

News Release: For immediate publication

FY13 Consolidated Revenue higher by 7% at ₹ 846.9 crore

Pune, May 30, 2013: Innoventive Industries Limited (IIL) a multi-product engineering company which manufactures precision steel tubes, membrane panel strips, auto components, oil well drilling couplings, pup joints, high voltage soft starters and other steel products catering to applications in diverse sectors such as transportation, power, oil & gas and general engineering has announced its financial results for the quarter and full year ended March 31, 2013.

Consolidated Financial Highlights

FY13

- Revenues increased by 7% and were at ₹ 846.92 crore in comparison to FY12 revenues of ₹ 790.02 crore. This was primarily driven by growth in DOM tubes and oil & gas segments. Revenues consist of net sales, other operating income and other income
- EBITDA increased by 5% and was at ₹ 221.42 crore in comparison to FY12 EBITDA of ₹ 211.82 crore
- PBT of ₹ 96.98 crore was lower by 17% when compared to FY12 PBT of ₹ 116.85 crore owing to higher depreciation on commissioning of new machinery and finance cost
- Net Profit after taxes, minority interest and share of profit was ₹ 63.99 crore compared to ₹ 80.02 crore in FY12
- Cash Profit (Net Profit after taxes, minority interest and share of profit and depreciation) was largely flat (₹ 113.3 crore compared to ₹ 116.1 crore in FY12)
- EPS stands at ₹ 10.73 per share as against FY12 EPS of ₹ 13.88 per share which are not comparable due increase in number of share following IPO in May 2011
- The Board has recommended a dividend of 10% which translates to ₹ 1 per share

Standalone Financial Highlights

FY13

- Revenues of ₹ 652.75 crore were flat in comparison to FY12 revenues of ₹ 650.87 crore. Motor vehicle parts, tubes division and other products contributed to the performance. Revenues comprise of net sales and other income
- EBITDA increased by 1% and was at ₹ 169.91 crore in comparison to FY12 EBITDA of ₹ 168.42 crore
- PBT of ₹ 73.31 crore was lower by 17% when compared to FY12 PBT of ₹ 88.53 crore and margins stood at 11% due to increased depreciation and finance cost
- PAT was ₹ 56.54 crore when compared to FY12 PAT of ₹ 70.99 crore
- Cash Profit (Net Profit after taxes, minority interest and share of profit and depreciation) was largely flat (₹ 92.2 crore compared to ₹ 94.1 crore in FY12)
- EPS stands at ₹ 9.48 per share as against FY12 EPS of ₹ 12.27 per share which are not comparable due to the IPO in May 2011

Standalone Financial Highlights

Q4FY13

- Revenues of ₹ 166.81 crore were lower by 16% in comparison to Q4FY12 revenues of ₹ 198.49 crore. Lower growth witnessed in tubes & products division owing to a slower off take in the domestic market and overall market and economic scenario. Revenues comprise of net sales, other operating income and other income
- PBT were at ₹ 15.65 crore compared to Q4FY12 PBT of ₹ 17 crore and margins stood at 9%
- PAT was ₹ 11.74 crore when compared to ₹ 25.36 crore in Q4FY12. PAT was impacted by increased depreciation on commissioning of new machinery and higher finance cost
- EPS stands at ₹ 1.97 per share as against Q4FY12 EPS of ₹ 4.38 per share

Chairman's Message

Commenting on the results, **Mr. Chandu Chavan, Chairman** of Innoventive Industries, 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.”

Operating Highlights

- IIL acquired a 51% stake in Innovative Technomics Pvt. Ltd (ITPL) an industry leader in high voltage soft starters and testing equipment in October, 2012. Investments made in product placement and marketing & distribution have already resulted in volume growth in Q4.
- IIL has been awarded a patent for its ‘Cold Pilgering’ technology for a period of 20 years w.e.f April 24, 2009. Following the awarding of the patent in India, the global patent approval process has been initiated in 23 countries worldwide. IIL has also applied for patents in 2 additional processes/products. Further, few more patent applications are under process for filing
- IIL has further augmented its global distribution network during the year with the incorporation of Sankalp Middle East FZE

Outlook

- The near term visibility is muted given challenges faced by customers in end user industries such as automobiles, oil & gas and power as challenges persist in both domestic and export markets.
- It is expected that improving macro-economic outlook in the US and stabilization in parts of Europe and the Middle East may contribute to a revival in demand.
- In India, it is anticipated that rate cuts by the RBI, pro-reform measures by the government and prospects of a normal monsoon may result in an improved demand environment
- IIL has undertaken several measures to enhance sustainability of long-term performance such as:
 - Enhancement of global distribution network
 - Widening of product portfolio with introduction of products such as bearing spacers, bimetallic tubes and hydraulic cylinders scheduled for FY14
 - Protection of intellectual property with application for global patent in 23 countries following the award of a patent in India. IIL has also applied for patents in 2 additional processes/products. Lastly some more patent applications are in process for filing
 - Continued focus on productivity and cost optimization initiatives across the company
 - Augmentation of senior management team
- It is expected that moderation in global commodity prices will extend to inputs such as steel and copper and that rupee depreciation will help in improved export realisations

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About Innoventive Industries Ltd (IIL)

Innoventive Industries Limited (BSE:INNOIND, NSE:INNOIND, Reuters: INNV.BO, Bloomberg: IIL:IN) is a multi-product engineering company which manufactures precision steel tubes, membrane panel strips, auto components, oil well drilling couplings, pup joints and other steel products catering to applications in diverse sectors such as transportation, power, oil & gas and general engineering.

It specializes in processing various types of steel, has a capability to make tubular transformations, enjoys flexible production systems and is able to undertake faster development cycles and effective supply chain management for efficient delivery. IIL has a well developed in-house R&D setup which has led to innovation in the manufacturing process leading to significant savings in resources and heightened competitiveness. The company has received a patent for its unique manufacturing process and is in the process of filing additional patents for some of its other innovations.

IIL has seven manufacturing facilities spread across Pune District and Silvassa. Its manufacturing facility at Pimple Jagtap was granted the 'Mega Project' status by the Govt. of Maharashtra under the 'Package Scheme of Incentives 2007 which entitles the company to relief from certain duties and benefit of Industrial Promotion Subsidy. IIL markets its products in the domestic as well as export markets and its customer list includes some of the leading names in their industries.

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Safe Harbour

Some of the statements in this press release 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.