

News Release: For immediate publication

9MFY13 consolidated Revenue higher by 13% at ₹ 627 crore, PAT grew by 7%

Pune, February 13, 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 nine months ended December 31, 2012.

Consolidated Financial Highlights

9MFY13

- Revenues increased by 13% and were at ₹ 627.05 crore in comparison to 9MFY12 revenues of ₹ 554.14 crore. This was driven primarily by DOM tubes and oil & gas segments performance over the nine months. Revenues consist of net sales and other income
- PBT of ₹ 89.27 crore was higher by 13% when compared to 9MFY12 PBT of ₹ 78.79 crore
- PAT was ₹ 57.83 crore compared to ₹ 53.98 crore in 9MFY12
- EPS stands at ₹ 9.70 per share as against 9MFY12 EPS of ₹ 9.42 per share which are not comparable due increase in number of share following IPO in May 2011

Standalone Financial Highlights

9MFY13

- Revenues were at ₹ 485.94 crore up by 8% in comparison to 9MFY12 revenues of ₹ 451.56 crore. Motor vehicle parts, tubes division and other products contributed to the performance. Revenues comprise of net sales and other income
- EBITDA of ₹ 123.58 crore was higher by 7% when compared to 9MFY12 EBITDA of ₹ 115.10 crore and margins stood at 25% due to an improved product mix
- PAT was ₹ 44.80 crore when compared to 9MFY12 PAT of ₹ 45.64 crore
- EPS stands at ₹ 7.51 per share as against 9MFY12 EPS of ₹ 7.97 per share which are not comparable due to the IPO in May 2011

Standalone Financial Highlights

Q3FY13

- Revenues were at ₹ 169.54 crore grew by 5% in comparison to Q3FY12 revenues of ₹ 161.07 crore. Lower growth witnessed in tubes & products division owing to a slower off take in the domestic market and overall difficult market conditions. Revenues comprise of net sales and other income
- EBITDA were at ₹ 39.26 crore compared to Q3FY12 EBITDA of ₹ 42.27 crore and margins stood at 23%
- PAT was ₹ 13.66 crore when compared to ₹ 17.22 crore in Q3FY12. PAT was further impacted owing to additional depreciation on commissioning of new machinery and increased personnel cost
- EPS stands at ₹ 2.29 per share as against Q3FY12 EPS of ₹ 3.01 per share which are not comparable due to the IPO in May 2011

Chairman's Message

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

Operating Highlights

- IIL acquired a 51% stake in Innovative Technomics Pvt. Ltd (ITPL) an industry leader in high voltage soft starters and testing equipment
- IIL has received a patent for its 'Cold Pilgering' technology for a period of 20 years w.e.f April 24, 2009, also IIL has filed for two more new patents
- As of December 31, 2012, the company's long term consolidated Debt : Equity stands at 0.45
- Expanding customer base and value added products has contributed substantially to overall revenues
- New customer addition and commercialization of new developed products contributed to overall performance

Outlook

The near term visibility seems muted, however the long term sustained growth remains robust due to:

- Increasing market acceptance of our CEW/DOM tubes over various geographies
- Pressure on manufacturers in developed markets to identify cost effective suppliers to meet their raw material and components requirements without compromising on quality
- Improved position through strategic initiatives to increase penetration in export markets

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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 five 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.