

News Release: For immediate publication

## 9MFY12 Revenue higher by 18%, PAT expands 19%

**Pune, February 07, 2012:** 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 and other steel products catering to applications in diverse sectors such as transportation, boilers & heat exchangers, energy, oil & gas, farm equipment & general engineering has announced its financial results for the quarter and nine months ended December 31, 2011.

### Standalone Financial Highlights

#### 9MFY12

- For the nine months ended December 31, 2011 the Company has reported revenues of ₹ 451.6 crore resulting in growth of 18% in comparison to revenues of ₹ 381.5 crore in 9MFY11. Revenues comprise of net sales and other income
- EBITDA for 9MFY12 of ₹ 115.1 crore was higher by 16% when compared to 9MFY11 EBITDA of ₹ 99.2 crore
- PAT for 9MFY12 was ₹ 45.6 crore is higher by 19% when compared to ₹ 38.3 crore in 9MFY11 includes reversal of excess tax provision of earlier period
- EPS (not annualized) stands at ₹ 7.97 per share on enhanced capital base following IPO in April, 2011 as against 9MFY11 EPS (not annualized) of ₹ 10.39 per share.

### Chairman's Message

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

*"We are pleased to report a strong performance in 9MFY 12 with an 18% growth in revenues and 19% rise in PAT. Despite pressure on raw material costs we continue to maintain a robust EBITDA margin of over 25%.*

*We are also delighted to announce the acquisition of the business of Salem Steel North America, LLC. This acquisition is in line with our expansion strategy to augment our position in developed markets. It will help us to strengthen our relationships with our end-customers as well as expand our customer base.*

*This acquisition will be earnings accretive and will also help us to further improve our margins in the developed markets. The current revenue and profitability along with the potential for growth also make it a very attractive proposition on a commercial basis. We*

*are confident that this acquisition will contribute to growth and that we will be able to realise significant value for all our stakeholders.*

*While the business environment remains uncertain, we have strategically diversified our operations across products, markets and customer industries and are well positioned to deliver sustained growth in varied market conditions.”*

## Operating Highlights

- The company had a successful listing in the month of May, 2011 after raising ₹ 217.41 crore through its IPO. The proceeds have been earmarked for expansion of capacity , repayment of debt and general corporate purposes
- Following the IPO in May 2011 and internal accruals in subsequent quarters, the company’s Debt : Equity stands at 0.7 as on Dec 31, 2011
- The company’s Pimple Jagtap facility has been awarded the ‘Mega Project Status’ which makes Innoventive Industries eligible for Industrial Promotion Subsidy (IPS) until FY2016
  - Pursuant to its eligibility for this scheme, IIL has received a IPS sanction letter for ₹ 25.46 crore recently in Sept 2011
- In January 2012, IIL has acquired a substantial stake in the business of US based Salem Steel North America, LLC (“Salem Steel”) for USD 4.675 million. This acquisition enables it to forward integrate in the large and lucrative US Market for CEW tubes

## Outlook

The visibility of sustained growth remains robust due to:

- Greater market 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 exacerbates need for customers in developed economies to shift to cost competitive suppliers
- An increase in the demand for hydrocarbons coupled with more global certifications which has resulted in growth of demand for OCTG products
- Traction in demand for membrane panel strips - an import substitute product which has led to capacity expansion in the sector
- IIL has already entered into long-term supply contracts with large and well known global customers for off take of production of some key products

-ENDS

## 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 automobiles, boilers & heat exchangers, energy, oil & gas, farm equipment & 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's patent for its unique manufacturing process has passed public domain and is in the process of filing additional patents for some of its other innovations.

IIL has six manufacturing facilities spread across Pune 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.*