



Q3 & 9M 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

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Financial Performance : Sustained growth

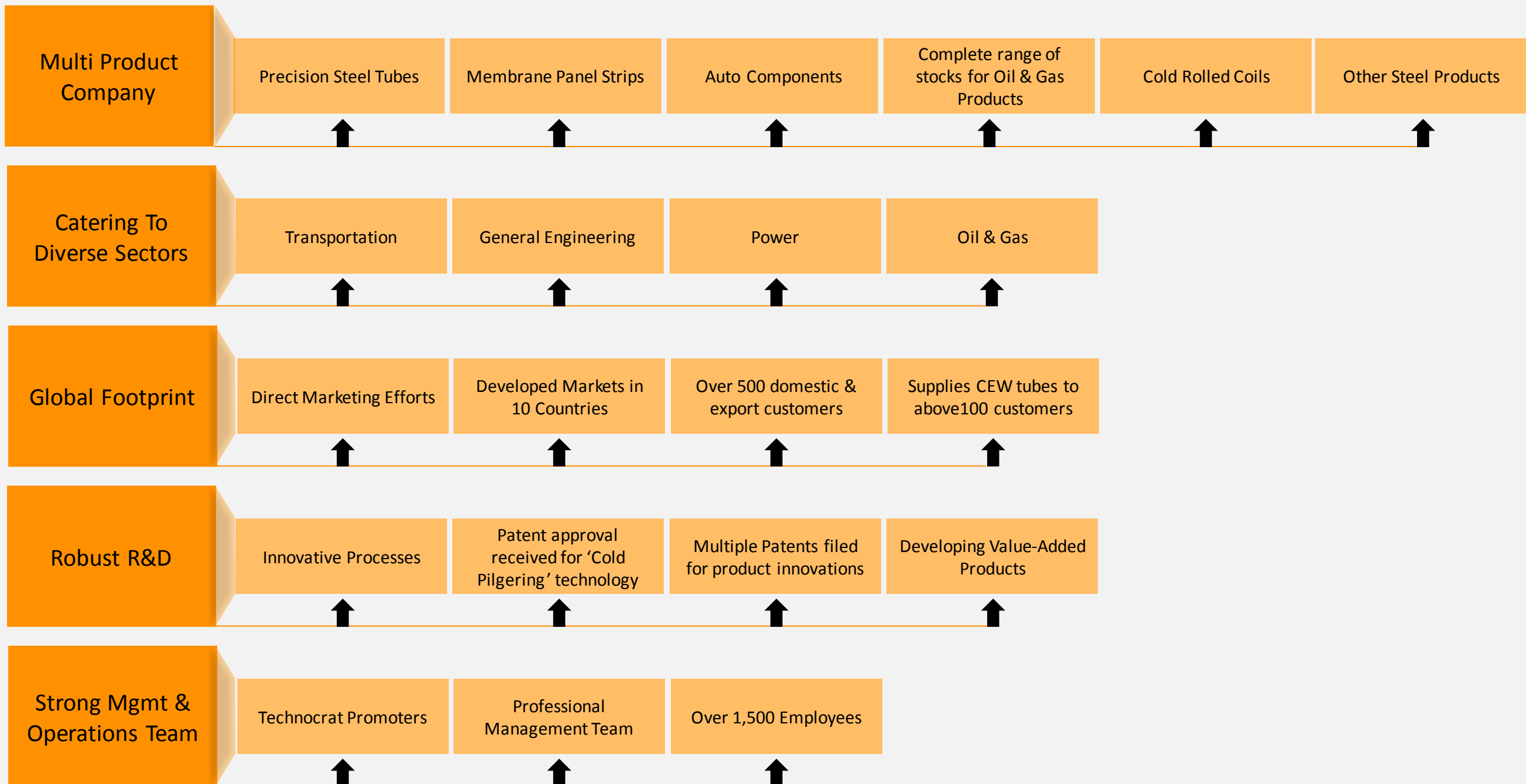
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Innoventive Industries Ltd :

A solid operating platform



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 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 received 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 on time

Power Equipment Component



- ✓ Application – Membrane panel strips and energy tubes find application in boilers and heat exchangers
- ✓ IIL's advantage – Only manufacturer of membrane strips in the country with unmatched quality and 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

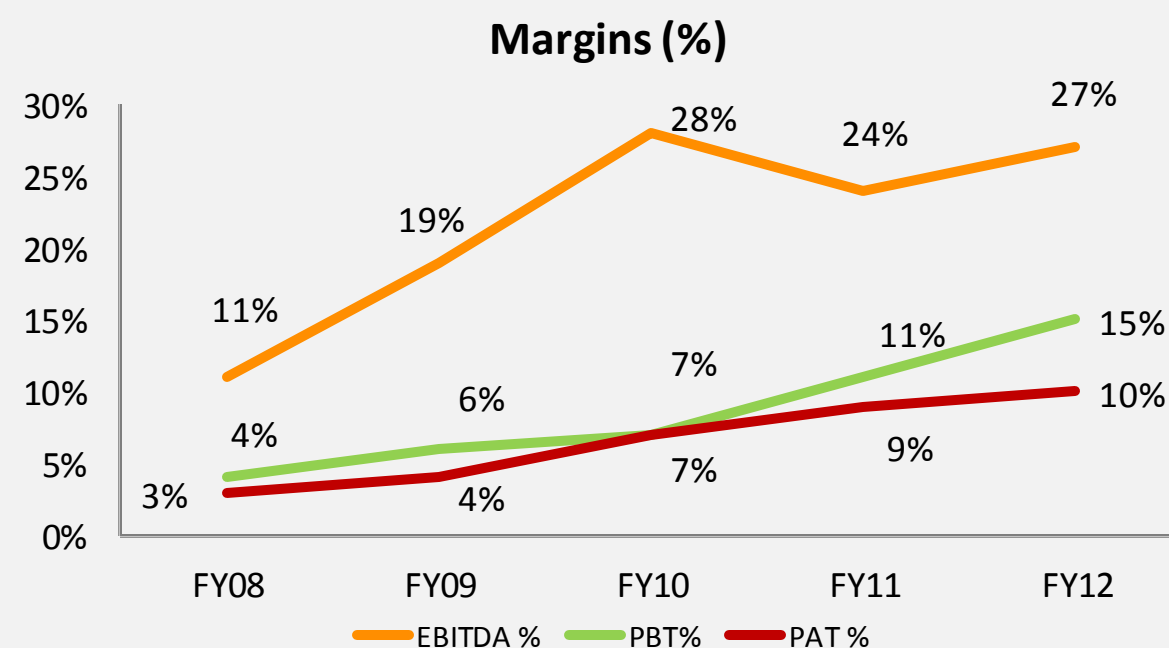
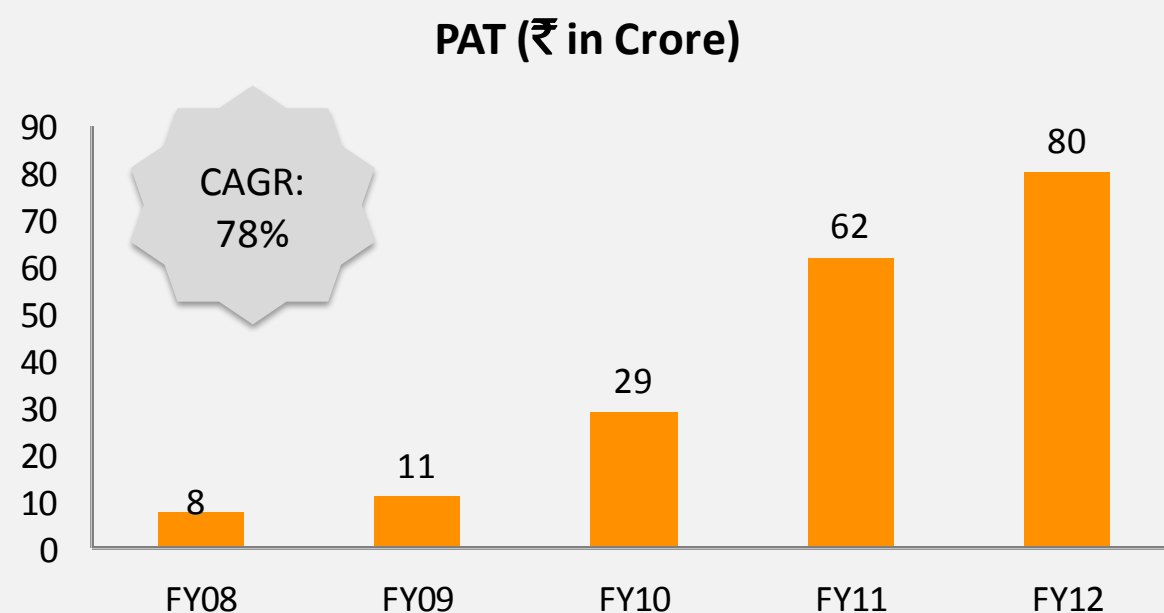
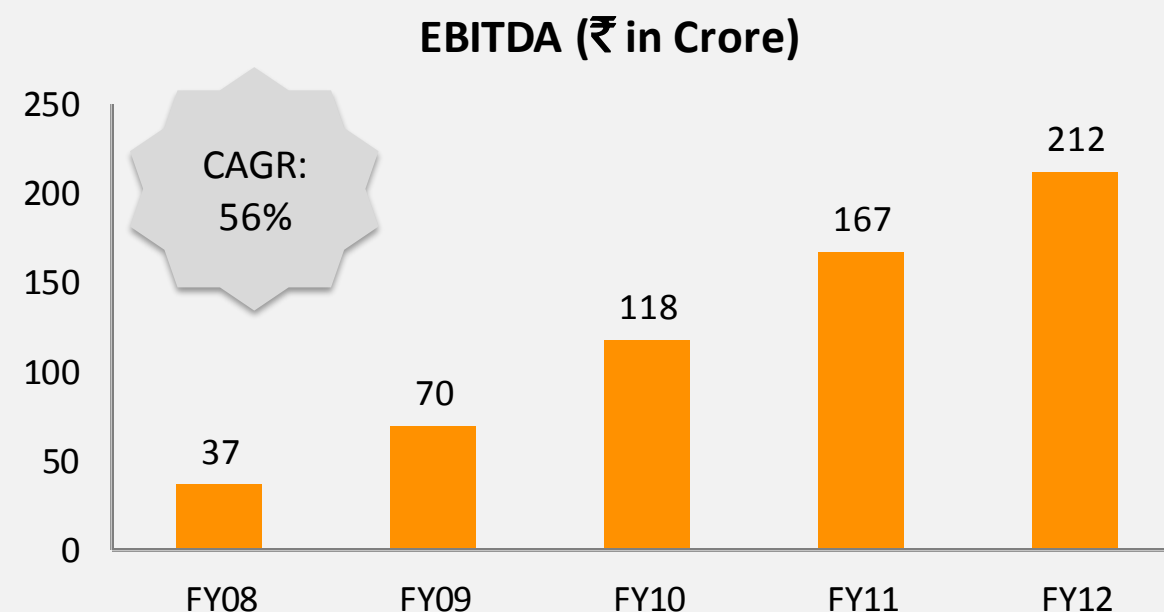
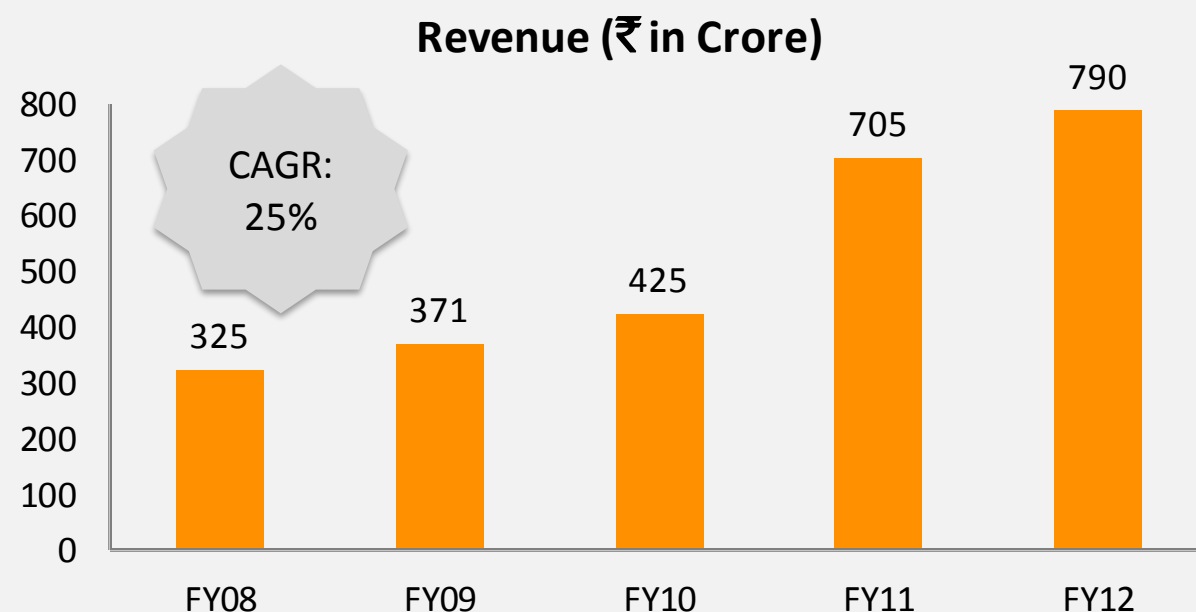
Patented 'Cold Pilgering' technology

- Patented its indigenous technology used to manufacture DOM/CEW tubes of various specifications
- Received a patent approval 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 alongside being competitively priced
- Having received the patent for India, IIL is eligible to apply for the same in other countries. Patent application fees have already been paid for in 33 other countries

Membrane Panel Strips

- IIL manufactures membrane panel strips (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

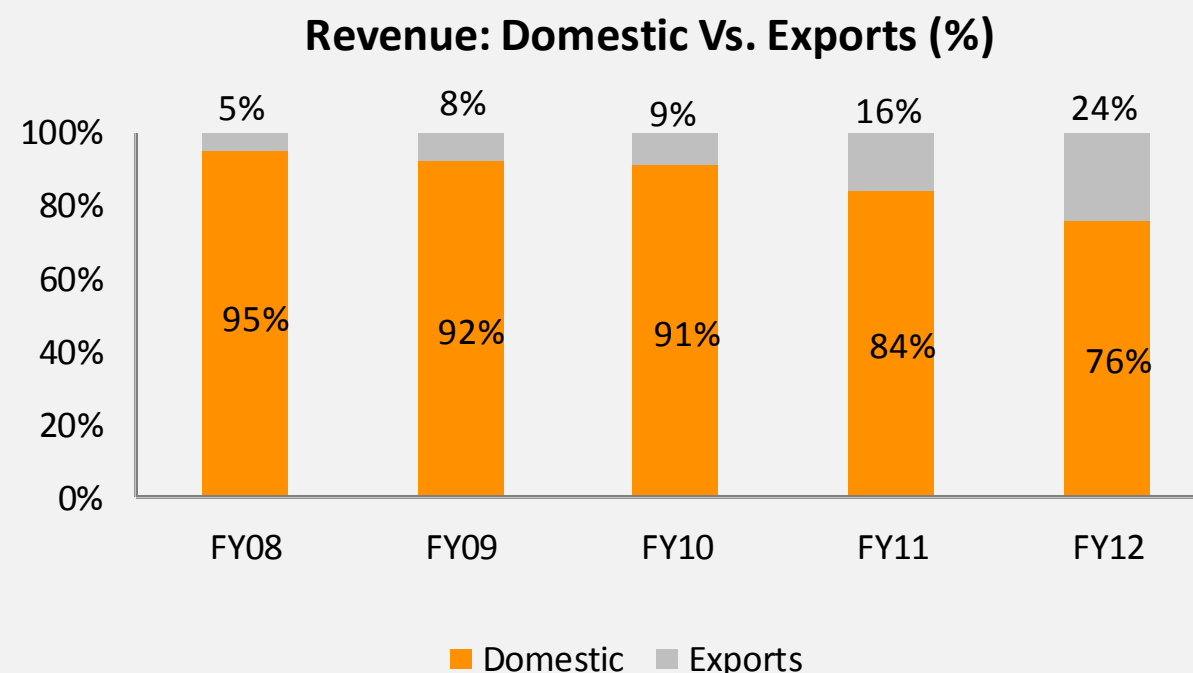
Demonstrated Track Record



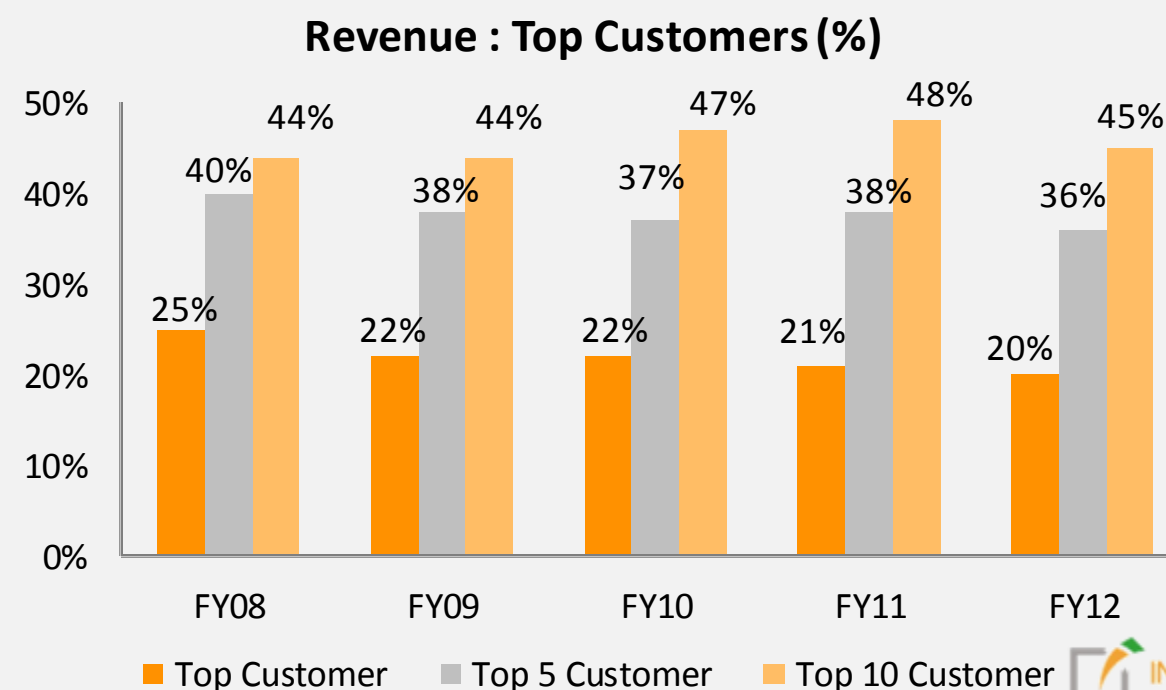
All figures are on a consolidated basis

Demonstrated Track Record

- Export contribution rising in total revenue
- Expanding reach to more markets – now exporting to North America, Europe and Middle East
- Volumes & widening product range are leading to revenue growth from overseas markets
- Increasing share of high value products in export revenues
- Improved distribution channels in overseas markets



- Reducing single customer concentration in revenue
- Increasing revenue per customer
- Catering to rising demand from key customers
- Upselling new products to existing customers
- Growth also driven by expanding customer base



Board of Directors

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

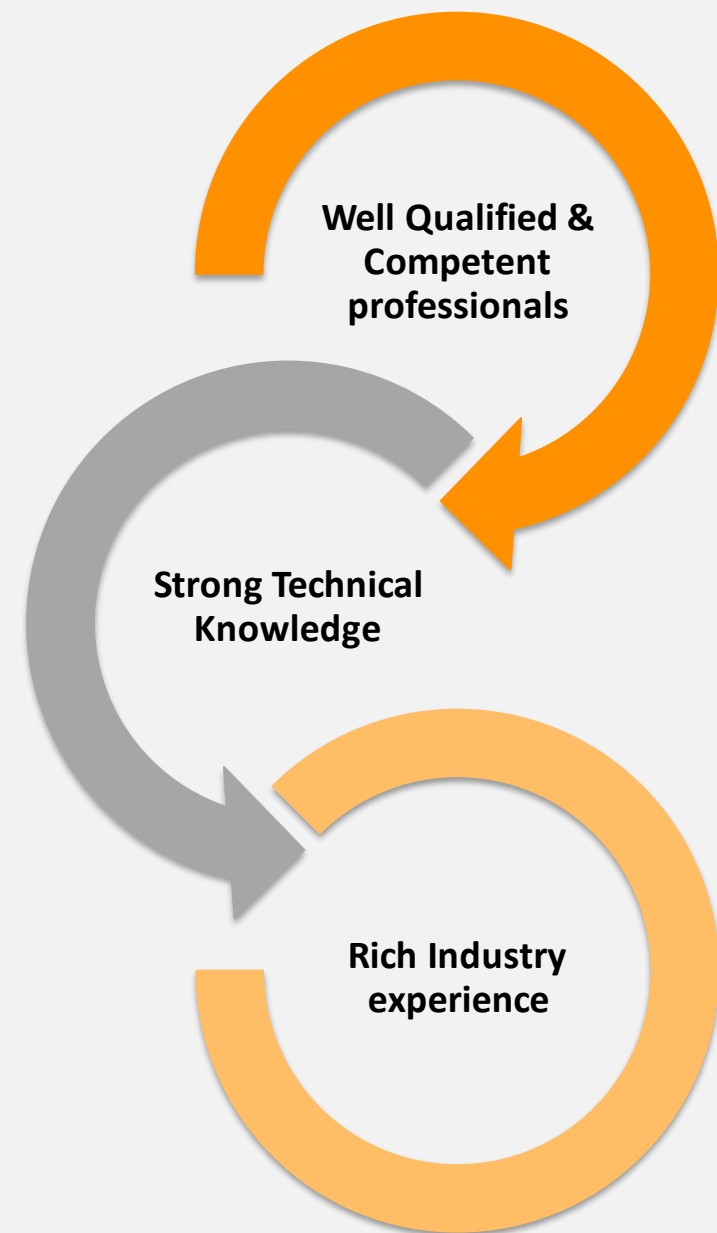
Key Management Personnel

Mr. Jitendra Palande – Group CEO

Mr. Devdatta Ratnakar – CEO Tube Division

Mr. Avinash Adige – CEO Auto Division

Mr. Sanjay Bhade – COO Tube Division





SALEM STEEL NA, LCC
TUBING WORLD WIDE

SANKALP



Innovative
Technomics

Inorganic growth...

...in the backdrop of market realities

Key Subsidiaries

Innovative Technomics Ltd.



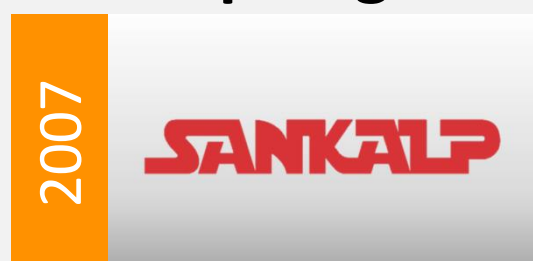
- Manufactures high voltage soft starters and testing equipment for domestic and international markets
- Acquired a 51% stake in Innovative Technomics Pvt. Ltd.

Salem Steel NA, LLC



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

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



- Manufactures forgings & couplings for oil & gas
- Increased stake in Sankalp Engineering & Services Pvt. Ltd. (erstwhile Sankalp Forging 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, textile, etc.

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

ITPL's business has been valued at INR 230 million.

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 Performance : Sustained Growth



Chairman's Message



Commenting on the Company's performance for Q3 & 9M FY13, Mr. Chandu Chavan, Chairman & Managing Director, Innoventive Industries Ltd., said:

"We have been able to deliver a steady performance on a y-o-y basis despite a difficult operating environment. Consolidated Revenues for 9M FY13 grew 13% to INR 627.05 crore while PAT was higher by 7% at INR 57.83 crore.

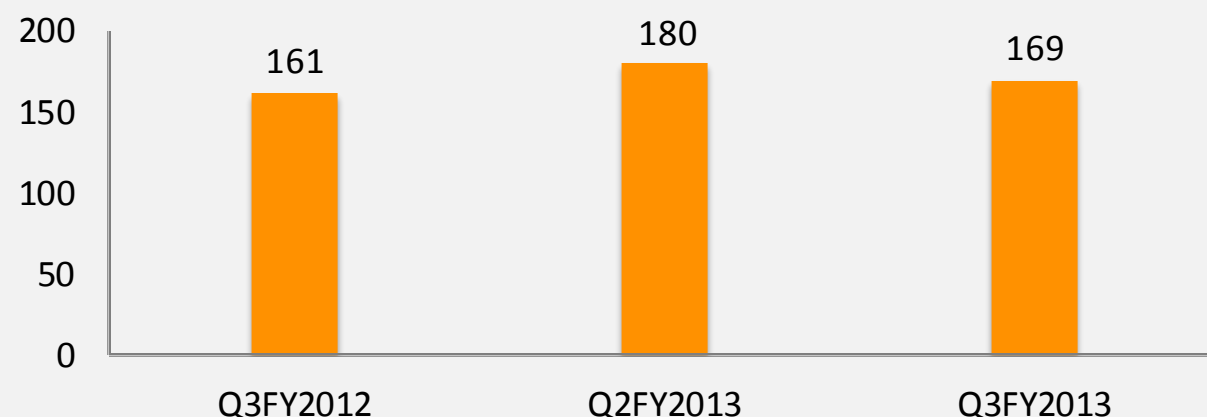
As we establish ourselves to be one of the players for CEW/DOM tubes in export markets, we also plan to simultaneously create a market for offerings such as those from ITPL's product range which will enable us to widen our product portfolio for exports.

The integration with ITPL is on track and it's niche product range has added value to the overall product offerings in the niche engineering space. Initial efforts to market ITPL's products through IIL's improving global distribution network have been encouraging and we are confident that greater progress on this front will contribute to further growth and add value for all stakeholders in the coming years.

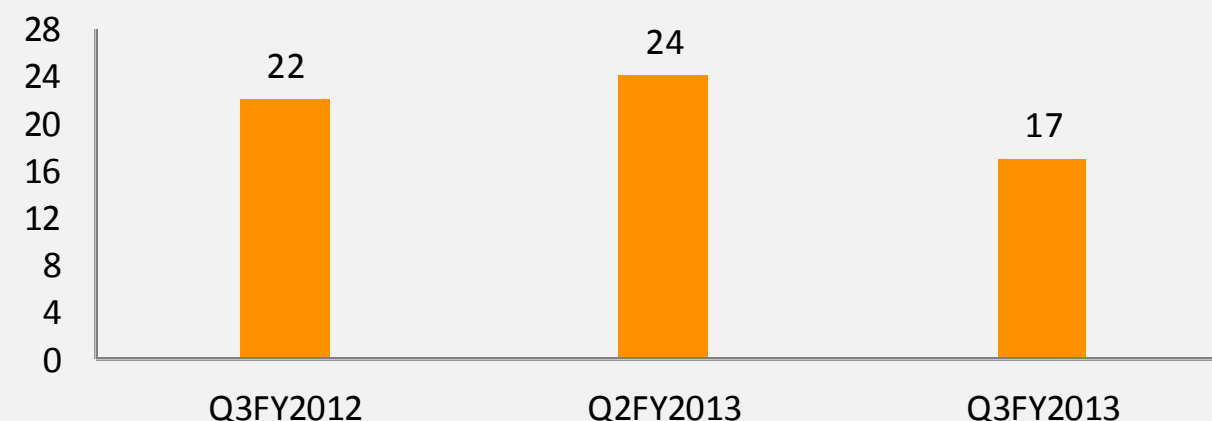
The business environment continues to remain sluggish and near-term visibility remains muted. However, we would continue to implement strategic initiatives to enhance our distribution network and rationalize our product mix which have helped us to augment our strengths even in the prevailing market conditions. This has enhanced our competitiveness and placed us in a position to improve on past performance once the operating environment improves."

Financial Highlights – Q3 FY2013 (Standalone)

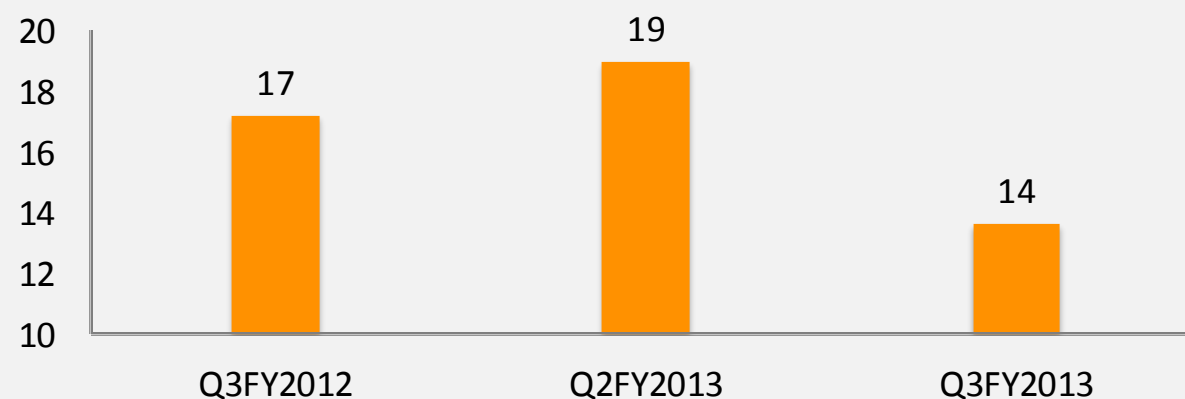
Revenue (₹ in Crore)



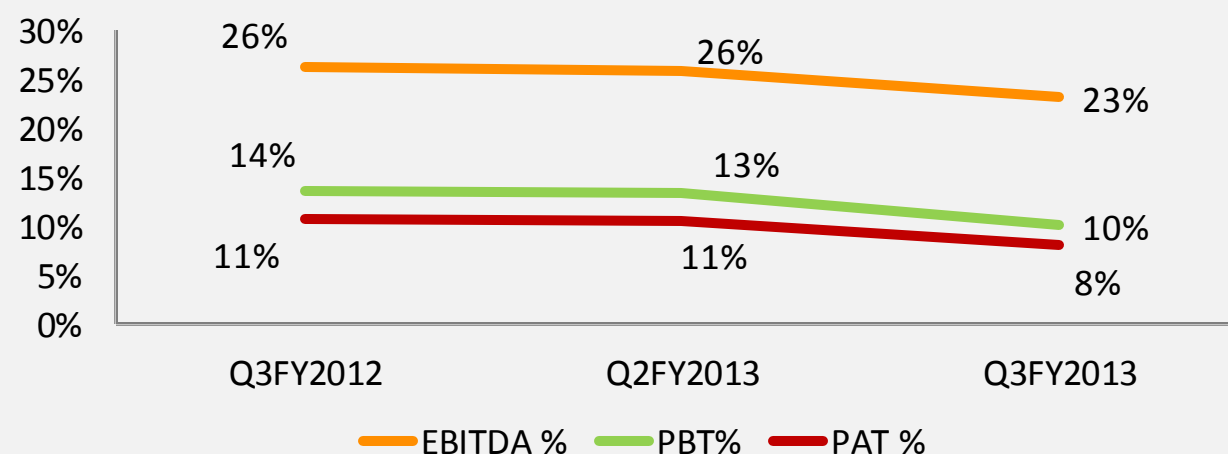
PBT (₹ in Crore)



PAT (₹ in Crore)



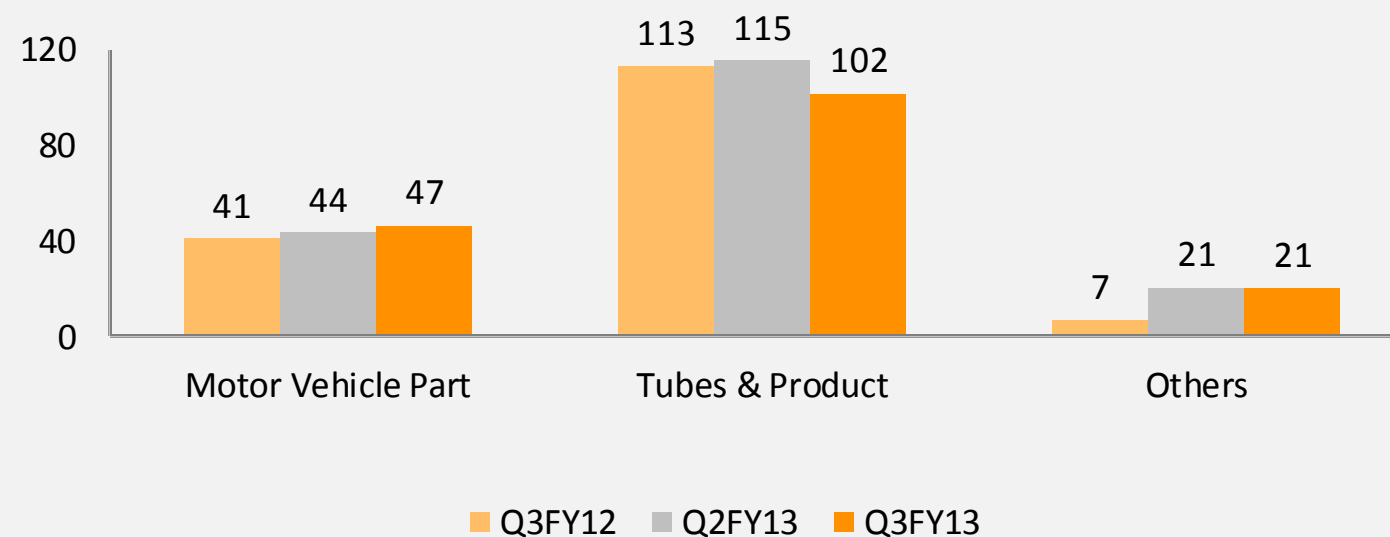
Margins (%)



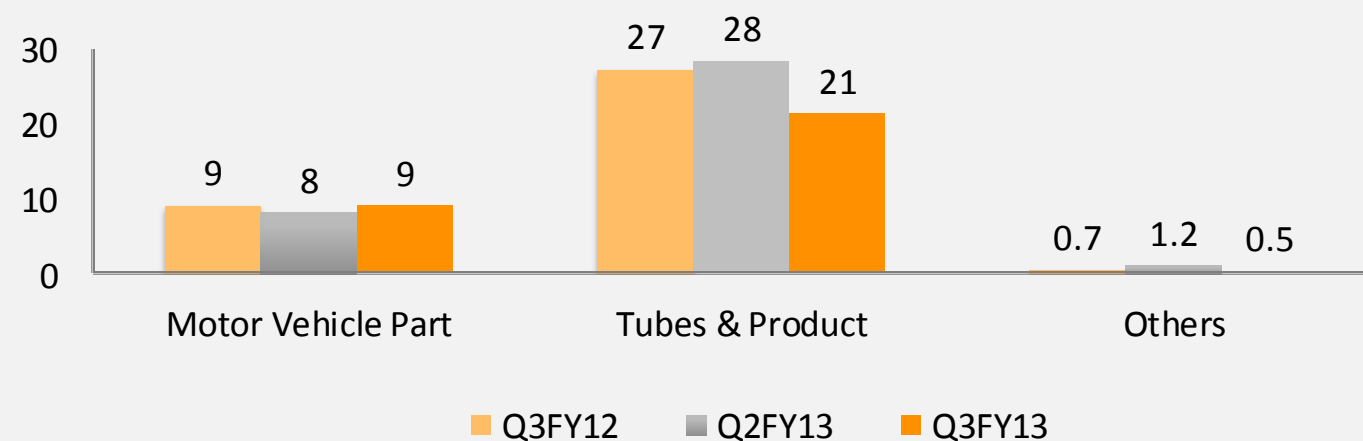
- Tubes & Products divisions witnessed lower sales owing to slower off take in the domestic market and overall difficult market conditions
- PBT and PAT impacted owing to increased personnel cost, which includes increase with retrospective effect from April 01, 2012. The Personnel cost increased from INR 6.24 crore in Q2FY13 to INR 9.32 crore in Q3 FY 13

Segmental Performance – Q3 FY2013 (Standalone)

Segmental Revenue (₹ in Crore)



Segmental EBIT (₹ in Crore)

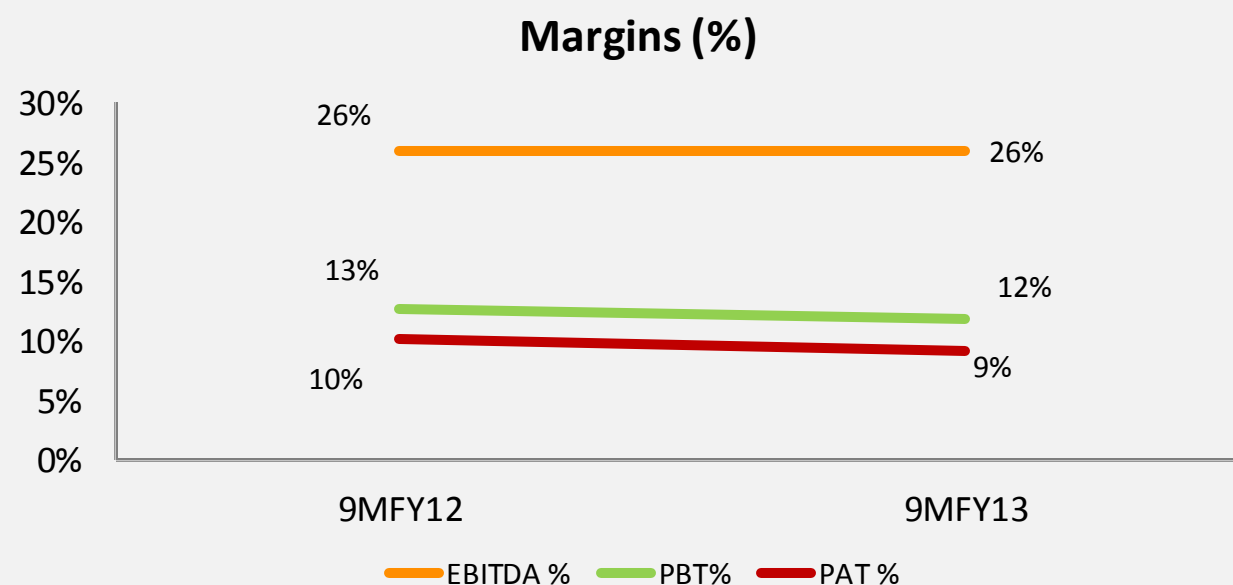
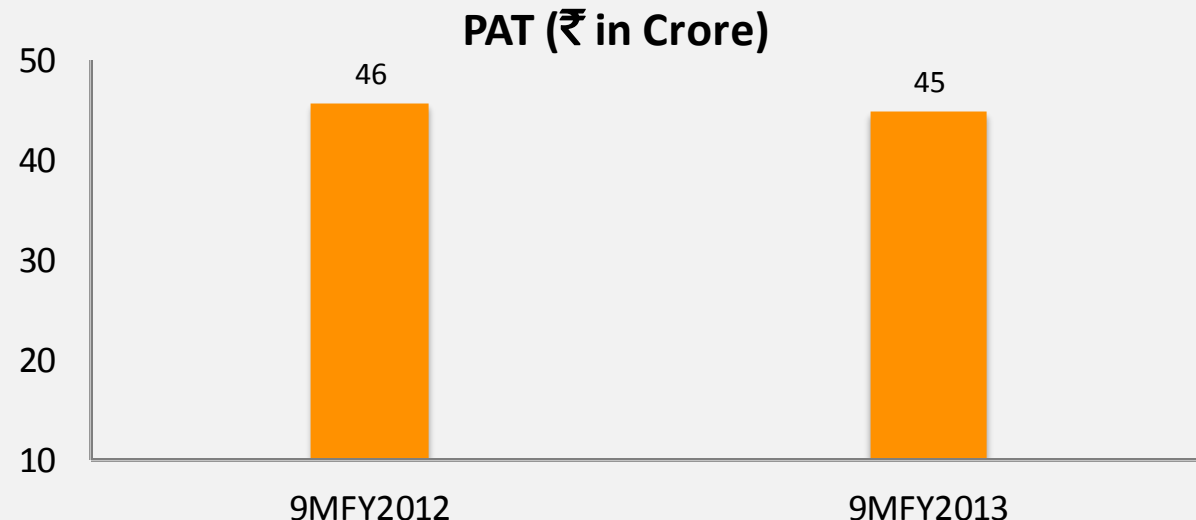
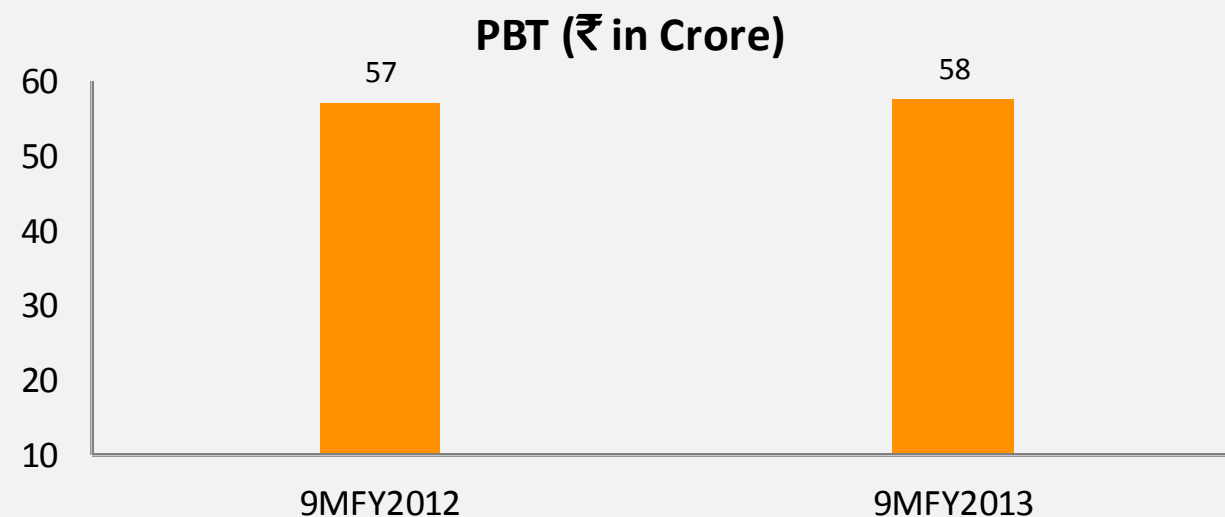
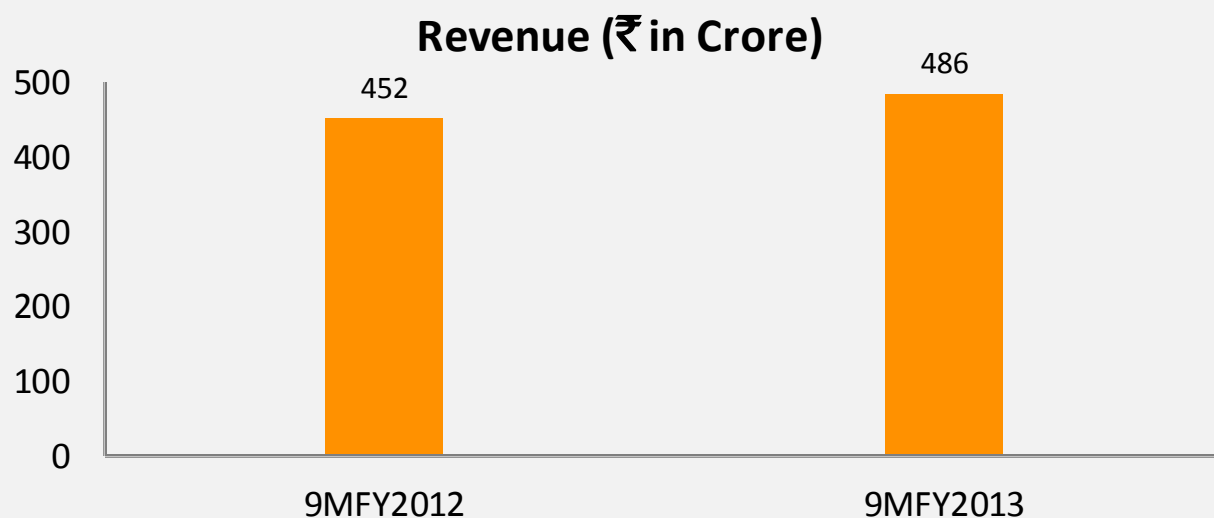


Financial Table – Q3 FY2013 (Standalone)

Quarter ended December 31, 2012	Q3FY2013		Q2FY2013		Q3FY2012		QoQ Growth	YoY Growth
	₹ Crore	% of Turnover	₹ Crore	% of Turnover	₹ Crore	% of Turnover	%	%
Net Sales	168.51		172.47		159.07		-2%	6%
Other Income	1.03	1%	7.20	4%	2.00	1%	-86%	-48%
Total Income	169.54		179.67		161.07		-6%	5%
Material Consumption	98.44	58%	100.07	58%	97.77	61%	-	-
Employee Cost	9.32	5%	6.24	3%	5.39	3%	49%	73%
Other Expenditure	22.53	13%	27.03	15%	15.64	10%	-17%	44%
EBITDA	39.26	23%	46.33	26%	42.27	26%	-15%	-7%
Depreciation	9.25	5%	9.05	5%	5.46	3%	2%	69%
EBIT	30.00	18%	37.28	21%	36.81	23%	-20%	-18%
Finance Cost	12.91	8%	13.11	7%	14.74	9%	-2%	-12%
PBT	17.10	10%	24.17	13%	22.06	14%	-29%	-23%
Tax	3.43		5.19		4.84		-34%	-29%
PAT	13.66	8%	18.99	11%	17.22	11%	-28%	-21%
EPS*	2.29		3.18		3.01			

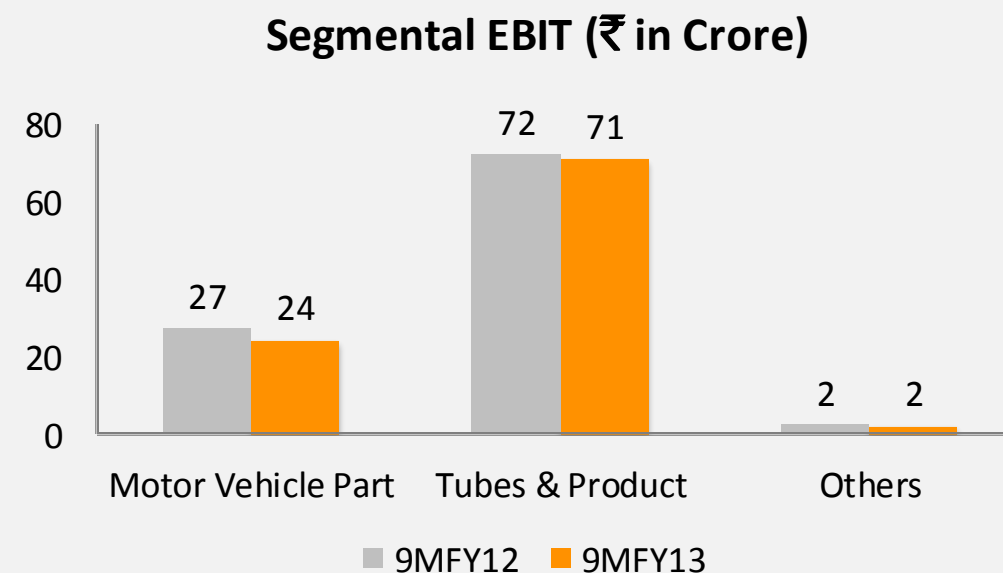
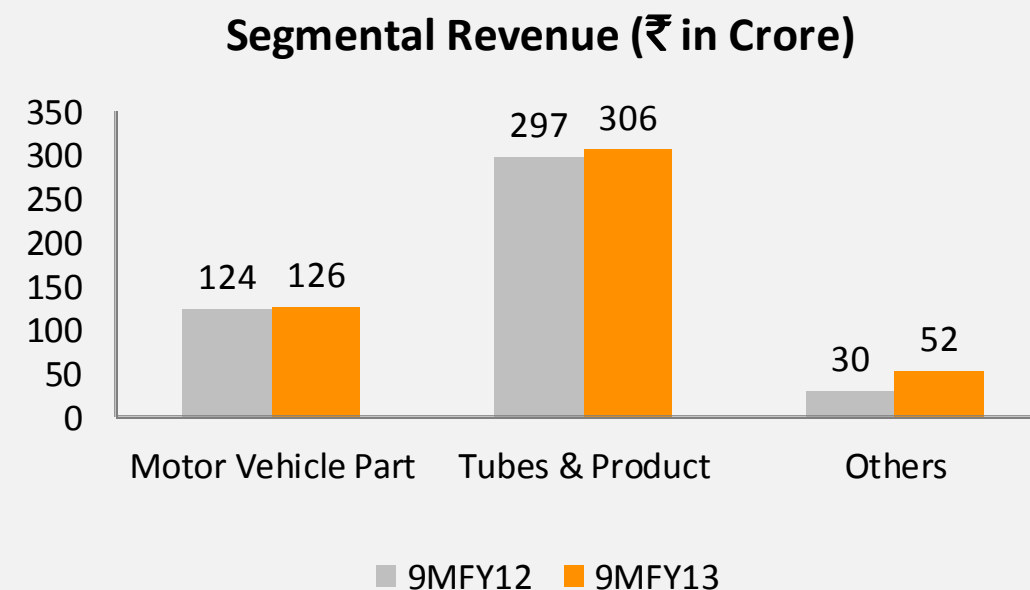
* Basic/Diluted (not annualised). EPS for the given period is not comparable due to issue of shares in IPO.

Financial Highlights – 9M FY2013 (Standalone)



Financial Table – 9M FY2013 (Standalone)

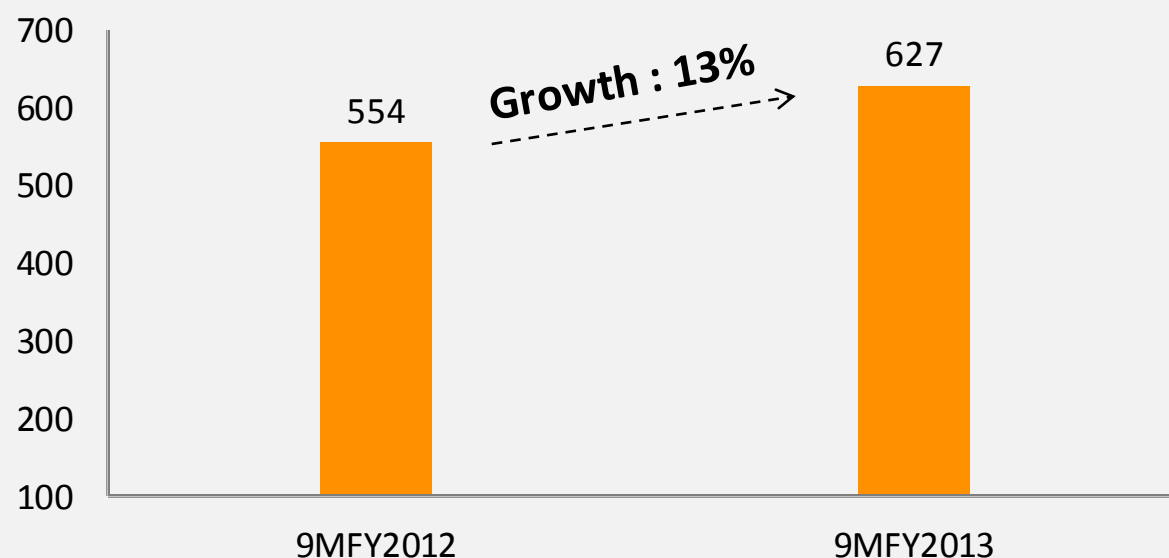
Nine Months ended December 31, 2012	9MFY2013		9MFY2012		YoY Growth
	₹ crore	% of Turnover	₹ Crore	% of Turnover	%
Net Sales	471.08		444.20		6%
Other Income	14.86	3%	7.36	2%	102%
Total Income	485.94		451.56		8%
Material Consumption	274.86	58%	275.66	62%	-
Employee Cost	21.44	4%	14.25	3%	50%
Other Expenditure	66.07	14%	46.55	10%	42%
EBITDA	123.58	25%	115.10	25%	7%
Depreciation	26.57	5%	15.62	3%	70%
EBIT	97.00	20%	99.49	22%	-2%
Finance Cost	39.34	8%	42.35	9%	-7%
PBT	57.66	12%	57.14	13%	1%
Tax	12.86		11.50		
PAT	44.80	9%	45.64	10%	-2%
EPS*	7.51		7.97		



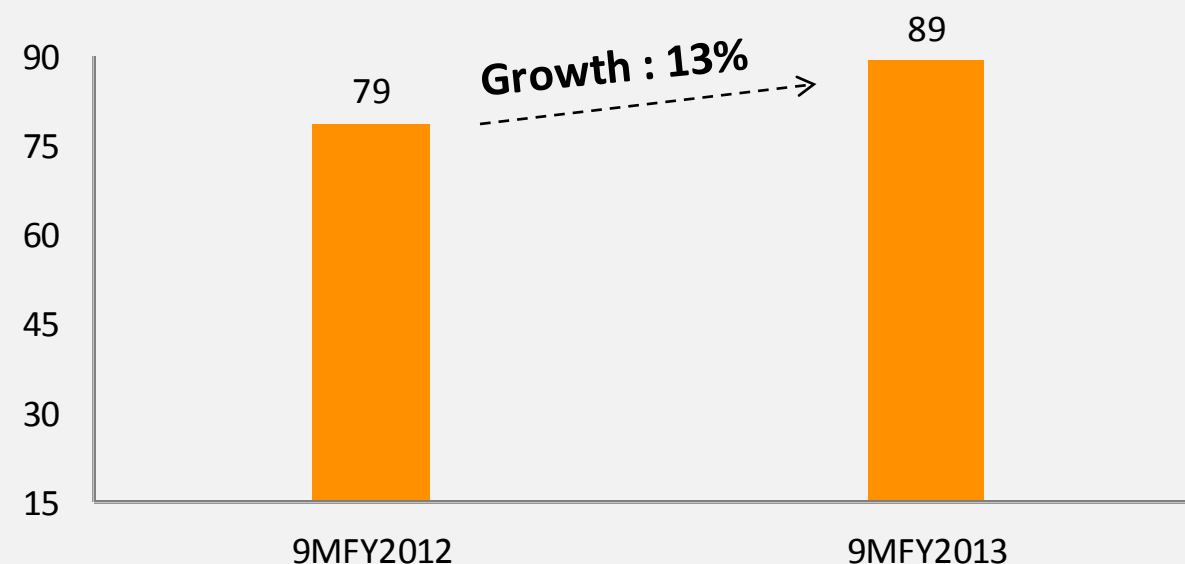
* Basic/Diluted (not annualised). EPS for the given period is not comparable due to issue of shares in IPO.

Financial Highlights – 9M FY2013 (Consolidated)

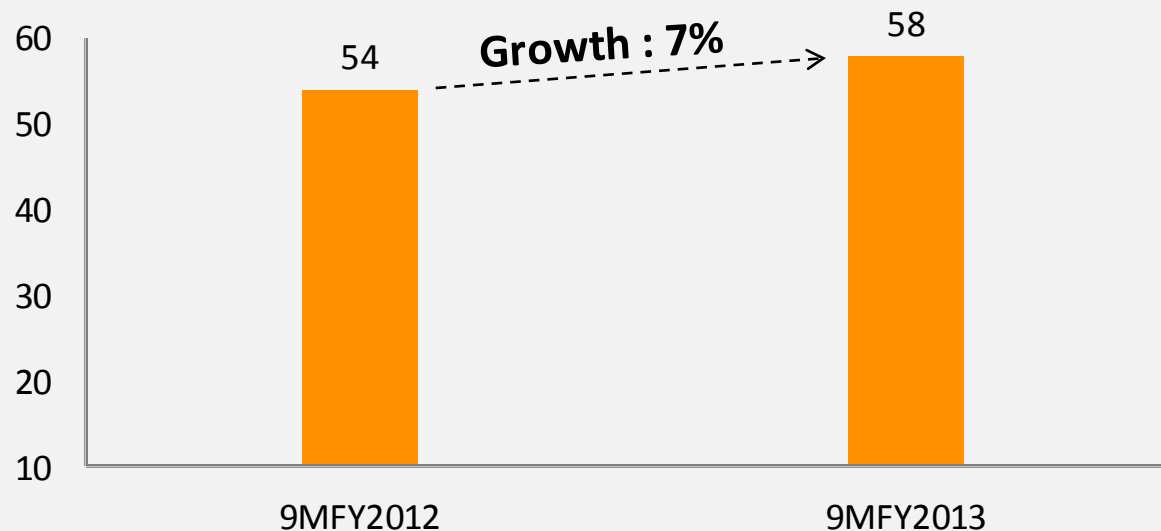
Revenue (₹ in Crore)



PBT (₹ in Crore)



Profit after tax & minority interest (₹ in Crore)

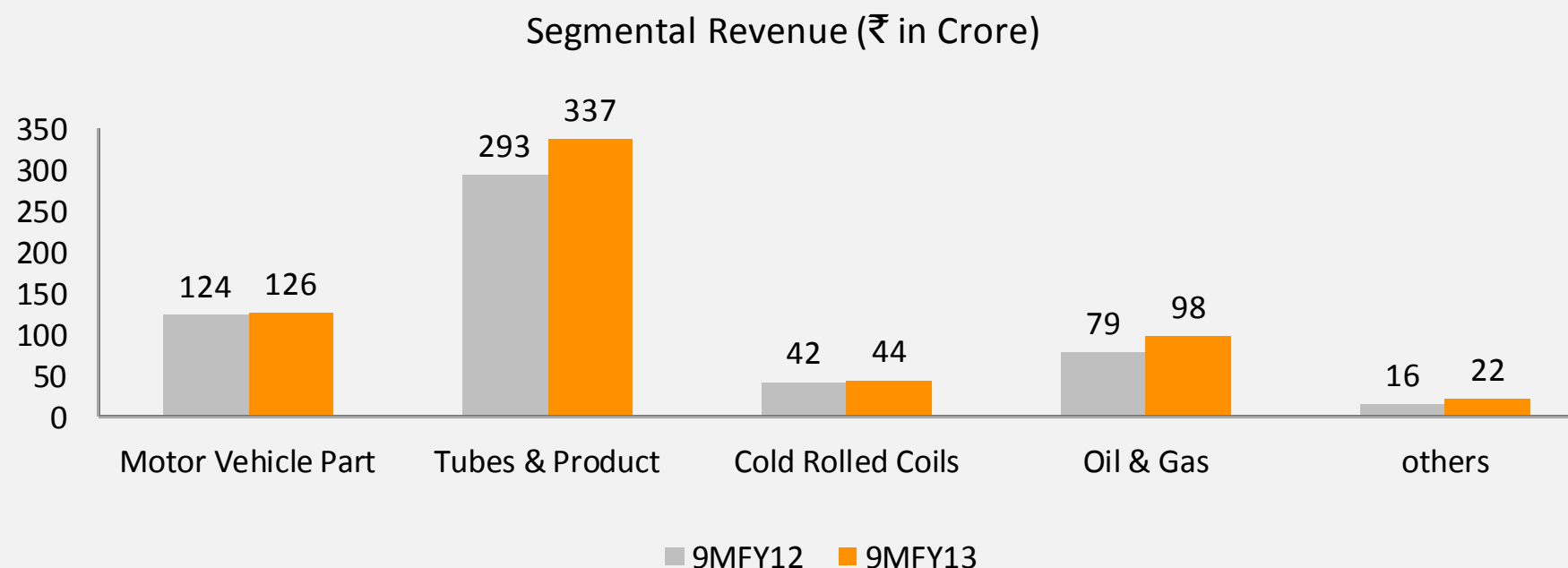


- Revenue growth largely driven by DOM tube and oil & gas performance
- New customer additions and commercialization of new developed products contributed to overall growth during the entire period
- PAT growth slightly lower than revenue growth due to increased depreciation and Tax rate

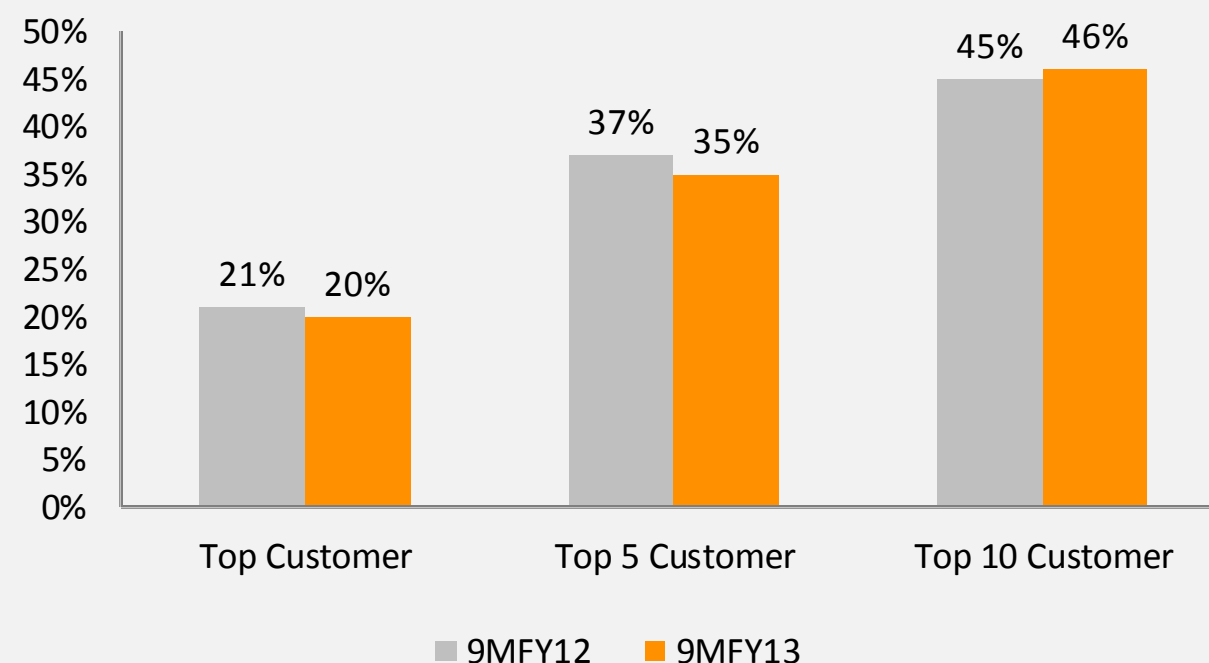
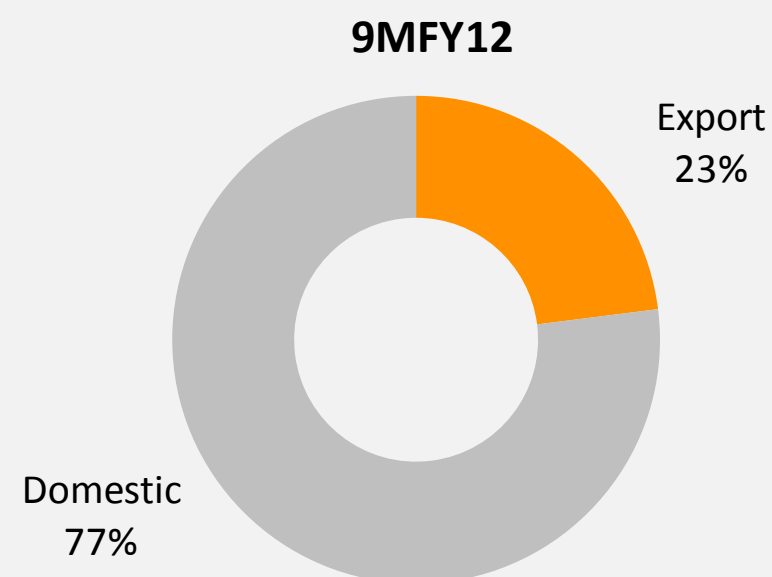
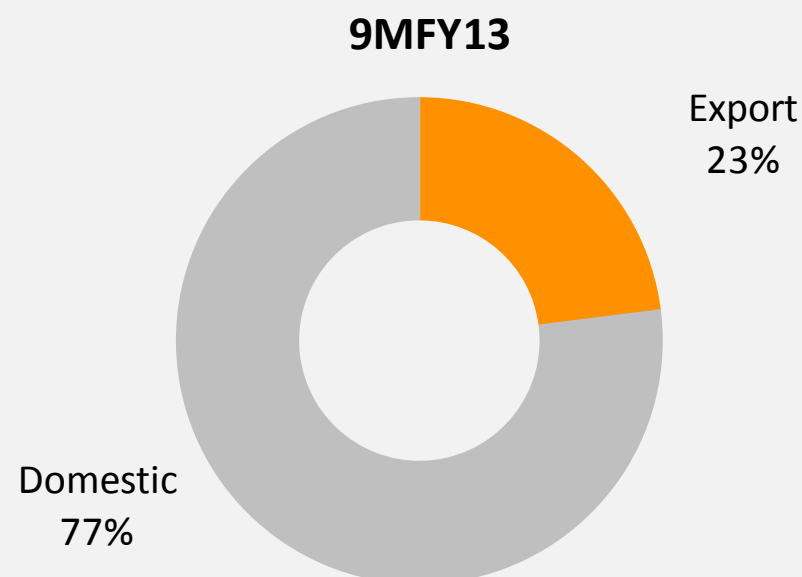
Financial Table – 9M FY2013 (Consolidated)

Nine Months ended December 31, 2012	9MFY13 ₹ crore	9MFY12 ₹ crore	Growth %
Total Revenue	627.05	554.14	13%
Profit before Tax	89.27	78.79	13%
Profit after Tax and Minority Interest	57.83	53.98	7%
EPS*	9.70	9.42	

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

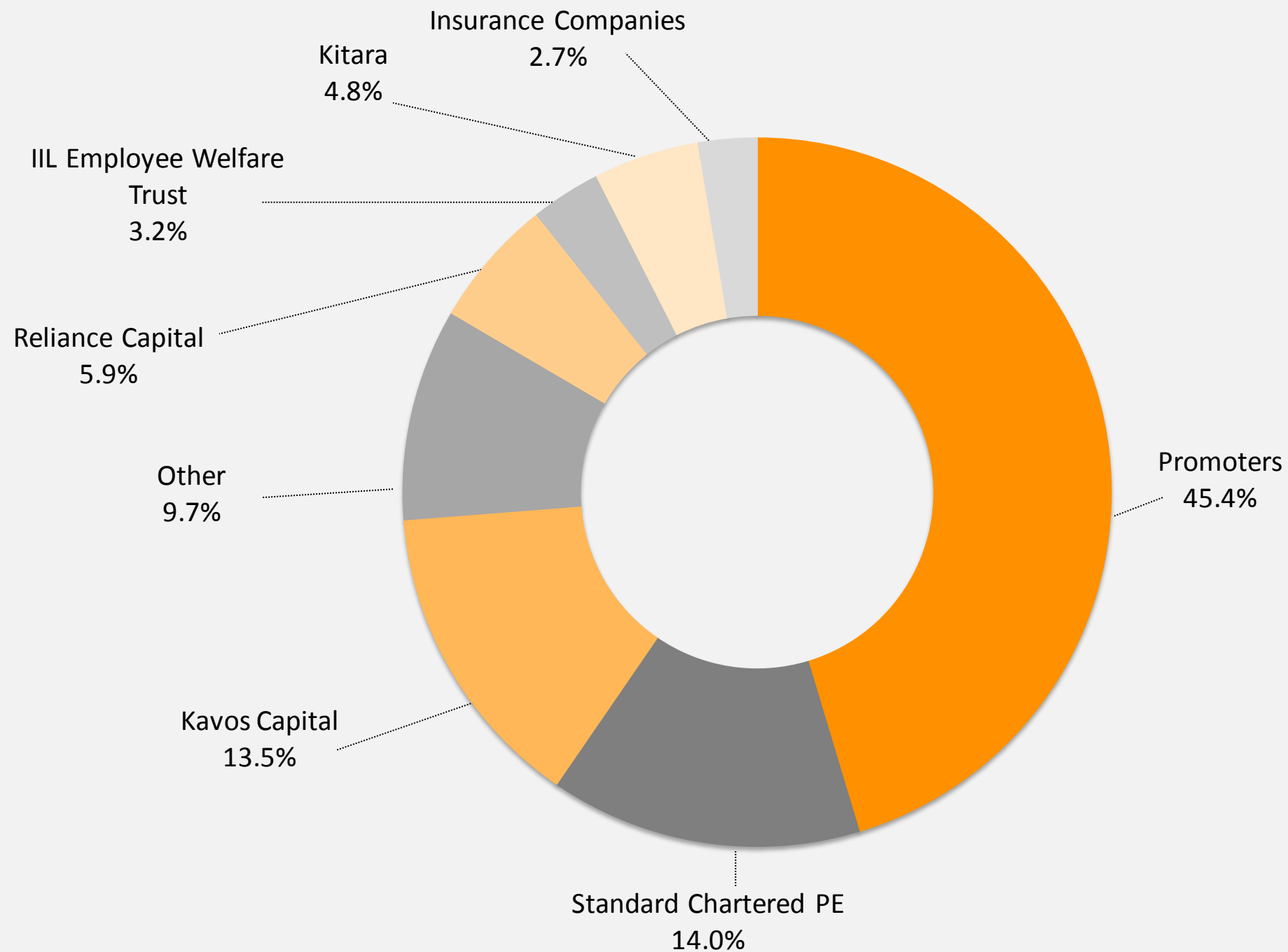


Top Customer Performance & Exports (Consolidated)



- Export contribution continued to remain substantial in the overall revenue
- Increasing number of products being supplied to US, Europe, Latin America and Middle-East
- Expanding customer base and value added products has helped maintain export revenues

Shareholding as on December 31, 2012



Key Growth Drivers

Capacity expansion

- Major capacity expansion during last and current year for CEW / DOM tubes and Allied Products – Funded by IPO
- Poised to cater to the growing end user demand for its products

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 - ramp up in volumes is imminent

Growth in end user industries

- The domestic engineering and automotive industries are expected to continue growing in the foreseeable future
- Demand from the global oil & gas industry is increasing with drilling reaching newer depths
- Demand from other industries for cost effective solutions is ever increasing

Relationships

- Strong relations with existing customers - increasing acceptance for its newer products
- Effective market penetration due to strong associations with 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 – FY2013

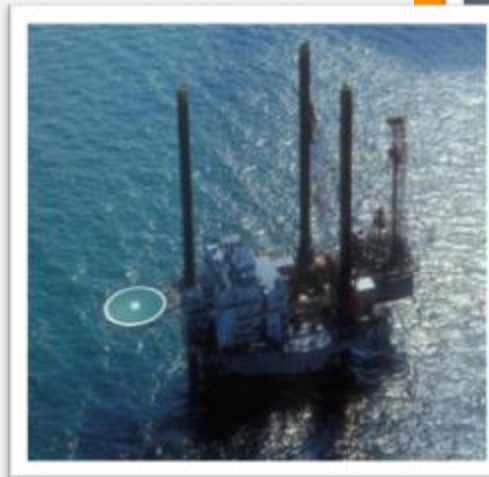
Tubes & Products (T&P)

- 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
- Increasing 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 – volumes to expand



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
- This business is expected to witness traction in the coming year



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 offtake

Thank You

