



Q2 & H1 FY2014 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

Innoventive Industries Ltd

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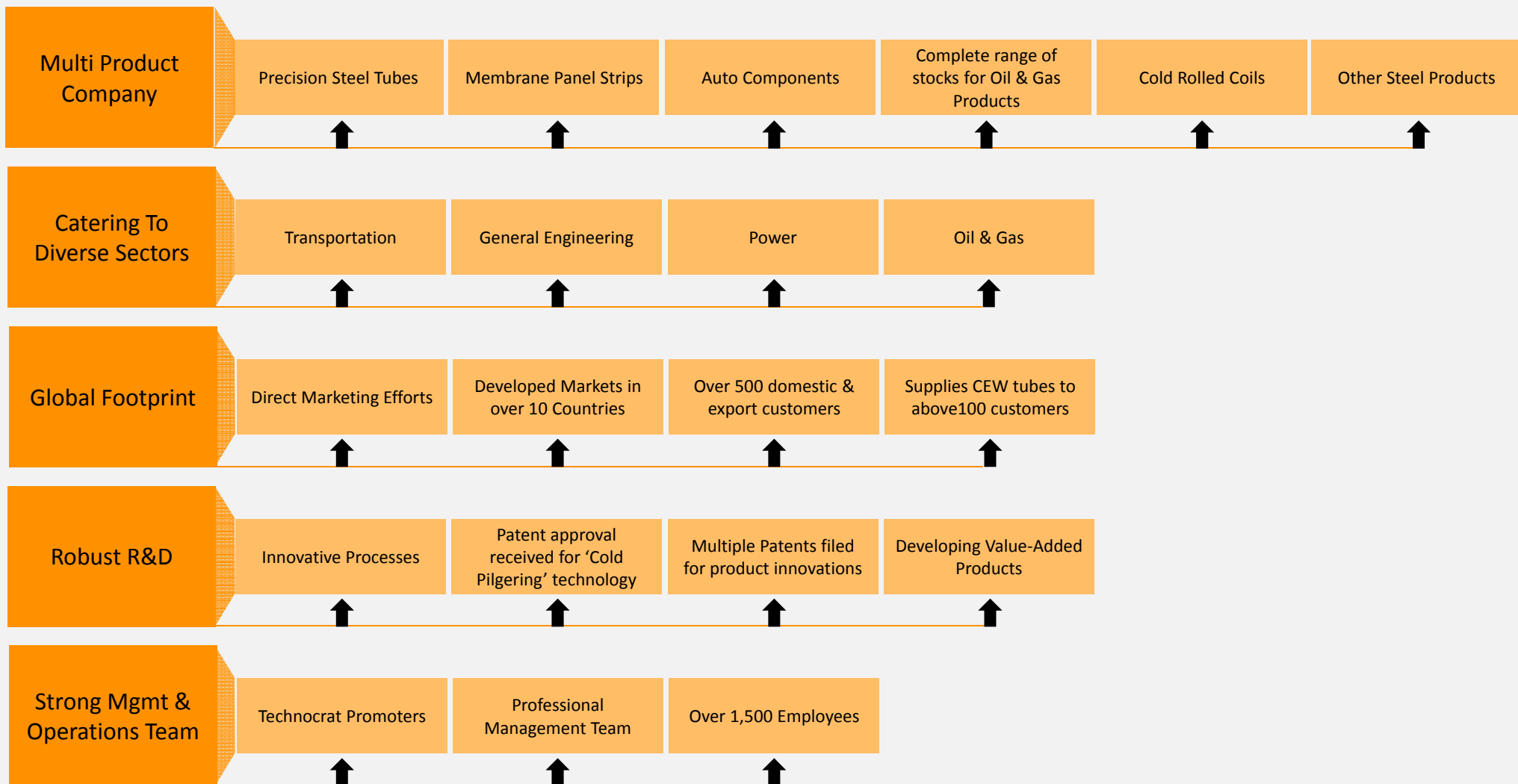
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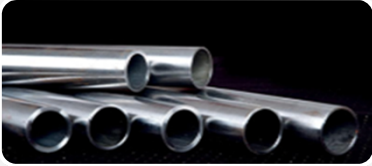
Innoventive Industries Ltd (IIL)



Snapshot - 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



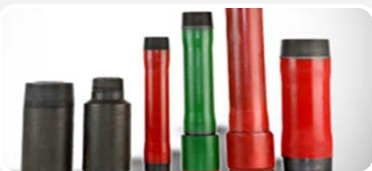
Auto Components

- Machined components
- Press fabricated parts
- Robotic welding of components and assemblies



Power Equipment Components

- Narrow-width Membrane Panel 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 roads propeller shafts and bobbin tubes- textile industries, etc.
- ✓ IIL's advantage – Manufactured using its unique 'Cold Pilgering' technology which has been awarded 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

Power Equipment Components



- ✓ Application – Membrane panel strips (MPS) and energy tubes find application in boilers and heat exchangers
- ✓ IIL's advantage – Only manufacturer of MPS in the country – supplies import substitute products at par with international standards at competitive 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

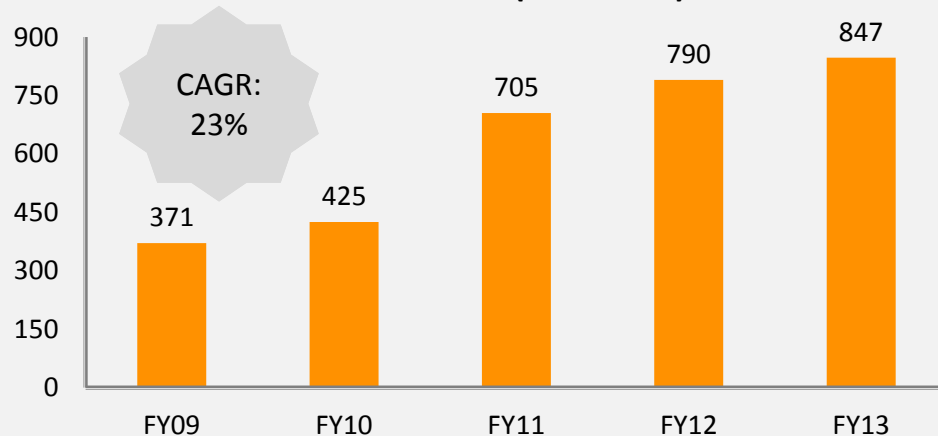
- Patented its indigenous technology used to manufacture DOM/CEW tubes of various specifications
- Awarded a patent for 20 years w.e.f April 24, 2009
- Cost reduction in terms of energy, labour and material in comparison to the traditional draw bench technique
- Customised designs for tools & dies result in enhanced efficiency
- Products manufactured by this method have unmatched quality with a superior surface finish and a higher tensile strength while being competitively priced
- Having received the patent for India, IIL is now eligible to apply for the same in other countries. Patent application is in process in other countries
- IIL has also applied for patents in 2 additional processes/products. Further, few more patent applications are under process for filing

Membrane Panel Strips (MPS)

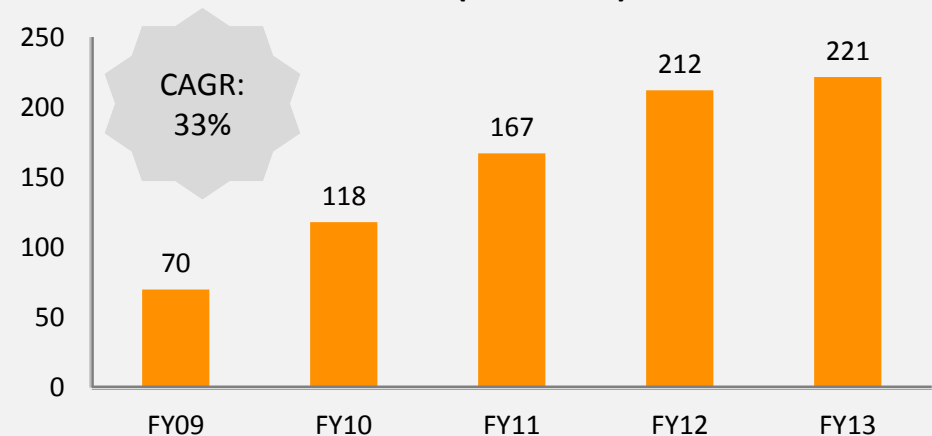
- IIL manufactures MPS (narrow width ~ 10.3mm) directly from HR coils leading to improved quality at lower cost
- A strong understanding in metallurgy has helped IIL to carry out improvements in traditional processes
- Conventionally these strips are manufactured using steel bars
- It is an import substitute product with applications in the power sector

Performance Track Record

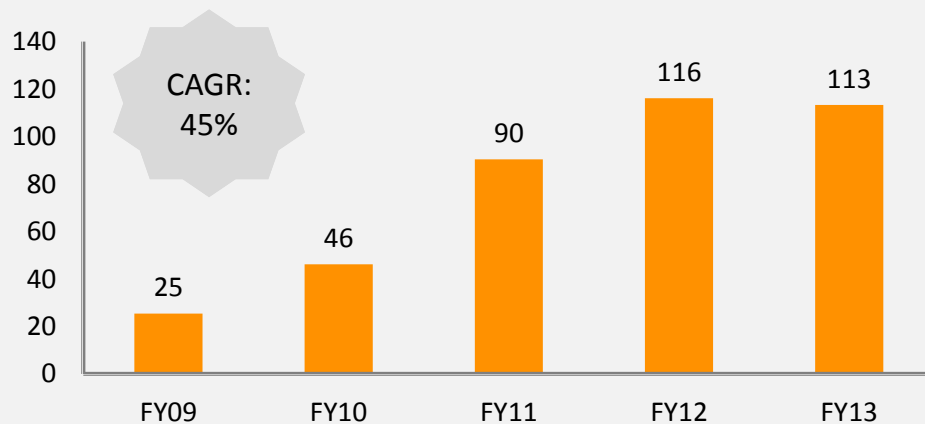
Total Revenue (₹ in Crore)



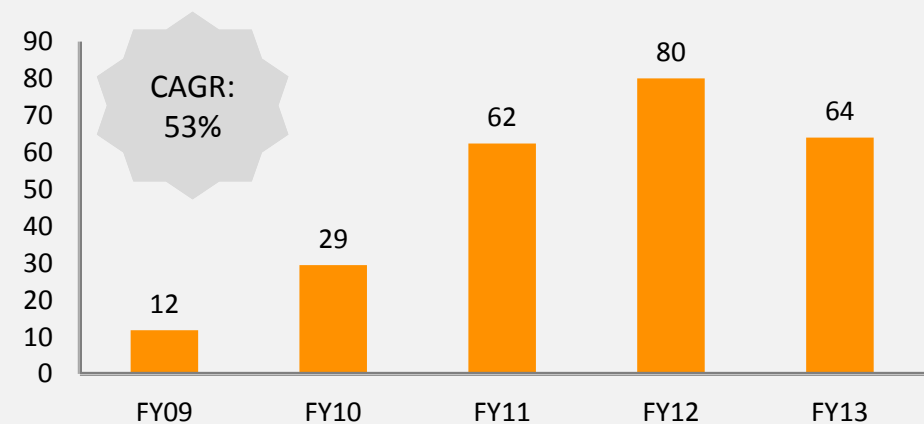
EBITDA (₹ in Crore)



Cash Profit (₹ in Crore)



Profit after tax & minority interest (₹ in Crore)



All figures are on a consolidated basis



SANKALP



Innovative
Technomics

Key Subsidiaries

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, LLC

Sankalp Engineering & Services Pvt. Ltd.



- Manufactures forgings & couplings for the oil & gas sector
- Increased stake in Sankalp Engineering & Services 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.

Financial Overview



Operational Updates – Q2 & H1 FY2014

- Demand from segments of tubes, cold rolled coils and Oil & gas remain sluggish
- Motor vehicle parts and 'others' segment have delivered topline growth in view of stable demand scenario
- Under absorption of fixed cost and change in product mix impacted operational profitability
- PAT impacted further by finance costs and forex losses

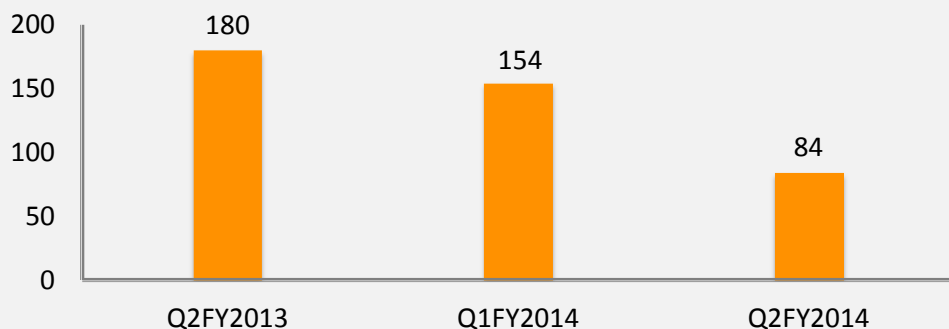
PLANNED INITIATIVES

- Negotiating with lenders to restructure borrowings and repayment schedule
- Addressing cash flow pressure through liquidation of inventories, incentivizing debtors for rapid payment and in discussion with creditors to enhance payment terms
- Rehabilitation of financial position envisaged through sale of non-core assets and potential divestment of one or more subsidiaries

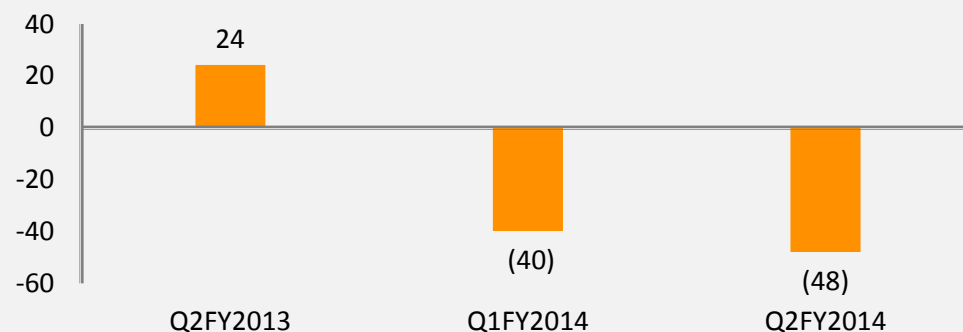
The Company believes that the combination of the above initiatives will facilitate infusion of funds required to support operations till a meaningful revival in the macro-economic environment.

Financial Overview – Q2 FY2014 (Standalone)

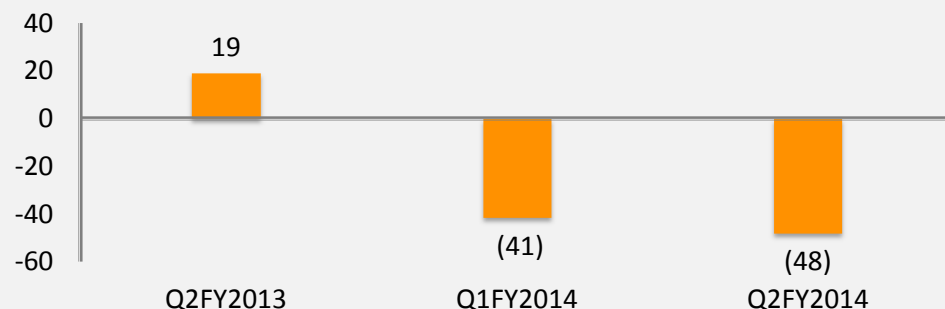
Total Revenue (₹ in Crore)



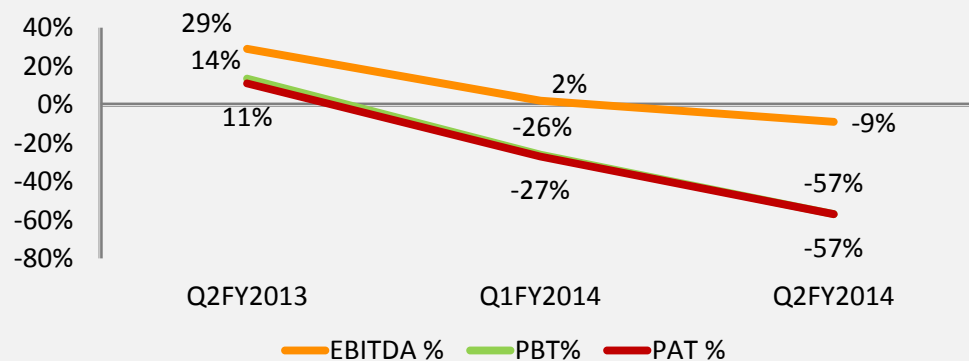
PBT (₹ in Crore)



PAT (₹ in Crore)



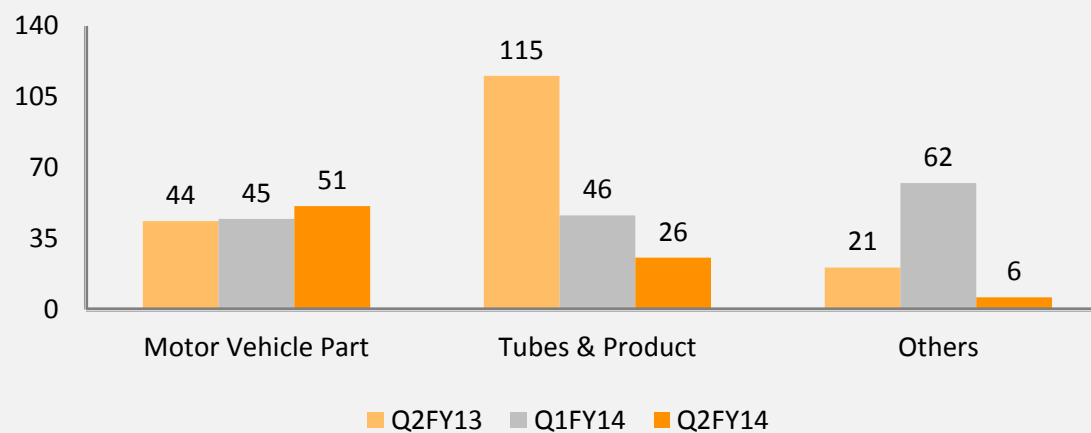
Margins (%)



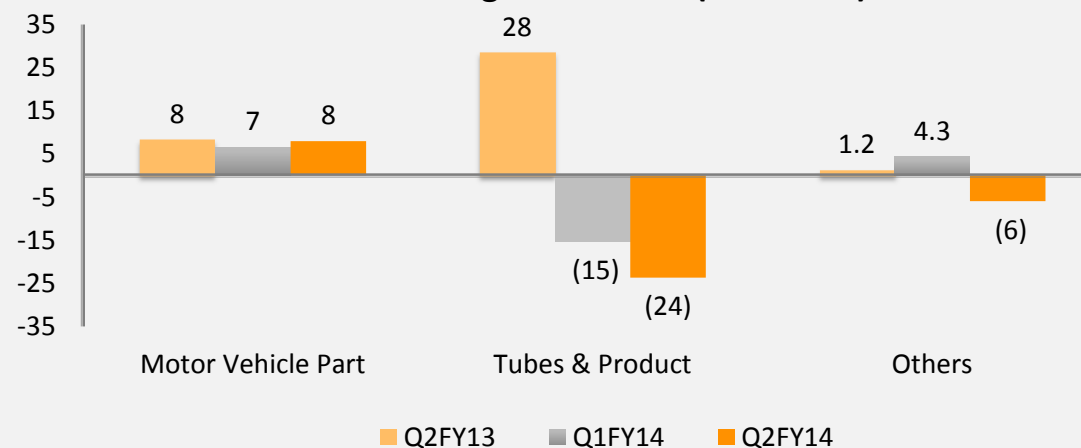
- ➔ Sustained weakness in macro economic environment has resulted in slower product off take and softness in revenues
- ➔ Sub-optimal capacity utilisation has moderated profitability with further impact from finance cost (₹ 20.2 crore) and currency fluctuation (₹ 10 .1 crore forex loss)

Segmental Performance – Q2 FY2014 (Standalone)

Segmental Revenue (₹ in Crore)



Segmental EBIT (₹ in Crore)



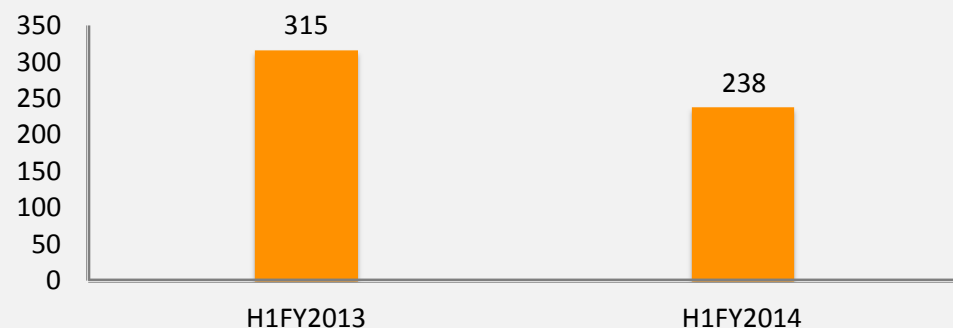
Financial Table – Q2 FY2014 (Standalone)

	Q2FY2014		Q1FY2014		Q2FY2013		QoQ Growth	YoY Growth
	₹ Crore	% of Total Income	₹ Crore	% of Total Income	₹ Crore	% of Total Income	%	%
Net Sales	82.59	-	153.55	-	172.50	-	(46.2%)	(52.1%)
Other Income	1.36	1.6%	0.74	0.5%	6.7	3.7%	83.8%	(79.7%)
Total Income	83.95	-	154.28	-	179.17	-	(45.6%)	(53.1%)
Material Consumption	57.22	68.2%	114.21	74.0%	100.07	55.9%	(49.9%)	(42.8%)
Employee Cost	9.02	10.7%	9.52	6.2%	6.24	3.5%	(5.3%)	44.6%
Other Expenditure	25.50	30.4%	27.54	17.9%	21.90	12.2%	(7.4%)	16.4%
EBITDA	(7.79)	-	2.47	1.6%	50.96	28.4%	(415.4%)	(115.3%)
Depreciation	9.87	11.8%	10.36	6.7%	9.05	5.1%	(4.7%)	9.1%
EBIT	(17.66)	-	(7.89)	-	41.91	23.4%	123.8%	(142.1%)
Finance Cost	20.16	24.0%	21.61	14.0%	13.11	7.3%	(6.7%)	53.8%
Foreign exchange Loss	10.12	12.1%	10.85	7.0%	4.63	2.6%	(6.7%)	118.6%
PBT	(47.94)	-	(39.82)	-	24.17	13.4%	20.4%	(298.3%)
Tax	-	-	1.57	-	5.19	-	-	-
PAT	(47.94)	-	(41.39)	-	18.99	10.6%	15.8%	(352.4%)
EPS*	(8.04)	-	(6.94)	-	3.18	-	-	-

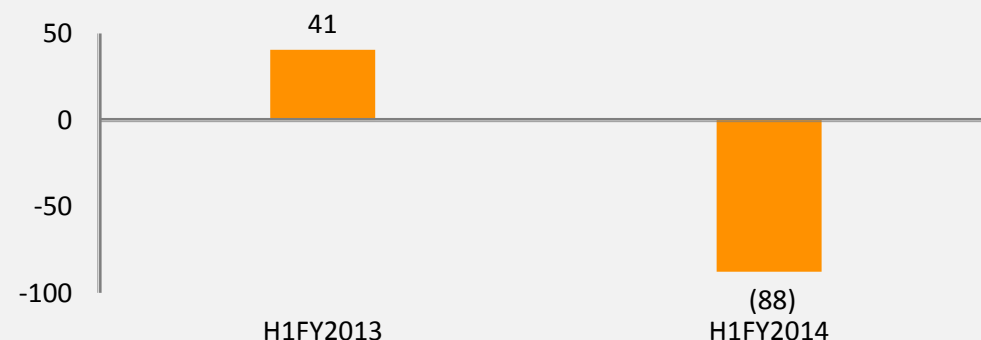
* Basic/Diluted (not annualised). EBITDA has been calculated excluding adjustment for foreign exchange loss

Financial Overview – H1 FY2014 (Standalone)

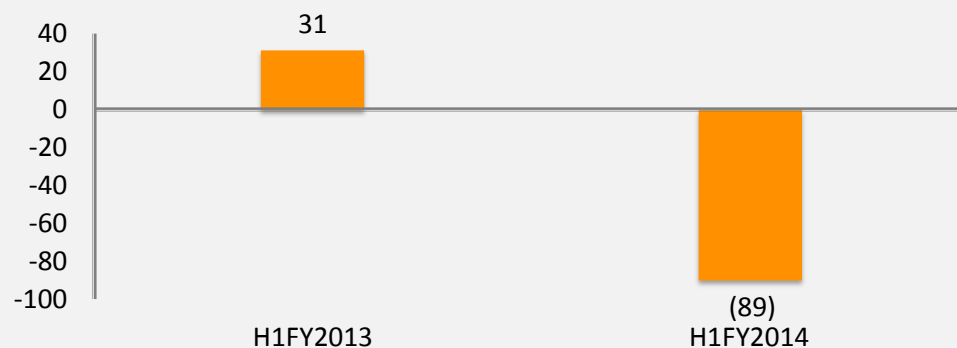
Total Revenue (₹ in Crore)



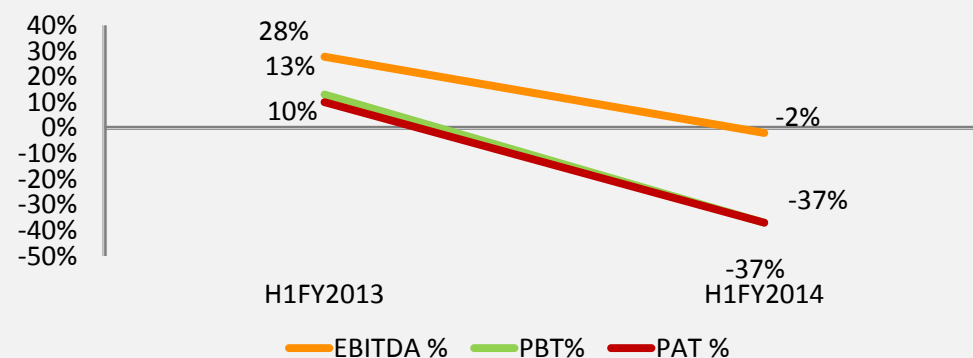
PBT (₹ in Crore)



PAT (₹ in Crore)



Margins (%)



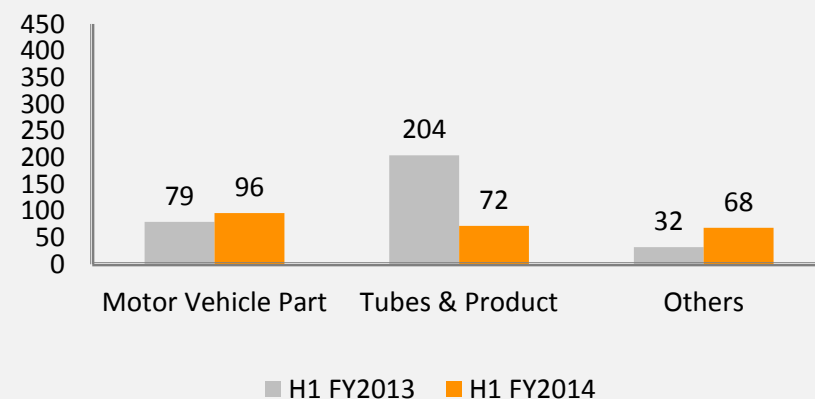
EBITDA has been calculated excluding adjustment for foreign exchange loss

Financial Table – H1 FY2014 (Standalone)

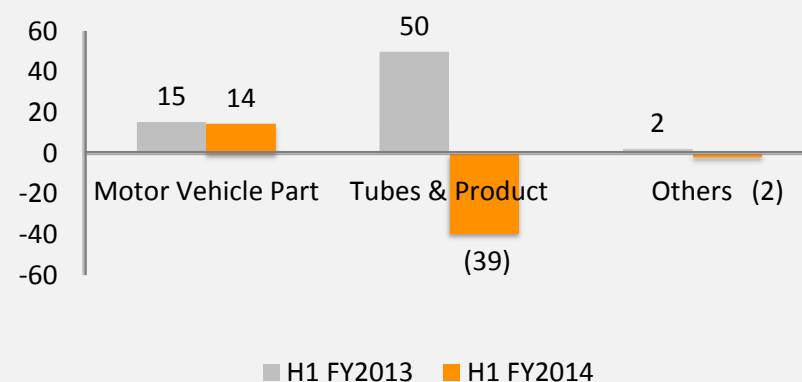
Half Year ended Sep 30, 2013	H1 FY2014		H1 FY2013		YoY Growth
	₹ Crore	% of Total Income	₹ Crore	% of Total Income	%
Net Sales	236.14		302.57		(22.0%)
Other Income	2.10	0.9%	13.33	4.2%	(84.2%)
Total Income	238.23		315.90		(24.6%)
Material Consumption	171.44	72.0%	176.45	55.9%	(2.8%)
Employee Cost	18.54	7.8%	12.12	3.8%	53.0%
Other Expenditure	53.04	22.3%	39.87	12.6%	33.0%
EBITDA	(4.79)	-	87.46	27.7%	(105.5%)
Depreciation	20.23	8.5%	17.32	5.5%	16.8%
EBIT	(25.02)	-	70.14	22.2%	(135.7%)
Finance Cost	41.77	17.5%	26.44	8.4%	58.0%
Foreign exchange Loss	20.97	8.8%	3.17	1.0%	-
PBT	(87.76)	-	40.57	12.8%	(316.3%)
Tax	1.57	-	9.43	-	-
PAT	(89.33)	-	31.14	9.9%	(386.9%)
EPS*	(14.98)	-	5.22	-	-

* Basic/Diluted (not annualised). EBITDA has been calculated excluding adjustment for foreign exchange loss

Segmental Revenue (₹ in Crore)



Segmental EBIT (₹ in Crore)



Balance Sheet (As on September 30, 2013 - Standalone)

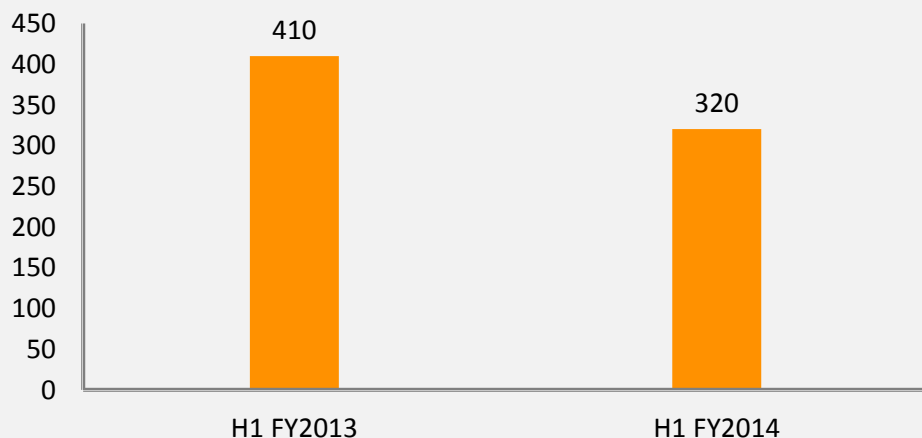
Particulars	H1 FY2014 ₹ crore
Equity and liabilities	
Shareholders' funds	397.90
Non-current liabilities	302.29
Current liabilities	487.58
Total - Equity and Liabilities	1,187.78
Assets	
Fixed Assets	640.49
Non-Current Assets	118.84
Current Assets	428.44
Total - Assets	1,187.78

Book Value Per Share (₹)	66.71
EPS (₹)	(14.98)
Net Worth (₹ Crore)	397.90
Long Term Debt (₹ Crore)	230.65
Cash & Cash Equivalent (₹ Crore)	16.72

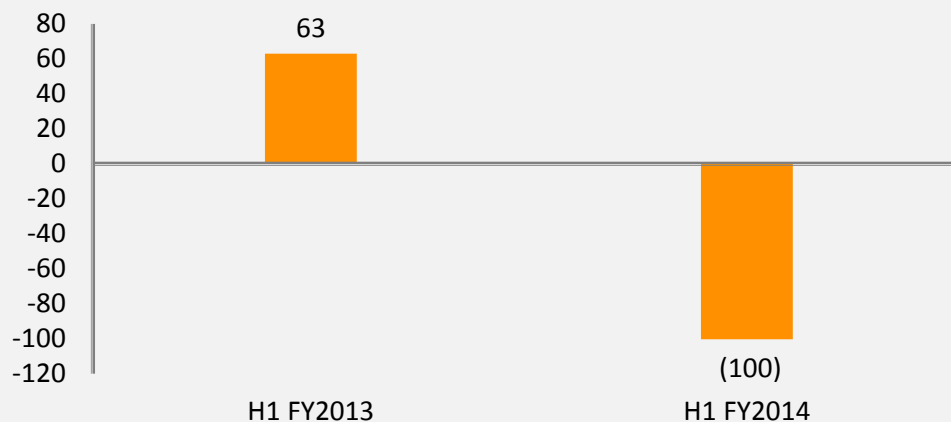
Standalone long term Debt Equity ratio at 0.58

Financial Overview – H1 FY2014 (Consolidated)

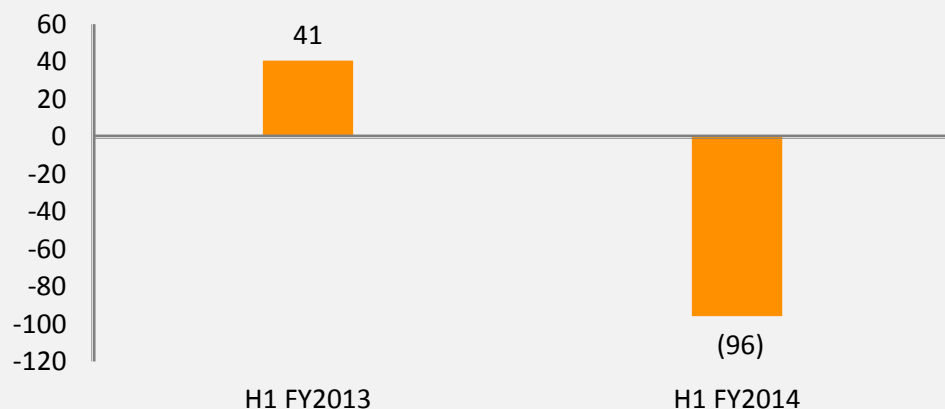
Total Revenue (₹ in Crore)



PBT (₹ in Crore)



PAT (₹ in Crore)



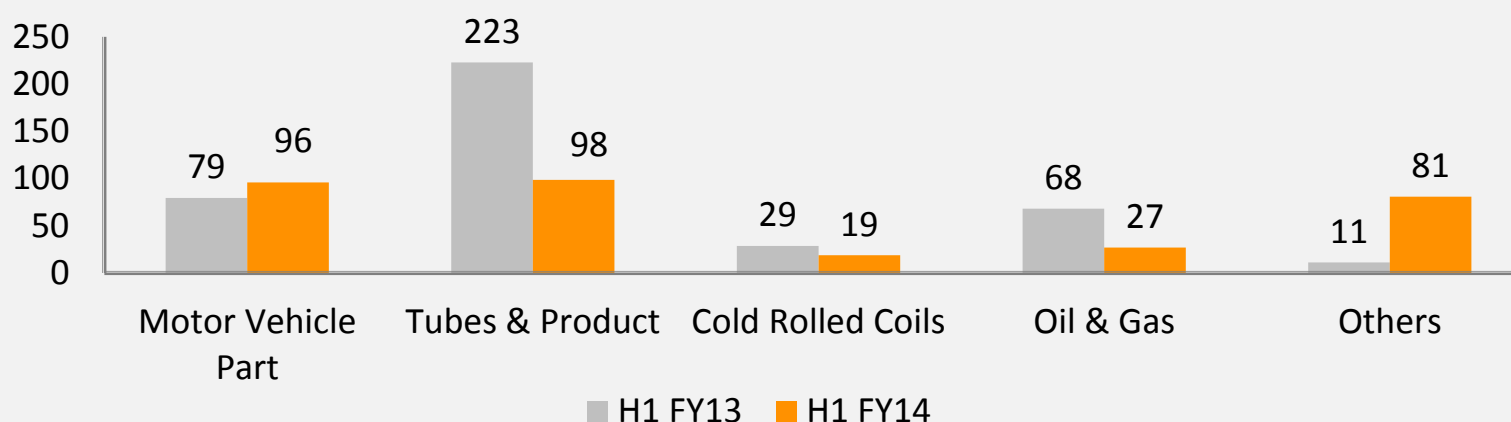
- Revenues declined due to sustained weakness in macro environment leading to reduced product offtake
- Operating profit impacted by drop in sales leading to sub-optimal capacity utilisation & changed revenue mix
- Profitability further impacted by finance costs and forex loss

Segmental Performance – H1 FY2014 (Consolidated)

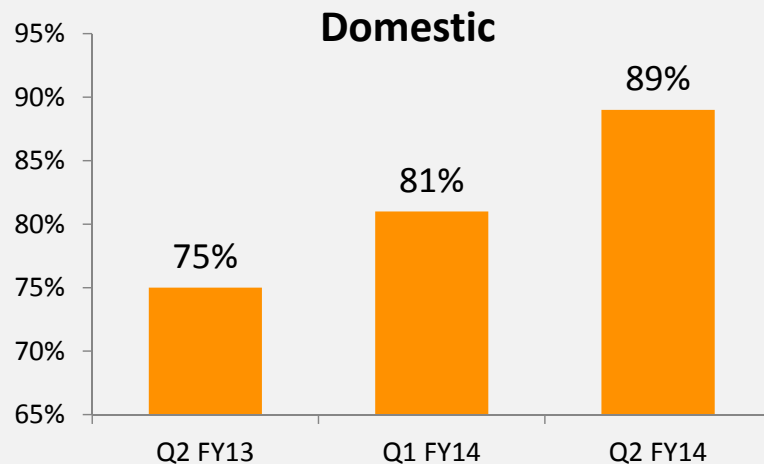
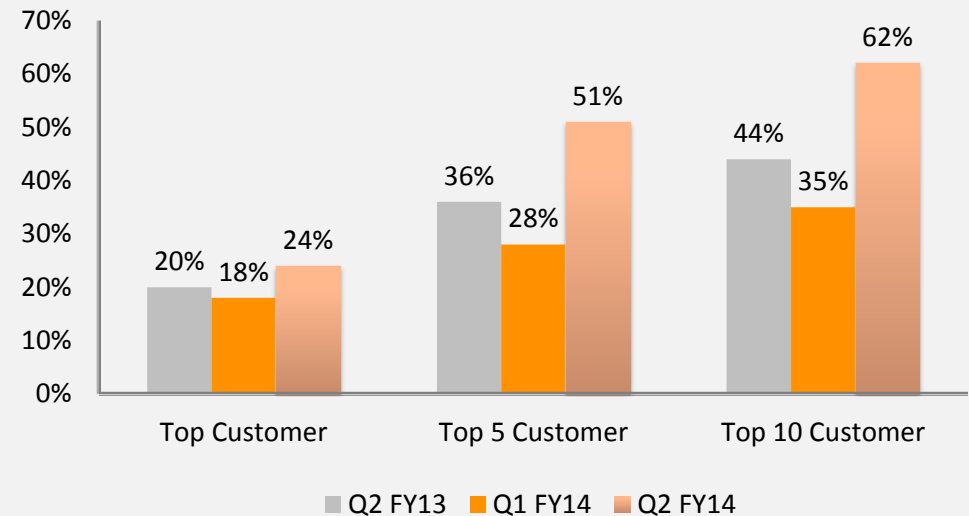
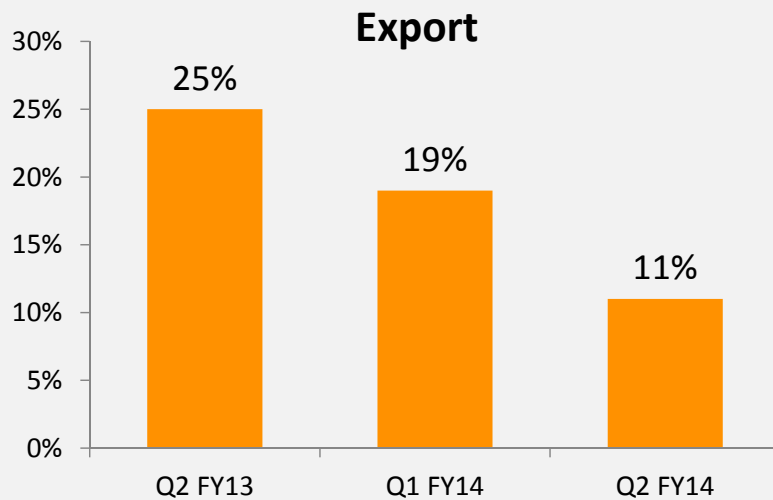
Half year ended September 30, 2013	H1 FY14 ₹ crore	H1 FY13 ₹ crore	Growth %
Total Revenue	320.37	409.90	(21.8%)
Profit before Tax	(100.37)	62.99	(259.3%)
Profit after Tax and Minority Interest	(95.79)	40.54	(336.3%)
EPS*	(16.06)	6.80	(336.2%)

* Basic/Diluted (not annualised).

Segmental Revenue (₹ in Crore)

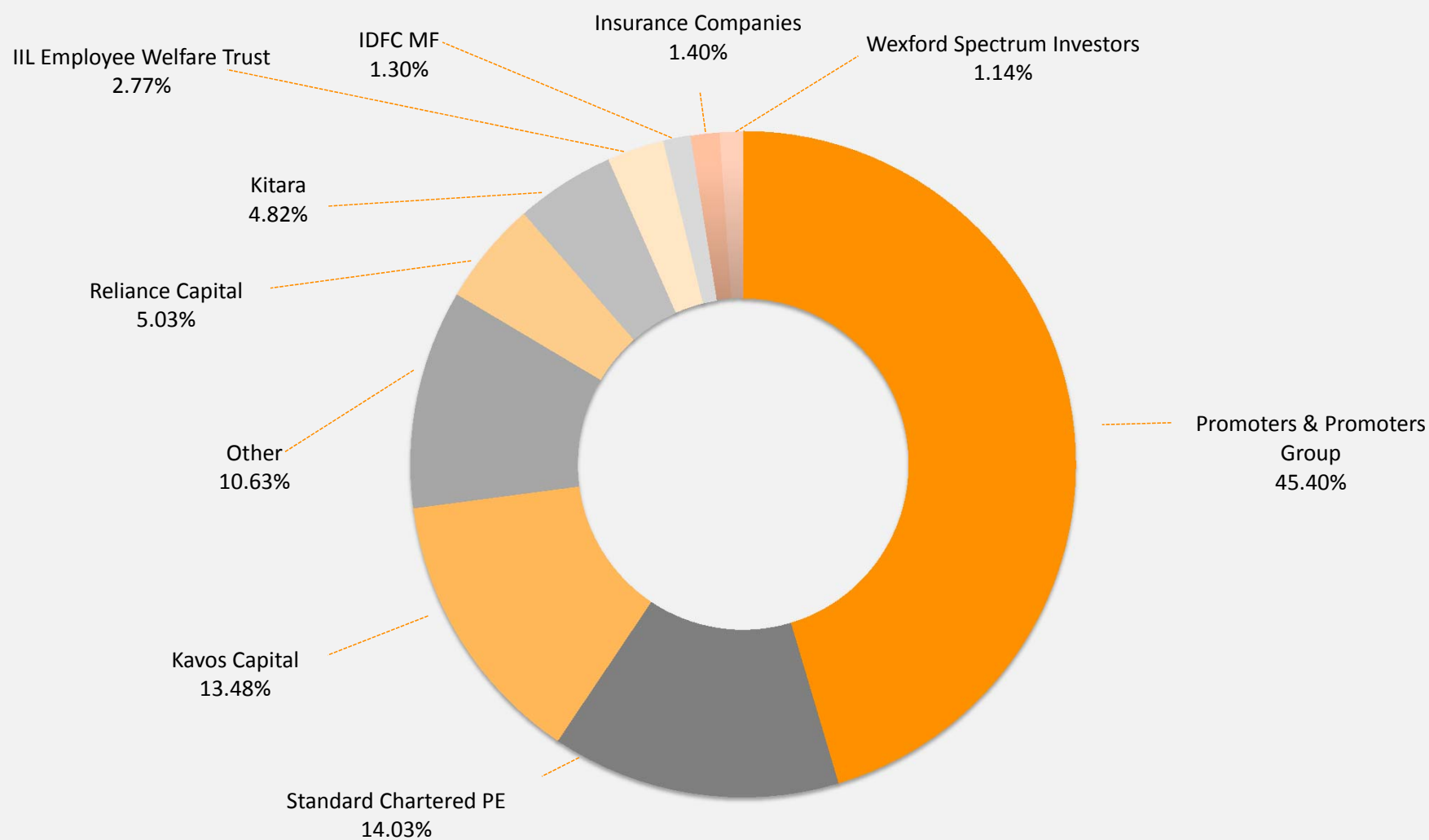


Top Customer Performance & Exports (Consolidated)



- Stable performance by segments of Motor Vehicle Parts and 'other' products comprising soft starters
- Sluggish demand for high value products from core customers has led to softness in export revenues and change in revenue mix
- As a result there has been widening of the overall customer base in non-core products

Shareholding as on September 30, 2013



Thank You

