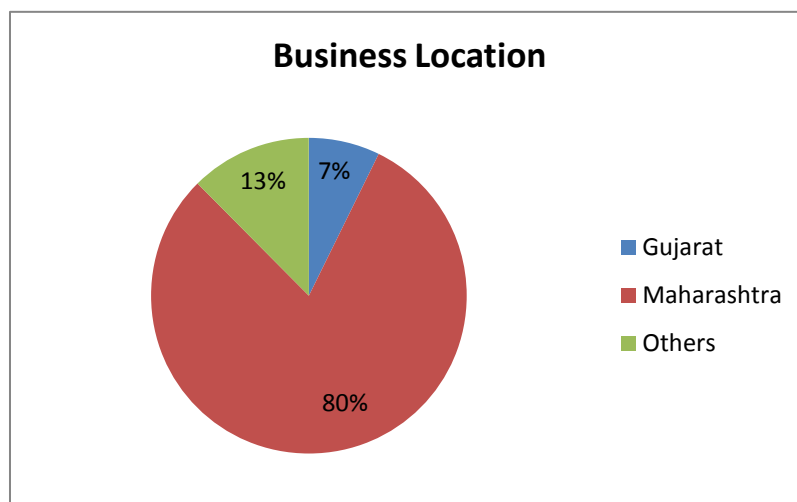
**Inventure Insurance Broking Private Limited**

**Insurance advisory services**

As a broker, IIBPL plans to distribute major insurance companies’ products in life as well as non-life segments to clients and provide consultancy and guidance to them. To grow existing relationship with clients and further facilitate their need IIBPL has applied for IRDA registration on November 24, 2009 for direct insurance broker’s license.

**Diverse distribution network in regional space**

We started our operation in the western region of India and over the last few years have established our presence in the equity broking. Of our total pan-India network of 233 business locations covering 29 cities and towns, 187 are located in Maharashtra and 17 are located in Gujarat as on date.



**Inventure Merchant Banker Service Private Limited:**

To engage in and carry on the Business of Investment Banking and Merchant Banking in all its aspects, to Act as Lead Managers, Syndicate Member, Sub-Syndicate Member, Investment Advisors and Counselors, Financial Advisors, Underwriters, Managers to Issues and offers, whether by way of public offer or otherwise of Securities and services in connection with mergers and acquisitions, delisting, takeovers and open offers, to undertake portfolio management, advisory and counseling services and to form syndicates or consortia of managers, agents, and purchasers for or of any of the securities, to act as brokers, dealers, and agents of or in connection with the securities, to syndicate any financial arrangement whether in the domestic market or in the international market and to advise and assist individuals, firms, companies, bodies corporate and any other persons including non-resident Indians and foreign entities and institutions in all financial, costing, accounting, internal control and other similar matters.

**Integrated financial services provider**

We offer a wide range of financial products and services to our investors which include equity brokerage, commodities brokerage and wholesale debt market trading with memberships in BSE, NSE MCX, NCDEX and depository participant of CDSL. We have expanded our operations beyond broking to distribution of third party financial products like IPO's, mutual funds, insurance, margin funding, internet trading and wealth management. We also offer an array of advisory services ranging from investing, trading, research, financial planning to institutional clients, high net worth individuals and retail investors. Most of these services are customized to meet the needs of our clients in line with their investment objective.

**Strong risk management system**

We have deployed resources in terms of technology, people and processes to manage our risk management function. We have established general risk management procedures for trading activities, including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "Value at Risk" analysis. We periodically review and modify such procedures, as necessary or appropriate. These procedures cover our internal control system, customer margin requirement and risk management of relationship members. This is evident from the fact that during the fiscal 2009 when the global economy was facing a downturn we have managed to sustain our financial performance.

**Centralized Infrastructure**

Our corporate office is located at Andheri, Mumbai. The office spreads across an area admeasuring 8,000 sq.ft. We operate in the same premises thereby facilitating ease in functionality, supervision and guidance thus enabling quick decision making in different business verticals.

**Strong relationship with our clients**

We believe in maintaining long term relationships with our clients in terms of increased sales. Our dedicated focus on client coverage and our ability to provide timely solutions that enables us to resolve customer complaints, if any. This has helped us to establish long-term relationships with institutional and high net worth individual clients. This key strength has helped us to receive repeat business from our clients. We also believe that because of our timely trade execution, competitive pricing and customer service, we enjoy goodwill amongst our customers.

**Diversified client base**

We have served over 36,000 clients and are not dependent on small set of high networth individuals but have a small exposure to a well diversified client base ranging from retail investors to HNI to Institutional. We are also empanelled with Indian banks, mutual funds, and insurance companies. We revamped our risk management system in order to avoid any margin shortfall on broking clients or on funding clients. We have deployed adequate policy based monitoring and squaring off not only for mass retail but also for high networth clients. These have helped us in protecting our capital during adverse market movements and also sustain our financial performance during the fiscal 2009.

**Business Strategy**

We strive for complete transparency and satisfaction of our clients with an unwavering thrust and focus on professional excellence and integrity. In keeping with this philosophy, we will focus on increasing our customer base in all our products, give them a platform of choice to transact and support them with quality research as well as on capturing the significant growth opportunities across the Indian financial services spectrum. Our key strategic initiatives are described below:

**Meeting Working Capital Requirement**

The working capital requirement of the company arises on account of the gap in realization of cheques from clients and amount to be paid to the exchanges towards pay in on the settlement dates. With growing business this gap is widening creating large requirement for working capital. In tandem with the growth in the financial markets, we expect our trading volumes to increase further. It is proposed to complement our working capital requirement which is currently met out of bank limits and internal accruals.

**Concentration on NBFC activities**

This business segment has two revenue verticals, which are interest income and also generates brokerage from trading of shares. The brokerage income is earned by IGSL and interest income is credited in IFPL. There has been a growth in our NBFC activities in terms of clients as well as revenues. To augment this growth we are striving to strengthen our NBFC team. We also foresee a major growth in the NBFC in the coming years. We propose to increase our presence in this vertical, both in terms of team strength and geographic reach.

**Achieve operational efficiencies**

We intend to achieve operational efficiencies and maximize revenues through efficient use of technology, focused marketing and optimization of our resources. This would depend on our ability to maintain adequate capital and liquidity to absorb any adversities on broking and lending business, stabilizing the earning profile, improving upon the profitability and adherence to stringent risk management systems.

**Strengthen relationship with our clients**

We seek to build on existing relationships and also focus on increasing our client base. We plan to expand our business primarily by increasing the number of client relationships, as we believe that increased client relationships will add stability to our business. We also seek to offer our clients, diversified products and services to increase our per capita revenues by selling different products to the same client.

**Increasing geographical reach**

We are focused on increasing our concentration in the existing cities as well as expand into smaller cities and towns that we believe have the potential to grow. Currently, we have a presence in the major cities of India. Foreseeing the growth potential in the northern and eastern regions we

plan to expand our reach in these regions. We propose to expand by increasing the network of our branches and are open to growth through the inorganic route including acquisitions. We believe that this network expansion, complemented by client-focused relationship management, will allow us to add new clients and help us grow our market share.

### **Risk Management**

The global financial crisis has highlighted the need to manage risks regarding new financial instruments such as derivatives, currency futures etc. Our Company is dealing in financial services and hence risk management is of utmost importance. We have deployed resources in terms of technology, people and processes to manage our risk management function. We monitor and control our risk exposure through financial, credit, operational, compliance and legal reporting systems based on mandatory regulatory requirements and as per our business needs. We have risk management procedures for evaluating and managing the market, credit and other risks to which we are exposed, as well as protecting our reputation in the market.

### **Internal Controls**

We have established general risk management procedures for trading activities, including instruments and strategies, position and trading limits for trading desks, business units and/or individual traders, periodic stress testing and cash flow and "value at risk" analyses. We periodically review and modify these procedures, as necessary or appropriate. This regular stress testing analysis helps us in maintain adequate financial resources to withstand any default or delay in payment by clients.

Under our KYC policy, prior to establishing a relationship with a customer, we assess the risks of doing business with that customer. We also regularly monitor these risks throughout the term of the relationship with the customer. In general, our consideration focuses on the following areas:

- the nature of the customer (e.g., institutional or retail) and its corresponding level of experience and sophistication;
- the creditworthiness of the customer, as measured by established credit policies and procedures as mentioned for compliance and risk management; and
- the authority (including apparent authority) of the customer to conduct its proposed trading activities, including the customer's legal authority and the capacity of the individuals responsible for the trading.

To further mitigate our risk we have imposed separations with regards to business activities between:

- back office personnel responsible for trade reconciliation, margin, position limits, preparation and maintenance of books and records and other similar matters as well as compliance personnel, risk management personnel and treasury or funding personnel; and
- personnel responsible for customer relationships or proprietary trading.

### **Customer Margin Requirement**

Customer margin requirements and position limits are established at levels that are adequate to protect us against reasonably foreseeable risks arising from the customer's trading activities. Customers' significant market exposures are reviewed on a weekly basis and whenever necessary we call for additional collateral or modify margin requirements or position limits to reduce the size of existing positions.

We have enforced policies and procedures regarding the prompt collection of customer margin (other than in the case where there are appropriate credit arrangements in place) and the liquidation of customer accounts (or other appropriate action) where necessary.

**Technology**

To maintain our risk management system and reduce operational errors we need to be well equipped with regards to latest software and hardware available in the market. Our investment in technology will help us to achieve economies of scale as we expand our product and service offerings.

To ensure operational efficiency and mitigate our risk, we have set up a dedicated data centre at our registered office and have invested in high-performance trading software.

**Economic Overview:-**

The Current macro-economic environment is passing through a severe slowdown led by weakening in investment activity. Inflation concerns continued in FY12 (third year in row) as demanded pressures rose significantly, especially in H1FY12. Elevated levels of inflation led to aggressive monetary tightening by RBI and this had an adverse impact on investment and growth. Moreover, high inflation also had undesirable impact on savings rates and brought about an increase in business uncertainty. Throughout H1FY12, RBI was in an aggressive tightening mode to contain demand pressure in the economy. Accordingly, on a couple of occasions, RBI increased the policy rate. This aggressive tightening in monetary policy led to significant constriction of the overall monetary conditions in the economy and simultaneously the level of investment by public has also gone down. One of the major reasons for the investment cycle slowing down is the significant erosion of business confidence. As a result, the markets went through extremely challenging times for most part of FY12 and finally under performed. The general risk averse environment of equities in a market slump in most of the countries. However, the developed world outperformed emerging markets. Developing the bond markets with an objective of attaining the depth and the activity level observed in the equity markets continues to be among the top priorities of the RBI & SEBI. This effort got a significant boost this year as fixed income emerged as a powerful asset class during a period when equities suffered due to a host of global and domestic concerns.

**Opportunities**

In the coming years, the Company foresees consolidation as inevitable in all segments across the industry in order to achieve economies of scale and capture all potential revenues. This consolidation shall weed out weaker players and help emerge large to medium sized companies. Exploring this possibility, the Company is in the process of expansion.

The Company has started a training division to impart the training to the students in the subjects relating to Capital and Financial Market. This will also have a positive impact on the Company's revenue in future.

The Company has embarked upon the process to strengthen its business with the objective to protect existing revenue, create new ones and project higher profit margins. Adding new high net worth clients would be the main aim of the Company.

To hedge against the growing competition in the industry, our Company is planning to set up new business locations all over India and register more Business Associates.

The Company's vision in the business is to meet the expectations of its clients and to deliver best services to them. With expansion process, our Company shall have a broad based position in the broking and finance industry which will continue to grow and add value to the Company.

The Company's quality processing, strategic location, prompt and professional service standards and unfailing dependability enables its clients to add value by saving on time, costs and opportunities. Besides, its strengthened relationship, focused service culture and organizational strength are some means to manage the risks effectively.

We accept, attract and retain the best talent through the ongoing initiatives. The talent utilization is supplemented by a shared responsibility which leads to accuracy in performance.

### Business Outlook:-

#### Our business streams

Business Stream	Primary products and services
Broking & Distribution Wealth Management	<ul style="list-style-type: none"> <li>Equity (cash and derivatives) and commodity broking</li> <li>Distribution of financial products like Mutual Funds, PMS, IPO and Insurance</li> <li>Financing</li> <li>Depository services</li> </ul>
Institutional Broking	<ul style="list-style-type: none"> <li>Equity (cash and derivatives) broking</li> <li>Advisory</li> </ul>
Asset Management	<ul style="list-style-type: none"> <li>Portfolio Management Services</li> </ul>

#### Institutional Broking

We offer Institutional Broking services in cash and derivatives segment to a large institutional clientele in India and abroad. These clients include mutual funds, banks, financial institutions, insurance companies, and FIIs. Our Company provides research services on both fundamental and technical side. Our Company employs a blend of chartered accountants and management graduates who track economy, industries and companies on a regular basis. The purpose of our research is to identify money-making opportunities for the clients without exposing them to unwarranted risk. We focus on providing in-depth insightful research that is timely and valuable to clients. Our support team provides robust research deliverables that are in many cases serve as the basis for buy-hold-sell decisions. Our research team comprises of Head Institutional Sales, Research Analysts and Technical Analysts. Our research team covers companies in various sectors and analyses the Indian and global economy in order to identify potentially wealth-creating equity investment ideas. Our research desk offers reports to our Institutional Clients.

Despite the global crisis and fall in foreign investments, India is still one of the favored destinations for equity investments with an increasing number of FII registrations year-on-year. We believe that the two key differentiators for players competing in this space would be the strength of research and advisory support coupled with best execution platforms.

Our strong clientele base spread across the globe and our constant endeavor to provide best in-class research, advice and execution support will also help us to tap emerging opportunities and gain higher market share across all the institutional client segments.

Our Company provides research services on both fundamental and technical side. Our Company employs a blend of chartered accountants and management graduates who track economy, industries and companies on a regular basis. The purpose of our research is to identify money-making opportunities for the clients without exposing them to unwarranted risk. We focus on providing in-depth insightful research that is timely and valuable to clients. Our support team provides robust research deliverables that are in many cases serve as the basis for buy-hold-sell decisions. Our research team comprises of Head Institutional Sales, Research Analysts and Technical Analysts. Our research team covers companies in various sectors and analyses the Indian and global economy in order to identify potentially wealth-creating equity investment ideas. Our research desk offers reports to our Institutional Clients

**Risk Management:**

The Company is bound to undertake risks as it capitalizes on several new opportunities. The Company ensures that the risks it assumes are commensurate with returns. For this purpose, we manage the risks associated with our broking operations through the fully automated risk management software which allows us to view the online Mark to Market (MTM) losses of the clients.

The Company has created a dedicated Surveillance Department which is being monitored by Chairman and Managing Director along with other professional manpower to further strengthen the Risk Management System of the company.

Besides this other risk identified by the company are as follows

**Competition Risk**

This risk arises from more players wanting a share in the same pie. Competition, despite a unprecedented bear market last year, has further intensified with new entrants and some incumbents opportunistically expanding their presence while the larger ones went into consolidation. Inventure has generated considerable goodwill in the market.

**Regulatory Risk**

A violation of, or non-compliance with regulatory norms, which change frequently to keep pace with the dynamic external environment, could stagger the Company's growth and tarnish its goodwill. Inventure is very serious about its compliance commitment and maintains the highest level of compliance, recognizing that business must not only serve the interest of the customer but also function well within the established guidelines of the various regulatory authorities for responsible and profitable growth.

**Human Resource Risk**

This risk arises from being exposed to the vagaries of the work force. Staff attrition and the rising demand for experienced and qualified personnel puts upward pressure on employee costs. Attracting, training and retaining the best talent are thus, one of the primary objectives of the Company. Inventure is putting unremitting efforts to employ professionally qualified personnel at different levels of the administration and has implemented several policies to motivate its employees.

**Technology Risk**

In this technology intensive environment, the speed of trade execution, reliability of access and delivery of service are critical. Any disruption of service could affect clients and the Company.

Over the years, the Company has invested significantly in state-of-the-art technology to enhance existing systems and networks. Inventure has strong IT operations and support systems and highly qualified IT professionals. The Company believes in using the best available technology to provide superior front-end systems and strong back-end platforms. Servers and IT support centers are geographically well distributed to provide instant customer support and enhance risk management in trading networks. To achieve the least down time, Inventure ensures redundancy at all possible levels.

External attacks like virus, spyware, malware, spoofing, intrusion as well as hardware, firmware and operating system related bugs are a concern for the Company but are taken care of on a regular basis. Inventure ensures multiple backups of data and each activity logs in the front-end as well as the back-end system applications for better and faster resolution of errors and reduction of risk.

### Internal Control Systems and Their Adequacy

Keeping in mind, the important role of internal audit, the Company has appointed M/s. SMARK & Co, Chartered Accountants as Internal Auditors to examine the adequacy and the compliance with statutory requirements. It also evaluates the Company's risk management system and suggests risk mitigation measures for all key operations of the Company. The Internal auditors are submitting their reports periodically which are placed before the Audit Committee. The suggestions given by the Internal Auditors are implemented by the Company for the improvement of systems and procedures.

The Company has in place adequate internal controls which are capable of providing assurance regarding the effectiveness and efficiency of operations. The internal controls also ensure the adequacy of safeguards for assets, the reliability of financial controls and compliances with applicable laws and regulations.

The Company has implemented sufficient systems to ensure that assets are safeguarded against loss from unauthorized use of disposition and that transactions are authorized, recorded and are properly reported. The Company continuously upgrades its systems in line with the best available practices.

### RESULTS OF OPERATIONS

The following tables set forth, for the periods indicated, IGSL's profit and loss account, both in absolute terms and with each line item represented as a percentage of total income.

Particulars	Year ended 31 March 2012		Year ended 31 March 2011		Increase/ (Decrease)
	(₹ in Lacs)	% of Total Income	(₹ in Lacs)	% of Total Income	%
<b>Income</b>					
Income from Operations	1728.91	58.43%	2,429.20	67.20%	(28.83%)
Other Income	1229.92	41.57%	1,185.50	32.80%	3.75%
<b>Total Income</b>	<b>2958.83</b>		<b>3614.70</b>		<b>(18.14%)</b>
<b>Expenditure</b>					
Personnel Expenditure	587.16	19.84%	661.23	18.29%	(11.20%)
Operating Expenditure	1048.64	35.44%	1,537.67	42.54%	(31.80%)
Interest & Financial Charges	388.71	13.14%	477.59	13.21%	(18.61%)
Depreciation/Amortization	106.10	3.59%	121.95	3.37%	(13.00%)
<b>Total Expenditure</b>	<b>2130.61</b>	<b>72.01%</b>	<b>2,798.45</b>	<b>77.42%</b>	<b>(23.86%)</b>
<b>Profit Before Tax (PBT)</b>	<b>828.22</b>	<b>27.99%</b>	<b>816.25</b>	<b>22.58%</b>	<b>1.47%</b>
Current Tax	255.00	8.62%	265.00	7.33%	(3.77%)
Deferred Tax	6.18	0.21%	(2.63)	(0.07%)	(334.98%)



Liability/(Asset)					
Fringe Benefit Tax	-	-	-	-	-
Tax Adjustment of earlier Years	-	-	-	-	-
<b>Profit After Tax (PAT)</b>	<b>567.04</b>	<b>19.16%</b>	<b>553.88</b>	<b>15.32%</b>	<b>2.38%</b>

During the current year PAT has marginally increased by 2.38% compared to previous year. Due to decrease in expenses there is marginal Increase in PAT.

#### Revenue:

IGSL's income from operations consists mainly of brokerage income, arbitrage income and Depository income. The income from operations in the current year has fallen by 25% from corresponding previous year. The following table illustrates the break-up of IGSL's income from operations for the years ended March 31, 2012 and 2011, both in absolute terms and with each line item represented as a percentage of the total income.

Income From Operational Activities	Year Ended 31 March 2012		Year Ended 31 March 2011		Increase/ (Decrease)
	(₹ in Lacs)	% of Total Income	(₹ in Lacs)	% of Total Income	%
Brokerage and Commission Income	1444.03	48.80%	2,331.56	64.50%	(38.07%)
Arbitrage Income	211.20	7.14%	(9.75)	(0.27%)	2266.15%
Depository Income	73.67	2.49%	107.39	2.97%	(31.40%)
<b>Total Income From Operational Activities</b>	<b>1728.91</b>	<b>58.43%</b>	<b>2429.20</b>	<b>67.20%</b>	<b>(28.83%)</b>

#### Brokerage and Commission Income:

Income from stock broking business is one of its principal sources of income for IGSL, which comprises revenues earned from equities and derivatives traded on the stock exchanges. Income from brokerage and commission constituted 48.80% of total income for the year ended March 31, 2012 and 64.50% for the year ended March 31, 2011.

The income from brokerage services is driven principally by the number of active clients, market volume and underlying share price movement. Client growth has been a significant driver of revenue growth in IGSL's broking business. Growth in total client numbers has been driven primarily by increased geographical presence, enhanced online services and enhanced trade and execution teams. However the volatile and adverse stock market conditions have resulted in lower Brokerage and Commission Income for the current year.

**Arbitrage Income:**

IGSL's income from its Arbitrage is another of its principal source of income and comprises revenues earned from equities traded on the exchanges. Income from Arbitrage constituted 7.14% of total income for the year ended March 31, 2012, (0.27%) for the year ended March 31, 2011.

**Depository Income:**

IGSL is a depository participant with CDSL and offers depository services to its retail broking clients as a value-added service. This income constitutes an annual maintenance fee and a transaction-based charge for transactions undertaken by IGSL's depository clients. The depository income has decreased by 31.40% y-o-y.

**Other Income:**

Other income is comprised primarily of interest income and profit on sale of investments. Interest income is derived principally from interest earned on bank deposits made for Overdraft Facility from various banks and to support bank guarantee facilities required in connection with IGSL's activity on the stock exchanges.

IGSL makes short-term investments as a part of its working capital management by deploying surplus funds in mutual funds. Further, IGSL has also investments in equity shares. IGSL derives income from dividends and profit on sale of investments in the mutual funds and equity shares.

The following table sets out IGSL's other income for the years ended 31 March 2012 and 2011, both in absolute terms and with each line item represented as a percentage of total income:

Other Income	Year Ended 31 March 2012		Year Ended 31 March 2011	
	(₹ in Lacs)	% of Total Income	(₹ in Lacs)	% of Total Income
Profit on Sale of Investment	-	-	-	-
Dividend Income	4.62	0.16%	14.82	0.41%
Interest Income	604.42	20.43%	597.28	16.52%
Other Misc. Income	620.88	20.99%	573.40	15.86%
<b>Total other Income</b>	<b>1229.92</b>	<b>41.57%</b>	<b>1185.50</b>	<b>32.80%</b>

**Comparison of Results for the Year Ended 31 March 2012 and for the Year Ended 31 March 2011****Operating Income**

Our operating income decreased by 28.83% from Rs. 2429.20 lakhs in the year 2010-11 to Rs. 1728.91 lakhs in the year 2011-12 primarily due to market inflation which affected the overall trading volumes across the stock exchanges resulting into a rise in our operating income.

**Other Income**

Our other income increased by 3.75% from Rs. 1185.50 lakhs in the year 2010-11 to Rs. 1229.92 lakhs in the year 2011-12 mainly on account of increase in interest on fixed deposits with banks, delayed payment charges received from clients and addition of new revenue stream from training and web designing activities.

#### **Personnel Expenses**

Our personnel expenses decreased by 11.20% from Rs. 661.23 lakhs in the year 2010-11 to Rs. 587.16 lakhs in the year 2011-12. Primarily due to closure of various branches and we have started following franchise module for business expansion plan of the company.

#### **Operating and other Expenses**

Our operating and other expenses decreased by 31.80% from Rs. 1537.67 lakhs in the year 2010-11 to Rs. 1048.64 lakhs in the year 2011-12. Our direct operating expenses such as payment to Business Associates, stock exchange expenses, SEBI turnover charges, STT, depository charges etc. decreased in line with our decrease in operating income.

#### **Interest and Finance Charges**

Our interest and financial charges decreased by 18.61% from Rs. 477.59 lakhs in the year 2010-11 to Rs. 388.71 lakhs in the year 2011-12. primarily due funds raised from Initial Public Offer.

#### **Depreciation**

Our depreciation expenses decreased by 13.00% from Rs. 121.95 lakhs in the year 2010-11 to Rs. 106.10 lakhs in the year 2011-12 primarily due to additions of fixed assets such as furniture, office equipments and computers at our corporate office.

#### **Taxation**

Our provision for taxation had decreased by 3.77% from Rs. 265.00 lakhs in the year 2010-11 to Rs. 255.00 lakhs in the year 2011-12 primarily due to decrease in operating income and consequent decrease in net profit.

#### **Net profit after tax**

Principally due to reasons described above, net profit after extraordinary items, as restated increased marginally by 2.38% from Rs. 553.88 lakhs in the year 2010-11 to Rs. 567.04 lakhs in the year 2011-12

### **LIQUIDITY AND CAPITAL RESOURCES**

#### **Liquidity**

IGSL's primary requirements have been to finance working capital needs of its own and its subsidiaries. IGSL requires working capital to meet its requirement for funds in connection with payments to be made in the ordinary-course of its business. The major portion of IGSL's working capital is deployed in fixed deposits placed with banks to obtain guarantees so that IGSL can obtain appropriate levels of trading exposure on the exchanges, in stock-in-trade for its regular trading activities. This requirement fluctuates on a regular basis depending on trading volumes. To fund these requirements, IGSL has come up with Initial Public Offer in 2011-2012. In the past, IGSL has also relied on short-term credit or overdraft facilities from banks to meet such margin requirements.

### Cash Flows

The following table summarizes IGSL's cash flows for the year ended March 31, 2012 and 2011:

(Rs. in Lacs)

Particulars	Year Ended	Year Ended
	31 March 2012	31 March 2011
Net Cash From/ (Used) from Operating Activity	(2859.20)	(1659.37)
Net Cash From/ (Used) from Investing Activity	(3799.34)	374.96
Net Cash From/ (Used) from Financing Activity	6892.48	533.14
<b>Net Increases / (Decrease) in Cash &amp; Cash equivalent</b>	<b>233.94</b>	<b>(751.27)</b>
Cash and Cash Equivalents as at beginning	71.01	822.28
Cash and Cash Equivalents as at end	304.95	71.01

### Review of Assets and Liabilities

#### Non-Current Assets

##### Fixed Assets

Fixed assets include:

- Gross block, which is mainly comprising of office premises, equipment and related assets. The following table illustrates IGSL's fixed assets as at 31 March 2012 and 31 March 2011:

(Rs. in Lacs)

Particulars	As at	As at
	31 March 2012	31 March 2011
Tangible Assets	1218.83	1305.82
Intangible Assets	34.03	51.14
<b>Net Block</b>	<b>1252.86</b>	<b>1,356.96</b>

### Investments

Investments principally comprise:

- Long-term investments, in fully paid up equity shares of various quoted and unquoted companies.

Investments are classified as either current or long term based on management's intention at the time of purchase.

(₹ In Lacs)

Particulars	As at 31 March 2012	As at 31 March 2011
Long Term investments	6991.79	2,782.32
Short Term Investments	-	-
<b>TOTAL</b>	<b>6991.79</b>	<b>2,782.32</b>

### Long-Term Loans & Advances

The following table sets out details of IGSL's Long-Term Loans & Advances as at 31 March 2012 and 31 March 2011:

(₹ In Lacs)

Particulars	As at 31 March 2012	As at 31 March 2011
Deposit with Stock Exchanges/Depository	378.74	379.74
Deposit with Others	11.33	13.93
Advance Income Tax (Net of Provisions)	214.91	245.69
<b>Total Debtors</b>	<b>604.98</b>	<b>639.36</b>

### Other Non-Current Assets

Other Non-Current Assets comprise of Fixed Deposits with Banks with more than twelve months maturity. As at 31 March 2012, IGSL's Other Non-Current Assets were Rs. 2631.73 lacs. The fixed deposits are the deposits placed with banks in connection with guarantees issued to the exchanges and overdraft facilities granted by these banks.

### Current Assets

Current assets typically fluctuate on a day-to-day basis, depending, inter alia, on our trading volumes.

Current assets mainly comprise of:

- Sundry debtors, which relate to amounts receivable from the clients on whose behalf we undertake the trade as well as amounts receivable from the exchanges.
- Stock-in-trade, which represents shares held by IGSL in connection with its arbitrage business.
- Cash, Bank and Fixed Deposit balances.
- Short-term loans and advances, Deposits and Loans given to subsidiaries.

The following table sets out details of IGSL's Trade Receivables as at 31 March 2012 and 31 March 2011:

(₹ In Lacs)

Particulars	As at	As at
	31 March 2012	31 March 2011
Trade receivables outstanding for a period exceeding six months from the date they were due for payment : Considered good	1,325.06	662.73
Other Trade receivables	5,847.10	5,657.16
<b>Total Debtors</b>	<b>7,172.16</b>	<b>6,319.89</b>

As at 31 March 2012, IGSL's cash and bank balances were Rs. 2055.45 Lacs, of which Rs. 1705.50 Lacs were in Fixed deposits with more than three months maturity but due within one year from the reporting date and Rs. 302.89 Lacs in Current accounts with banks and Rs. 2.07 Lacs Cash on hand. The fixed deposits are the deposits placed with banks in connection with guarantees issued to the exchanges and overdraft facilities granted by these banks.

The following table sets out the details of IGSL's Short-Term Loans & Advances as at 31 March 2012 and 31 March 2011:

(₹ In Lacs)

Particulars	As at	As At
	31 March 2012	31 March 2011
Advances to Subsidiary	1150.00	22.31
Deposits with Stock Exchanges	136.81	56.44
Prepaid Expenses	57.45	81.18
Advances recoverable in cash or in-kind	1.91	4.04
<b>Total</b>	<b>1346.17</b>	<b>163.97</b>

#### Non-Current Liabilities & Current Liabilities

Non-Current Liabilities & Current Liabilities principally consist of margin monies deposited by the clients with IGSL to facilitate trading on their behalf and amounts payable to the clients on whose behalf IGSL undertakes trades as well as amounts payable to the exchanges. Provisions include

provisions for Defined Benefit (Gratuity) to employees, Proposed Dividend and Corporate Dividend Tax payable thereon.

The following table sets out the details of IGSL's Non-Current liabilities and Current liabilities as at 31 March 2012 and 31 March 2011:

(₹ In Lacs)

Particulars	As at 31 March 2012	As At 31 March 2011
<b>A) Non-Current Liabilities</b>		
Long-Term Borrowings	758.99	831.01
Deferred Tax Liabilities (Net)	116.38	110.20
Long-Term Provisions	15.75	14.56
<b>Total (A)</b>	<b>891.12</b>	<b>955.77</b>
<b>B) Current Liabilities</b>		
Short-Term Borrowings	1,484.48	1,787.79
Trade Payables	2,989.05	2,089.16
Other Current Liabilities	2,266.60	4,543.86
Short-Term Provisions	256.04	173.77
<b>Total (B)</b>	<b>6,996.17</b>	<b>8,594.58</b>
<b>TOTAL (A+B)</b>	<b>7,887.29</b>	<b>9,550.35</b>

### Long Term Borrowings

Long term borrowings consist of loans taken from Banks/Financial Institutions for purchasing the office premise. As at March 31, 2012, the outstanding secured loans of IGSL were ` 831.01 lacs, consist of loan repayable after 12 month from balance sheet date is ` 758.99 lacs and repayable within 12 month from balance sheet date is ` 72.02 lacs.

### Contingent Obligations

As at 31 March 2012, IGSL had contingent obligations not provided for on account of the following accounts

(₹ In Lacs)

Particulars	As at 31 March 2012	As At 31 March 2011
Guarantees given by banks in respect of capital adequacy, daily margin and other contractual commitments for which IGSL has given counter-guarantees	4,550.00	5,515.00
Demand in respect of taxation under appeal	58.56	58.56
Bank Guarantee given for Subsidiary, Inventure Commodities Limited	5,500.00	250.00
<b>Total</b>	<b>10,108.56</b>	<b>5,823.56</b>

IGSL's principal contingent obligations relate to guarantees given by banks to exchanges in the ordinary course of business in respect of IGSL's capital adequacy, daily margin and other contractual commitments for which IGSL has provided counter-guarantees. The level of guarantees fluctuates on a regular basis in connection with IGSL's trading and broking activity and the related requirements in respect thereof.

### RISKS AND CONCERNS

In the course of conducting business operations, the Company is exposed to a variety of risks that are inherent to the industry it operates in.

The major risk involved in the Capital and Financial Markets is the global financial crisis which affects the overall trading volumes across the stock exchanges. Any slowdown in the economy, in India or in other major countries will have an inevitable impact on the Company's prospects for growth. The risks and uncertainties could affect the Company's ability to achieve its targeted growth.

### RISK MANAGEMENT SYSTEM

We manage the risks associated with our broking operations through the fully automated risk management software which allows us to view the online Mark to Market (MTM) losses of the clients.

The Company has created a dedicated Surveillance Department with professionals to further strengthen the Risk Management System of the company.

### OPPORTUNITIES

In the coming years, the Company foresees consolidation as inevitable in all segments across the industry in order to achieve economies of scale and capture all potential revenues. This consolidation shall weed out weaker players and help large to medium sized companies to emerge. Exploring this possibility, the Company is in the process of expansion.



The Company has already provided on-line trading system to its clients through internet. The Company has got certificate of registration as a Portfolio Managers from SEBI, Membership in the Wholesale Debt Market Segment of The National Stock Exchange of India Limited and Certificate of Merchant Banker Services from SEBI which will strengthen the Company's ability to compete with other dominant players in the Capital Market.

With a Vision to penetrate in to local markets the Company, through its subsidiary, Inventure Finance Private Limited has added one more product in its wide basket of services. The Company has started granting loans against Gold ornaments at a competitive rate. This will further add to the existing valuable clientele.

The Company has embarked upon the process to strengthen its business with the objective to protect existing revenue, create new ones and project higher profit margins. Adding new high net worth clients would be the main aim of the Company.

To hedge against the growing competition in the industry, our Company is planning to set up new business locations all over India and register more Business Associates.

The Company's vision in the business is to meet the expectations of its clients and to deliver best services to them. With expansion process, our Company shall have a broad based position in the broking and finance industry which will continue to grow and add value to the Company.

The Company's quality processing, strategic location, prompt and professional service standards and unfailing dependability enables its clients to add value by saving on time, costs and opportunities. Besides, its strengthened relationship, focused service culture and organizational strength are some means to manage the risks effectively.

We accept, attract and retain the best talent through the ongoing initiatives. The talent utilization is supplemented by a shared responsibility which leads to accuracy in performance.

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

It is the belief of your Company that good corporate governance is not a matter of meeting regulatory requirements – instead, it is a trait of a socially responsive and ethically sound business enterprise. It is with this spirit that your Company has embraced corporate governance, with a view to add richly to all stakeholders including shareholders, employees, customers, vendors, debt-holders, local community and the entire society.

For your Company, corporate governance is a practical, effective and visible strategic tool to bring about operational transparency, fairness and accountability. This is made possible through the structuring and adherence to the right policies, processes and laws. A natural outcome has been the Board's ability to clearly direct, monitor and control the Company's progress. This meant that the goals were clearly set, pursued in a focused manner and achieved to the overall benefit of every stakeholder, with minimalistic or no conflicts – and all this in an environment of full disclosure, compliance, independent verification and sound risk management.

It will be right to say that good Corporate Governance at SRS Limited simply offshoots from its core values and belief in integrity, ethical management and a business philosophy that is for overall good. The result of all these effort reflects in the careful composition of the Board, which serves as the active trustee of the shareholders and all other stakeholders; strong internal and external audit processes and as well as in the commissioning of various committees to look into key corporate areas.

### BOARD OF DIRECTORS

The Board of the Company is an appropriate mix of Executive, Non-Executive and Independent Directors that bring with them expertise in the field of strategic management, human resource development, legal & finance among others and discharge their fiduciary responsibilities ensuring efficient management adhering to highest standards of transparency, integrity and ethics.

As on 31 March, 2012, the Board of the Company comprised of Eleven (11) Directors, out of which One (1) is Chairman & Managing Director, Five (4) Non-Executive Directors, Six (6) are Independent Directors.

Mr. Nagji K. Rita, Chairman & Managing Director is the Chairman of the Board.

During the year under review, the Board of Directors of the Company met Nine (9) times. These meetings were held on 24 June, 2011; 6 July, 2011; 12 July, 2011; 27 July, 2011; 30 July, 2011; 29 September 2011; 10 Nov, 2011; 8 Dec, 2011; 10 Feb 2012;

The composition of Directors, their attendance at the Board Meetings during the financial year 2011-12 & the last AGM and their other Directorships/Committee memberships in other Companies are as follows: -

Name of Director	Category	No. of Board Meetings Attended during the year	Attendance at last AGM held on 7 <sup>th</sup> July, 2011	No. of Positions held in Other Companies		
				Board	Committee membership	Committee Chairmanship
Mr. Nagji K. Rita	Managing Director	9	Yes	5	-	-
Mr. Virendra D. Singh	Director	9	Yes	5	-	-
Mr. Kanji B. Rita	Director	6	Yes	8	-	-
Mr. Harilal B. Rita	Director	-	-	1	-	-
Mr. Pravin N. Gala	Director	9	Yes	4	-	-
Mr. Vinod K. Shah	Director	7	Yes	5	-	-
Mr. Harshawardhan M. Gajbhiye	Independent Director	5	-	3	-	-
Mr. S. Jambunathan	Independent Director	6	-	5	-	-
Mr. Arun N. Joshi	Independent Director	7	-	-	-	-
Mr. Ajay K. Khera	Independent Director	8	-	3	1	1
Mr. Deepak Manikant Vaishnav	Independent Director	9	-	-	-	-
Mr. Dilip Shah	Independent Director	-	-	-	-	-

None of the Directors is disqualified u/s 274(1) (g) of the Companies Act, 1956.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(1)(C)(ii)) of the listing Agreement across all the public limited companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other public limited companies.

#### **AUDIT COMMITTEE**

As on 31 March, 2012, the Audit Committee comprised of: -

Mr. Harshawardhan M. Gajbhiye (Chairman)  
 Mr. S. Jambunathan  
 Mr. Nagji K. Rita

During the year under review, Three (3) Audit Committee Meetings were held on 3 July, 2011; 10 November, 2011; 10 February, 2012;

Attendance at the meetings was as follows: -

Name	Designation	Category of Director	No. of meetings attended
Mr. Harshawardhan M. Gajbhiye	Chairman	Independent Director	3
Mr. S. Jambunathan	Member	Independent Director	3
Mr. Nagji K. Rita	Member	Chairman & Managing Director	3

In addition to the members of the Audit Committee, these meetings are attended by the heads of accounts & finance, Chief Financial Officer, Internal Auditors, Statutory Auditors and other executives of the Company who are considered necessary for providing inputs to the Committee as invitees.

Mrs. Bhavi R. Gandhi, Company Secretary acts as Secretary of the Committee.

#### **The role of the Audit Committee includes the following: -**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with the management the annual, half yearly and the quarterly financial statements before submission to the Board for approval,.
- Discussion with the internal auditors on any significant findings and follow-up thereon.
- Review of the items listed in clause 49(II)(D) and (E) of the Listing Agreement.

### REMUNERATION COMMITTEE

The Remuneration Committee as on 31 March, 2012 comprises of following Independent Directors: -

Mr. S. Jambunathan (Chairman)  
 Mr. Harshwardhan M. Gajbhiye  
 Mr. Vinod K. Shah

During the financial year, No Remuneration Committee Meeting was held.

Mrs. Bhavi R. Gandhi, Company Secretary acts as Secretary of the Committee.

The remuneration committee has been entrusted with the following responsibilities: -

- To determine and recommend to the Board of Directors the remuneration package of Managing Director/Whole-Time Directors; and
- To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director/Whole Time Directors within limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.

The Company pays remuneration to Executive Directors by way of Salary, Perquisites & Retirement Benefits, based on recommendation of the Committee and requisite approvals, including approvals from the Board, Shareholders and the Central Government, if necessary.

The details of remuneration paid/payable to Directors for the Financial Year 2011-12 is as follows:

Name of Director	Designation	Salary	Sitting fees for Board	Sitting Fees for Committee	Total
Mr. Nagji K. Rita	Managing Director	1950000	-	-	19,50,000
Mr. Virendra D. Singh	Director	3,60,000	-	-	3,60,000
Mr. Kanji B. Rita	Director	-	15000	-	15000
Mr. Harilal B. Rita	Director	-	-	-	-
Mr. Pravin N. Gala	Director	-	30000	-	30000
Mr. Vinod K. Shah	Director	-	22500	-	22500
Mr. Harshawardhan M. Gajbhiye	Independent Director	-	15000	12500	27500
Mr. S. Jambunathan	Independent Director	-	20000	12500	32500
Mr. Arun N. Joshi	Independent Director	-	25000	5000	30000

Mr. Ajay K. Khera	Independent Director	-	27500	-	27500
Mr. Deepak Manikant Vaishnav	Independent Director	-	30000	5000	35000
Mr. Dilip Shah	Independent Director	-	-	-	-

Number of Shares held by Executive & Non- Executive Directors as on 31 March, 2012 are as follows:

Name	No. of Shares	%
Mr. Nagji K. Rita	4201940	20.01
Mr. Virendra D. Singh	1065000	5.07
Mr. Kanji B. Rita	741112	3.53
Mr. Pravin N. Gala	1120000	5.33
Mr. Vinod K. Shah	720000	3.43

#### INVESTORS' GRIEVANCES COMMITTEE

As on 31 March, 2012, Investors' Grievances Committee comprises of: -

Mr. Ajay Khera (Chairman)  
 Mr. Arun Joshi  
 Mr. Nagji K. Rita

During the financial year, No Remuneration Committee Meeting was held.

Mrs. Bhavi R. Gandhi, Company Secretary acts as Secretary of the Committee.

The Committee has been formed with a view to undertake the following: -

- To consider and approve requests for transfers, transmissions, dematerialization/ rematerialisation and issue of fresh share certificates on replacement/sub-division/ consolidation, issue of duplicate share certificates on loss whether by theft, misplacement or otherwise;
- To review the status of dematerialization of Company's shares and matters incidental thereto;
- To review and monitor the approval to the transfers and transmission made by any Director under executive authority delegated to him from time to time;
- To monitor the matters of litigation related to shareholders and take decisions relating thereto;
- To consider, review and monitor the matters related to the shareholders grievances, and to look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non receipt of declared dividend, etc;
- To consider and finalize the report on Corporate Governance to be annexed with the Annual Report of the company;
- To deal with any other matters related and/or incidental to the shareholders.

During the financial year 2011-12, the status of shareholders/investors complaints are as follows-

S. No.	Period	Opening	Received During quarter	Closing
1	1 <sup>st</sup> April, 2011 to 30 <sup>th</sup> June, 2011	Nil	Nil	Nil
2	1 <sup>st</sup> July, 2011 to 30 <sup>th</sup> September, 2011	Nil	Nil	Nil
3	1 <sup>st</sup> October, 2011 to 31 <sup>st</sup> December, 2011	Nil	Nil	Nil
4	1 <sup>st</sup> January, 2012 to 31 <sup>st</sup> March, 2012	Nil	Nil	Nil

### GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under

Year	Venue	Day/Date	Time	No. of Special Resolutions passed
2010-11	Viraj Towers, W.E. highway, Andheri (East), Mumbai- 400069	Thursday/ 07.07.2011	5.00 P.M.	-
2009-10	Viraj Towers, W.E. highway, Andheri (East), Mumbai- 400069	Friday/ 24.07.2010	5.30 P.M.	3
2008-09	Viraj Towers, W.E. highway, Andheri (East), Mumbai- 400069	Wednesday/ 30.09.2009	5.30 P.M.	-

All resolutions moved at the Last Annual General Meetings were passed unanimously by show of hands.

The following Extraordinary General Meetings were held during the last three years: -

Year	Venue	Particulars	
		Day/Date	Time
2010-11	No Meeting was held	-	
2009-10	Viraj Towers, W.E. highway, Andheri (East), Mumbai- 400069	Thursday/02.04.2009	5.00 P.M
		Wednesday/30.09.2009	4.00 P.M
		Monday/21.12.2009	10.30 A.M
		Saturday/23.01.2010	4.00 P.M
		Monday/08.02.2010	3.00 P.M
2008-09	Viraj Towers, W.E. highway, Andheri (East), Mumbai- 400069	Tuesday/17.06.2008	3.00 P.M

## DISCLOSURES

- a) There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31 March, 2012 that may have a potential conflict with the interest of the Company at large. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

Related Parties and transactions with them as required under Accounting Standard (AS-18) are furnished in Notes on Accounts attached with the Financial Statements for the year ended 31 March, 2012.

- b) For the year under review, all Directors & Senior Management Personnel of the Company have confirmed their adherence to the provisions of the Code of Conduct applicable to them.
- c) The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India and, to the best of its knowledge; there are no deviations in the accounting treatments which require specific disclosure.
- d) There is no formal Whistle Blower Policy, however, no personnel has been denied access to the Audit Committee or the Board.
- e) The Company has complied with the all mandatory requirements of Clause 49 of the Listing Agreement.
- f) Besides constituting the Remuneration Committee and having an unqualified financial statement for the year under review, the Company has so far not implemented other non-mandatory requirements of Clause 49 of the listing agreement.

## MEANS OF COMMUNICATION

The primary source of information regarding the operations of the Company is its website- [www.inventuregrowth.com](http://www.inventuregrowth.com)

The quarterly/half yearly and annual financial results are generally published in The Free Press Journal and Navshakti.

## GENERAL SHAREHOLDER INFORMATION

- a) **17 Annual General Meeting**

<b>Day</b>	Thursday
<b>Date</b>	27-09-20102
<b>Time</b>	11.00A.M
<b>Venue</b>	Monica Arcade Hall, Subash Lane, opp. Daftray Road, Malad (East) Mumbai -400097

- b) **Financial Year**  
1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012
- c) **ISIN for NSDL&CDSL**  
INE878H01016
- d) **Book Closure Dates: September 23<sup>rd</sup>, 2012 to September 27<sup>th</sup>, 2012 (both days inclusive)**
- e) **Listing on Stock Exchanges**  
Bombay Stock Exchange Limited (BSE)  
14 Floor, P J Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai- 400 001



National Stock Exchange of India Limited (NSE)  
Exchange Plaza,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400051

**f) Listing fees to Stock Exchanges**

The Company has paid the Annual Listing Fees to the above Stock Exchanges for the Financial Year 2012-13.

**g) Stock Code**

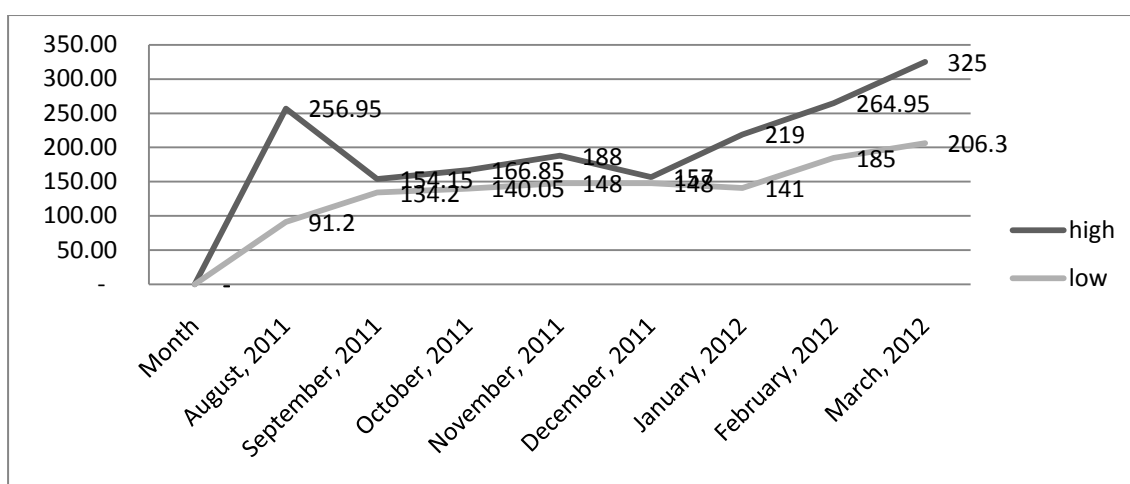
BSE- 533506  
NSE- INVENTURE

**l) Share Price Data**

The shares of the Company got listed at BSE and NSE on 4<sup>TH</sup> August, 2011 pursuant to IPO of 70,00,000 Equity Shares.

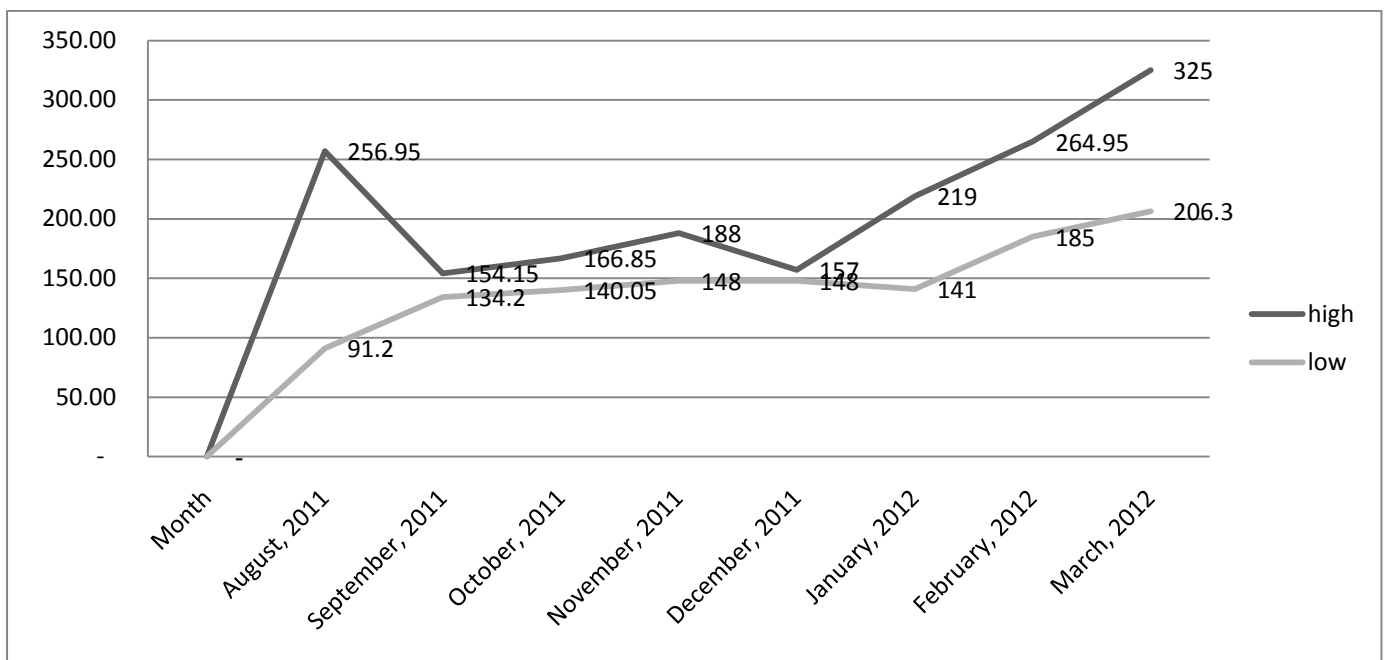
**Bombay Stock Exchange Limited (BSE)**

Month	High (Rs.)	Low (Rs.)	No. of Shares
August, 2011	256.75	91.55	11,86,71,563
September, 2011	153.85	135.00	20,63,638
October, 2011	164.00	141.30	5,78,636
November, 2011	184.85	148.05	14,95,242
December, 2011	156.00	147.00	5,92,606
January, 2012	218.00	138.10	17,94,783
February, 2012	262.00	200.60	7,46,674
March, 2012	323.95	200.00	17,76,232



**National Stock Exchange Limited (NSE)**

Month	High (Rs.)	Low (Rs.)	No. of Shares
August, 2011	256.95	91.20	15,88,89,906
September, 2011	154.15	134.20	40,05,508
October, 2011	166.85	140.05	11,08,945
November, 2011	188	148	11,55,532
December, 2011	157	148	3,27,710
January, 2012	219	141	19,66,101
February, 2012	264.95	185	10,46,102
March, 2012	325	206.30	31,79,159



**j) Registrar and Transfer Agents**  
**Link Intime India Pvt. Ltd**  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (West),  
 Mumbai 400078

**k) Share Transfer System**

Investors' Service Committee is constituted to approve all the transfers; transmission, remat of shares etc. and all shares transfer/transmission/transposition/dematerialization is handled by our Registrar and Transfer Agent's. All the work of transfer/transmission etc. is done within the minimum stipulated time.

## I) Distribution of shareholding

No. of Equity Shares	No of Shareholders	% of Share Holder	Total No. of Shares held	% of shares held
1-500	739	71.6085	57122	0.2720
501-1000	42	4.0698	32557	0.1550
1001-2000	38	3.6822	59955	0.2855
2001-3000	20	1.9380	51701	0.2462
3001-4000	7	0.6783	25351	0.1207
4001-5000	14	1.3566	65253	0.3107
5001-10000	49	4.7481	349768	1.6656
10001 and above	123	11.9186	20358293	96.9443
<b>TOTAL</b>	<b>1032</b>	<b>100.0000</b>	<b>21000000</b>	<b>100.0000</b>

## Shareholding Pattern as on 31 March, 2012

Category	No of Shares	%
Promoters & Persons acting in concert	10,083,890	48.02
Mutual Funds/ FIs/ Banks/ Insurance Companies	-	
FII's	332,049	1.58
Bodies Corporate	3,387,345	16.13
NRI/Foreign Nationals/ Foreign Bodies Corporate	601	
Public and others	7196115	34.27
<b>Total</b>	<b>2,10,00,000</b>	<b>100</b>

## Dematerialization of Shares

As on 31 March, 2012 – 2,10,00,000 equity shares equivalent to 100% were held in Demat form.

## Custodial Fees to Depositories

The Company has paid the annual custodial fees for the financial year 2012-13 to Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL).

## Secretarial Audit

As stipulated by SEBI, a Company Secretary in Practice conducts the Secretarial Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories i.e. NSDL and CDSL, and the total issued and listed capital of the Company.

### **Request to Investors**

- Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number etc.
- All requests and other communications/correspondence should be sent at the Company's Registered Office at: -201, 2<sup>nd</sup> Floor, Viraj Towers, Near Landmark, Western Express Highway, Andheri – East, Mumbai – 400 069.
- Members who wish to receive physical copies of documents need to make a written request to the Registrars, M/s. Link Intime India Pvt. Ltd. or e-mail at [investorgrievances@inventuregrowth.com](mailto:investorgrievances@inventuregrowth.com).

**Declaration Affirming Compliance of provisions of the Code of Conduct**

This is to certify that pursuant to Clause 49(I) (D) of the Listing Agreement, the Board of Directors has adopted a Code of Conduct for its members and Senior Management personnel and that they have affirmed having complied with the said Code of Conduct for the financial year ended 31 March, 2012.

For Inventure Growth and Securities Limited

Chairman and Managing Director  
Shri Nagji K. Rita

Place : Mumbai  
Date : 14<sup>th</sup> August 2012

**Certificate from Practicing Company Secretary regarding Compliance of Conditions of Corporate Governance**

To,  
The Members  
Inventure Growth & Securities Limited

I have examined the Compliance of conditions of Corporate Governance by Inventure Growth & Securities Limited (the Company) for the year ended as stipulated in Clause 49 of the Listing Agreement.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause.

In my opinion and to best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

For D. M. Zaveri & Co.  
Company Secretary

Mr. Dharmesh Zaveri  
Proprietor  
FCS No.: 4363

Place : Mumbai  
Date : 14<sup>th</sup> August 2012

**Certifications by Chairman, MD of the Company**

I, Nagji K. Rita, Chairman & Managing Director, of to the best of my Knowledge and belief, certify that:

1. I, have reviewed the Financial Statements and Cash Flow Statements for the year and to the best of the our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
  - a) Deficiencies in the design or operation of internal controls, if any, which come to our notice and steps have been taken/proposed to be taken to rectify these deficiencies;
  - b) Significant changes in internal control over financial reporting during the year;
  - c) Significant changes in accounting policy during the year and that the same have been disclosed in the notes to the financial statements.
  - d) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Inventure Growth and Securities Limited

Chairman and Managing Director  
Shri Nagji K. Rita

Place : Mumbai  
Date : 14<sup>th</sup> August 2012

**Auditor's Report on the Consolidated Financial Statements****To the Board of Directors of  
Inventure Growth & securities Limited**

We have audited the attached consolidated balance sheet of **Inventure Growth & Securities Ltd.** and its subsidiaries (collectively referred to as "the Group ") as at **31 March 2012**, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21- consolidated financial Statements, as prescribed under the Companies (Accounting Standards ), Rules ,2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, 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 Group as at 31 March 2012;
- (b) in the case of the consolidated profit and loss account, of the **Profit** of the Group for the year ended on that date;; and
- (c) in the case of consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

**For PHD & Associates****Chartered Accountants**

Firm Registration No.111236W

**D. V. Vakharia****Partner****Membership No.: 46115****Place: Mumbai****Date: 30 May 2012.**



<b>INVENTURE GROWTH &amp; SECURITIES LIMITED</b>			
<b>Consolidated Balance Sheet as at 31 March 2012</b>			
Particulars	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	210,000,000	140,000,000
(b) Reserves and Surplus	4	1,429,731,494	664,552,689
		<b>1,639,731,494</b>	<b>804,552,689</b>
<b>Minority Interest</b>			
		567,882	618,844
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	75,898,871	83,101,146
(b) Deferred Tax Liabilities (Net)	6	12,314,258	11,664,518
(c) Long-Term Provisions	7	1,596,546	1,455,855
		<b>89,809,675</b>	<b>96,221,519</b>
<b>Current Liabilities</b>			
(a) Short-Term Borrowings	8	400,132,060	532,460,918
(b) Trade Payables	9	314,623,269	218,505,365
(c) Other Current Liabilities	10	254,867,242	463,187,217
(d) Short-Term Provisions	11	27,307,511	18,391,625
		<b>996,930,082</b>	<b>1,232,545,125</b>
<b>Total</b>		<b>2,727,039,133</b>	<b>2,133,938,177</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets	12		
(i) Tangible Assets		122,133,573	130,924,769
(ii) Intangible Assets		3,802,082	5,685,025
		<b>125,935,655</b>	<b>136,609,794</b>
(b) Goodwill on Consolidation		15,007,600	15,007,600
(c) Non-Current Investments	13	248,643,611	158,883,905
(d) Long-Term Loans and Advances	14	94,185,721	80,973,365
(e) Other Non-Current Assets	15	263,485,921	215,500,000
		<b>747,258,508</b>	<b>606,974,664</b>
<b>Current Assets</b>			
(a) Inventories	16	152,460,935	1,492,555
(b) Trade Receivables	17	765,178,576	644,492,304
(c) Cash and Bank Balances	18	352,497,112	450,743,518
(d) Short-Term Loans and Advances	19	702,055,437	422,143,094
(e) Other Current Assets	20	7,588,565	8,092,042
		<b>1,979,780,625</b>	<b>1,526,963,513</b>
<b>Total</b>		<b>2,727,039,133</b>	<b>2,133,938,177</b>
<b>Significant Accounting Policies</b>			
The accompanying notes are an integral part of the financial statements			
As per our attached report of even date For PHD & Associates		For and on behalf of the Board of Directors	
<b>Chartered Accountants</b>			
Firm Registration No. 111236W D. V. Vakharia		Nagji K. Rita      Chairman & Managing Director	
Partner		Virendra D. Singh      Director	
Membership No. 46115		Bhavi R. Gandhi      Company Secretary	
Place : Mumbai			
Date : 30 May 2012			

<b>INVENTURE GROWTH &amp; SECURITIES LTD</b>			
<b>Consolidated Statement of Profit and Loss for the year ended 31 March 2012</b>			
Particulars	Note No.	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
Revenue From Operations	21	346,551,380	354,060,020
Other Income	22	67,805,828	71,701,774
<b>Total Revenue</b>		<b>414,357,208</b>	<b>425,761,794</b>
<b>Expenses</b>			
(a) Employee Benefit Expenses	23	63,513,446	73,342,802
(b) Finance Costs	24	93,509,238	82,845,023
(c) Depreciation and Amortisation Expense	12	10,900,408	12,451,715
(d) Other Expenses	25	126,620,539	163,482,286
<b>Total Expenses</b>		<b>294,543,631</b>	<b>332,121,826</b>
<b>Profit Before Tax</b>		<b>119,813,577</b>	<b>93,639,968</b>
<b>Tax Expenses</b>			
(a) Current Tax		37,040,000	32,030,000
(b) Deferred Tax		649,739	(277,629)
(c) Income Tax for Earlier year		8,390	-
		37,698,129	31,752,371
<b>Profit for the Year before Minority Interest</b>		<b>82,115,448</b>	<b>61,887,597</b>
<b>Less: Share of Loss transferred to Minority Interest</b>		<b>(377,190)</b>	<b>(233,794)</b>
<b>Net Profit for the Year after Minority Interest</b>		<b>82,492,638</b>	<b>62,121,391</b>
<b>Earnings per equity share of Nominal Value of ₹ 10/- each</b>			
(a) Basic	30	4.41	4.44
(b) Diluted	30	4.41	4.44
<b>Significant Accounting Policies</b>	2		
<b>The accompanying notes are an intergral part of the financial statements.</b>			
As per our attached report of even date		For and on behalf of the Board of Directors	
For PHD & Associates		Nagji K. Rita	
Chartered Accountants		Chairman & Managing Director	
Firm Registration No. 111236W		Virendra D. Singh	
D. V. Vakharia		Director	
Partner		Bhavi R. Gandhi	
Membership No. 46115		Company Secretary	
Place : Mumbai			
Date : 30 May 2012			

### Note 1 Corporate Information

The consolidated financial statements relate to Inventure Growth & Securities Limited (the company) and its subsidiaries (together 'the group'). The Company was incorporated on 22 June 1995. The company came out with the Initial Public Offer of 70,00,000 number of Equity shares in July 2011 and got listed on NSE and BSE on 4 August 2011. The company is presently having membership of various Exchanges and is in the business of providing Stock Broking and other related services. The Subsidiary Companies are involved in Commodity broking, Financing & other related activities.

### Note 2 Significant Accounting Policies

#### (a) Basis of accounting and preparation of financial statements

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

#### (b) Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

1. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - Consolidated Financial Statements'.
2. The Consolidated Financial Statements are based on the audited financial statements of the company & its subsidiary companies for the year ended 31 March 2012.
3. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the holding company's financial statements.
4. The Financial Statement of the holding company and its subsidiaries have been combined to the extent possible on a line by line basis by adding together like items of assets, liabilities, income and expenses. On consolidation all intra company balances and transactions have been eliminated as far as possible.
5. The excess of cost over the company's investments in the subsidiary company is recognised in the consolidated financial statements as goodwill. The excess of company's share in equity and reserves of the subsidiary company over the cost of acquisition is treated as capital reserve.
6. Minority interest in the net income and net assets of the Subsidiary Companies is computed and disclosed separately.
7. The subsidiaries considered in the preparation of these financial statements and the shareholding of the holding company in them are as follows:

Particulars	Inventure Commodities Limited	Inventure Wealth Management Limited	Inventure Finance Private Limited	Inventure Insurance Broking Private Limited	Inventure Merchant Banker Services Private Limited
Country of Incorporation	India	India	India	India	India
% of	99.97%	80.00	100.00	100.00	100.00
Period included in consolidation	01/04/2011 to 31/03/2012	% 01/04/2011 to 31/03/2012	% 01/04/2011 to 31/03/2012	% 01/04/2011 to 31/03/2012	% 29/08/2011 to 31/03/2012

**(c) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may defer from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the year in which the results are known / materialised.

**(d) Presentation and disclosure in financial statements**

For the year ended 31 March 2012, the Revised schedule VI notified under Companies Act, 1956 is applicable to the Company for presentation and disclosures in financial statements.

**(e) Revenue Recognition**

- 1 Income from brokerage activities is recognized as income as per contracted rates on the execution of transactions on behalf of the clients.
- 2 Income from arbitrage operations and trading in securities and derivatives comprises of profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments.
- 3 Interest income is recognised on accrual basis.
- 4 Dividend income is recognised when the right to receive payment is established.
- 5 In respect of other heads of income, the Company accounts the same on accrual basis.

**(f) Fixed Assets**

Fixed assets are stated at cost less depreciation/amortization. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**(g) Depreciation / Amortization**

Tangible fixed assets are depreciated on straight line basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Intangible assets are amortized on a straight line basis over a period having regard to their useful economic life and estimated residual value in accordance with Accounting Standard (AS) 26 "Intangible Assets".

Computer Softwares are amortized over a period of 4 years.

Bombay Stock Exchange Membership is amortized over a period of 15 years, having regard to the nature and long term economic life of the asset.

**(h) Inventories**

Shares and Securities acquired for sale in the ordinary course of business are considered as stock - in - trade, and are valued at lower of cost or market value as at the year end.

**(i) Investments**

Non-Current Investments are carried at cost. Provision for diminution in the value of Non-Current Investments is made only if such a decline is other than temporary in the opinion of the management.

Current Investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

On disposal of investments the difference between its carrying amounts and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on a First-in-First-out (FIFO) basis.

**(j) Securities Transaction Tax**

Securities Transaction Tax related to the company's own transactions in shares & securities are charged to Profit & Loss account.

**(k) Borrowing Costs**

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

**(l) Share Issue Expense**

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities Premium Account in the year in which shares are issued.

**(m) Keyman Insurance**

Keyman Insurance premium paid during the financial year is written off as expenditure in the profit and loss account.

**(n) Employees Retirement Benefits****1 Provident Fund**

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

**2 Gratuity**

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

Actuarial gains and losses are recognized immediately in the profit and loss account.

**3 Compensated Leave**

Unutilized leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

**(o) Equity Index/Stock – Futures :**

Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Index/Stock futures are accounted for as follows:

- 1 Credit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit & loss account.
- 2 Debit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated loss, is recognized in the profit & loss account.

On final settlement or squaring up of contracts for equity index/stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in "Mark-to-Market Margin Equity Index/Stock Futures Account" is recognized in the profit & loss account upon expiry of the contracts.

"Initial Margin – Equity Index/Stock Futures Account", representing initial margin paid, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, is disclosed as under Loans and advances.

**(p) Equity Index/Stock – Options :**

“Equity Index/Stock Option Premium Account” represents premium paid or received for buying or selling the options, respectively.

**(q) Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

**Deferred Taxation**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

**(r) Impairment of Assets**

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

**(s) Provisions, Contingent Liabilities & Contingent Assets**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

<b>INVENTURE GROWTH &amp; SECURITIES LTD</b>		
<b>Notes forming part of the Consolidated financial statements</b>		
<b>Note 3 Share Capital</b>		
Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Authorised</b>		
24,500,000 (24,500,000) Equity Shares of ₹ 10/- each	245,000,000	245,000,000
5,00,000 (5,00,000) Preference shares of ₹ 10/- each	5,000,000	5,000,000
<b>Issued</b>		
21,000,000 (14,000,000) Equity Shares of ₹ 10/- each	210,000,000	140,000,000
<b>Subscribed and fully paid up</b>		
21,000,000 (14,000,000) Equity Shares of ₹ 10/- each	210,000,000	140,000,000
<b>Total</b>	<b>210,000,000</b>	<b>140,000,000</b>

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	14,000,000	140,000,000	14,000,000	140,000,000
Add: Issued during the year	7,000,000	70,000,000	-	-
Outstanding at the end of the year	21,000,000	210,000,000	14,000,000	140,000,000

(b) The Company has one class of Equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for 1 vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In event of liquidation the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholdings.

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% holding in that class of shares	No. of Shares held	% holding in that class of shares
Equity shares of ₹ 10/- each fully paid				
Nagji K Rita	4,201,940	20.01	4,201,940	30.01
Jayshree N. Rita	1,584,060	7.54	1,584,060	11.31
Virendra D. Singh	1,065,000	5.07	1,065,000	7.61
Vinod K. Shah	720,000	3.43	720,000	5.14
Pravin N. Gala	1,120,000	5.33	1,120,000	8.00
Kanji B. Rita	741,112	3.53	741,112	5.29
Usha Atul Shah	1,111,110	5.29	1,111,110	7.94

(d) Aggregate number of Bonus shares issued during the period of 5 years immediately preceding the reporting date:

7,000,000 Equity shares of ₹ 10/- each were issued as Bonus shares by way of capitalisation of ₹ 70,000,000 out of General Reserve.

<b>INVENTURE GROWTH &amp; SECURITIES LTD</b>		
<b>Notes forming part of the Consolidated financial statements</b>		
Note 4 Reserves and Surplus		
Particulars	As at 31 March 2012 ₹	As at 31 March 2012 ₹
<b>Capital Reserve</b>		
Opening Balance	2,025,000	2,025,000
Closing Balance	<b>2,025,000</b>	<b>2,025,000</b>
<b>Securities Premium Account</b>		
Opening Balance	9,652,500	9,652,500
Add : Premium credited on further issue of shares vide Initial Public Offer	749,000,000	-
Less : Utilised during the year (Share Issue Expenses)	41,580,879	-
Closing Balance	<b>717,071,621</b>	<b>9,652,500</b>
<b>Statutory Reserve</b>		
Opening Balance	5,492,625	4,942,625
Add: Transfer from surplus in Statement of Profit & Loss	3,300,000	550,000
Closing Balance	<b>8,792,625</b>	5,492,625
<b>Taxation Reserve</b>		
Opening Balance	12,500,000	12,500,000
Closing Balance	<b>12,500,000</b>	<b>12,500,000</b>
<b>General Reserve</b>		
Opening Balance	544,821,877	514,821,877
Add: Transfer from surplus in Statement of Profit and Loss	30,000,000	30,000,000
Closing Balance	<b>574,821,877</b>	544,821,877
<b>Surplus balance in Statement of Profit and Loss</b>		
Opening balance	90,060,686	74,760,447
Add: adjustment arising on consolidation	(326,228)	-
Add: Profit for the year	82,492,638	62,121,390
Less: <u>Appropriations</u>		
Proposed dividend	-	14,000,000
Interim dividend (Refer Note 29)	21,000,000	-
Dividend tax	3,406,725	2,271,150
Transfer to General Reserve	30,000,000	30,000,000
Transfer to Statutory Reserve (Refer Note 31)	3,300,000	550,000
Closing Balance	<b>114,520,371</b>	<b>90,060,687</b>
<b>Total</b>	<b>1,429,731,494</b>	<b>664,552,689</b>



**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 5 Long-Term Borrowings**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>Secured (Refer (a) and (b) below):</b>		
<b>Term loans</b>		
From bank	63,087,142	69,640,577
From other parties	12,811,729	13,460,569
<b>Total</b>	<b>75,898,871</b>	<b>83,101,146</b>

## (a) Details of security and terms of repayment for the other secured long term borrowings:

Particulars	Security and terms of repayment	As at 31 March 2012	As at 31 March 2011
		₹	₹
<u>Term loan from Bank:</u>			
ICICI Bank Limited	(a) Secured against the premises (b) Repayable in 82 monthly installments, last installment being (c) Range of rate of interest is 13.25% to 14.50% p.a.	63,087,142	69,640,577
<u>Term loan from other parties</u>			
ICICI Home Finance Limited	(a) Secured against the premises (b) Repayable in 121 monthly installments, last installment being (c) Range of rate of interest is 13.25% to 14.50% p.a.	12,811,729	13,460,569

(b) Secured long term borrowings of ₹ 75,898,871/- (Previous year ₹ 83,101,146/-) are personally guaranteed by some of the directors of the Company.

(c) Current maturities of Term loans from ICICI Bank Limited and ICICI Home Finance Limited amounting to ₹72,02,275/- (Previous Year ₹ 72,90,737/-) is disclosed under 'Other Current Liabilities' (Refer Note 10).

**Note 6 Deferred Tax Liabilities (Net)**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>Tax effect of items constituting deferred tax liability:</b>		
On difference between book balance and tax balance of fixed assets	12,618,552	11,900,409
Profit on sale of Investments	595,250	595,250
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for gratuity and other employee benefits	(899,544)	(831,141)
<b>Total</b>	<b>12,314,258</b>	<b>11,664,518</b>

**INVENTURE GROWTH & SECURITIES LIMITED**

Notes forming part of the Consolidated financial statements

**Note 7 Long- Term Provisions**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Provision for employee benefits (Refer Note 34)</b>		
Gratuity (Non funded)	1,575,426	1,455,855
Provision against Standard Assets (Refer note 11 and 32)	21,120	-
<b>Total</b>	<b>1,596,546</b>	<b>1,455,855</b>

**Note 8 Short-Term Borrowings**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Secured (Refer particulars given below)</b>		
<b>Loans repayable on demand</b>		
From banks	153,471,564	176,396,981
From other parties	219,160,496	341,163,937
	<b>372,632,060</b>	<b>517,560,918</b>
<b>Unsecured</b>		
<b>Loans repayable on demand</b>		
From other parties	26,000,000	12,900,000
<b>Loans and Advances from a related party</b>	1,500,000	2,000,000
	<b>27,500,000</b>	<b>14,900,000</b>
<b>Total</b>	<b>400,132,060</b>	<b>532,460,918</b>

Particulars of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Loans repayable on demand</b>			
From banks:	Secured against Term Deposits	153,471,564	176,396,981
Bank overdraft			
From other parties:			
Aditya Birla Finance Limited	Secured pursuant to an agreement with the lender against collateral security of the client held by the company as a pledgee.	-	60,600,000
ECL Finance Limited		5,000,000	61,098,937
Investsmart Financial Services Limited		70,660,497	105,600,000
Kotak Mahindra Prime Limited		93,499,999	80,865,000
Morgan Stanley India Capital Private Limited		50,000,000	33,000,000
		<b>219,160,496</b>	<b>341,163,937</b>

**INVENTURE GROWTH & SECURITIES LIMITED**

Notes forming part of the Consolidated financial statements

**Note 9 Trade Payables**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Trade Payables (Refer Note 37)	314,623,269	218,505,365
<b>Total</b>	<b>314,623,269</b>	<b>218,505,365</b>

**Note 10 Other Current Liabilities**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Current maturities of long term debt (Refer Note 5)	7,202,275	7,290,737
Interest accrued and due on borrowings	3,531,314	3,016,214
Advances from clients	2,998,697	2,276,813
Security Deposit /Margin Money from clients	235,817,706	444,824,072
Statutory dues	2,471,909	2,168,638
Other payables	2,845,341	3,610,743
<b>Total</b>	<b>254,867,242</b>	<b>463,187,217</b>

**Note 11 Short Term Provisions**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Provision for employee benefits Refer Note 34)</b>		
Gratuity (Non Funded)	1,197,093	1,106,233
Proposed dividend (Refer Note 29)	21,000,000	14,000,000
Distribution Tax on dividend	3,406,725	2,271,150
Provision against Standard Assets (Refer note 7 and 32)	1,703,693	1,014,242
<b>Total</b>	<b>27,307,511</b>	<b>18,391,625</b>

**INVENTURE GROWTH & SECURITIES LTD**  
Notes forming part of the Consolidated financial statements

**Note 12 Fixed Assets**

Fixed Assets	Gross Block						Accumulated Depreciation			Net Block	
	As at 1 April 2011	Additions	Deductions	As at 31 March 2012	As at 1 April 2011	For the year	On disposals	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011	
	(Amount in ₹)										
<b>Tangible Assets</b>											
<b>Own Assets:</b>											
Office Premises	80,601,443	-	-	80,601,443	4,657,877	1,313,801	-	5,971,678	74,629,765	75,943,566	
Furniture and Fixtures	34,407,967	464,138	358,129	34,513,976	7,261,952	2,155,166	77,666	9,339,452	25,174,524	27,146,015	
Vehicles	10,140,961	-	540,783	9,600,178	3,685,943	888,774	172,370	4,402,347	5,197,831	6,455,018	
Office Equipment	9,159,348	74,401	138,500	9,095,249	2,029,272	435,744	22,576	2,442,440	6,652,809	7,130,076	
Air Conditioners	3,499,646	25,000	27,000	3,497,646	611,382	165,924	4,140	773,166	2,724,480	2,888,264	
Computer	36,993,748	26,250	157,300	36,862,698	25,631,918	3,558,056	81,440	29,108,534	7,754,164	11,361,830	
<b>Total</b>	<b>174,803,113</b>	<b>589,789</b>	<b>1,221,712</b>	<b>174,171,190</b>	<b>43,878,344</b>	<b>8,517,465</b>	<b>358,192</b>	<b>52,037,617</b>	<b>122,133,573</b>	<b>130,924,769</b>	
Previous year	168,214,480	6,588,634	-	174,803,114	34,880,374	8,997,969	-	43,878,343	130,924,770	133,334,106	
<b>Intangible Assets</b>											
<b>Own Assets:</b>											
Computer Software	11,308,857	500,000	-	11,808,857	5,623,832	2,382,943	-	8,006,775	3,802,082	5,685,025	
Membership of Bombay Stock Exchange Limited	18,100,000	-	-	18,100,000	18,100,000	-	-	18,100,000	-	-	
<b>Total</b>	<b>29,408,857</b>	<b>500,000</b>	<b>-</b>	<b>29,908,857</b>	<b>23,723,832</b>	<b>2,382,943</b>	<b>-</b>	<b>26,106,775</b>	<b>3,802,082</b>	<b>5,685,025</b>	
Previous year	27,914,404	1,494,453	-	29,408,857	20,270,086	3,453,746	-	23,723,832	5,685,025	7,644,318	

**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the Consolidated financial statements**

**Note 13 Non-Current Investments**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Investments (At cost less provision for other than temporary diminution, if any):		
<b><u>Trade (unquoted)</u></b>		
<b>Investment in equity shares, fully paid up:</b>		
26,182 ( 26,182) Equity Shares of Bombay Stock Exchange Limited ₹ 1/- each	2,014	2,014
	2,014	2,014
<b><u>Other than Trade Investments (Quoted)</u></b>		
<b>Investment in equity shares, fully paid up</b>		
300,000 (Nil) Equity Shares of Bedmutha Industries Limited of ₹ 10/- each	36,750,000	-
250,000 (Nil) Equity Shares of Gokul Refoils & Solvent Limited of ₹ 2/- each	20,097,500	-
16,00,679 (16,00,679) Equity Shares of Euro Ceramics Limited of ₹ 10/- each	133,443,106	133,443,106
165,318 (17,55,000) Equity Shares of Sejal Architectural Glass Limited of ₹ 10/- each	8,888,367	9,704,486
162,527 (Nil) Equity Shares of Indus Finance Corporation Limited of ₹10/- each	29,288,586	-
5,00,000 (Nil) Equity Shares of Gujarat Narmada Flyash Co. Limited of ₹10/- each	2,500,000	-
5,75,000 (Nil) Equity Shares of Shubham Granites Limited of ₹10/- each	11,500,000	-
6,00,000 (Nil) Equity Shares of Dahyabhai & Sons Limited of ₹ 10/- each	6,000,000	-
Nil (325,000) Equity Shares Sundaram Multipap Limited of ₹ 1/- each	-	15,734,299
<b>Investment in Debenture, fully paid up</b>		
173 (Nil) 11.85% Bonds of Shriram City Union 2016 of ₹ 1006/- each	174,038	-
	248,641,597	158,881,891
<b>Total</b>	<b>248,643,611</b>	<b>158,883,905</b>
Aggregate amount of quoted investments	248,641,597	158,881,891
Aggregate market value of quoted investments	170,739,735	58,461,836
Aggregate amount of unquoted investments	2,014	2,014

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 14 Long Term Loans And Advances**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Secured, considered good</b>		
Loans given	8,447,978	-
<b>Unsecured, considered good</b>		
Security Deposits		
(a) With Stock/Commodity Exchanges / Depository	45,324,469	45,424,469
(b) With others	1,140,861	1,399,878
Advance Income Tax (Net of Provisions)	39,272,413	34,149,018
<b>Total</b>	<b>94,185,721</b>	<b>80,973,365</b>

**Note 15 Other Non-Current Assets**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Balances with banks</b>		
Term deposits with banks with more than twelve months maturity	263,173,325	215,500,000
Preliminary expenditure	312,596	-
<b>Total</b>	<b>263,485,921</b>	<b>215,500,000</b>

The above Term deposits are held as margin for guarantees/security for bank overdraft facility/lodged with Exchanges.

**Note 16 Inventories**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
(At lower of cost and net realisable value)		
<b>Stock-in-trade</b>		
Shares and Securities	152,460,935	1,492,555
<b>Total</b>	<b>152,460,935</b>	<b>1,492,555</b>

**Note 17 Trade Receivables**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Unsecured, considered good :</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	132,505,832	74,095,728
Other Trade receivables	632,672,744	570,396,576
<b>Total</b>	<b>765,178,576</b>	<b>644,492,304</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 18 Cash and Bank Balances**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Cash and cash equivalents</b>		
Balances with banks in current accounts	47,952,948	52,025,680
Cash on hand	244,164	541,838
<b>Total</b>	<b>48,197,112</b>	<b>52,567,518</b>
<b>Other bank balances</b>		
Term deposits with more than three months maturity but due within one year from the reporting date	304,300,000	398,176,000
<b>Total</b>	<b>304,300,000</b>	<b>398,176,000</b>

The above Term deposits are held as margin for guarantees/security for bank overdraft facility/lodged with Exchanges.

**Note 19 Short-Term Loans and Advances**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Secured, considered good</b>		
Loans to others	279,333,935	370,510,904
<b>Unsecured, considered good</b>		
Loans to others	402,143,430	35,185,939
Deposits with Stock Exchanges	13,681,000	5,643,640
Prepaid expenses	6,140,301	8,280,691
Security Deposit	476,114	-
Advance recoverable in Cash or Kind	280,657	2,521,920
<b>Total</b>	<b>702,055,437</b>	<b>422,143,094</b>

**Note 20 Other Current Assets**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Interest accrued on Term deposits with banks	5,107,620	5,898,645
Others	2,480,945	2,193,397
<b>Total</b>	<b>7,588,565</b>	<b>8,092,042</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 21 Revenue From Operations**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
<b>Sale of services :</b>		
(a) Brokerage Income :		
Secondary Market	159,889,828	242,318,843
Primary Market	9,375,693	21,032
Others	2,864,742	3,507,086
(b) Advisory Fees	1,025,000	-
(c) Income from Depository Operations	7,325,936	10,730,305
<b>Interest :</b>		
(a) from Financing activities	93,705,835	71,020,761
(b) from Term deposits	9,640,501	125,520
Income from Loan Processing	756,268	296,875
	284,583,803	328,020,422
<b>Other operating revenues :</b>		
(a) Profit from Arbitrage/Securities/Commodity Trading	20,573,015	(16,253,325)
(b) Interest on Term deposits with Banks	41,394,562	42,292,923
	61,967,577	26,039,598
<b>Total</b>	<b>346,551,380</b>	<b>354,060,020</b>

**Note 22 Other Income**

	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Dividend income :		
(a) from current investments/stock-in-trade	2,323,068	1,159,887
(b) from non-current investments	157,626	104,728
Net gain on sale of current investments	1,838,227	11,696,604
Other non-operating income :		
(a) Delayed payment charges	57,070,349	51,380,009
(b) Miscellaneous income	6,416,558	7,360,546
<b>Total</b>	<b>67,805,828</b>	<b>71,701,774</b>

**Note 23 Employee Benefit Expenses**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Salaries and other benefits	60,822,157	70,140,068
Contributions to Provident and other Funds	1,012,667	1,149,020
Staff welfare expenses	1,678,622	2,053,714
<b>Total</b>	<b>63,513,446</b>	<b>73,342,802</b>



**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 24 Finance Cost**

Particulars	For the year ended	For the year ended
	31 March 2012	31 March 2011
	₹	₹
Interest expense	85,527,061	71,110,163
Other borrowing costs	7,982,177	11,734,860
<b>Total</b>	<b>93,509,238</b>	<b>82,845,023</b>

**Note 25 Other Expenses**

Particulars	For the year ended	For the year ended
	31 March 2012	31 March 2011
	₹	₹
Sub- Brokerage / Commission	76,496,060	91,672,959
Payment to Franchisees	683,972	5,764,481
Securities transaction tax	6,392,297	15,472,277
Stock Exchange expenses & Contribution to Stock Exchange funds	905,196	1,829,979
SEBI Turnover/Registration charges	1,058,318	1,346,899
Depository charges	1,867,631	2,445,455
Rent	5,466,144	5,700,744
Electricity expenses	3,900,199	4,084,129
Repairs and Maintenance - Others	3,596,783	3,684,521
Printing & Stationery	1,317,449	2,620,656
Communication expenses	5,288,247	8,656,798
Software charges	1,384,314	1,044,034
Advertisement & Publicity	572,665	2,377,845
Legal and Stamping charges	906,130	1,063,041
Legal and Professional charges (Refer Note 26 below)	6,220,371	6,120,370
Directors Sitting fees	220,000	95,000
Insurance	647,171	611,316
Travelling & Conveyance expenses	502,323	735,982
Rates and Taxes	1,141,273	1,151,632
Preliminary expenses written off	104,199	-
Business promotion expenses	2,505,715	2,418,242
Membership & Subscription	1,393,824	1,293,121
Client Compensation	346,035	-
Donation	729,001	789,501
Loss on Fixed Assets sold/written off	715,897	-
Provision on Standard Loan Assets	710,571	1,014,242
Miscellaneous expenses	1,548,754	1,489,062
<b>Total</b>	<b>126,620,539</b>	<b>163,482,286</b>

**Note 26 Remuneration to Auditors**

Particulars	For the year ended	For the year ended
	31 March 2012	31 March 2011
	₹	₹
Legal and Professional charges includes payments to the auditors towards:		
Audit fees*	225,000	190,000
Tax matters*	30,000	-
Other services*	210,000	-
<b>Total</b>	<b>465,000</b>	<b>190,000</b>

\* Excluding Service Tax

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Consolidated financial statements****Note 27 Contingent Liabilities and Commitments**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Contingent Liabilities :</b>		
Guarantees given by the Company's bankers and counter guaranteed by the Company	455,000,000	551,500,000
Income Tax matters in Appeal	6,668,861	5,855,601

**Note 28 :** The expenditure in connection with the Initial Public Offer (IPO) aggregating ₹4,15,80,879/- has been adjusted against the Securities Premium Account.

**Note 29 :** The Board of Directors of the Company declared an interim dividend of ₹ 1/- per share on 4 April 2012 which has been subsequently paid.

**Note 30 : Earnings Per Share**

Particulars	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
Nominal Value of Equity shares	10	10
Net profit after tax available to the Equity shareholders	82492638	62121391
Weighted average number of Equity shares	18685792	14000000
Basic and Diluted Earnings per share	4.41	4.44

**Note 31 :** Out of current year's profit, a sum of ₹33,00,000 ( Previous year ₹5,50,000) has been transferred to the Statutory Reserve in compliance with Section 45-IC of the Reserve Bank of India Act.

**Note 32 :** The Subsidiary Company - Inventure Finance Private Limited has made a provision of ₹ 7,10,571/- being 0.25% of its standard assets as per the RBI Notification.

**Note 33 : Details of Leasing arrangements****(a) Operating Lease: As a Lessee**

The Group has entered into a cancellable operating leases. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lessor giving notice for the period ranging from two months to three months or lessee giving two months notice.

Lease payments amounting to ₹ 5,466,144/-(Previous year ₹ 5,700,744/-) are included in rental expenditure in the Statement of Profit and Loss during the current year.

**(b) Operating Lease: As a Lessor**

The Company has given office premises under cancellable lease arrangement for a period ranging from eleven months to twelve months. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lessor giving three months notice or lessee giving notice for a period ranging from one month to two months.

Lease rent received during the year and accounted as income is ₹ 405,450/- (Previous year ₹ 333,750/-)

**INVENTURE GROWTH & SECURITIES LIMITED**

Notes forming part of the Consolidated financial statements

**Note 34 Employee Benefit Plans****(a) Defined Contribution Plans:**

The amount recognised as expense in respect of Defined Contribution Plans (Contribution to Provident Fund, Family Pension Fund and Employees State Insurance) aggregate to ₹ 8,02,236/- (Previous year ₹ 6,97,934/-).

**(b) Retirement Benefit - Gratuity:**

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summaries the components of the employee benefit expenses recognised in the Profit & Loss account and the amount recognised in the Balance sheet for the gratuity provision made under actuarial method.

**Statement of Profit and Loss**

Net employee benefit expenses recognised in Employee Benefit Expenses (Note No 23)

(Amount in ₹)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Components of employer expense</b>		
Current Service cost	382,723	557,622
Interest cost	211,372	168,880
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	(383,664)	(275,416)
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>210,431</b>	<b>451,086</b>

**Balance Sheet**

Details of provision for gratuity

(Amount in ₹)

Net asset/(liability) recognised in balance sheet	As at 31 March 2012	As at 31 March 2011
Present value of Defined Benefit Obligation	2,772,519	2,562,088
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(2,772,519)	(2,562,088)
Unrecognised Past Service Costs	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(2,772,519)</b>	<b>(2,562,088)</b>

(Amount in ₹)

Change in Defined Benefit Obligations (DBO) during the year ended	For the year ended 31 March 2012	For the year ended 31 March 2011
Present Value of DBO at beginning of period	2,562,088	2,111,002
Current Service cost	382,723	557,622
Interest cost	211,372	168,880
Curtailement cost/(credit) Settlement cost/(credit) Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses Past Service Cost Benefits paid	(383,664)	(275,416)
<b>Present Value of DBO at the end of period</b>	<b>-</b>	<b>-</b>
	<b>2,772,519</b>	<b>2,562,088</b>

**INVENTURE GROWTH & SECURITIES LIMITED**  
**Notes forming part of the Consolidated financial statements**

**Principal actuarial assumptions as at the balance sheet date:**

(Amount in ₹)

Particulars	As at 31 March 2012	As at 31 March 2011
Discount Rate	8.50%	8.25%
Salary escalation	5%	5%
Attrition Rate	2%	2%

**Note 35 Related Party Disclosures**

The following details give the information pursuant to Accounting Standard (AS) 18 " Related Party Disclosures".

**(a) Name of the Related Parties and the Nature of Relationship**

Name of the Related Parties	Nature of Relationship
Nagji Keshavji Rita	Director and Key Management Personnel
Virendra Dudhnath Singh	Director and Key Management Personnel
Nishit Vinod Shah	Director and Key Management Personnel
Amrutben Kanji Shah	Director and Key Management Personnel
Jayshree Nagji Rita	Relative of Director
Khimaiben Keshavji Rita	Relative of Director
Kiran Virendra Singh	Relative of Director
Ratan Vinod Shah	Relative of Director
Shraddha V. Singh	Relative of Director
Shweta Virendra Singh	Relative of Director
Varsha P. Shah	Relative of Director
Sejal N. Shah	Relative of Director
Gulavati Singh	Relative of Director
Padmaben S. Rita	Relative of Director
Vaibhav N. Rita	Relative of Director
Suyojana Impex Private Limited	Relative of Director
Nagji K. Rita HUF	Enterprises significantly influenced by the Director
Virendra Dudhnath Singh HUF	Enterprises significantly influenced by the Director
Euro Multivision Limited	Enterprises significantly influenced by the Director

**INVENTURE GROWTH & SECURITIES LIMITED**

## Notes forming part of the Consolidated financial statements

**(b) Details of Related Party transactions during the year ended 31 March 2012**

(Amount in ₹)

Particulars	Directors & Key Management Personnel	Relatives of Directors & Key Management Personnel	Enterprises significantly influenced by the Directors / Relatives	Total
Salary/Remuneration paid	2,310,000	240,000	-	2,550,000
	(2,910,000)	(2,140,000)	(-)	(5,050,000)
Security Deposit Received	-	800,000	500,000	1,300,000
	(-)	(3,000,000)	(-)	(3,000,000)
Security Deposit Repaid Loans	-	1,900,000	3,500,000	5,400,000
	(-)	(1,300,000)	(-)	(1,300,000)
Received	1,500,000	-	-	1,500,000
	(11,000,000)	(-)	(-)	(11,000,000)
Loans Repaid	2,000,000	-	-	2,000,000
	(10,000,000)	(-)	(5,000,000)	(15,000,000)
Interest Paid Rent	300,820	249,181	525,000	1,075,001
	(199,315)	(550,201)	(8,219)	(757,735)
Paid	-	2,880,000	960,000	3,840,000
	(-)	(2,275,000)	(1,560,000)	(3,835,000)
Outstanding Credit/(Debit) Balance	<b>1,500,000</b>	-	-	<b>1,500,000</b>

Figures in brackets relates to the previous year

**Note 36 Segments Reporting**

Particulars	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
<b>1. Segment Revenue</b>		
a) Equity/Commodity Broking & Other related activities b) Financing & Other related activities	333,159,225	354,444,158
c) Others	104,102,604	71,317,636
	1,421,455	-
<b>Total</b>	<b>438,683,284</b>	<b>425,761,794</b>
Less: Inter Segment Revenue	24,326,076	-
<b>Income from Operations, Other Operating Income &amp; Other Income</b>	<b>414,357,208</b>	<b>425,761,794</b>
<b>2. Segment Results Profit/(Loss) before tax and interest from Each segment</b>		
a) Equity/Commodity Broking & Other related activities b) Financing & Other related activities	124,973,802	110,172,935
c) Others	34,615,891	32,062,139
	753,931	-
<b>Total</b>	<b>160,343,624</b>	<b>142,235,074</b>
Less: Interest	40,530,047	48,595,108
<b>Profit/(Loss) from Ordinary Activities before tax</b>	<b>119,813,577</b>	<b>93,639,966</b>
<b>3. Capital Employed (Segment Assets - Segment Liabilities)</b>		
a) Equity/Commodity Broking & Other related activities b) Financing & Other related activities	1,052,324,933	667,961,420
c) Others	583,842,057	136,591,267
	3,564,504	-
<b>Total</b>	<b>1,639,731,494</b>	<b>804,552,687</b>

**Notes :**

The Group's operations predominantly relate to Equity Broking, Commodity Broking, Financing and other related activities. In accordance with Accounting Standard - 17 on segment reporting and Company (Accounting Standards) Rules, 2006, the Group has (a) Equity/Commodity Broking and Other related activities and (b) Financing and other related activities as reportable segments.

**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the financial statements**

**Note 37 :** There are no amounts payable to any Micro, Small and Medium Enterprises as identified by the Management from the information available with the Company and relied by Auditors.

**Note 38 :** The Revised Schedule VI has become effective from 1 April 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been accordingly regrouped/reclassified, to correspond with the current year's classification/disclosure. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as at 31 March 2011.

**Note 39 :** Figures have been rounded off to nearest rupees.

**As per our attached report of even date**

**For PHD & Associates**

**Chartered Accountants**

**Firm Registration No. 111236W**

**Director**

**D. V. Vakharia**

**Partner**

**Membership No. 46115**

**Place : Mumbai**

**Date : 30 May 2012**

**For and on behalf of the Board of Directors**

**Nagji K Rita**

**Chairman & Managing**

**Virendra D Singh**

**Director**

**Bhavi R Gandhi**

**Company Secretary**

**INVENTURE GROWTH & SECURITIES LIMITED**  
**Consolidated Cash Flow Statement for the year ended 31 March 2012**

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	₹	₹	₹	₹
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before tax		119,813,577		93,639,968
<b>Adjustment for :</b>				
Depreciation and amortisation	10,900,408		12,451,715	
Finance costs	93,509,238		82,845,023	
Interest income	(51,035,063)		(42,418,443)	
Dividend income	(2,480,694)		(1,264,615)	
Profit on Sale of Investments	(1,838,227)		(11,696,604)	
Provision for defined employee benefits	210,431		451,086	
Contingent Provisions against Standard Assets	710,571		1,014,242	
Preliminary Expenses Written Off	104,199		-	
Loss on Sale/Write off of Fixed assets	715,897		-	
		50,796,760		41,382,404
<b>Operating profit before working capital changes</b>		<b>170,610,337</b>		<b>135,022,372</b>
<b>Adjustments for :</b>				
Trade receivables	(120,686,272)		(174,150,222)	
Inventories	(150,968,380)		(1,396,320)	
Long term Loans and advances	(8,088,961)		(15,092,319)	
Short term Loans and advances	(284,536,410)		(153,095,871)	
Other Current Assets	(506,070)		(4,830,318)	
Other Non-Current Assets	(312,596)		-	
Trade Payables	96,117,904		62,319,670	
Other Current Liabilities	(208,746,614)		(97,025,574)	
		(677,727,399)		(383,270,954)
<b>Cash generated from operations</b>		<b>(507,117,062)</b>		<b>(248,248,582)</b>
Direct Taxes paid (Net of refunds)		(42,140,218)		(36,353,862)
<b>Net cash flow used in operating activities (A)</b>		<b>(549,257,280)</b>		<b>(284,602,444)</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of fixed assets	(1,089,789)		(8,083,087)	
Proceeds from sale of fixed assets	147,623		-	
Fixed deposits with banks with original maturity of more than three months - placed	(351,973,325)		(238,750,000)	
Fixed deposits with banks with original maturity of more than three months - matured	398,176,000		151,950,000	
Purchase of other investments	(215,984,490)		(56,411,197)	
Proceeds from sale of investments	128,063,012		23,616,921	
Dividend income	2,480,694		1,264,615	
Interest Received	51,940,411		40,832,240	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>11,760,136</b>		<b>(85,580,508)</b>
<b>C. Cash Flow from Financing Activities</b>				
Proceeds from issue of equity shares (including securities)	782,011,621		-	
Proceeds / (Repayment) of long term borrowings	(7,290,737)		(8,643,069)	
Proceeds / (Repayment) of short term borrowings Finance costs	(132,328,858)		389,804,974	
Dividend paid (including distribution tax)	(92,994,138)		(80,394,403)	
Net cash flow from financing activities (C)	(16,271,150)		(16,325,225)	
		533,126,738		284,442,277
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>(4,370,406)</b>		<b>(85,740,675)</b>
Cash and cash equivalents at the beginning of the year		52,567,518		138,308,193
<b>Cash and cash equivalents at the end of the year</b>		<b>48,197,112</b>		<b>52,567,518</b>

**Notes:**

1 Cash and Cash Equivalents are as under:

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Cash in hand	244,164	541,838
In Current Accounts	47,952,948	52,025,680
	<b>48,197,112</b>	<b>52,567,518</b>

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

**As per our attached report of even date**

**For PHD & Associates**

**Chartered Accountants**

**Firm Registration No. 111236W**

**Director**

**D. V. Vakharia**

**Partner**

**Membership No. 46115**

**Place : Mumbai**

**Date : 30 May 2012**

**For and on behalf of the Board of Directors**

**Nagji K Rita**

**Chairman & Managing**

**Virendra D Singh**

**Director**

**Bhavi R Gandhi**

**Company Secretary**



**Auditor's Report to the Members of Inventure Growth & Securities Ltd.**

- 1) We have audited the attached Balance Sheet of **Inventure Growth & Securities Ltd.** as at **31 March 2012** and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012;
    - (b) in the case of the profit and loss account, of the **Profit** for the year ended on that date;

- (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date

**For PHD & Associates**  
**Chartered Accountants**  
Firm Registration No. 111236W

**D. V. Vakharia**  
**Partner**  
**Membership No.: 46115**  
**Place: Mumbai**  
Date : 30 May 2012

Annexure referred to in paragraph 3 of the Auditors' Report of even date to the members of Inventure Growth & Securities Ltd. on the accounts for the year ended 31 March 2012

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets in respect of major items of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets.
- (ii) (a) The inventory being stock-in-trade of securities (all held in dematerialized form) has been verified during the year by the management with the holding certificates from the respective depositories. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the depository certificates and the book records.
- (iii) (a) During the year the Company has granted loans and advances to three subsidiary companies, being the companies covered in the register maintained under section 301 of the Companies Act, 1956. The year end outstanding balance was ₹ 11,50,00,000/- and the maximum amount outstanding during the year was ₹ 45,63,55,000/-.
- (b) As per the information & explanations given to us, the rate of interest & other terms & conditions of the loans are *prima facie* not prejudicial to the interest of the company.
- (c) The loans are repayable on demand basis and as such there is no specific stipulation for repayment.
- (d) During the year the Company has taken Loans/ Security Deposits from 3 parties covered in the register maintained under Section 301 of the Companies Act, 1956. The year end balance of the aforesaid loans was ₹10,00,000/- and the aggregate of the maximum amount due in respect of each of the aforesaid parties was ₹ 75,00,000/-.
- (e) In our opinion, the rate of interest and other terms and conditions of the loans referred to in paragraph (d) above are not, *prima facie*, prejudicial to the interest of the Company.
- (f) The loans are repayable on demand basis and as such there is no specific stipulation for repayment. The Company has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of securities, fixed assets and for the sale of securities and services. In the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices.

- (vi) According to the information and explanations given to us, the Company has not accepted any public deposit within the meaning of Section 58 A of the Companies Act read with the Companies (Acceptance of Deposits) Rules 1975.
- (vii) The Company has an internal audit system commensurate with the size of the Company and nature of business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
- (ix) (a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it.  
(b)According to information and explanations given to us, there are no dues of Income Tax, Service Tax, and Cess which have not been deposited on account of any dispute.
- (x) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year and does not have accumulated losses.
- (xi) The Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
- (xii) The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities and as such the requirement for maintenance of records in respect thereof does not arise.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Hence, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In respect of Company's dealing in shares and securities, proper records have been maintained of these transactions and contracts and timely entries have been made therein. The investment in shares and securities are held by the Company in its own name except to the extent of exemption granted under section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by its subsidiaries, in the overall business interest. The terms & conditions of the guarantees given are *prima facie*, not prejudicial to the interest of the Company.
- (xvi) The Company has applied the term loans for the purposes 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 the no funds raised on short-term basis have been used for long-term investment.

- (xviii) According to the information and explanation given to us, the Company has not made preferential allotment of shares to parties and / or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures. As such, the question of creation of security in respect thereof does not arise.
- (xx) The management has disclosed the end use of money raised by way of public issue and the same has been verified during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For PHD & Associates**  
**Chartered Accountants**  
Firm Registration No.111236W

**D. V. Vakharia**  
**Partner**  
**Membership No.: 46115**  
**Place: Mumbai**  
Date: 30 May 2012

**INVENTURE GROWTH & SECURITIES LIMITED**

Balance Sheet as at 31 March 2012

Particulars	Note No.	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	3	210,000,000	140,000,000
(b) Reserves and Surplus	4	1,315,306,500	575,590,279
		<b>1,525,306,500</b>	<b>715,590,279</b>
<b>Non-Current Liabilities</b>			
(a) Long-Term Borrowings	5	75,898,871	83,101,146
(b) Deferred Tax Liabilities (Net) (c) Long-Term Provisions	6	11,638,389	11,020,305
	7	1,575,426	1,455,855
		<b>89,112,686</b>	<b>95,577,306</b>
<b>Current Liabilities</b>			
(a) Short-Term Borrowings			
(b) Trade Payables	8	148,448,065	178,779,185
(c) Other Current Liabilities	9	298,904,871	208,915,454
(d) Short-Term Provisions	10	226,659,839	454,386,320
	11	25,603,818	17,377,383
		<b>699,616,593</b>	<b>859,458,342</b>
<b>Total</b>		<b>2,314,035,779</b>	<b>1,670,625,927</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	121,883,250	130,581,559
(ii) Intangible Assets		3,402,738	5,114,400
(b) Non-Current Investments		125,285,988	135,695,959
(c) Long-Term Loans and Advances	13	699,179,454	278,231,954
(d) Other Non-Current Assets	14	60,497,988	63,935,866
	15	263,173,325	215,500,000
		<b>1,148,136,755</b>	<b>693,363,779</b>
<b>Current Assets</b>			
(a) Inventories			
(b) Trade Receivables	16	102,952,700	208,145
(c) Cash and Bank Balances	17	717,215,601	631,989,015
(d) Short-Term Loans and Advances	18	205,545,067	321,127,254
(e) Other Current Assets	19	134,617,255	16,396,552
	20	5,568,401	7,541,182
		<b>1,165,899,024</b>	<b>977,262,148</b>
<b>Total</b>		<b>2,314,035,779</b>	<b>1,670,625,927</b>
<b>Significant Accounting Policies</b>			
<b>are an integral part of the financial statements.</b>	2		

As per our attached report of even date

For PHD & Associates

For and on behalf of the Board of Directors

Chartered Accountants

Firm Registration No. 111236W

Nagji K Rita Chairman & Managing Director

Virendra D Singh Director

D. V. Vakharia

Bhavi R Gandhi Company Secretary

Partner

Membership No. 46115

Place : Mumbai

Date : 30 May 2012

**INVENTURE GROWTH & SECURITIES LIMITED****Statement of Profit and Loss for the year ended 31 March 2012**

Particulars	Note No.	For the Year Ended	For the Year Ended
		31 March 2012	31 March 2011
		₹	₹
Revenue from Operations	21	233,333,067	302,647,820
Other Income	22	62,550,067	58,821,825
<b>Total Revenue</b>		<b>295,883,134</b>	<b>361,469,645</b>
<b>Expenses</b>			
(a) Employee Benefit Expenses	23	58,716,954	66,123,394
(b) Finance Costs	24	38,870,607	47,759,078
(c) Depreciation and Amortisation Expense	12	10,609,543	12,194,711
(d) Other Expenses	25	104,864,121	153,767,339
<b>Total Expenses</b>		<b>213,061,225</b>	<b>279,844,522</b>
<b>Profit Before Tax</b>		<b>82,821,909</b>	<b>81,625,123</b>
<b>Tax Expenses (a)</b>			
Current Tax (b)		25,500,000	26,500,000
Deferred Tax		618,084	(263,323)
		26,118,084	26,236,677
<b>Profit for the Year</b>		<b>56,703,825</b>	<b>55,388,446</b>
<b>Earnings per equity share of Nominal Value of ₹ 10/- each</b>			
(a) Basic	32	3.03	3.96
(b) Diluted	32	3.03	3.96
<b>Significant Accounting Policies</b>	2		
The accompanying notes are an intergral part of the financial statements			
As per our attached report of even date			
For PHD & Associates		For and on behalf of the Board of Directors	
Chartered Accountants			
Firm Registration No. 111236W		Nagji K Rita	Chairman & Managing Director
D. V. Vakharia		Virendra D Singh	Director
Partner			
Membership No. 46115		Bhavi R Gandhi	Company Secretary
Place : Mumbai			
Date : 30 May 2012			

**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the financial statements**

**Note 1 Corporate Information**

The Company was incorporated on 22 June 1995. The company came out with the Initial Public Offer of 70,00,000 number of Equity shares in July 2011 and got listed on NSE and BSE on 4 August 2011. The company is presently having membership of various Exchanges and is in the business of providing Stock Broking and other related services.

**Note 2 Significant Accounting Policies**

**(a) Basis of accounting and preparation of financial statements**

The financial statements have been prepared on a going concern and on accrual basis, under the historical cost convention and in accordance with the generally accepted accounting principles, the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of the Companies Act 1956, to the extent applicable.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumption that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent assets & liabilities. The estimates & assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the Financial Statements. Actual results may defer from the estimates & assumptions used in preparing the accompanying Financial Statements. Any differences of actual results to such estimates are recognised in the year in which the results are known / materialised.

**(c) Presentation and disclosure in financial statements**

For the year ended 31 March 2012, the Revised schedule VI notified under Companies Act, 1956 is applicable to the Company for presentation and disclosures in financial statements.

**(d) Revenue Recognition**

- 1 Income from brokerage activities is recognized as income as per contracted rates on the execution of transactions on behalf of the clients.
- 2 Income from arbitrage operations and trading in securities and derivatives comprises of profit/loss on sale of securities held as stock-in-trade and profit/loss on equity derivative instruments.
- 3 Interest income is recognised on accrual basis.
- 4 Dividend income is recognised when the right to receive payment is established.
- 5 In respect of other heads of income, the Company accounts the same on accrual basis.

**(e) Fixed Assets**

Fixed assets are stated at cost less depreciation/amortization. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

**(f) Depreciation / Amortization**

Tangible fixed assets are depreciated on straight line basis in accordance with the rates prescribed under Schedule XIV of the Companies Act, 1956.  
 Intangible assets are amortized on a straight line basis over a period having regard to their useful economic life and estimated residual value in accordance with Accounting Standard (AS) 26 "Intangible Assets".  
 Computer Softwares are amortized over a period of 4 years.  
 Bombay Stock Exchange Membership is amortized over a period of 15 years, having regard to the nature and long term economic life of the asset.

**(g) Inventories**

Shares and Securities acquired for sale in the ordinary course of business are considered as stock - in - trade, and are valued at lower of cost or market value as at the year end.

**(h) Investments**

Non-Current Investments are carried at cost. Provision for diminution in the value of Non-Current Investments is made only if such a decline is other than temporary in the opinion of the management.

Current Investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

On disposal of investments the difference between its carrying amounts and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on a First-in-First-out (FIFO) basis.



**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the financial statements**

**(i) Securities Transaction Tax**

Securities Transaction Tax related to the company's own transactions in shares & securities are charged to Profit & Loss account.

**(j) Borrowing Cost**

Borrowing cost relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue.

**(k) Share Issue Expense**

Expenses incurred in connection with fresh issue of share capital are adjusted against Securities Premium Account in the year in which shares are issued.

**(l) Keyman Insurance**

Keyman Insurance premium paid during the financial year is written off as expenditure in the profit and loss account.

**(m) Employees Retirement Benefits**

**1 Provident Fund**

The Company contributes to a recognized provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognized in the profit and loss account.

**2 Gratuity**

The employees of the Company are eligible for Gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts.

The present value of the obligation under such benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to built up the final obligation.

Actuarial gains and losses are recognized immediately in the profit and loss account

**3 Compensated Leave**

Unutilized leave of staff lapses as at the year end and is not encashable. Accordingly, no provision is made for compensated absences.

**(n) Equity Index/Stock – Futures :**

Equity Index/Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and advances or Current liabilities, respectively, in the "Mark-to-Market Margin – Equity Index/Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Index/Stock Futures till the balance sheet date.

As on the Balance Sheet date, the profit/ loss on open position in Index/Stock futures are accounted for as follows:

- 1 Credit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the profit & loss account.
- 2 Debit balance in the "Mark-to-Market Margin-Equity Index/Stock Futures Account", being anticipated loss, is recognized in the profit & loss account.

On final settlement or squaring up of contracts for equity index/stock futures, the profit or loss is calculated as difference between settlement/squaring up price and contract price. Accordingly, debit or credit balance pertaining to the settlement/squared up contract in "Mark-to-Market Margin Equity Index/Stock Futures Account" is recognized in the profit & loss account upon expiry of the contracts.

"Initial Margin – Equity Index/Stock Futures Account", representing initial margin paid, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, is disclosed as under Loans and advances.

**(o) Equity Index/Stock – Options :**

"Equity Index/Stock Option Premium Account" represents premium paid or received for buying or selling the options, respectively.

**(p) Taxation**

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

**INVENTURE GROWTH & SECURITIES LIMITED**  
Notes forming part of the financial statements

**Deferred Taxation**

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

**(q) Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generated unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

**(r) Provisions, Contingent Liabilities & Contingent Assets**

Contingent liabilities, if material, are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized when an enterprise has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which a reliable estimate can be made for the amount of obligation.

**INVENTURE GROWTH & SECURITIES LIMITED**  
Notes forming part of the Financial Statements

**Note 3 Share Capital**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Authorised</b>		
24,500,000 (24,500,000) Equity Shares of ₹ 10/- each	245,000,000	245,000,000
5,00,000(5,00,000) Preference Shares of ₹ 10/- each	5,000,000	5,000,000
<b>Issued</b>		
21,000,000 (14,000,000) Equity Shares of ₹ 10/- each	210,000,000	140,000,000
<b>Subscribed and fully paid up</b>		
21,000,000 (14,000,000) Equity Shares of ₹ 10/- each	210,000,000	140,000,000
<b>Total</b>	<b>210,000,000</b>	<b>140,000,000</b>

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	₹	No. of Shares	₹
At the beginning of the year	14,000,000	140,000,000	14,000,000	140,000,000
Add: Issued during the year	7,000,000	70,000,000	-	-
Outstanding at the end of the year	21,000,000	210,000,000	14,000,000	140,000,000

(b) The Company has one class of Equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for 1 vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In event of liquidation the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholdings.

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

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	% holding	No. of Shares	% holding
Equity shares of ₹ 10/- each fully paid				
Nagji K Rita	4,201,940	20.01	4,201,940	30.01
Jayshree N. Rita	1,584,060	7.54	1,584,060	11.31
Virendra D. Singh	1,065,000	5.07	1,065,000	7.61
Vinod K. Shah	720,000	3.43	720,000	5.14
Pravin N. Gala	1,120,000	5.33	1,120,000	8.00
Kanji B. Rita	741,112	3.53	741,112	5.29
Usha Atul Shah	1,111,110	5.29	1,111,110	7.94

(d) Aggregate number of Bonus shares issued during the period of 5 years immediately preceding the reporting date:

7,000,000 Equity shares of ₹ 10/- each were issued as Bonus shares by way of capitalisation of ₹ 70,000,000 out of General Reserve.

**INVENTURE GROWTH & SECURITIES LIMITED**  
**Notes forming part of the Financial Statements**

**Note 4 Reserves and Surplus**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Capital Reserve</b>		
Opening Balance	2,025,000	2,025,000
Closing Balance	<b>2,025,000</b>	<b>2,025,000</b>
<b>Securities Premium Account</b>		
Opening Balance	-	-
Add : Premium credited on further issue of shares vide Initial Public Offer	749,000,000	-
Less : Utilised during the year (Share Issue Expenses) Closing Balance	41,580,879	-
	<b>707,419,121</b>	<b>-</b>
<b>Taxation Reserve</b>		
Opening Balance	12,500,000	12,500,000
Closing Balance	<b>12,500,000</b>	<b>12,500,000</b>
<b>General Reserve</b>		
Opening Balance	534,821,877	504,821,877
Add: Transfer from surplus in Statement of Profit and Loss	30,000,000	30,000,000
Closing Balance	<b>564,821,877</b>	<b>534,821,877</b>
<b>Surplus balance in Statement of Profit and Loss</b>		
Opening balance	26,243,402	17,126,106
Add: Profit for the year	56,703,825	55,388,446
Less: <u>Appropriations</u>		
Proposed dividend	-	14,000,000
Interim dividend (Refer Note 30) Dividend tax	21,000,000	-
Transfer to General Reserve	3,406,725	2,271,150
Closing Balance	30,000,000	30,000,000
	<b>28,540,502</b>	<b>26,243,402</b>
<b>Total</b>	<b>1,315,306,500</b>	<b>575,590,279</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 5 Long-Term Borrowings**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Secured (Refer (a) and (b) below):</b>		
<b>Term loans</b>		
From bank	63,087,142	69,640,577
From other parties	12,811,729	13,460,569
<b>Total</b>	<b>75,898,871</b>	<b>83,101,146</b>

(a) Details of security and terms of repayment for the other secured long term borrowings:

Particulars	Security and terms of repayment	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<u>Term loan from Bank:</u>			
ICICI Bank Limited	(a) Secured against the premises (b) Repayable in 82 monthly installments, last installment being due in January 2019 (c) Range of rate of interest is from 13.25% to 14.50% p.a.	63,087,142	69,640,577
<u>Term loan from other parties</u>			
ICICI Home Finance Limited	(a) Secured against the premises (b) Repayable in 121 monthly installments, last installment being (c) Range of rate of interest is 13.25% to 14.50% p.a.	12,811,729	13,460,569

(b) Secured long term borrowings of ₹ 75,898,871/- (Previous year ₹ 83,101,146/-) are personally guaranteed by some of the directors of the Company.

(c) Current maturities of Term loans from ICICI Bank Limited and ICICI Home Finance Limited amounting to ₹ 72,02,275/- (Previous Year ₹ 72,90,737/-) is disclosed under 'Other Current Liabilities' (Refer Note 10).

**Note 6 Deferred Tax Liabilities (Net)**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Tax effect of items constituting deferred tax liability:</b>		
On difference between book balance and tax balance of fixed assets	12,537,933	11,851,446
<b>Tax effect of items constituting deferred tax assets:</b>		
Provision for gratuity and other employee benefits	(899,544)	(831,141)
<b>Total</b>	<b>11,638,389</b>	<b>11,020,305</b>

**INVENTURE GROWTH & SECURITIES LIMITED**

Notes forming part of the Financial Statements

**Note 7 Long- Term Provisions**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Provision for employee benefits (Refer Note 34) Gratuity (Non funded)	1,575,426	1,455,855
<b>Total</b>	<b>1,575,426</b>	<b>1,455,855</b>

**Note 8 Short-Term Borrowings**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Secured</b> (Refer Particulars given below)		
Loans repayable on demand		
From banks	146,948,065	176,379,185
<b>Unsecured</b>		
Loans repayable on demand		
From other parties	-	400,000
Loans and advances from a related party	1,500,000	2,000,000
<b>Total</b>	<b>148,448,065</b>	<b>178,779,185</b>

Particulars of security for the secured short-term borrowings:

Particulars	Nature of security	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Loans repayable on demand			
From banks: Bank overdraft	Secured against Term Deposits	146,948,065	176,379,185

**Note 9 Trade Payables**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Trade Payables (Refer Note 37)	298,904,871	208,915,454
<b>Total</b>	<b>298,904,871</b>	<b>208,915,454</b>

**INVENTURE GROWTH & SECURITIES LIMITED**

## Notes forming part of the Financial Statements

**Note 10 Long- Term Provisions**

Particulars	As at	As at
	31 March 2012	31 March 2011
	₹	₹
Current maturities of long term debt (Refer Note 5)	7,202,275	7,290,737
Advances from clients	2,998,697	2,276,813
Security Deposit /Margin Money from clients	213,349,837	440,226,053
Statutory dues	835,879	1,395,738
Other payables	2,273,151	3,196,979
<b>Total</b>	<b>226,659,839</b>	<b>454,386,320</b>
There is no amount due and outstanding to be paid to Investor Education and Protection fund as at 31 March 2012.		

**Note 11 Short Term Provisions**

Particulars	As at	As at
	31 March 2012	31 March 2011
	₹	₹
<b>Provision for employee benefits Refer Note 34)</b>		
Gratuity (Non Funded)	1,197,093	1,106,233
Proposed dividend (Refer Note 30)	21,000,000	14,000,000
Distribution Tax on dividend	3,406,725	2,271,150
<b>Total</b>	<b>25,603,818</b>	<b>17,377,383</b>

**INVENTURE GROWTH & SECURITIES LIMITED**  
Notes forming part of the Financial Statements

Note 12 Fixed Assets

Fixed Assets	Gross Block			Accumulated Depreciation / Amortisation			Net Block	
	As at 1 April 2011	Additions	Deductions	As at 31 March 2012	For the year ended 31 March 2012	On disposals	As at 31 March 2012	As at 31 March 2011
<b>Tangible Assets</b>								
<u>Own Assets:</u>								
Office Premises	80,601,443	-	-	80,601,443	1,313,801	-	5,971,678	75,943,567
Furniture and Fixtures	34,320,768	456,443	358,129	34,419,082	2,149,536	77,666	9,329,966	27,062,672
Vehicles	10,140,961	-	540,783	9,600,178	888,774	172,370	4,402,347	6,455,018
Office Equipment	8,975,642	55,400	138,500	8,892,542	422,919	22,576	2,404,648	6,971,337
Air Conditioners	3,499,646	25,000	27,000	3,497,646	165,924	4,140	773,166	2,985,264
Computer	36,092,305	26,250	157,300	35,961,255	3,456,927	81,440	28,207,091	11,260,701
<b>Total</b>	<b>173,630,765</b>	<b>563,093</b>	<b>1,221,712</b>	<b>172,972,146</b>	<b>8,397,881</b>	<b>358,192</b>	<b>51,088,896</b>	<b>130,581,559</b>
Previous year	167,232,680	6,398,086	-	173,630,766	8,855,465	-	43,049,206	133,038,940
<b>Intangible Assets</b>								
<u>Own Assets:</u>								
Computer Software	10,493,732	500,000	-	10,993,732	2,211,662	-	7,590,994	5,114,400
Membership of Bombay Stock Exchange Limited	18,100,000	-	-	18,100,000	-	-	18,100,000	-
<b>Total</b>	<b>28,593,732</b>	<b>500,000</b>	<b>-</b>	<b>29,093,732</b>	<b>2,211,662</b>	<b>-</b>	<b>25,690,994</b>	<b>5,114,400</b>
Previous year	27,784,404	809,328	-	28,593,732	3,339,246	-	23,479,333	7,644,318



**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the Financial Statements**

**Note 13 Non-Current Investments**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Investments (At cost less provision for other than temporary diminution, if any):		
<b><u>Trade (unquoted)</u></b>		
<b>Investment in equity shares, fully paid up:</b>		
(a) Investment in Subsidiaries:		
48,00,000 (28,00,000) Equity Shares of Inventure Finance Private Limited ₹ 10/- each	551,129,000	251,129,000
21,90,100 (21,90,100) Equity Shares of Inventure Commodities Limited of ₹ 10/- each	21,901,000	21,901,000
5,19,994 (5,19,994) Equity Shares of Inventure Wealth Management Limited of ₹ 10/- each	5,199,940	5,199,940
6,00,020 (Nil) Equity Shares of Inventure Insurance Broking Private Limited of ₹ 10/- each	4,000,000	-
6,00,000 (Nil) Equity Shares of Inventure Merchant Banker Services Private Limited of ₹ 10/- each	60,100,000	-
(b) Others:		
26,182 ( 26,182) Equity Shares of Bombay Stock Exchange Limited ₹ 1/- each	2,014	2,014
	642,331,954	278,231,954
<b><u>Other Investments (Quoted)</u></b>		
<b>Investment in equity shares, fully paid up:</b>		
300,000 (Nil) Equity Shares of Bedmutha Industries Limited of ₹ 10/- each	36,750,000	-
250,000 (Nil) Equity Shares of Gokul Refoils & Solvent Limited of ₹ 2/- each	20,097,500	-
	56,847,500	-
<b>Total</b>	<b>699,179,454</b>	<b>278,231,954</b>
Aggregate amount of quoted investments	56,847,500	-
Aggregate market value of quoted investments	25,145,000	-
Aggregate amount of unquoted investments	642,331,954	278,231,954

**Note 14 Long Term Loans And Advances**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Unsecured, considered good :</b>		
Deposits		
(a) With Stock Exchanges / Depository	37,874,469	37,974,469
(b) With others	1,132,812	1,392,829
Advance Income Tax (Net of Provisions)	21,490,707	24,568,568
<b>Total</b>	<b>60,497,988</b>	<b>63,935,866</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 15 Non-Current Investments**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Balances with banks:</b>		
Term deposits with banks with more than twelve months maturity	263,173,325	215,500,000
<b>Total</b>	<b>263,173,325</b>	<b>215,500,000</b>
The above Term deposits are held as margin for guarantees/security for bank overdraft facility/lodged with Exchanges.		

**Note 16 Inventories**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
(At lower of cost and net realisable value)		
<b>Stock-in-trade :</b>		
Shares and Securities	102,952,700	208,145
<b>Total</b>	<b>102,952,700</b>	<b>208,145</b>

**Note 17 Trade Receivables**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	132,505,832	66,272,690
Other Trade receivables	584,709,769	565,716,325
<b>Total</b>	<b>717,215,601</b>	<b>631,989,015</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 18 Non-Current Investments**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>Cash and cash equivalents</b>		
Balances with banks in current accounts	30,288,566	6,598,841
Cash on hand	206,501	502,413
<b>Total</b>	<b>30,495,067</b>	<b>7,101,254</b>
<b>Other bank balances</b>		
Term deposits with more than three months maturity but due within one year from the reporting date	175,050,000	314,026,000
<b>Total</b>	<b>175,050,000</b>	<b>314,026,000</b>

The above Term deposits are held as margin for guarantees/security for bank overdraft facility/lodged with Exchanges.

**Note 19 Short-Term Loans And Advances**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>Unsecured, considered good</b>		
Loans and advances to related parties : To a Subsidiary Company	115,000,000	2,231,024
Deposits with Stock Exchanges	13,681,000	5,643,640
Prepaid expenses	5,745,275	8,117,976
Advances recoverable in cash or in kind	190,980	403,912
<b>Total</b>	<b>134,617,255</b>	<b>16,396,552</b>

**Note 20 Other Current Assets**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
Interest accrued on Term deposits with banks	3,195,245	5,571,524
Others	2,373,156	1,969,658
<b>Total</b>	<b>5,568,401</b>	<b>7,541,182</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 21 Non-Current Investments**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
<b>Sale of services:</b>		
(a) Brokerage Income: Secondary Market		
Primary Market Others	134,803,583	232,493,875
(b) Income from Depository Operations	9,375,693	22,571
	224,097	639,701
	7,367,198	10,738,534
<b>Other operating revenues:</b>	151,770,571	243,894,681
(a) Profit/(Loss) from Arbitrage/Securities Trading		
(b) Interest on Term deposits with Banks	21,120,086	(975,056)
	60,442,410	59,728,195
<b>Total</b>	81,562,496	58,753,139
	<b>233,333,067</b>	<b>302,647,820</b>

**Note 22 Other Income**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
<b>Dividend income :</b>		
(a) from current investments/stock-in-trade	357,531	1,377,030
(b) from non-current investments	104,728	104,728
<b>Other non-operating income :</b> (a) Delayed payment charges (b) Miscellaneous income	56,114,289	50,754,891
	5,973,519	6,585,176
<b>Total</b>	62,550,067	58,821,825

**Note 23 Employee Benefit Expenses**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Salaries and other benefits	56,030,614	62,951,106
Contributions to Provident and Other Funds	1,012,667	1,149,020
Staff welfare expenses	1,673,673	2,023,268
<b>Total</b>	58,716,954	66,123,394

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 24 Non-Current Investments**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Interest expense	31,750,867	36,384,569
Other borrowing costs	7,119,740	11,374,509
<b>Total</b>	<b>38,870,607</b>	<b>47,759,078</b>

**Note 25 Other Expenses**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Sub- Brokerage / Commission Payment to Franchisees Securities transaction tax	62,705,000	86,204,705
Stock Exchange expenses & Contribution to Stock Exchange funds	683,972	5,764,481
SEBI Turnover/Registration charges	5,103,717	14,297,052
Depository charges	726,762	1,660,879
Rent	1,058,318	1,346,899
Electricity expenses	1,867,631	2,359,768
Repairs and Maintenance - Others	5,180,644	5,460,744
Printing & Stationery	3,877,762	4,063,885
Communication expenses	3,309,265	3,597,573
Software charges	1,210,849	2,462,707
Advertisement & Publicity	5,111,635	8,226,672
Legal and Stamping charges	1,384,314	1,044,034
Legal and Professional charges (Refer Note 26 below)	562,665	2,373,728
Directors Sitting fees	549,570	835,431
Insurance	2,620,558	5,732,120
Travelling & Conveyance expenses	220,000	95,000
Rates and Taxes	637,121	608,552
Business promotion expenses	438,548	617,739
Membership & Subscription	1,133,773	1,141,632
Client Compensation	2,449,868	2,422,359
Donations	1,393,824	1,293,121
Loss on Fixed Assets sold/written off	346,035	-
Miscellaneous expenses	729,001	789,501
	715,897	-
<b>Total</b>	<b>104,864,121</b>	<b>153,767,339</b>

**Note 26 Remuneration to Auditors**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
Legal and Professional charges includes payments to the auditors towards: Audit fees*	130,000	120,000
Tax matters*	30,000	-
Other services*	210,000	-
<b>Total</b>	<b>370,000</b>	<b>120,000</b>

\* Excluding Service Tax

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the Financial Statements****Note 27 Contingent Liabilities and Commitments**

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
<b>Contingent Liabilities :</b>		
Guarantees given by the Company's bankers and counter guaranteed by the Company	455,000,000	551,500,000
Corporate Guarantees given for subsidiaries	550,000,000	25,000,000
Income Tax matters in Appeal	5,855,601	5,855,601

**Note 28 Proceeds from Initial Public Offer of Equity Shares have been utilized during the financial year ended 31 March 2012 as under:**

Particulars	₹
<b>Proceeds from IPO (fully utilised as under)</b>	819,000,000
Investment in Subsidiary, Inventure Finance Pvt Ltd.	300,000,000
Augmenting Long Term Working Capital	200,000,000
Requirements General Corporate purposes	277,419,121
Public issue expenses	41,580,879

**Note 29 :** The expenditure in connection with the Initial Public Offer (IPO) aggregating ₹4,15,80,879/- has been adjusted against the Securities Premium Account.

**Note 30 :** The Board of Directors of the Company declared an interim dividend of ₹ 1/- per share on 4 April 2012 which has been subsequently paid.

**Note 31 : Disclosure as per Clause 32 of the listing agreement**

Loans and Advances in the nature of loans given to subsidiaries:

Name of the Party	Relationship	Amount outstanding as at 31 March 2012 ₹	Maximum Balance Outstanding during the year ₹
Inventure Finance Private Limited	Subsidiary Company	115,000,000	424,500,000
Inventure Commodities Limited	Subsidiary Company	(-)	(390,000,000)
Inventure Wealth Management Limited	Subsidiary Company	-	29,500,000
		(-)	(-)
		-	2,355,000
		(2,358,050)	(2,358,050)

Figures in brackets relates to previous year

**Note 32 : Earnings Per Share**

Particulars	For the year ended 31 March 2012 ₹	For the year ended 31 March 2011 ₹
Nominal Value of Equity shares	10	10
Net profit after tax available to the Equity shareholders	56,703,825	55,388,446
Weighted average number of Equity shares	18,685,792	14,000,000
Basic and Diluted Earnings per share	3.03	3.96

**Note 33 : Details of Leasing arrangements****(a) Operating Lease: As a Lessee**

The company has entered into cancellable operating leases. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lesser giving notice for the period ranging from two months to three months or lessee giving two months notice.

**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the financial statements**

Lease payments amounting to ₹ 5,180,644/- (Previous year ₹ 5,460,744/-) are included in rental expenditure in the Statement of Profit and Loss during the current year.

**(b) Operating Lease: As a Lessor**

The Company has given office premises under cancellable lease arrangement for a period ranging from eleven months to twelve months. These lease arrangements are normally renewable on expiry. The lease arrangement can be cancelled either at the option of lessor giving three months notice or lessee giving notice for a period ranging from one month to two months. Lease rent received during the year and accounted as income is ₹ 989,950/- (Previous year ₹ 573,750/-)

**Note 34 Employee Benefit Plans****(a) Defined Contribution Plans:**

The amount recognised as expense in respect of Defined Contribution Plans (Contribution to Provident Fund, Family

Pension Fund and Employees State Insurance) aggregate to ₹ 8,02,236/- (Previous year ₹ 6,97,934/-).

**(b) Retirement Benefit - Gratuity:**

The employees of the Company are eligible for gratuity in accordance with the Payment of Gratuity Act, and is a Defined Employee Benefit. The above benefit is not funded but provision is made in the accounts for accrued gratuity under Projected Unit Credit Method of actuarial valuation.

The following table summaries the components of the employee benefit expenses recognised in the Profit & Loss account and the amount recognised in the Balance sheet for the gratuity provision made under actuarial method.

**Statement of Profit and Loss**

Net employee benefit expenses recognised in Employee Benefit Expenses (Note No 23)

(Amount in ₹)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Components of employer expense</b>		
Current Service cost	382,723	557,622
Interest cost	211,372	168,880
Expected return on plan assets	-	-
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Past Service Cost	-	-
Actuarial Losses/(Gains)	(383,664)	(275,416)
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>210,431</b>	<b>451,086</b>

**Balance Sheet**

Details of provision for gratuity

(Amount in ₹)

Net asset/(liability) recognised in balance sheet	As at 31 March 2012	As at 31 March 2011
Present value of Defined Benefit Obligation	2,772,519	2,562,088
Fair value of plan assets	-	-
Funded status [Surplus/(Deficit)]	(2,772,519)	(2,562,088)
Unrecognised Past Service Costs	-	-
<b>Net asset/(liability) recognised in balance sheet</b>	<b>(2,772,519)</b>	<b>(2,562,088)</b>

**INVENTURE GROWTH & SECURITIES LIMITED**  
**Notes forming part of the financial statements**

(Amount in ₹)

<b>Change in Defined Benefit Obligations (DBO) during the year ended</b>	<b>For the year ended 31 March 2012</b>	<b>For the year ended 31 March 2011</b>
Present Value of DBO at beginning of period	2,562,088	2,111,002
Current Service cost	382,723	557,622
Interest cost	211,372	168,880
Curtailement cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(383,664)	(275,416)
Past Service Cost Benefits paid	-	-
<b>Present Value of DBO at the end of period</b>	<b>2,772,519</b>	<b>2,562,088</b>

Principal actuarial assumptions as at the balance sheet date:

(Amount in ₹)

<b>Particulars</b>	<b>As at 31 March</b>	<b>As at 31 March</b>
Discount Rate	8.50%	8.25%
Salary escalation	5%	5%
Attrition Rate	2%	2%



**INVENTURE GROWTH & SECURITIES LIMITED****Notes forming part of the financial statements****Note 35 Related Party Disclosures**

The following details give the information pursuant to Accounting Standard (AS) 18 " Related Party Disclosures".

**(a) Name of the Related Parties and the Nature of Relationship**

<b>Name of the Related Parties</b>	<b>Nature of Relationship</b>
Inventure Finance Private Limited	Subsidiary Company
Inventure Insurance Broking Private Limited	Subsidiary Company
Inventure Commodities Limited	Subsidiary Company
Inventure Wealth Management Limited	Subsidiary Company
Inventure Merchant Banker Services Private Limited	Subsidiary Company
Nagji Keshavji Rita	Director and Key Management Personnel
Virendra Dudhnath Singh	Director and Key Management Personnel
Amrutben Kanji Shah	Relative of Director
Jayshree Nagji Rita	Relative of Director
Khimaiben Keshavji Rita	Relative of Director
Kiran Virendra Singh	Relative of Director
Ratan Vinod Shah	Relative of Director
Shraddha V. Singh	Relative of Director
Shweta Virendra Singh	Relative of Director
Varsha P. Shah	Relative of Director
Sejal N. Shah	Relative of Director
Gulavati Singh	Relative of Director
Padmaben S. Rita	Relative of Director
Vaibhav N. Rita	Relative of Director
Suyojana Impex Private Limited	Enterprises significantly influenced by the Director
Nagji K. Rita HUF	Enterprises significantly influenced by the Director
Virendra Dudhnath Singh HUF	Enterprises significantly influenced by the Director

(b) Details of Related Party transactions during the year ended 31 March 2012

(Amount in ₹)

Particulars	Subsidiaries	Directors & Key Management Personnel	Relatives of Directors & Key Management Personnel	Enterprises significantly influenced by the Directors / Relatives	Total
Investment in Equity Shares	364,100,000	-	-	-	364,100,000
	(200,000,000)	(-)	(-)	(-)	(200,000,000)
Salary/Remuneration paid	-	2,310,000	240,000	-	2,550,000
	(-)	(2,160,000)	(2,140,000)	(-)	(4,300,000)
Loans & Advances given	1,567,964,500	-	-	-	1,567,964,500
	(872,965,000)	(-)	(-)	(-)	(872,965,000)
Loans & Advances received back	1,455,319,500	-	-	-	1,455,319,500
	(1,069,185,000)	(-)	(-)	(-)	(1,069,185,000)
Security Deposit Received	-	-	800,000	500,000	1,300,000
	(-)	(-)	(-)	(3,000,000)	(3,000,000)
Security Deposit Repaid	-	-	1,900,000	3,500,000	5,400,000
	(-)	(-)	(1,300,000)	(-)	(1,300,000)
Loans Received	-	1,500,000	-	-	1,500,000
	(-)	(11,000,000)	(-)	(-)	(11,000,000)
Loans Repaid	-	2,000,000	-	-	2,000,000
	(-)	(10,000,000)	(-)	(5,000,000)	(15,000,000)
Interest Paid	-	300,820	249,181	525,000	1,075,001
	(-)	(199,315)	(550,201)	(8,219)	(757,735)
Interest Received	23,700,314	-	-	-	23,700,314
	(19,353,728)	(-)	(-)	(-)	(19,353,728)
Rent Received	584,500	-	-	-	584,500
	(240,000)	(-)	(-)	(-)	(240,000)
Rent Paid	-	-	2,640,000	960,000	3,600,000
	(-)	(-)	(2,035,000)	(1,560,000)	(3,595,000)
Commission Paid	-	-	-	-	-
	(641,240)	(-)	(-)	(-)	(641,240)
Administrative Expenses Incurred	-	-	-	-	-
	(46,359)	(-)	(-)	(-)	(46,359)
Administrative Expenses Recovered	-	-	-	-	-
	(46,359)	(-)	(-)	(-)	(46,359)
Outstanding Credit/(Debit) Balance	<b>(115,000,000)</b>	<b>1,500,000</b>	-	-	<b>(113,500,000)</b>

Figures in brackets relates to the previous year

**INVENTURE GROWTH & SECURITIES LIMITED**

**Notes forming part of the financial statements**

**Note 36 Segment Reporting**

The Company's operations predominantly consist of "Broking of shares/securities and other related activities ". Hence there are no reportable segments under Accounting Standard -17. During the year under report the Company was engaged in its business only within India. The conditions prevailing in India being uniform no separate geographical disclosures are considered necessary.

**Note 37 :** There are no amounts payable to any Micro, Small and Medium Enterprises as identified by the Management from the information available with the Company and relied by Auditors.

**Note 38 :** The Revised Schedule VI has become effective from 1 April 2011 for the presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been accordingly regrouped/reclassified, to correspond with the current year's classification/disclosure. This adoption does not impact recognition and measurement principles followed for preparation of financial statements as at 31 March 2011.

**Note 39 :** Figures have been rounded off to nearest rupees.

**As per our attached report of even date**

**For PHD & Associates**

**Chartered Accountants**

**Firm Registration No. 111236W**

**D. V. Vakharia**

**Partner**

**Membership No. 46115**

**For and on behalf of the Board of Directors**

**Nagji K Rita**

**Chairman & Managing Director**

**Virendra D Singh**

**Director**

**Bhavi R Gandhi**

**Company Secretary**

**Place : Mumbai**

**Date : 30 May 2012**

**INVENTURE GROWTH & SECURITIES LIMITED**

**Cash Flow Statement for the year ended 31 March 2012**

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	₹	₹	₹	₹
<b>A. Cash Flow from Operating Activities</b>				
Net Profit before tax		82,821,909		81,625,123
<b>Adjustment for :</b>				
Depreciation and amortisation	10,609,543		12,194,711	
Finance costs	38,870,607		47,759,078	
Interest income	(60,442,410)		(58,378,543)	
Income from Investments				
Dividend income	(462,259)		(1,481,758)	
Liability no longer required written back				
Provision for defined employee benefits	210,431		451,086	
Provision for future foreseeable losses etc.				
Provision for Warranties				
Provision for contingencies				
Loss on Sale/Write off of Fixed assets	715,897		-	
Impairment of assets				
Employee stock compensation expense				
Other non-cash charges (specify)				
Unrealised (Gain)/Loss on Exchange – Net				
		(10,498,191)		544,574
<b>Operating profit before working capital changes</b>		<b>72,323,718</b>		<b>82,169,697</b>
<b>Adjustments for :</b>				
Trade receivables	(85,226,586)		(171,692,254)	
Inventories	(102,744,555)		(111,910)	
Long term Loans and advances	360,017		(15,091,494)	
Short term Loans and advances	(10,044,227)		1,308,638	
Other Current assets	(517,821)		716,210	
Trade payables	89,989,417		56,990,783	
Other Current liabilities	(227,638,019)		(93,989,568)	
		(335,821,774)		(221,869,595)
<b>Cash generated from operations</b>		<b>(263,498,056)</b>		<b>(139,699,898)</b>
Direct Taxes paid (Net of refunds)		(22,422,139)		(26,237,219)
<b>Net cash flow used in operating activities (A)</b>		<b>(285,920,195)</b>		<b>(165,937,117)</b>
<b>B. Cash Flow from Investing Activities</b>				
Purchase of fixed assets	(1,063,093)		(7,207,414)	
Proceeds from sale of fixed assets	147,623		-	
Inter-corporate deposits (net)				
Fixed deposits with banks with original maturity of more than three months - placed	(222,723,325)		(157,500,000)	
Fixed deposits with banks with original maturity of more than 3 months - matured				
Purchase of current investments				
Proceeds from sale of current investments				
Fixed deposits with banks with original maturity of more than three months - matured	314,026,000		136,750,000	
Investments in subsidiary companies	(364,100,000)		(200,000,000)	
Purchase of other non-current investments	(56,847,500)		-	

Proceeds from sale of long-term investments			
Income from investments			
Dividend income	462,259		1,481,758
Interest Received	62,933,013		67,627,847
Advances / (Repayment) to /from Subsidiaries (Net)	(112,768,976)		196,343,976
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(379,933,999)</b>	<b>37,496,167</b>
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from issue of equity shares (including securities premium)	782,011,621		-
Proceeds from issue of preference shares			
Proceeds from issue of share warrants			
Share application money received / (refunded)			
Redemption / buy back of preference / equity shares			
Proceeds / (Repayment) of long term borrowings	(7,290,737)		(8,643,069)
Proceeds / (Repayment) of short term borrowings	(30,331,120)		125,908,985
Finance costs	(38,870,607)		(47,759,078)
Dividend paid (including distribution tax)	(16,271,150)		(16,192,355)
<b>Net cash flow from financing activities (C)</b>		<b>689,248,007</b>	<b>53,314,483</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>23,393,813</b>	<b>(75,126,467)</b>
Cash and cash equivalents at the beginning of the year		7,101,254	82,227,721
<b>Cash and cash equivalents at the end of the year</b>		<b>30,495,067</b>	<b>7,101,254</b>

**INVENTURE GROWTH & SECURITIES LIMITED****Cash Flow Statement for the year ended 31 March 2012****Notes:**

1 Cash and Cash Equivalents are as under:

Particulars	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Cash in hand	206,501	502,413
In Current Accounts	30,288,566	6,598,841
	<b>30,495,067</b>	<b>7,101,254</b>

2 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

3 Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's presentation.

**As Per Our Attached Report Of Even Date  
For PHD & Associates  
Chartered Accountants  
Firm Registration No. 111236W**

**D. V. Vakharia  
Partner  
Membership No. 46115**

**Place : Mumbai  
Date : 30 May 2012**

**For and on behalf of the Board of Directors**

**Nagji K Rita      Chairman & Managing Director**

**Virendra D Singh    Director**

**Bhavi R Gandhi    Company Secretary**

Inventure Growth & Securities Limited

SUMMARY OF FINANCIAL STATEMENTS OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(8) OF COMPANIES ACT, 1956

Subsidiary Name	Accounting Period		Capital		Reserves		Total Liabilities		Total Assets		Investment (Other than in Subsidiaries)		Turnover /Income		PBT/(LBT)	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
Inventure Finance Pvt. Ltd.	01.04.11 to 31.03.12	01.04.10 to 31.03.11	480.00	280.00	5,358.42	2,398.95	9,559.91	6,267.75	9,559.91	6,267.75	1,807.67	1,313.04	1,058.80	625.78	228.14	40.96
Inventure Commodities Ltd.	01.04.11 to 31.03.12	01.04.10 to 31.03.11	219.07	219.07	688.59	603.95	1,314.38	970.10	1,314.38	970.10	110.28	275.78	320.44	189.62	127.95	98.91
Inventure Wealth Management Limited	01.04.11 to 31.03.12	01.04.10 to 31.03.11	65.00	65.00	(37.85)	(18.88)	28.63	71.99	28.63	71.99	-	-	26.71	35.07	(18.94)	(10.09)
Inventure Insurance Broking Private Limited	01.04.11 to 31.03.12	01.04.10 to 31.03.11	60.00	60.00	(19.45)	(20.06)	40.75	40.20	40.75	40.20	-	-	1.72	2.88	0.60	(1.63)
Inventure Merchant Banker Services Pvt. Ltd	29.08.11 to 31.03.12	N.A.	121.00	-	488.37	-	609.79	-	609.79	-	-	20.33	-	12.17	-	-

**INVENTURE GROWTH AND SECURITIES LIMITED**

Registered office: Viraj Towers, 201, 2<sup>nd</sup> Floor, Near Landmark, Andheri Flyover, Western Express Highway, Andheri (East), Mumbai- 400069.

**Attendance Slip**

(To be signed and handed over at the entrance of the Meeting Venue)

Registered Folio No: \_\_\_\_\_ DP ID\* : \_\_\_\_\_

No. of Shares held: \_\_\_\_\_ Client ID\*: \_\_\_\_\_

Full Name of the Member (in Block Letter) \_\_\_\_\_

Name of the Proxy \_\_\_\_\_

(To be filled- in if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Thursday ,September 27,2012 at 11.00 A.M at the Monika Hall, Malad .

\_\_\_\_\_  
Members/Proxy's Signature  
(To be signed at the time of handing over the slip )

\*Applicable for members holding shares in electronic form

Note : Members are requested to bring their copies of the Annual Report to the Meeting.

**INVENTURE GROWTH AND SECURITIES LIMITED**

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**PROXY FORM**

Registered Folio No: \_\_\_\_\_ DP ID\* : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_ Client ID\*: \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member/members of the above-named Company hereby appoint Shri \_\_\_\_\_  
\_\_\_\_\_ or failing him Shri \_\_\_\_\_

As my/our proxy to vote for me/us on my behalf at the 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company on Thursday September 27,2012 at 11.00 A.M at the Monika Hall, Malad and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012 Signature \_\_\_\_\_

\*Applicable for members holding shares in electronic form.

Note : This form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

Affix  
Revenue  
Stamp