



Q4 & FY2012-2013 Investor Presentation



Our Manufacturing Facilities



Safe Harbour Statement

BSE: INNOIND,
NSE: INNOIND,
Reuters: INNV.BO,
Bloomberg: IIL:IN

Some of the statements in this presentation that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Further, this presentation may make references to reports and publications available in the public domain. Innoventive Industries Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.

Discussions and Highlights

Innoventive Industries Ltd

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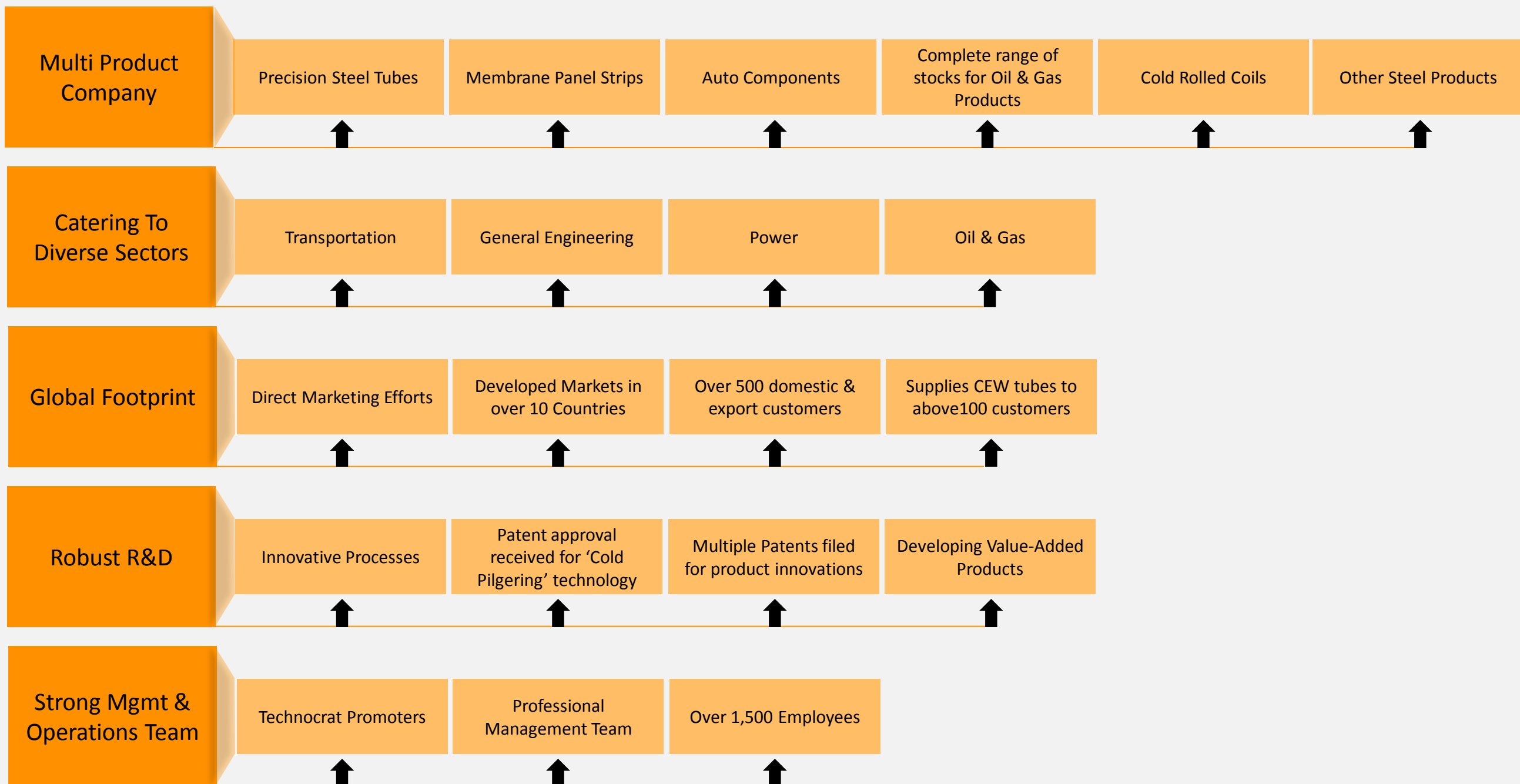
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Innoventive Industries Ltd (IIL)



Uniquely Positioned Operations



Diverse Product Profile



DOM/CEW, ERW Tubes & Products

- Drawn Over Mandrel (DOM)/ Cold Drawn Electric Welded (CEW) tubes manufactured by our innovative process
- Machined tubular components



Auto Components

- Machined components
- Press fabricated parts
- Robotic welding of components and assemblies



Power Equipment Components

- Narrow-width Membrane Panel Strips for sub-critical and super-critical boilers
- Tubes for energy sector



Oil & Gas

- Ready-to-assemble machined parts like machined tubings, couplings, casing couplings, pup joints and cross overs etc.
- Open die and Close die forgings



Others

- Cold Rolled steel sheets
- Laminates and Stampings
- High voltage soft starters and testing equipment

Product Application & Advantage

DOM/CEW, ERW Tubes & Products



- ✓ Application – Extensive usage in several fields such as automobile industry, shock absorbers, fuel line, brake line, steering columns, tie rods, propeller shafts and bobbin tubes- textile industries, etc.
- ✓ IIL's advantage – Manufactured using its unique 'Cold Pilgering' technology which has been awarded a patent in India with unmatched quality and competitive pricing against peers in both domestic and export markets

Auto Components



- ✓ Application – Application in piston rod, push rod, hose fittings and transmission components, machined rear axle spindle, compressor parts, fuel injection, etc.
- ✓ IIL's advantage – Ability to design products as per client specifications and supply consistent quality products

Power Equipment Components



- ✓ Application – Membrane panel strips (MPS) and energy tubes find application in boilers and heat exchangers
- ✓ IIL's advantage – Only manufacturer of MPS in the country – supplies import substitute products at par with international standards at competitive pricing

Oil & Gas



- ✓ Application – Products find application in the high opportunity oil & gas sector
- ✓ IIL's advantage – Superior quality products that meet internationally prescribed quality tests combined with competitive pricing

Leveraging on Engineering Capabilities

Patented 'Cold Pilgering' technology

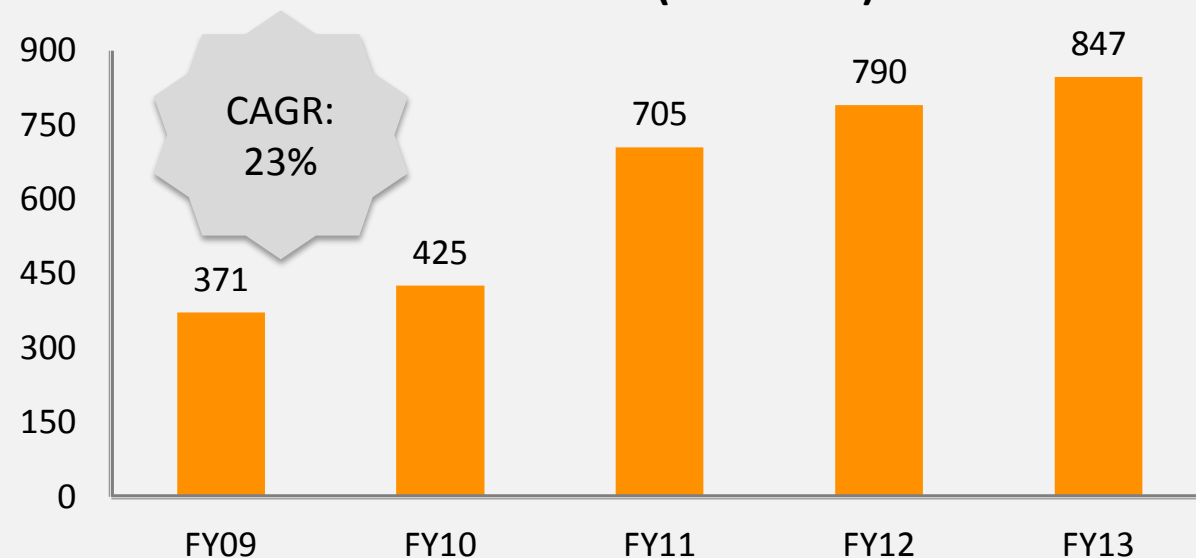
- Patented its indigenous technology used to manufacture DOM/CEW tubes of various specifications
- Awarded a patent for 20 years w.e.f April 24, 2009
- Cost reduction in terms of energy, labour and material in comparison to the traditional draw bench technique
- Customised designs for tools & dies result in enhanced efficiency
- Products manufactured by this method have unmatched quality with a superior surface finish and a higher tensile strength while being competitively priced
- Having received the patent for India, IIL is now eligible to apply for the same in other countries. Patent application is in process in 23 other countries
- IIL has also applied for patents in 2 additional processes/products. Further, few more patent applications are under process for filing

Membrane Panel Strips (MPS)

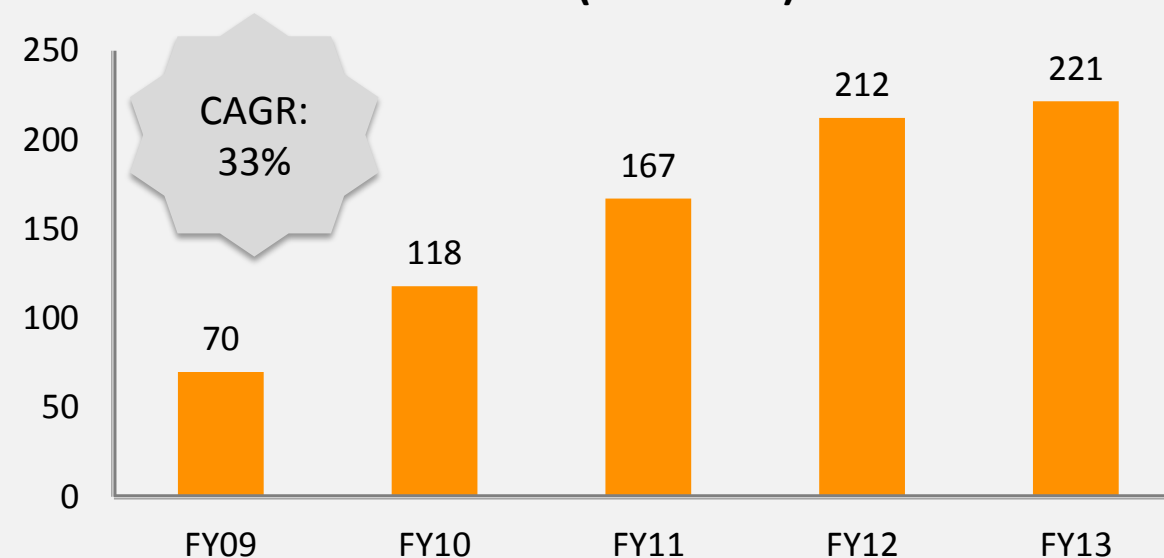
- IIL manufactures MPS (narrow width ~ 10.3mm) directly from HR coils leading to improved quality at lower cost
- A strong understanding in metallurgy has helped IIL to carry out improvements in traditional processes
- Conventionally these strips are manufactured using steel bars
- It is an import substitute product with applications in the power sector

Demonstrated Track Record

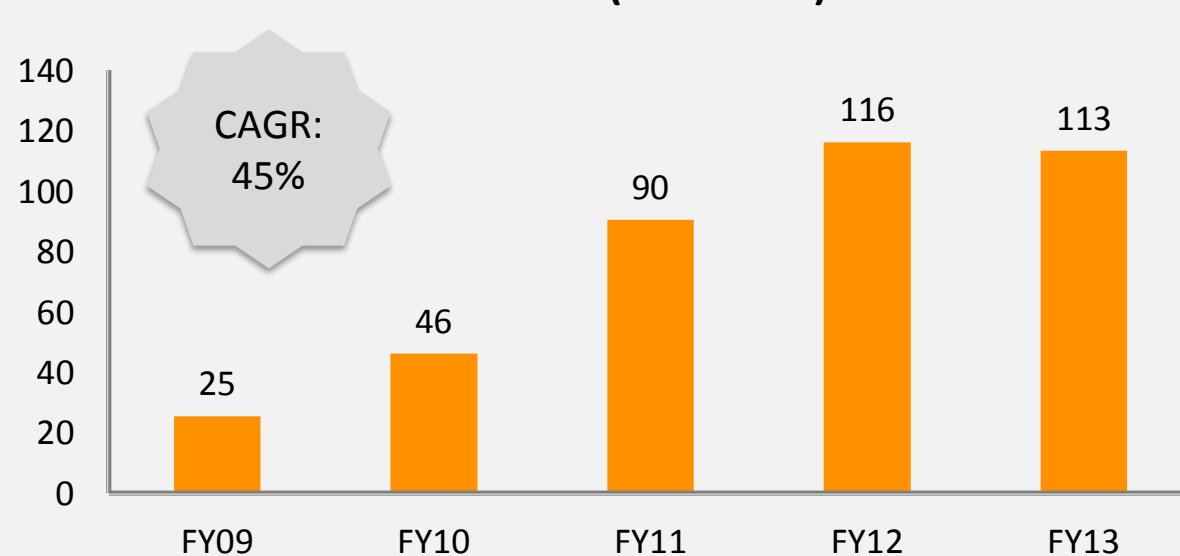
Total Revenue (₹ in Crore)



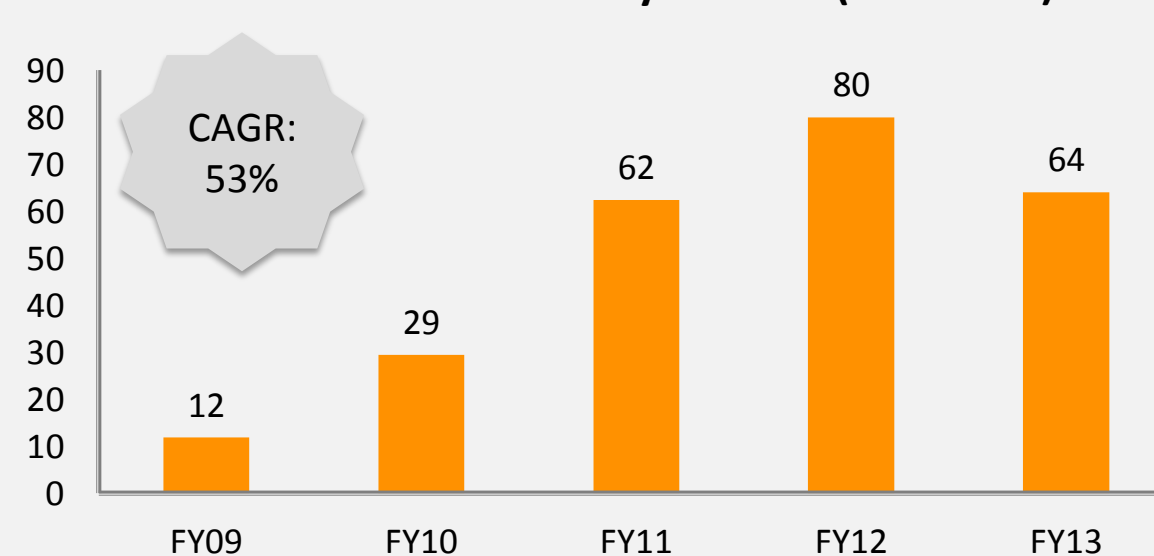
EBITDA (₹ in Crore)



Cash Profit (₹ in Crore)



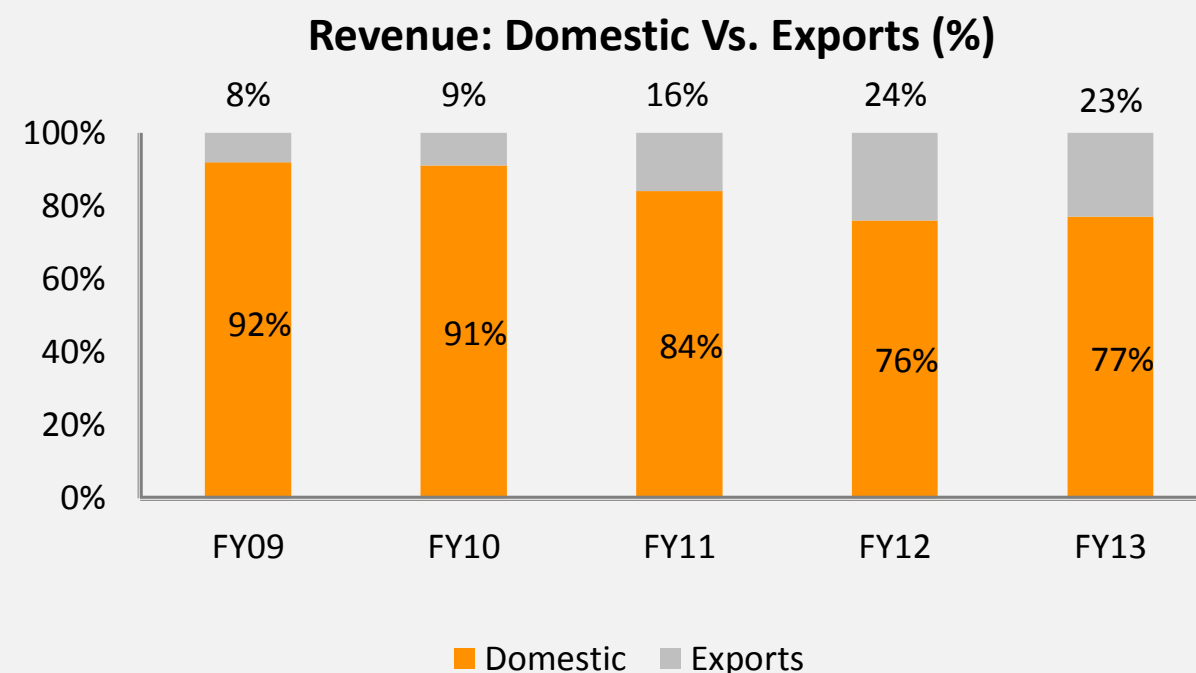
Profit after tax & minority interest (₹ in Crore)



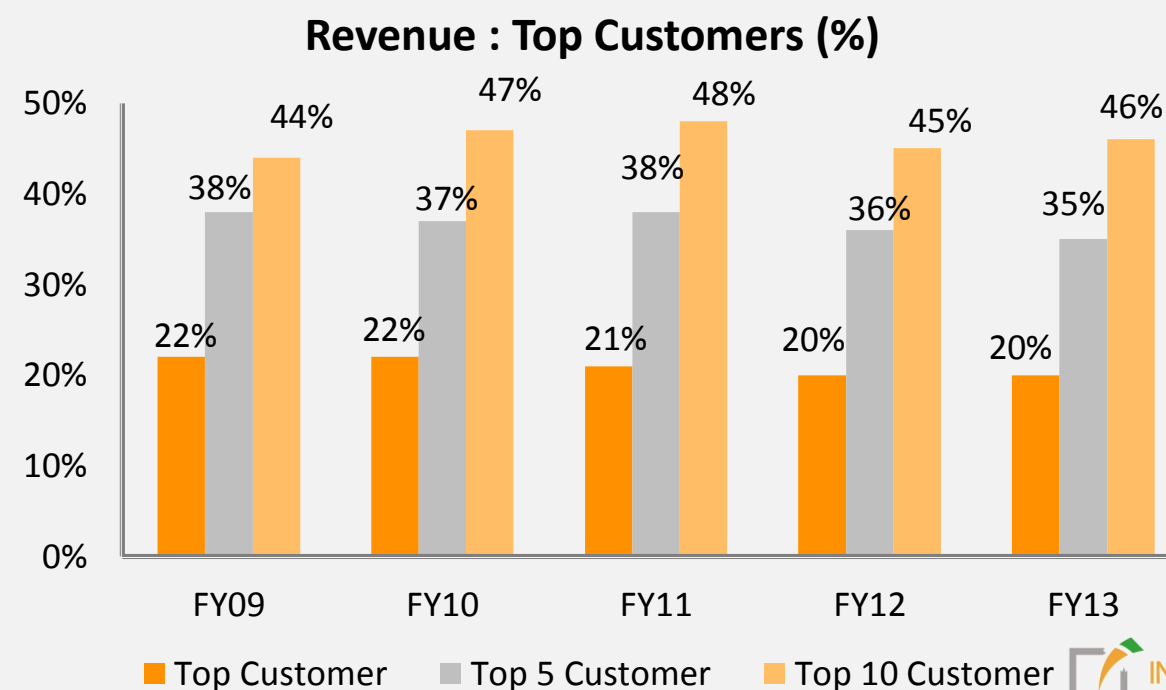
All figures are on a consolidated basis

Demonstrated Track Record

- 5 year trend demonstrates expanding contribution of exports to total revenue
- FY13 has been an exception owing to slowdown in the global economy
- Improved distribution channels in overseas markets has led to expanded reach – now exporting to North America, Europe and the Middle East



- Reducing customer concentration in revenue by widening of customer base
- Simultaneously, increasing revenue per customer by catering to rising demand from key customers and upselling new products to existing customers
- Mix of customers across different product lines, end user industries and markets provide a natural hedge



Board of Directors

Mr. Chandu Chavan Chairman and Managing Director	Mr. Sanjay Asher Independent Director
Mr. Ravindra Katre Whole Time Director	Mr. Ramprasad Joshi Independent Director
Mr. Sanjay Waghulade Whole Time Director	Mr. Pradeep Tupe Independent Director
Mr. K.V. Ramarathnam Whole Time Director	Mr. Yashpaul Gupta Independent Director
Mr. William Sean Sovak Nominee Director (Kavos Capital Ltd)	Dr. Rajendra Jagdale Independent Director
Mr. Rahul Raisurana Nominee Director (Standard Chartered PE)	Mr. Laxman Sankade Additional Director

Key Management Personnel

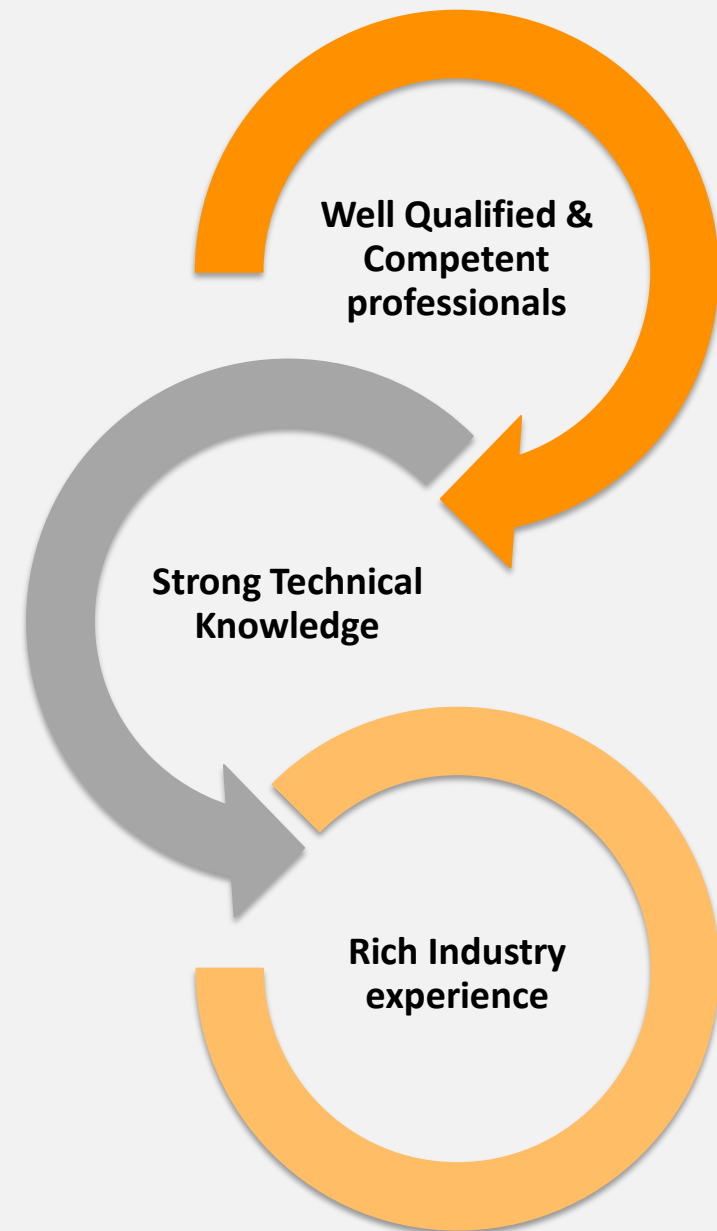
Mr. Jitendra Palande – Group CEO

Mr. Sanjay Bhade – COO Tube Division

Mr. Avinash Adige – CEO Auto Division

Mr. Ashok Kumar Banerjee – COO MPS/Sheet Division

Mr. G. Balasubramanian – Director, Sankalp





SALEM STEEL NA, LLC
TUBING WORLD WIDE

SANKALP



**Innovative
Technomics**

**Successful track record of
inorganic growth**

Key Subsidiaries

Innovative Technomics Ltd.



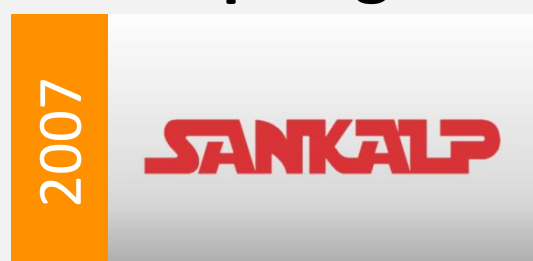
- Manufactures high voltage soft starters and testing equipment for domestic and international markets
- Acquired a 51% stake in Innovative Technomics Pvt. Ltd.

Salem Steel NA, LLC



- Supplies DOM & Seamless tubes across US
- Acquired an 85% stake in Salem Steel NA, LLC

Sankalp Engineering & Services Pvt. Ltd. (erstwhile Sankalp Forging Pvt. Ltd.)



- Manufactures forgings & couplings for the oil & gas sector
- Increased stake in Sankalp Engineering & Services Pvt. Ltd. from 26% to 51% in 2008

Saicon Steels Pvt. Ltd.



- Conversion of HR coils into cold rolled close annealed (CRCA)
- Acquired 51% stake in Saicon Steels Pvt. Ltd.

Acquisition of ITPL, India (Oct, 2012)

IIL has acquired a 51% stake in Innovative Technomics Pvt. Ltd (ITPL) an industry leader in high voltage soft starters and testing equipment.

ITPL's range of niche engineering products comprises of High Voltage Soft Starters, High Speed Testing Equipment and Linear Motor Systems used in industries such as water, oil & gas, steel, cement, textiles, etc.

ITPL has a strong presence in domestic markets and has entered the Middle East and European markets.

Acquisition Strategy

Overseas

- Will look at acquiring profitable distribution set-ups in developed markets to improve global distribution infrastructure and accelerate product off-take
- Will **not** invest in manufacturing assets in developed markets owing to its already established high quality and cost competitive manufacturing base in India

Domestic

- Will pursue high end engineering businesses with potential of near term scalability
- Will look to acquire manufacturing assets with strong inherent value which are available at attractive valuations

Financial Overview



Chairman's Message



Commenting on the Company's performance for Q4 & FY13, Mr. Chandu Chavan, Chairman & Managing Director, Innoventive Industries Ltd., said:

"Our performance on a y-o-y basis is reflective of the challenging operating and macro economic environment during FY13. Consolidated Revenues for FY13 grew 7% to INR 846.92 crore, consolidated EBITDA grew 5% to INR 221.42 crore while Net Profit after taxes and minority interest was at INR 63.99 crore. Cash profit (adding back depreciation) was largely flat at INR 113.3 crore vs INR 116.1 crore in FY13.

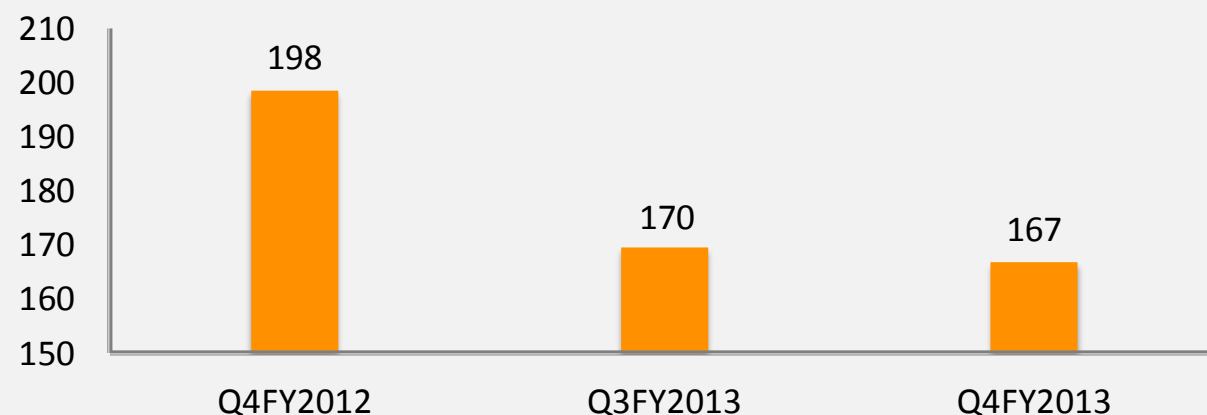
The business appetite of our customers was muted during FY13 as they grappled with subdued demand for end products. Profitability has been impacted due increased depreciation post commissioning of capex and increased financing costs. While some of our segments such as Tubes and Oil and Gas have reported growth on a y-o-y basis the outlook remains sluggish.

Despite the circumstances, we have made good progress on several key strategic initiatives in FY13. Our global distribution and direct market access and customer reach has been significantly enhanced over the last 18 months by the acquisition of Salem and the setting up of subsidiaries in key strategic markets such as the USA, the UK and the Middle East. We have also enhanced our product portfolio and continued focus on R&D efforts that will result in the introduction of several promising product lines (including bearing spacers, bimetallic tubes, hydraulic cylinders) in FY14.

Our position in CEW/DOM tubes for export markets is well established and our product offerings are recognised and appreciated by our customers. With strong capacities in place we are confident of rapidly capitalizing on any turnaround in the business environment to deliver non-linear growth. In order to balance our long-term growth plans with shareholder interests, our Board has recommended a dividend of INR 1 per share for the financial year."

Financial Highlights – Q4 FY2013 (Standalone)

Total Revenue (₹ in Crore)



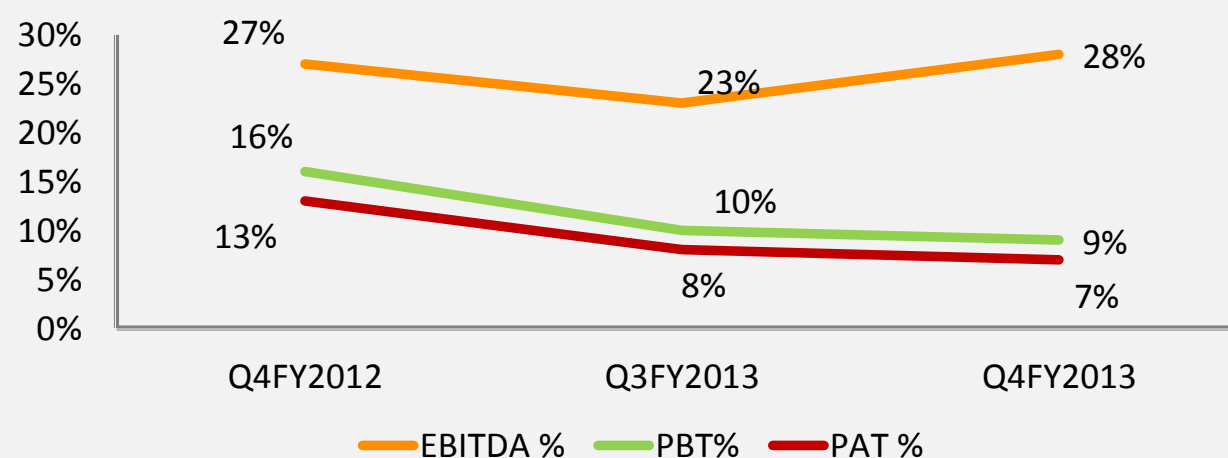
PBT (₹ in Crore)



Profit after tax & minority interest (₹ in Crore)



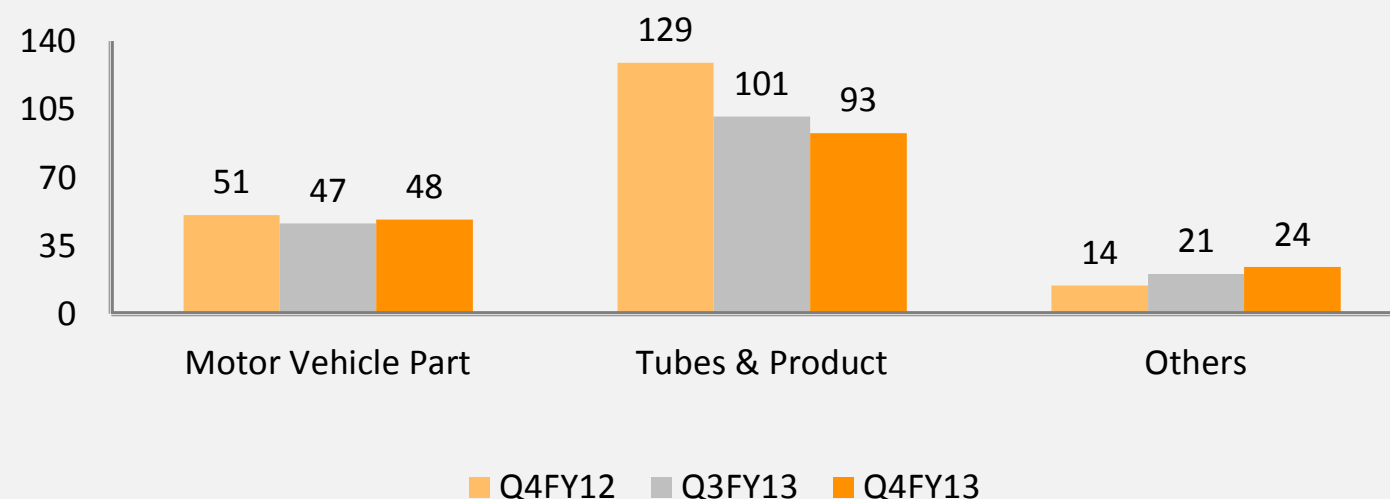
Margins (%)



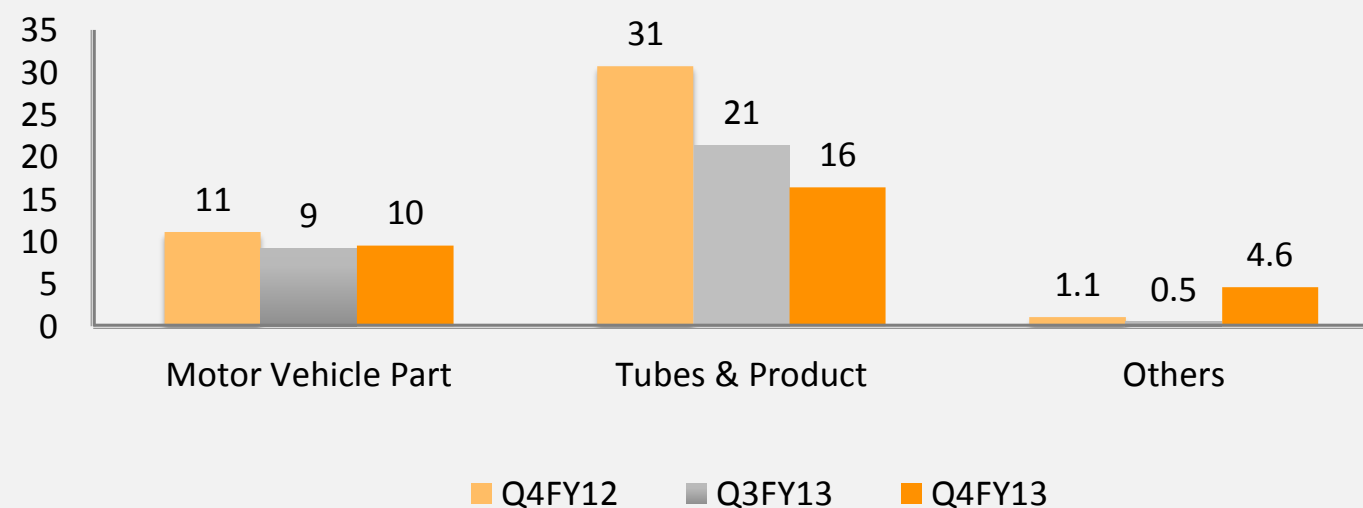
- ➔ Tubes & Products divisions witnessed lower sales owing to slower off take in the domestic market and challenging scenario
- ➔ PBT and PAT impacted by increased depreciation and finance cost

Segmental Performance – Q4 FY2013 (Standalone)

Segmental Revenue (₹ in Crore)



Segmental EBIT (₹ in Crore)



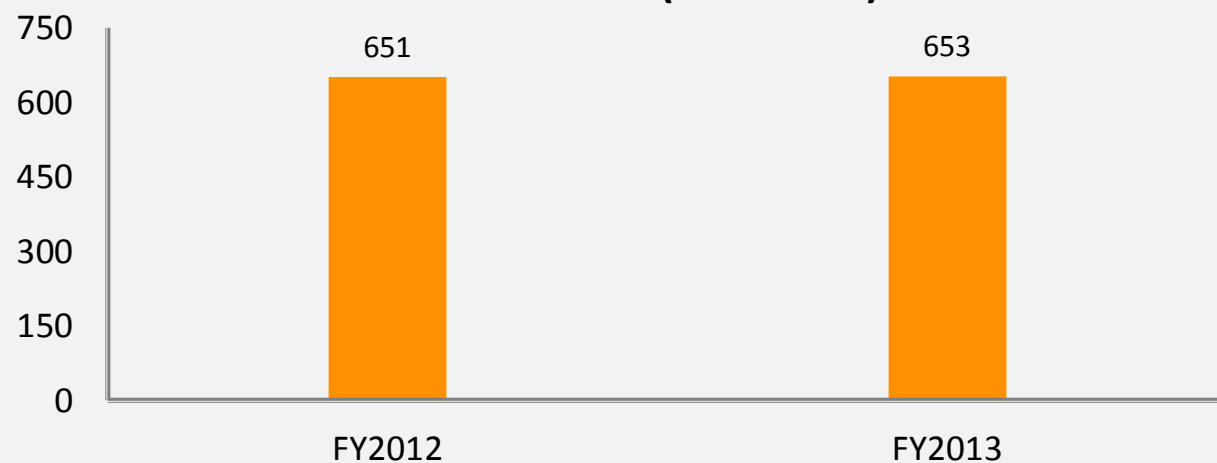
Financial Table – Q4 FY2013 (Standalone)

Quarter ended March 31, 2013	Q4FY2013		Q3FY2013		Q4FY2012		QoQ Growth	YoY Growth
	₹ Crore	% of Total Income	₹ Crore	% of Total Income	₹ Crore	% of Total Income	%	%
Net Sales	165.12		168.51		194.11		-2.0%	-14.9%
Other Income	1.69	1.0%	1.03	0.6%	4.39	2.2%	63.3%	-61.5%
Total Income	166.81		169.54		198.82		-1.6%	-16.1%
Material Consumption	94.11	56.4%	98.44	58.1%	108.46	54.6%	-	-
Employee Cost	8.87	5.3%	9.32	5.5%	7.43	3.7%	-4.8%	19.3%
Other Expenditure	17.49	10.5%	22.53	13.3%	29.28	14.7%	-22.4%	-40.3%
EBITDA	46.34	27.8%	39.26	23.2%	53.65	27.0%	18.0%	-13.6%
Depreciation	9.09	5.4%	9.25	5.5%	7.45	3.7%	-1.8%	22.1%
EBIT	37.25	22.3%	30.00	17.7%	46.20	23.2%	24.2%	-19.4%
Finance Cost	21.61	13.0%	12.91	7.6%	14.48	7.3%	67.4%	49.2%
PBT	15.65	9.4%	17.10	10.1%	31.72	16.0%	-8.5%	-50.7%
Tax	3.90		3.43		6.03		13.7%	-35.2%
PAT	11.74	7.0%	13.66	8.1%	25.69	12.9%	-14.0%	-54.3%
EPS*	1.97		2.29		4.38			

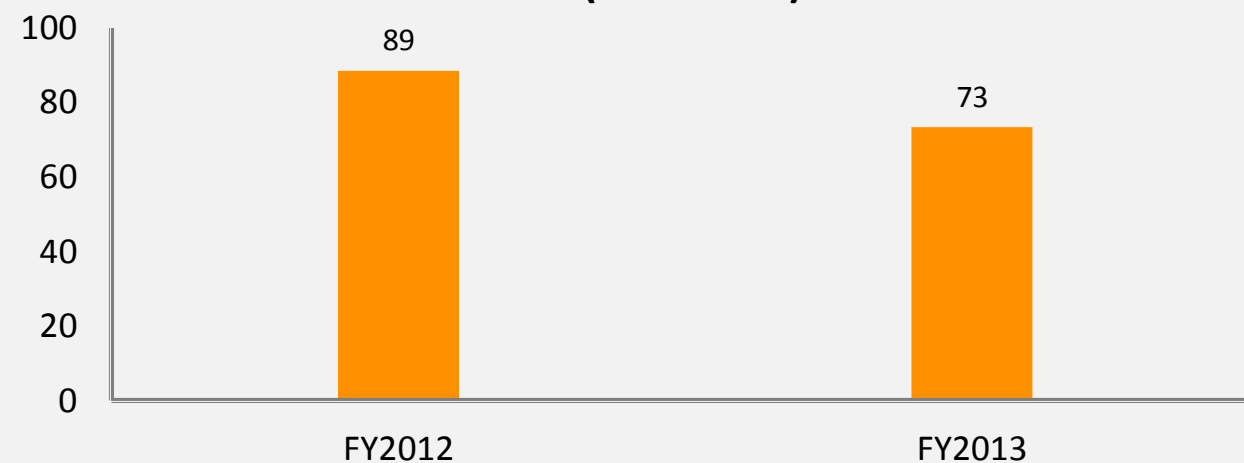
* Basic/Diluted (not annualised). EPS for the given period is not comparable due to issue of shares in IPO.

Financial Highlights – FY2013 (Standalone)

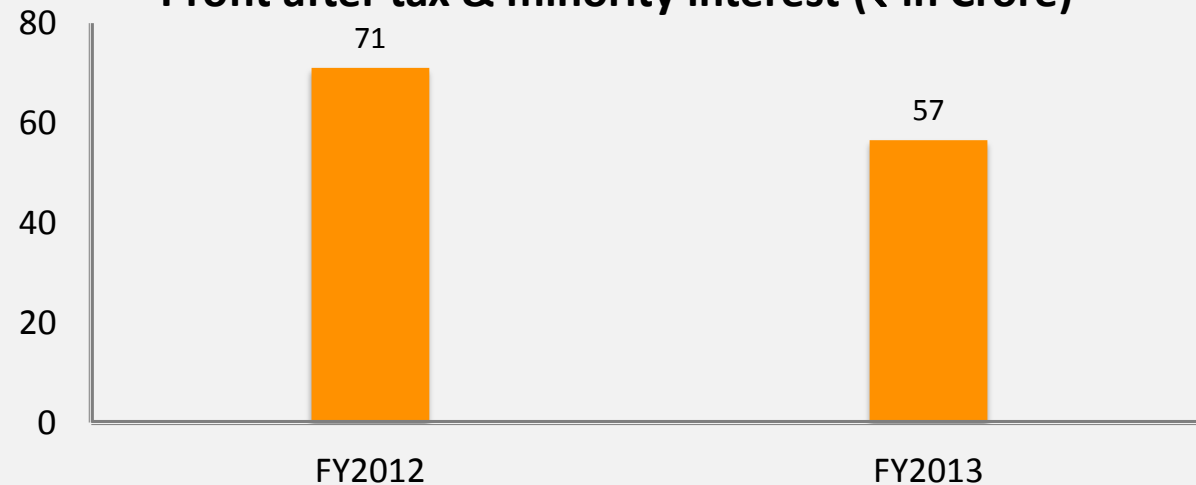
Total Revenue (₹ in Crore)



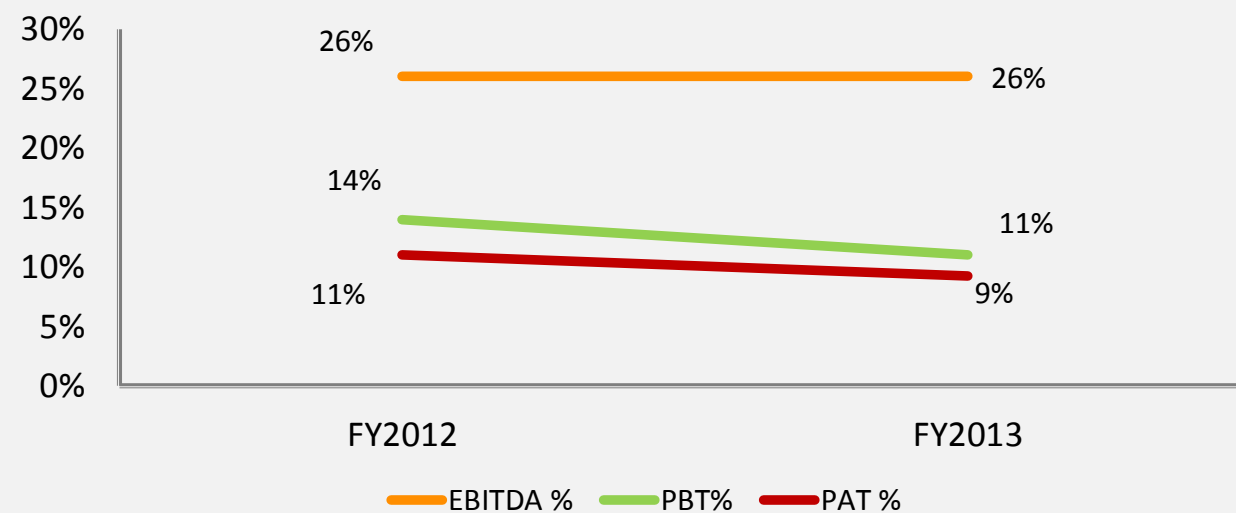
PBT (₹ in Crore)



Profit after tax & minority interest (₹ in Crore)

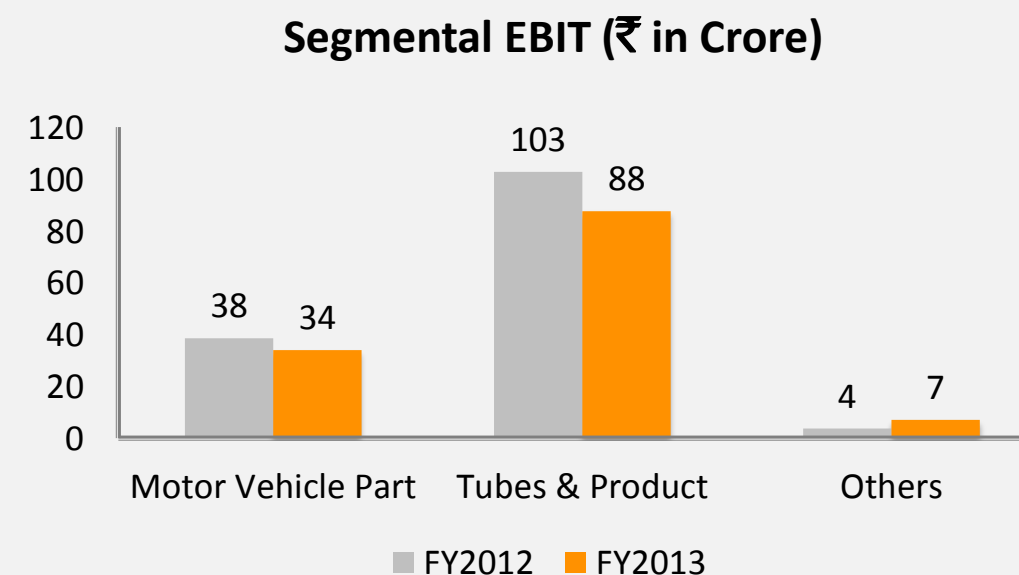
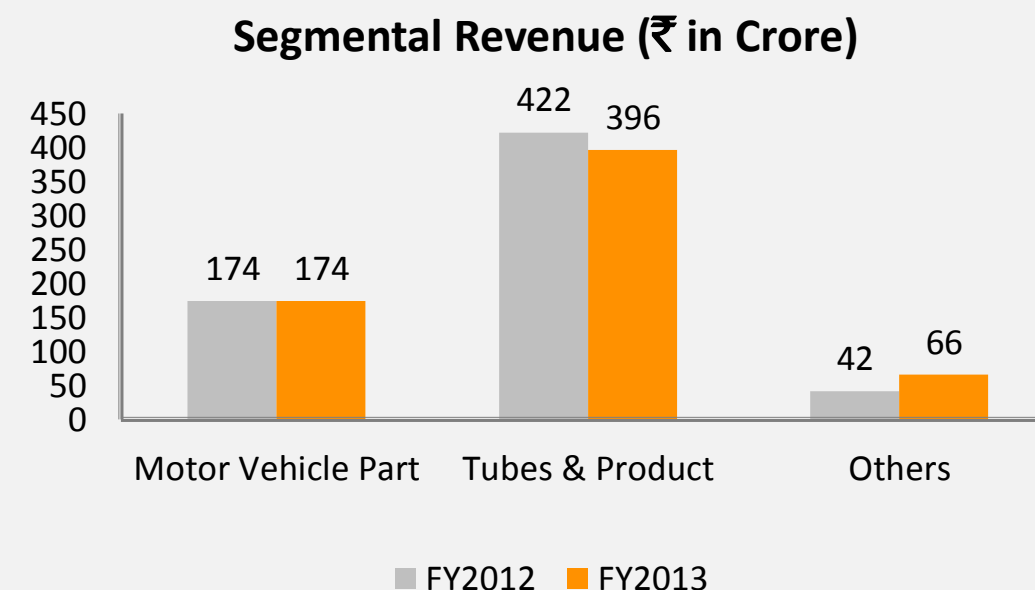


Margins (%)



Financial Table – FY2013 (Standalone)

Full year ended March 31, 2013	FY2013		FY2012		YoY Growth
	₹ Crore	% of Total Income	₹ Crore	% of Total Income	%
Net Sales	636.20		638.31		-0.3%
Other Income	16.55	2.5%	12.57	1.9%	31.7%
Total Income	652.75		650.87		0.3%
Material Consumption	368.97	56.5%	384.12	59.0%	-
Employee Cost	30.30	4.6%	21.68	3.3%	39.8%
Other Expenditure	83.56	12.8%	76.64	11.8%	9.0%
EBITDA	169.92	26.0%	168.42	25.9%	0.9%
Depreciation	35.66	5.5%	23.06	3.5%	54.6%
EBIT	134.25	20.6%	145.36	22.3%	-7.6%
Finance Cost	60.95	9.3%	56.83	8.7%	7.2%
PBT	73.31	11.2%	88.53	13.6%	-17.2%
Tax	16.77		17.53		
PAT	56.54	8.7%	70.99	10.9%	-20.4%
EPS*	9.48		12.27		



* Basic/Diluted (not annualised). EPS for the given period is not comparable due to issue of shares in IPO.

Balance Sheet (As on March 31,2013 - Standalone)

Particulars	FY 2013 ₹ crore
Equity and liabilities	
Shareholders' funds	480.6
Non-current liabilities	273.8
Current liabilities	314.2
Total - Equity and Liabilities	1068.7
Assets	
Fixed Assets	608.6
Non-Current Assets	116.6
Current Assets	343.4
Total - Assets	1068.7

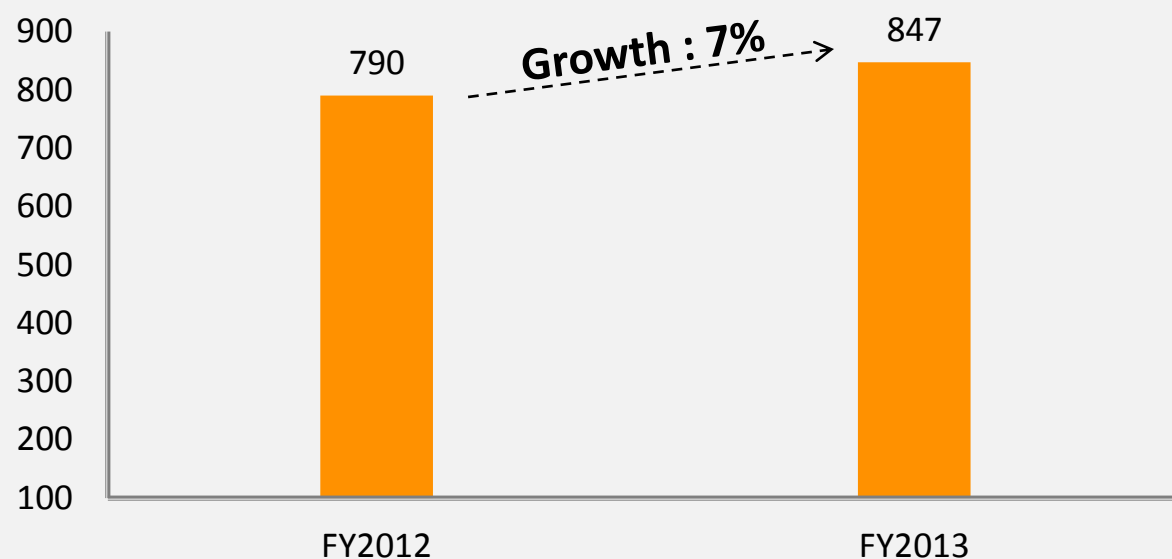
Book Value Per Share (₹)	80.58
EPS (₹)	9.48
Net Worth (₹ Crore)	480.62
Long Term Debt (₹ Crore)	202.85
Cash & Cash Equivalent (₹ Crore)	13.88
ROCE (%)	15.47

Significant improvement in standalone long term Debt Equity ratio at 0.74

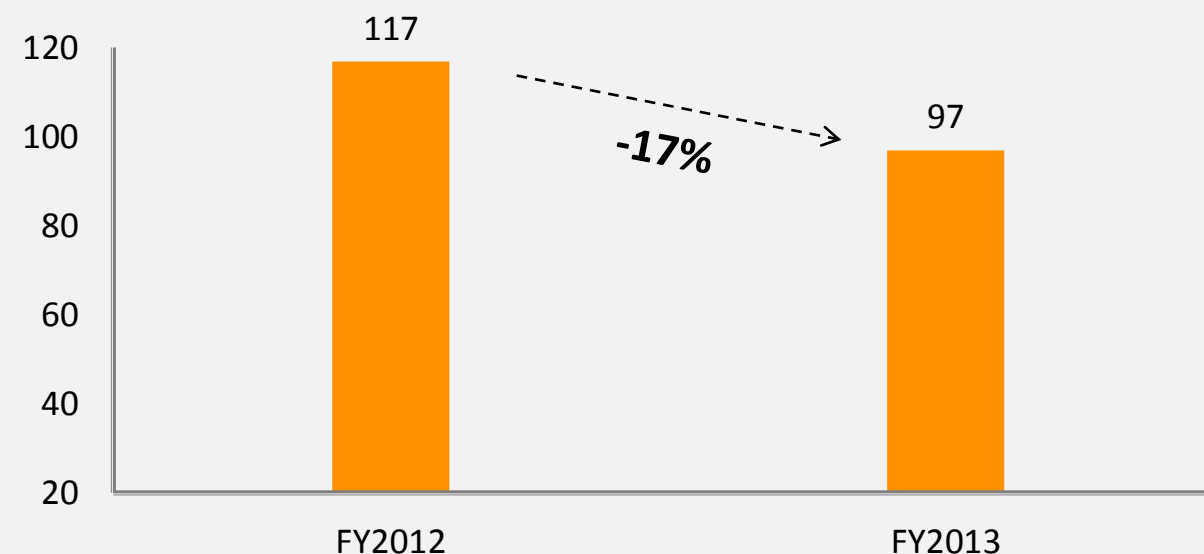
Consolidated long term Debt/Equity stood at 0.45

Financial Highlights – FY2013 (Consolidated)

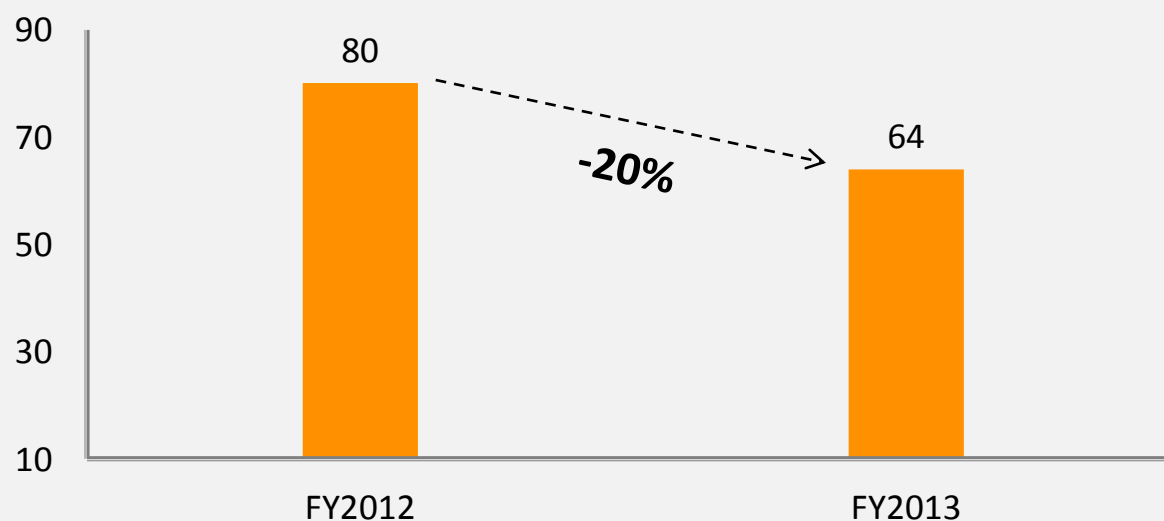
Total Revenue (₹ in Crore)



PBT (₹ in Crore)



Profit after tax & minority interest (₹ in Crore)



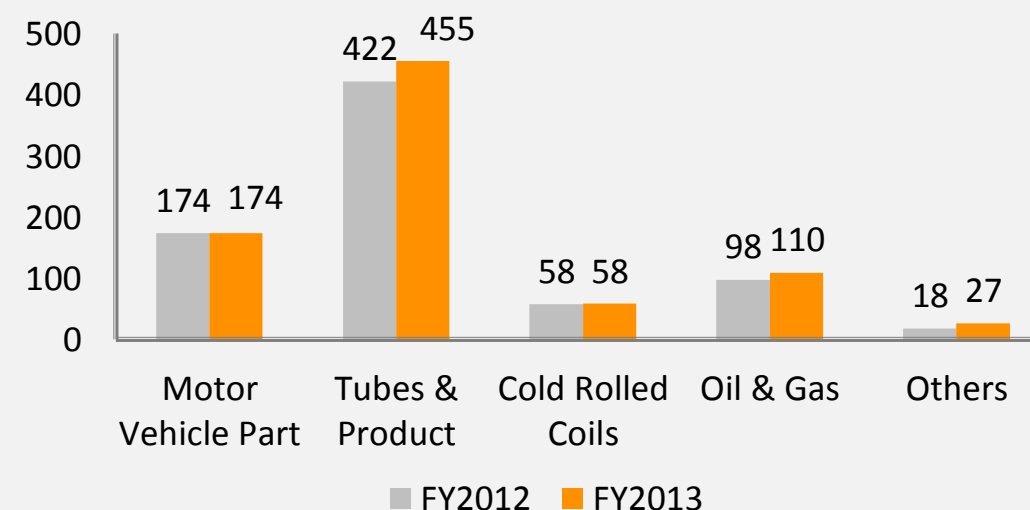
- Revenue growth largely driven by DOM tube and oil & gas performance
- Margins impacted by y-o-y increase in power and freight cost and retrospective revision in personnel cost
- PAT growth impacted by increased depreciation and finance cost

Financial Highlights – FY2013 (Consolidated)

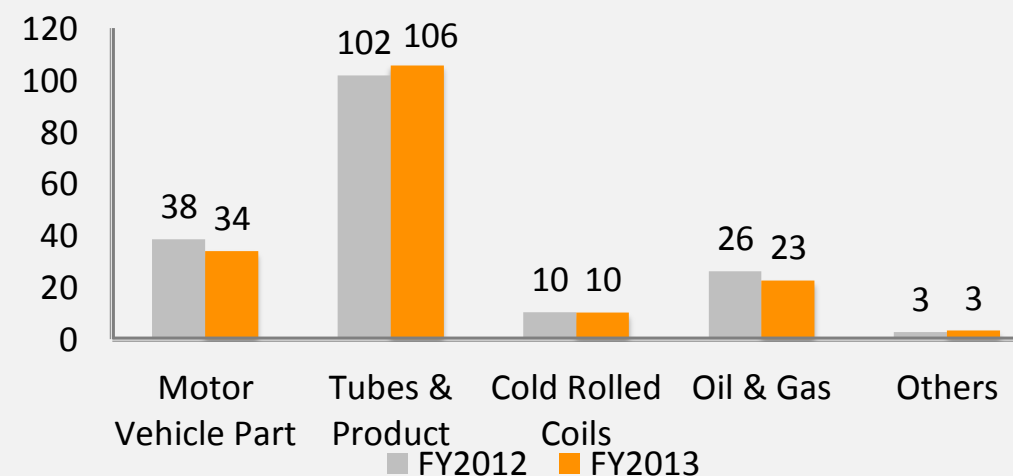
Full year ended March 31, 2013	FY2013		FY2012		YoY Growth
	₹ Crore	% of Total Income	₹ Crore	% of Total Income	%
Net Sales	823.73		770.37		6.9%
Other Income	23.19	2.7%	19.65	2.5%	18.0%
Total Income	846.92		790.02		7.2%
Material Consumption	456.40	53.9%	450.14	57.0%	-
Employee Cost	51.71	6.1%	33.23	4.2%	55.6%
Other Expenditure	117.38	13.9%	94.83	12.0%	23.8%
EBITDA	221.43	26.1%	211.82	26.8%	4.5%
Depreciation	42.85	5.1%	27.12	3.4%	58.0%
EBIT	178.58	21.1%	184.70	23.4%	-3.3%
Finance Cost	81.59	9.6%	67.84	8.6%	20.3%
PBT	96.98	11.5%	116.85	14.8%	-17.0%
Tax	26.54		27.84		
PAT	70.45	8.3%	89.01	11.3%	-20.9%
Net Profit after taxes, minority interest and share of profit	63.99	7.6%	80.02	10.1%	
EPS*	10.73		13.88		

* Basic/Diluted (not annualised). EPS for the given period is not comparable due to issue of shares in IPO.

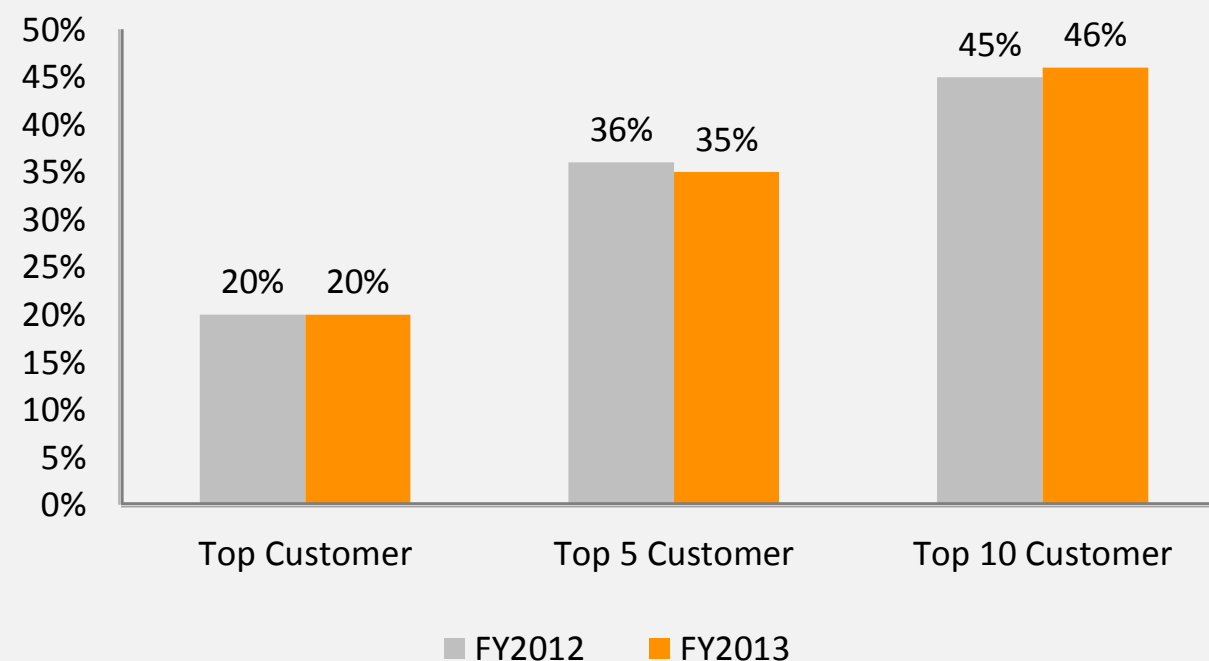
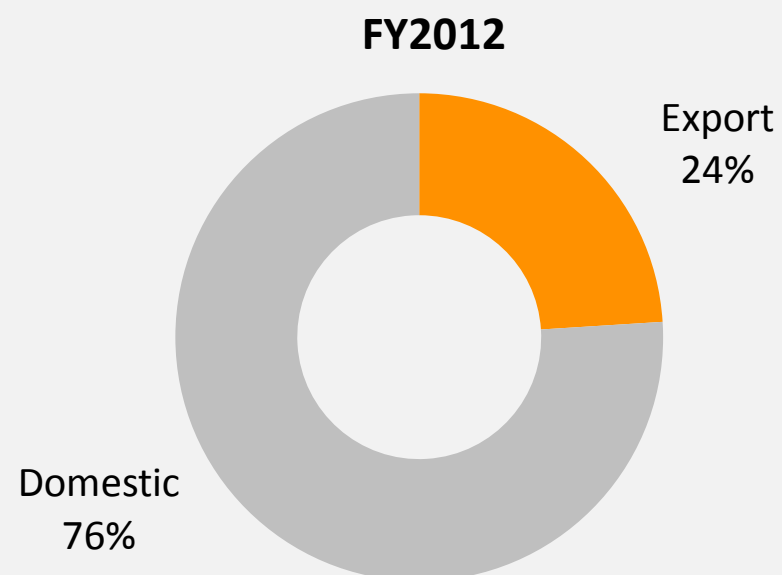
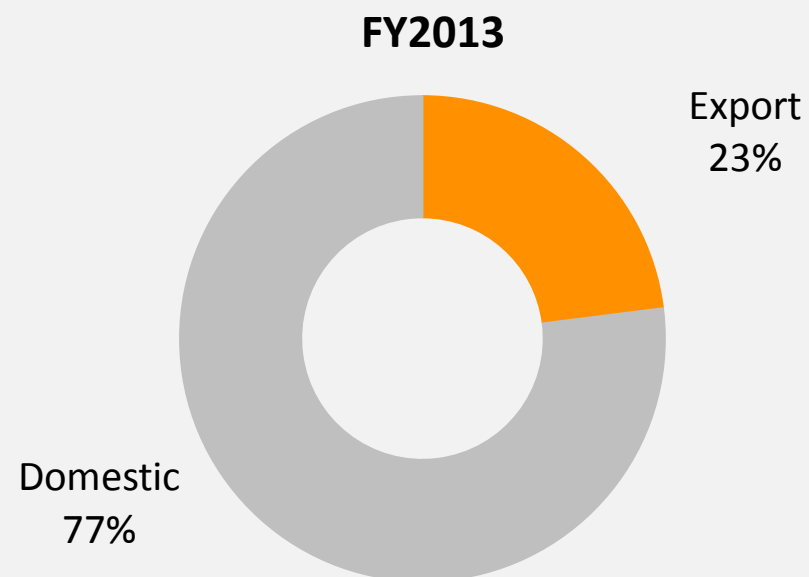
Segmental Revenue (₹ in Crore)



Segmental EBIT (₹ in Crore)

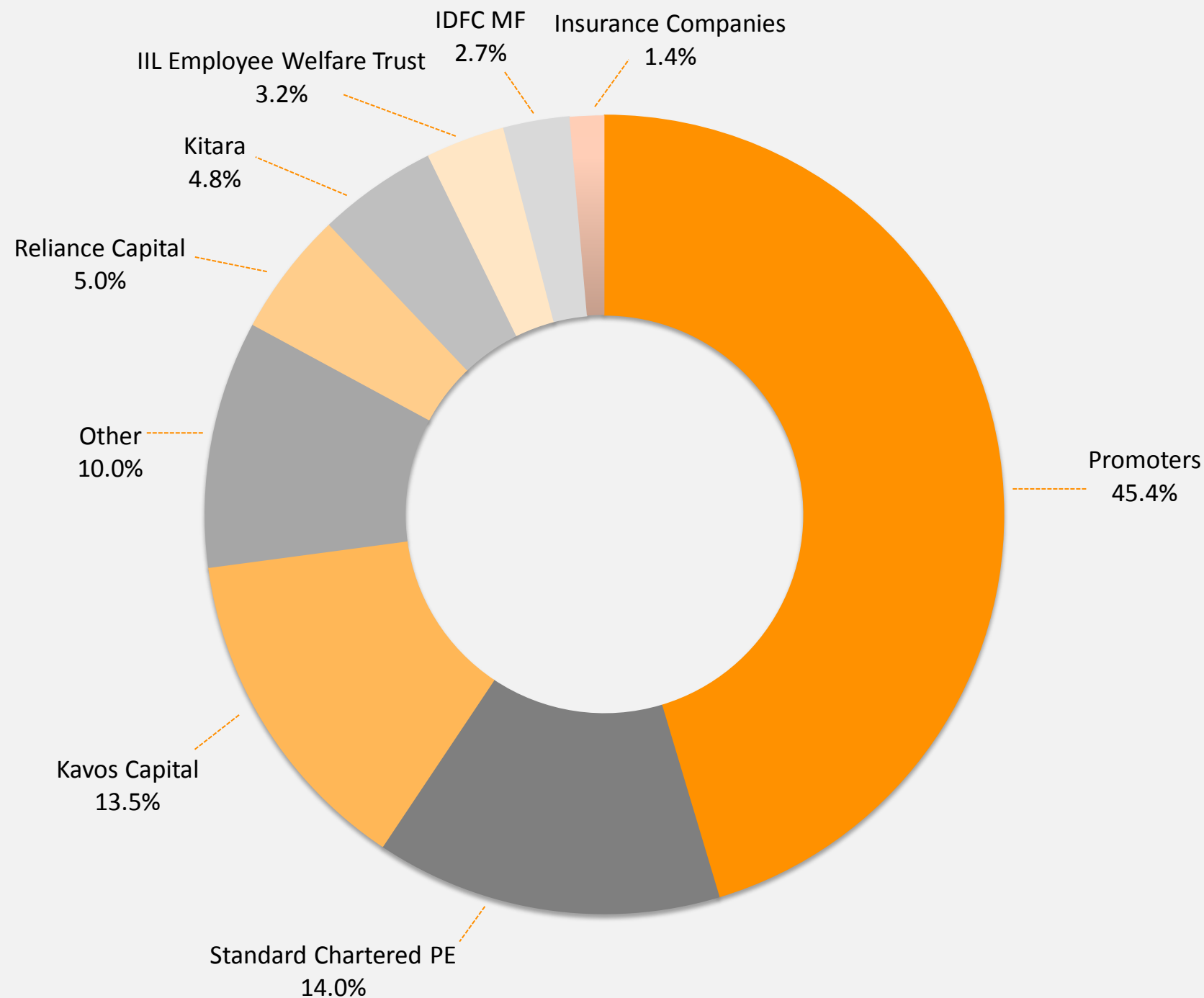


Top Customer Performance & Exports (Consolidated)



- Export contribution moderated due to global pressures
- Improved distribution network and enhanced global reach through the acquisition of Salem Steel NA, LLC and setting up of international subsidiaries

Shareholding as on March 31, 2013



Key Growth Drivers

New Development

- Samples of new products innovated during the year have been approved by customers – initiated commercial supplies
- During the year we have collected drawings and NDA signed with certain prospective customers
- IIL has identified products from auto and non-auto sector which is under development – exploring opportunities with target customers

Expanding customer accounts

- Preferred vendor with established clients and present across their product range - to realise greater volumes as they grow
- Several emerging accounts are past the initial approval phase – awaiting ramp up in volumes

Growth in end user industries

- Medium and long term fundamentals are intact, however near term demand remains subdued
- Expect pickup in demand once there is greater clarity and visibility of a sustainable global recovery
- Presently demand for cost effective solutions continues to persist

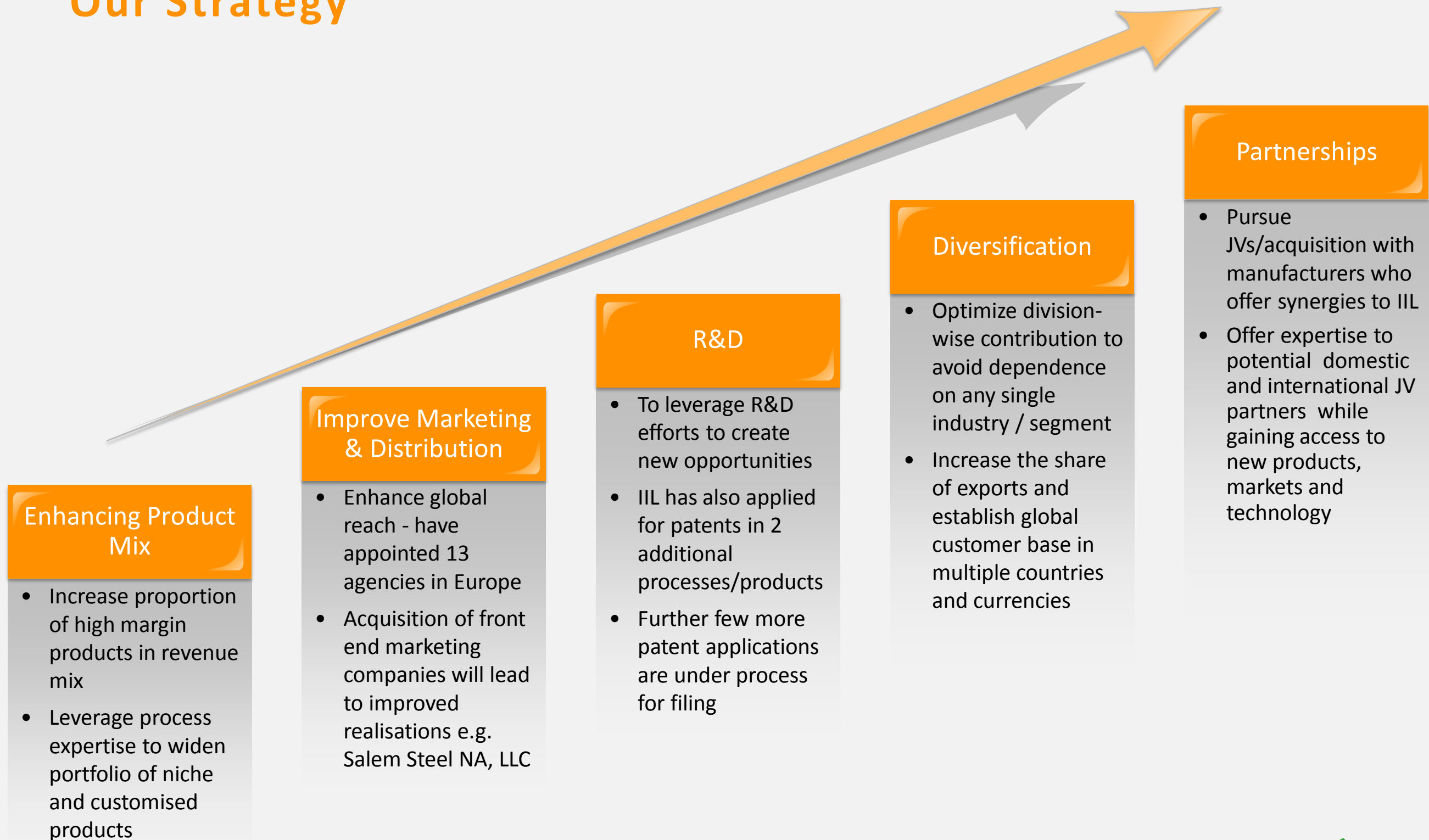
Relationships

- Strong relations with existing customers – value offering ensures relevance to their growth plans
- Focused on increasing market penetration and building relationships with new customers
- Established long term relations with suppliers

Fiscal incentives

- Pimple-Jagtap facility eligible for IPS claims in form of VAT refunds due to 'Mega Project Status'
- Qualifies for Industrial Promotion Subsidy (IPS) equivalent to 75% of investment in fixed assets

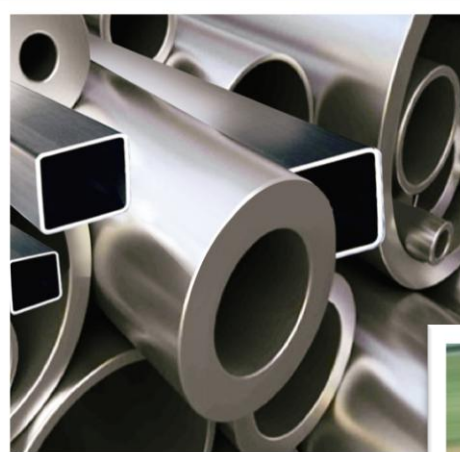
Our Strategy



Business Outlook – FY2014

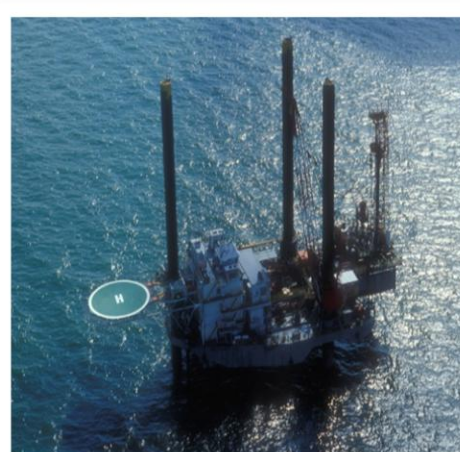
Tubes & Products (T&P)

- Growing acceptance for our CEW/DOM tubes over seamless tubes which possess unmatched quality and a proven track record
- Cost pressures are compelling companies to look for cost competitive options
- Existing products are finding newer applications which will lead to further growth in this segment



Oil & Gas

- Favorable demand for hydrocarbons
- Increase in vendor certifications is set to improve performance in this segment
- Oil & Gas products of IIL are finding greater acceptance by global oil well drilling companies
- Supply contracts with global companies are in place – awaiting expansion of volumes



Cold Rolled Coils (CR) and Others

- Membrane panel strips and super critical panel strips which are import substitutes, are finding increasing usage in the domestic industry from companies like BHEL, Alstom, etc.
- IIL matches the quality of global manufacturers in this product
- Focused on building relationships to benefit from expected growth in medium / long-term demand



Motor Vehicle Parts (MVP)

- Maintained reasonable sales level, based on the 2 wheeler majors' performance
- Performance to be in line with the sales of two and three wheeler automobiles
- Impending introduction of new components to assist off take

Thank You

