INNOVENTIVE™
INDUSTRIES

Performance Update

H1FY12

Our Manufacturing Facilities

Safe Harbour Statement

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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.

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

Discussions and Highlights

- **Innoventive Industries Ltd : A solid operating platform**
  - Snapshot
  - Competitive Edge
  - Demonstrated Track Record
  - Our Strategy
  - Key Growth Drivers
  - Diverse Product Profile
  - Product Application & Advantage
  - Customer Portfolio

- **Financial Performance : Sustained growth**
  - Financial Highlights H1FY2012 (Standalone and Consolidated)
  - H1FY2012 Performance
  - Financial Highlights Q2FY2012 (Standalone)
  - Q2FY2012 Performance
  - Analysis

Innoventive Industries Ltd : A solid operating platform

<u>Well diversified engineering business model:</u>

Large product range, multiple sectors, across domestic & global markets, several customers

Uniquely Positioned Operations

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Multi-Product Company	Catering To Diverse Sectors	Global Footprint	Robust R&D	Strong Mgmt & Operations Team
Precision Steel Tubes	Transportation	Direct Marketing Efforts	Innovative Processes	Technocrat Promoters
Membrane Panel Strips	General Engineering	Developed Markets in10 Countries	Patent Application crossed Public Domain	Professional Management Team
Auto Components	Boilers & Heat Exchangers	Over 475 domestic & export customers	Developing Value-Added Products	Over 1200 Employees
Oil Well Drilling Couplings	Energy	Supplies CEW tubes to above100 customers		
Cold Rolled Coils	Oil & Gas			
Other Steel Products	Farm Equipment			

Competitive Edge

- **Process Competence - 'Pilgering' process for CEW/DOM tubes from ERW tubes**
- Major reduction in cost of energy, labour and materials when compared to traditional draw bench process
- Delivers products of a higher quality due to better surface finish, accuracy and higher tensile strength
- Retains in-house design and manufacture of tools & dies required for this process, thereby enhancing its advantage
- Patent has passed Public Domain for this novel technology

Value Enhancement

- Can deliver products of comparable quality at significantly lower cost
- Competence and expertise in metallurgy allows IIL to redesign conventional processes to deliver sustainable improvements

Adaptability

- Ability to deliver products according to client requirement & specifications
- Executes orders for niche, high value added products with diverse applications and different engineering requirement

Process Competence

- Membrane panel strips, that are conventionally manufactured from steel bars are manufactured through a unique process which enables IIL to manufacture these strips directly from HR coils
- Resulting in improved quality and import substitution at a significantly lower cost catering to demand from the power sector

Demonstrated Track Record …

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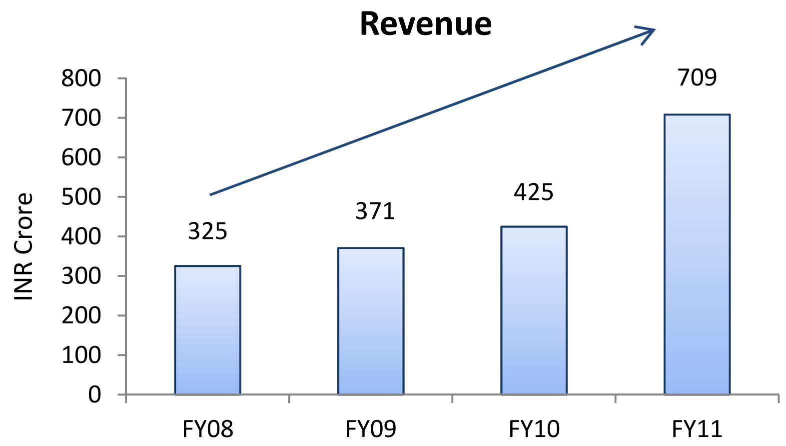
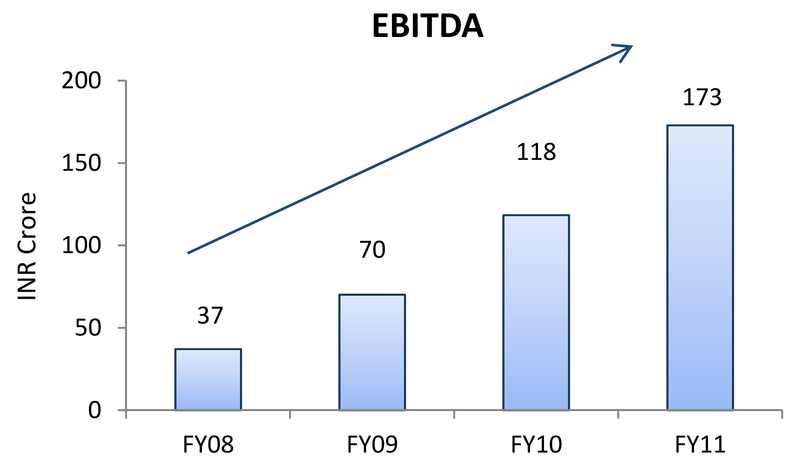
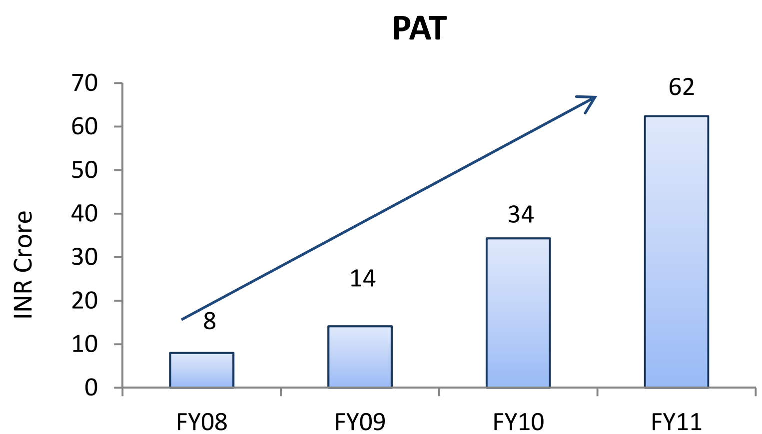
CAGR : 30%

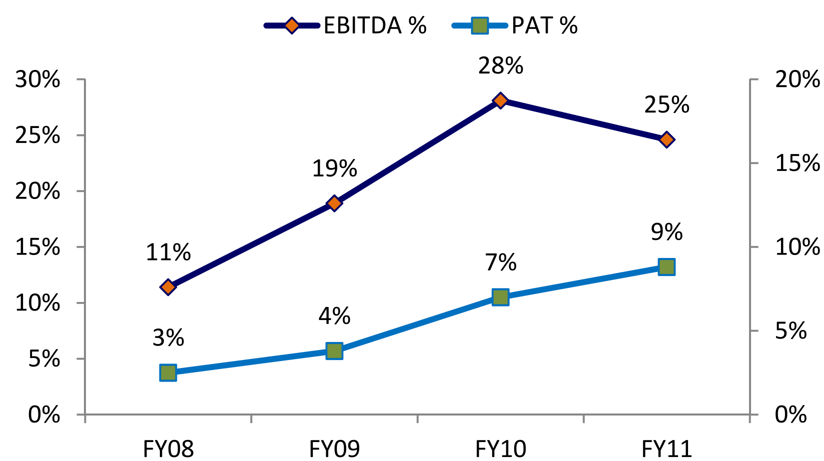


CAGR : 67%



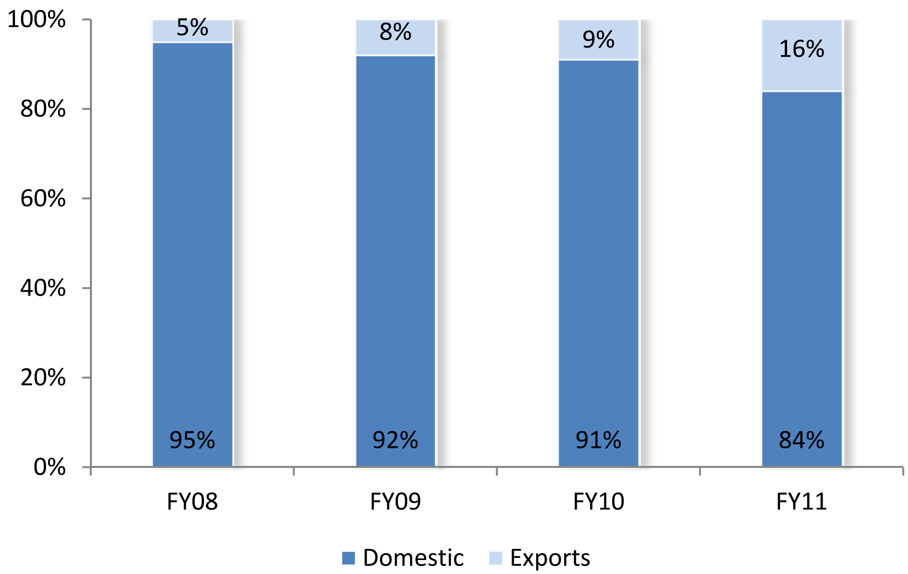
CAGR : 98%





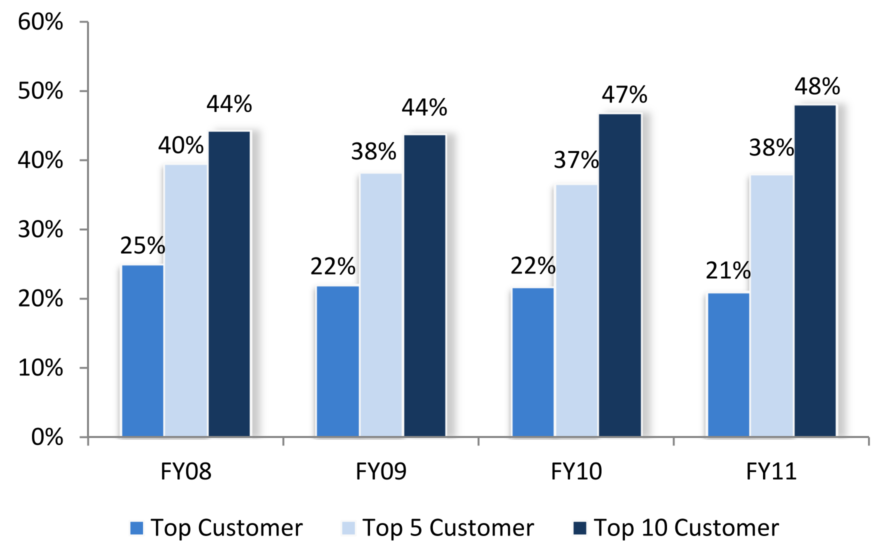
Demonstrated Track Record

INNOVENTIVE™ INDUSTRIES



- Increasing share of exports
- Expanding reach to more markets – now exporting to US, UK, Germany, etc
- Have grown in volumes and enhanced product range in overseas markets
- Growth also driven by increased share of high value products in revenue mix

- Reduced concentration of top 5 customers despite sharp increase in volumes
- Focused on increasing revenue per customer by
  - Growing volume of existing products
  - Introducing new products to existing customers
- Growth also driven by expansion in overall customer base



Our Strategy

Enhance Product Mix	• Focus on value added products to retain competitive edge • Increase proportion of high margin products in revenue mix
Improve Marketing & Distribution	• Enhancement of global reach - have appointed 13 agencies in Europe • Acquiring front end marketing companies - will lead to improved realisations
R&D	• Focusing on innovation to develop new products and processes • Engaging with customers for product development at R&D stage
Diversification	• Revenue share to be better distributed between divisions to avoid dependence on any single industry / segment • Increase share of exports and establish global customer base in multiple countries and currencies
Partnerships	• Considering JV's with manufacturers who offer synergies to IIL to achieve high value addition • Ability to offer knowledge of local markets and distribution network to JV partners - gain access to new technologies and widen product portfolio

Key Growth Drivers

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Capacity expansion	• Increasing capacity from ~ 28,000MT to ~76,000MT in the coming years in CEW / DOM tubes and Allied Products • Poised to cater to the growing 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 growing at a healthy pace • 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 IPS equivalent to 75% of investment in fixed assets

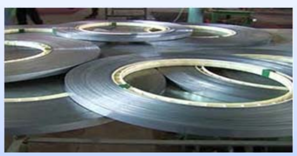
Diverse Product Profile

DOM/CEW, ERW Tubes & Products

- Drawn Over Mandrel(DOM)tubes manufactured by our innovative process
- Cold Drawn Electric Welded (CEW) precision steel tubes made out of own ERW tubes
- Machined tubular components

Auto Components

- Machined components
- Press fabricated parts
- Welded components and assemblies



Power Equipment Components

- Narrow-width Membrane Strips
- Energy Tubes

Oil Country Tubular Goods (OCTG)

- 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

Product Application & Advantage

- **DOM/CEW Tubes**
  - **Application –** Extensive usage in several fields like automobile industry, shock absorbers, fuel line, brake line, steering columns, tie roads propeller shafts and bobbin tubes- textile industries
  - **IIL's advantage –** Manufactured by an unique pilgering process which is being patented globally 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, water pump cover assembly, oil pump body, compressor parts, fuel injection, etc
  - **IIL's advantage –** Ability to design products as per client specification and supply consistent quality products on time

- **Power Equipment Components**
  - **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 Country and Tubular Goods(OCTG)**
  - **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

Some of Our Key Clients

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ALSTOM

BAJAJ
Distinctly Ahead

BHEL

SALEM STEEL
NORTH AMERICA, LLC
TUBING WORLD WIDE

THERMAX
Sustainable solutions
Energy & Environment

APOLO TUBULARS
Apolo Tubos | U. S. Steel

WELDED TUBE OF CANADA

EICHER VOLVO

LINDSAY INTERNATIONAL

Financial Performance : Sustained Growth

Commenting on the Company's performance for H1FY12, Mr. Chandu Chavan, Chairman, Innoventive Industries Ltd., said:

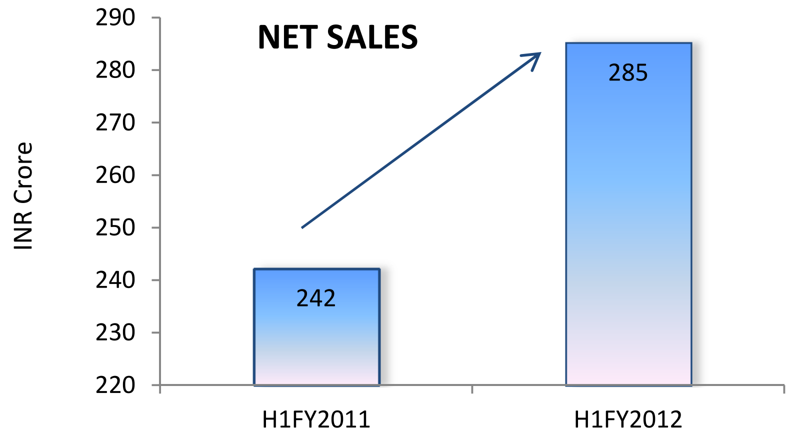
"I am glad to state that the company has demonstrated a strong performance in H1FY 12 with an 18% growth in revenues and 38% rise in PAT

We are in the business of manufacturing and selling high value added precision engineering components catering to diverse sectors of the economy which are witnessing a steady growth. This is demonstrated by traction shown in our CEW/DOM and motor vehicle parts. Despite a slowdown we have posted a growth in our revenues due to an increase in demand from overseas markets for our CEW/DOM tubes.

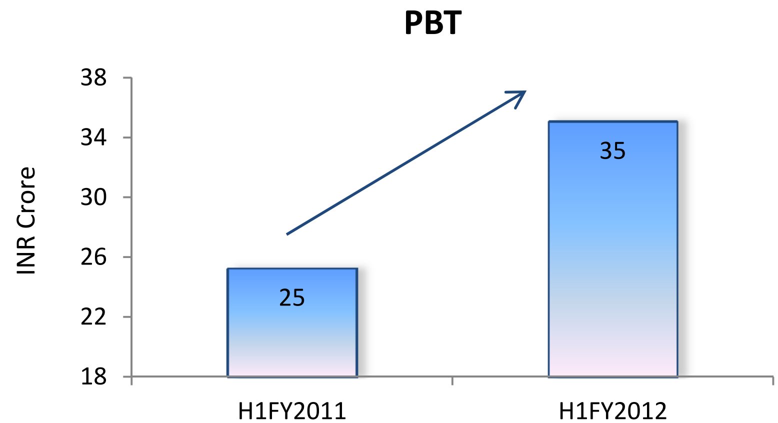
The macro economic scenario has been uncertain over the last couple of quarters, but given our diversification across products, markets and customers we are very well positioned to sustain growth in varied market conditions."

Financial Highlights – H1FY2012(Standalone)

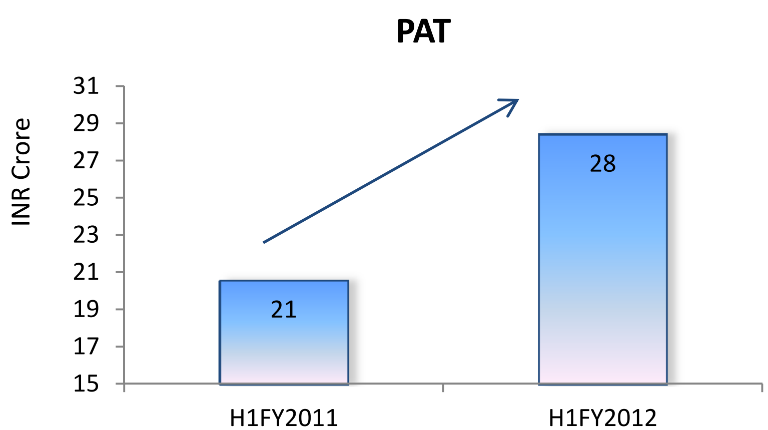
Growth: 18%



Growth: 39%



Growth: 38%

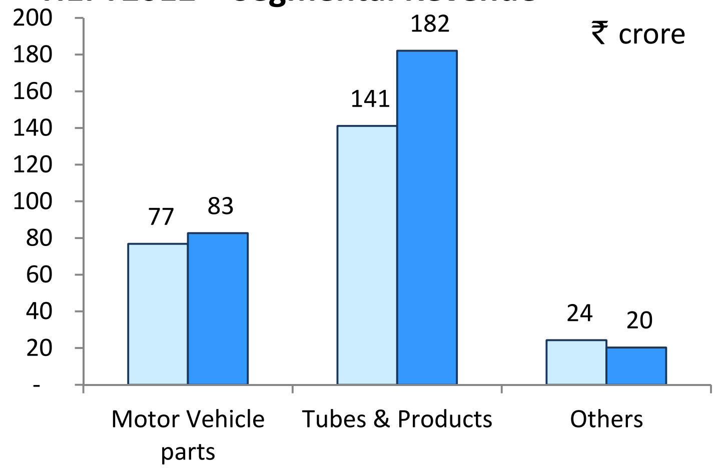


- Net Sales increased primarily due to growth in export sales and increasing demand for CEW tubes
- Reduction in interest cost resulted in increase in PAT
- EBITDA margins stood at 25%
- Last year PAT excludes reversal of excess tax provision of earlier period
- EPS for H1FY12 stood at ₹ 5.07 vs ₹ 7.49 in H1FY11 (EPS for the given period is not comparable due to issue of shares in IPO and Pre IPO Placement)
- Performance of H2FY12 is expected to be better than H1FY12 on account of
  - Better off take from overseas markets for CEW tubes and OCTG products
  - Membrane panel strips is witnessing greater acceptance in the domestic market

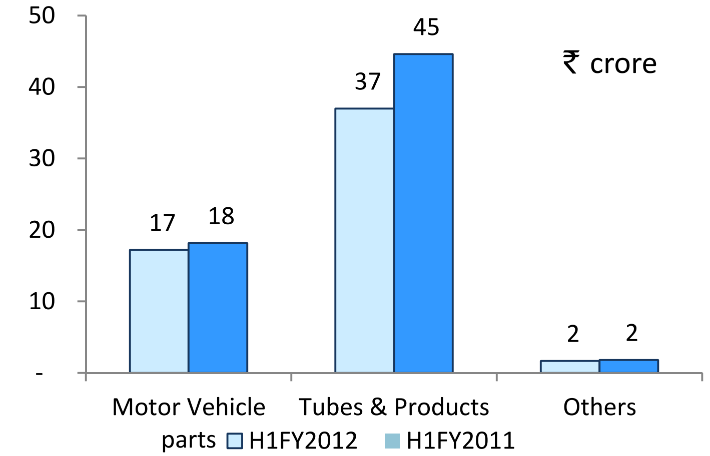
Financial Table – H1FY2012 (Standalone)

Half-Year ended 30th September 2011	H1FY12		H1FY11		YOY growth
Particulars	₹ crore	% of Turnover	₹ crore	% of Turnover	%
Net Sales	285.13		242.18		
Other Income	5.37		2.12		
Total Income	**290.49**		**244.30**		19%
Material Consumption	177.89	61%	139.69	57%	
Employee Cost	8.86	3%	9.10	4%	
Other Expenditure	30.91	11%	32.20	13%	
EBITDA	72.83	25%	63.31	26%	15%
Depreciation	10.15	3%	8.55	3%	
EBIT	62.68	22%	54.77	22%	14%
Interest	27.60	10%	29.51	12%	
EBT	35.08	12%	25.26	10%	39%
Tax	6.66	2%	4.69	2%	
PAT	28.41	10%	*20.57	8%	38%
EPS **	5.07		7.49		

H1FY2012 – Segmental Revenue



H1FY2011 – Segmental Results



*Excluding reversal of excess tax provision of earlier period.
** Basic/Diluted(not annualised). EPS for the given period is not comparable due to issue of shares in IPO and Pre IPO Placement.

Financial Highlights –H1FY2012(Consolidated)

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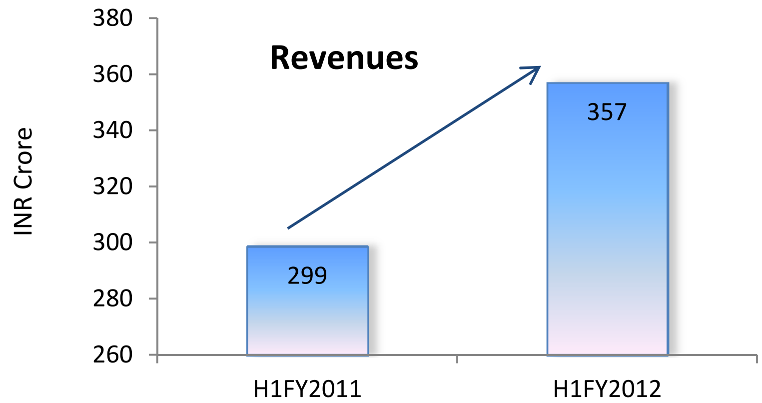
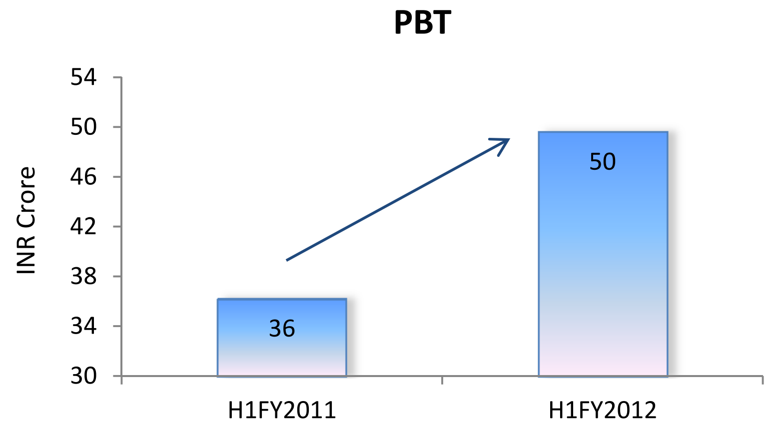
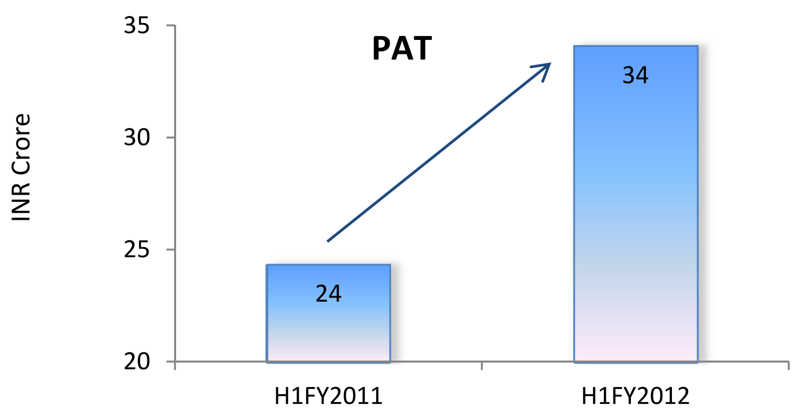
Growth: 20%



Growth: 37%



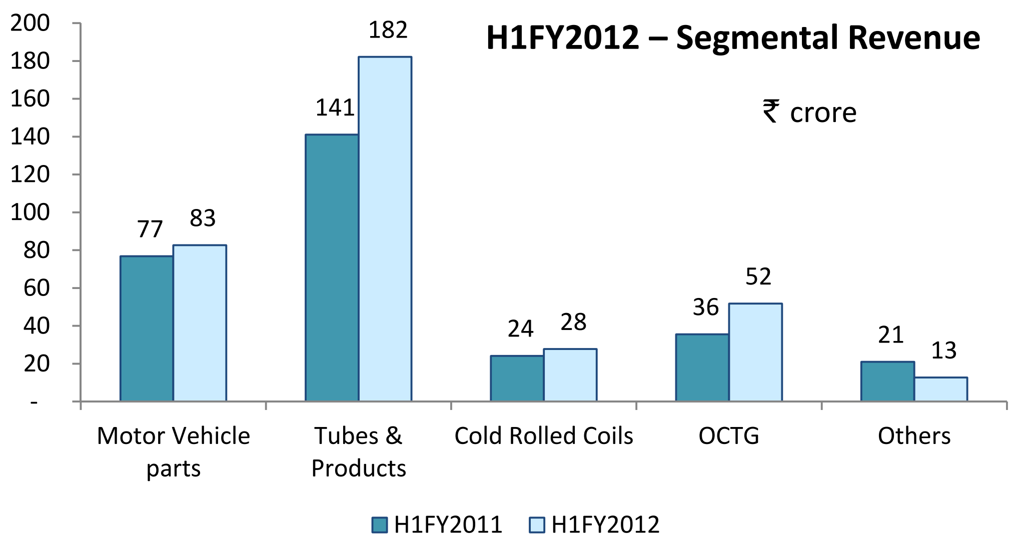
Growth: 40%



- Net Sales increased primarily due to growth in export sales and increasing demand for CEW tubes and OTCG both in domestic and overseas market
- Reduction in interest cost resulted in increase in PAT
- Last year PAT excludes reversal of excess tax provision of earlier period
- Performance of H2FY12 is expected to be better than H1FY11 on account of
  - Better off take from overseas markets for CEW tubes and OCTG products
  - Membrane panel strips is witnessing greater acceptance in the domestic market

Financial Table – H1FY2012 (Consolidated)

Half-Year ended 30th September 2011	H1FY12	H1FY11	YOY growth
Particulars	₹crore	₹crore	%
Total Revenue	**357.03**	**298.65**	**20%**
Profit before Tax	**49.58**	**36.18**	**37%**
Profit after Tax and Minority Interest	**34.09**	***24.34**	**40%**
EPS **	6.08	8.54	



*Excluding reversal of excess tax provision of earlier period.
** Basic/Diluted(not annualised). EPS for the given period is not comparable due to issue of shares in IPO and Pre IPO Placement.

Revenue Mix – H1FY2012 (Consolidated)

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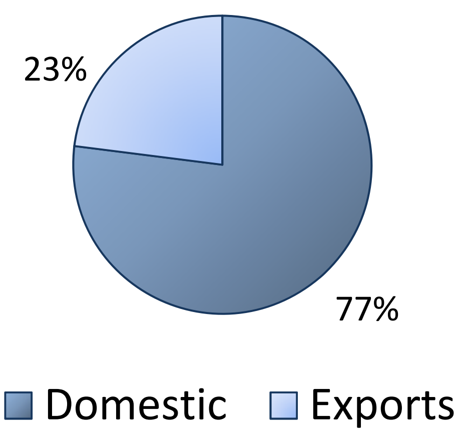
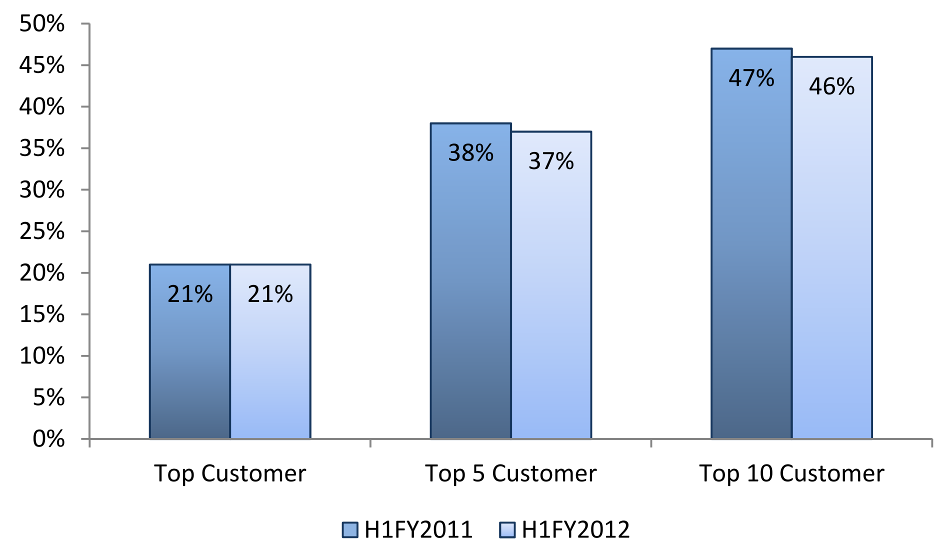
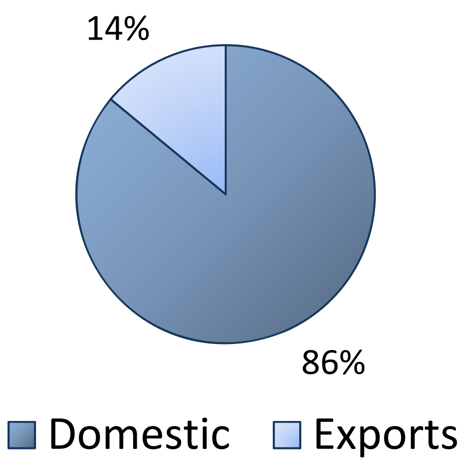
H1FY2012





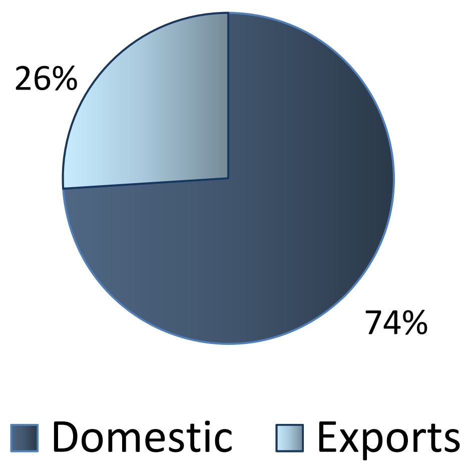
H1FY2011



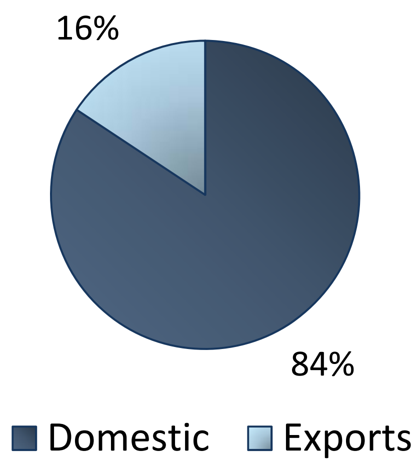
- Exports has witnessed a significant increase to the overall revenues
- Increasing number of products being supplied to countries like US, UK, Germany etc.
- Expanding client base and value added products has led to a rise in revenues
- Introduction of newer products in the last couple of years has led to growth in revenues in both domestic and overseas business

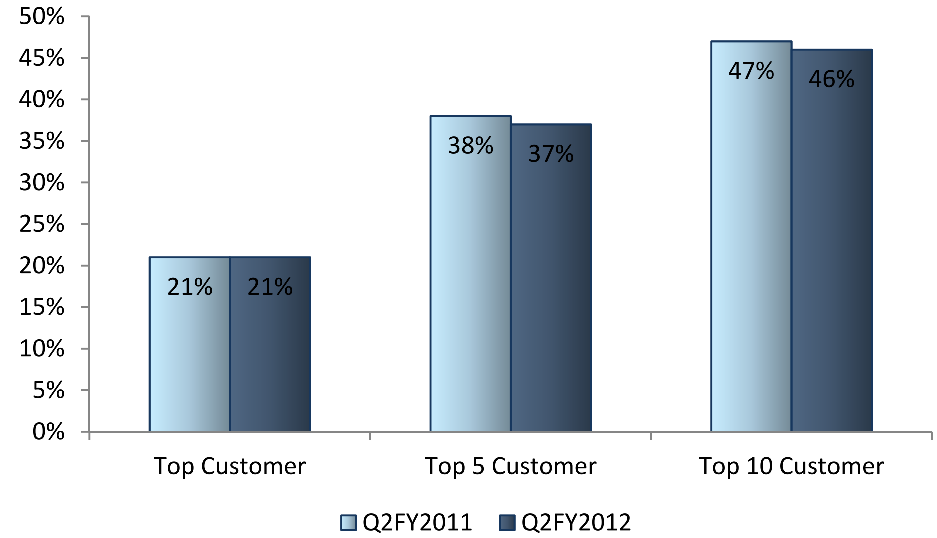
Revenue Mix – Q2FY2012 (Consolidated)

Q2FY2012



Q2FY2011

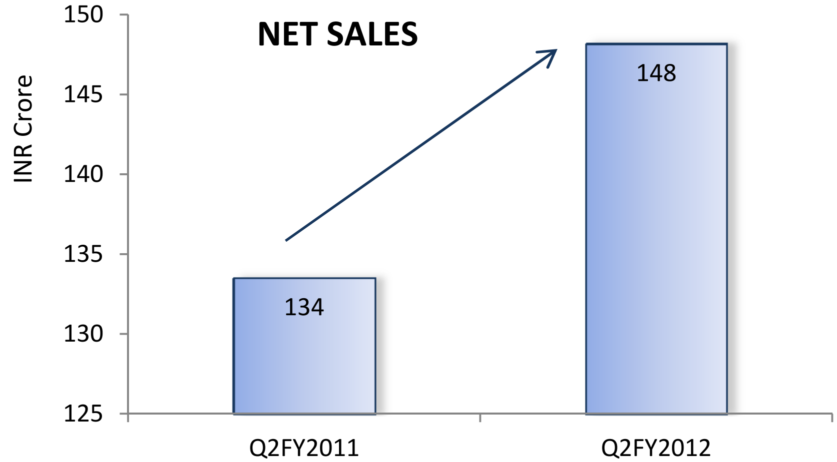




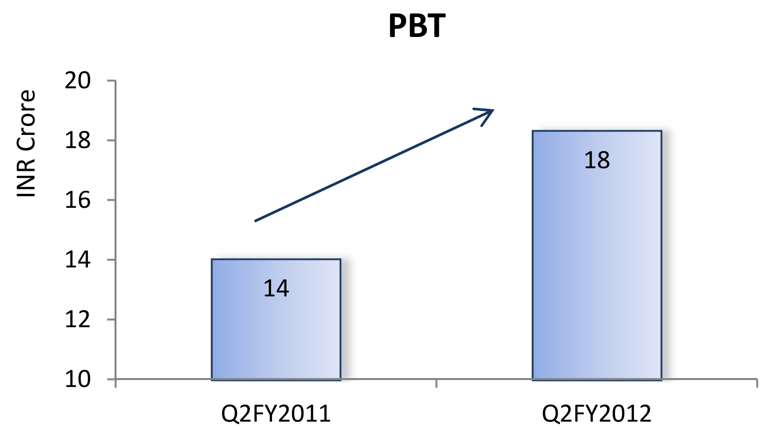
- Demand from export markets has seen a good response during the quarter
- Newer products have been exported in the quarter
- Increasing revenues on back of a growing client base

Financial Highlights – Q2FY2012 (Standalone)

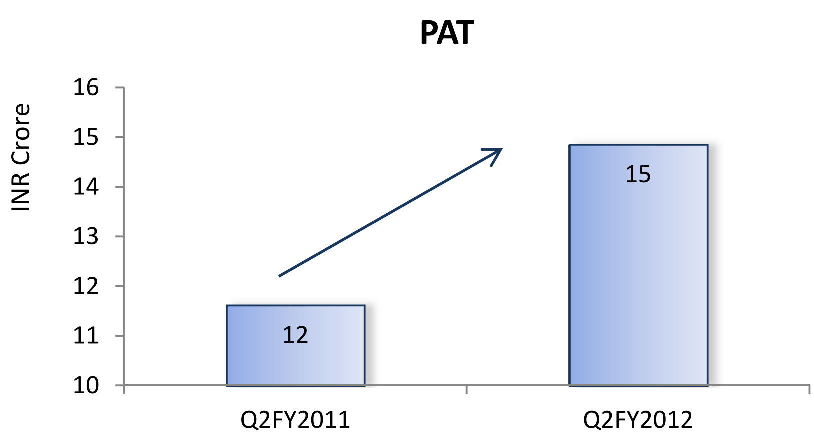
Growth: 11%



Growth: 31%



Growth: 28%



- Net Sales increased primarily due to growth in export sales and increasing demand from domestic engineering and automotive industries
- Margins stood at 24%
- Last year PAT excludes reversal of excess tax provision of earlier period
- EPS for Q2FY12 stood at ₹ 2.65 vs ₹ 5.01 in Q2Y11
- EPS for the quarter ended September 30, 2011 is not comparable due to issue of shares in IPO and Pre IPO Placement

Financial Table – Q2FY2012 (Standalone)

Quarter ended September30, 2011	Q2FY2012		Q2FY2011		Growth
Particulars	₹ crore	% of Turnover	₹ crore	% of Turnover	%
Net Sales	148.18		133.52		
Other Income	3.47		1.24		
Total Income	**151.65**		**134.75**		13%
Material Consumption	94.34	62%	76.64	57%	
Employee Cost	4.24	3%	4.79	4%	
Other Expenditure	16.73	11%	18.13	13%	
EBITDA	36.34	24%	35.19	26%	3%
Depreciation	5.17	3%	5.13	4%	
EBIT	31.16	21%	30.06	22%	4%
Interest	12.84	8%	16.04	12%	
EBT	18.32	12%	14.03	10%	31%
Tax	3.48	2%	2.42	2%	
PAT	14.85	10%	*11.61	9%	28%
EPS **	2.65		5.01		

*Excluding reversal of excess tax provision of earlier period.
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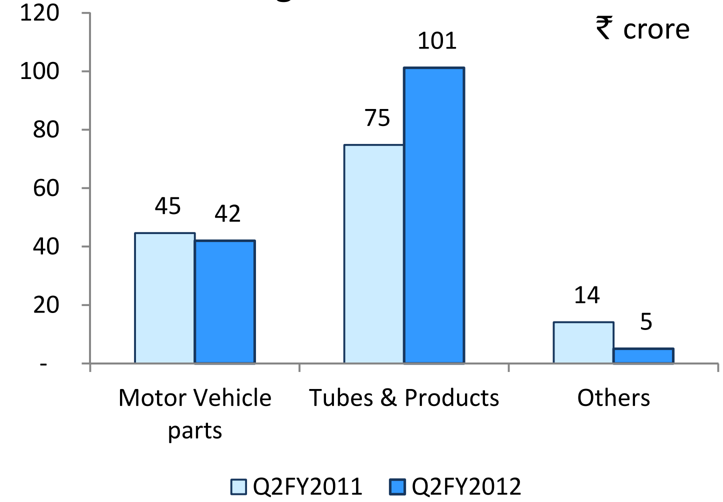
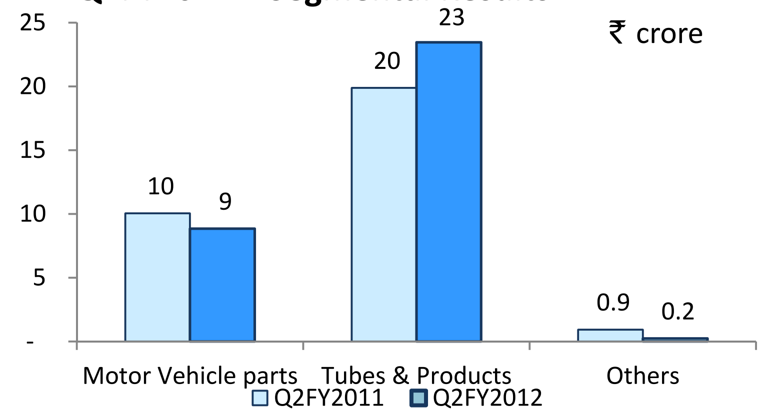
Q2FY2012 – Segmental Revenue



Q2FY2011 – Segmental Results



Balance Sheet – As on 30th September 2011

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Sources Of Funds (₹ crore)	Sep-11	Sep-10
Shareholders Funds	408.68	134.00
Debt	341.06	268.95
Deferred Tax Liability	32.96	26.87
TOTAL	782.70	429.82

Application of Funds(₹ crore)	Sep-11	Sep-10
Fixed Assets (Incl WIP)	336.36	284.37
Investments	24.53	24.54
Current Assets, Loans and Adv		
Inventories	174.23	143.80
Sundry Debtors	52.80	56.57
Cash & Bank balances	159.44	15.10
Loans & Advances	164.95	81.55
Less: Current Liabilities & Provisions		
Liabilities	111.77	168.35
Provisions	17.84	7.76
TOTAL	782.70	429.82

- Increase in Debt to ₹ 341.06 crore largely on account of conversion of non fund based (LC limits) to fund based limits borrowed in foreign currency for exports (PCFC) which also results in decrease in current liabilities
- Cash & Bank balance includes unutilised portion of IPO proceeds
- Loans & Advances include the advances given against the proposed capex from IPO
- Significant improvement in Gross Debt Equity ratio from 2.0 to 0.83 on account of increased Networth through IPO proceeds and debt repayment

Book Value Per Share (₹)	68.52
Net Worth (₹ Crore)	408.68
Debt (₹ Crore)	341.06
Cash & Cash Equivalents (₹ Crore)	159.44
ROCE (%)	17%
ROE (%)	21%

Business Performance – H1FY2012

- **Tubes & Products (T&P)**
  - Demand for our CEW/DOM tubes over seamless tubes is increasing due to better strength and durability of our products
  - Exiting products are finding newer applications which has led to the overall growth in this segment
- **Oil Country Tubular Goods (OCTG)**
  - Increasing demand and vendor certifications has helped the company post robust results in this segment
  - OCTG products of IIL are finding greater acceptance by global oil well drilling companies
- **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
- **Motor Vehicle Parts(MVP)**
  - Maintained reasonable sales level, based on the 2 wheeler majors performance
  - Some new components like bearing spacers, etc. witnessed rise in demand

Business Outlook – FY2012

IIL anticipates sustained growth due to:

- *Greater acceptance of CEW/DOM tubes over conventional seamless & non-ferrous tubes – increase in demand for IIL's CEW/DOM tubes which have a proven track record*
- *Increased penetration in export markets as business environment places greater pressure on customers to shift to cost competitive suppliers*
- *Increasing demand for hydrocarbons coupled with more global certifications has resulted in growth for OCTG products*
- *Traction in demand for membrane panel strips - an import substitute product has led to capacity expansion in the sector*
- *Supply contract with global customers already in place*

Thank You