



Pennar



PENNAR INDUSTRIES LIMITED

Q4 & FY19 RESULT PRESENTATION

MAY 2019



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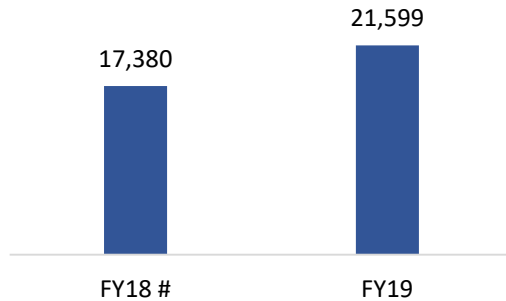
Discussion Summary

- ❖ **Results Update**

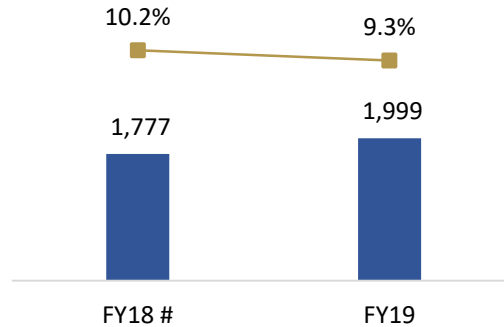
- ❖ Company Overview

FY19 YoY Analysis

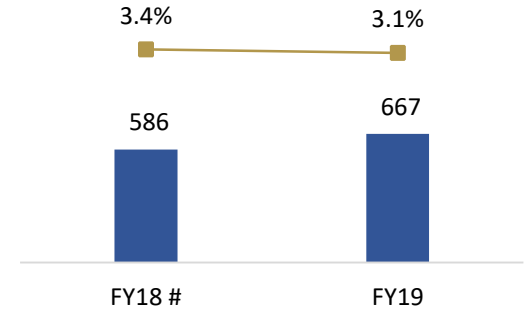
Total Income (Net)



EBITDA & EBITDA Margin *



PAT & PAT Margin *



Engineering Products

- Supply of critical structural railway components (coaches, wagons, other parts) generated gross revenues of Rs 1,062 Mn delivering 29.2% YoY growth in Q4 FY19. There are total 32 existing customers with major customers like Integral Coach Factory, Modern Coach Factory.
- Supply of critical industrial components (to Automobile & White Goods sector) generated gross revenues of Rs 325 Mn, delivering 33.2% YoY growth in Q4 FY19
- Supply of precision tubes generated gross revenues of Rs 852 Mn, delivering 31.2% YoY growth in Q4 FY19. They have more than 350 customers and major customers like Mahindra, Gabriel, Yamaha, Bridgestone.
- Supply of other fabricated products like ESP electrodes, building materials, special grade CRSS, solar MMS etc. generated revenues of Rs 2,285 Mn, delivering 17.5% YoY growth in Q4 FY19
- **Robust momentum in new orders across all product segments from existing as well as new customers**

Engineering Solutions

PEBS :

- Pre-engineered buildings generated gross revenues of Rs Rs 2,229 Mn, delivering 43% YoY growth in Q4 FY19
- Solar MMS generated gross revenues of Rs 79 Mn in Q4 FY19
- Engineering Services generated Rs 41 Mn, delivering 10% YoY growth in Q4 FY19
- Robust order book at Rs 4,720 Mn as on 31st March 2019 backed by order inflow of Rs 1,467 Mn which consisted of new order inflow of Rs 621 Mn and repeat order inflow of Rs 846 Mn
- New customers added – RMK Infrastructure, BVG India Ltd, Schott Kaisha Pvt Ltd, Hindustan EPC Co Private Ltd, Aro Granites, Kala Jyothi Process Pvt Ltd, Chettinad Builders, Waterman Imports Ltd, LUK India

Engineering Solutions :

- Major New customers added – Saurashtra Cement, ITD (Metro Kolkata), Haldiram Foods, Excel Industries
- 12 dealers appointed for Standard Products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat

AP-1565 (TAIIN)



Shahi Exports



Ultratech Cements Ltd



GMR



Q4 FY19: Key Projects Under Execution



Q4 & FY19: Consolidated Profit & Loss Statement



| Particulars (Rs. in Mn) | Q4 FY19 | Q4 FY18 | YoY% | FY19 | FY18 |
|----------------------------------------|--------------|--------------|-----------------|---------------|---------------|
| Revenue From Operations (Net of Taxes) | 5,851 | 5,031 | 16.3% | 21,331 | 17,681 |
| Other Income | 51 | 80 | -35.7% | 267 | 159 |
| Total Income | 5,902 | 5,110 | 15.5% | 21,599 | 17,840 |
| COGS | 3,493 | 2,953 | 18.3% | 13,155 | 10,776 |
| Gross Profit | 2,409 | 2,157 | 11.7% | 8,443 | 7,063 |
| Gross Margin % | 40.8% | 42.2% | -140 bps | 39.1% | 39.6% |
| Employee Expenses | 372 | 338 | 9.9% | 1,529 | 1,228 |
| Other Expenses | 1,401 | 967 | 44.8% | 4,915 | 3,618 |
| EBITDA | 636 | 852 | -25.3% | 1,999 | 2,218 |
| EBITDA Margin % | 10.8% | 16.7% | -589 bps | 9.3% | 12.4% |
| Depreciation | 72 | 81 | -10.9% | 279 | 293 |
| Finance Cost | 227 | 197 | 15.2% | 752 | 674 |
| Exceptional Items | 0 | 130 | - | 0 | 130 |
| PBT | 338 | 704 | -52.0% | 968 | 1,381 |
| Taxes | 95 | 229 | -58.6% | 302 | 476 |
| PAT Before MI | 243 | 475 | -48.8% | 667 | 905 |
| PAT Margin % | 4.1% | 9.3% | -518 bps | 3.1% | 5.1% |

FY18 figures are adjusted to exclude exceptional and non-recurring items

FY19: Consolidated Balance Sheet

| Particulars (Rs. in Mn) | FY19 | FY18 |
|---------------------------------------|---------------|---------------|
| Equity & Liabilities | | |
| Equity Share Capital | 762 | 762 |
| Other Equity | 5,913 | 5,279 |
| Total Equity | 6,675 | 6,041 |
| Non Cotrolling Interest | 2 | |
| Total Equity | 6,677 | 6,041 |
| Non-Current Liabilities | | |
| Borrowings | 1,003 | 1,008 |
| Other Financial Liabilities | 51 | 47 |
| Provisions | 86 | 54 |
| Deferred Tax Liabilities (net) | 268 | 238 |
| Other Non-Current Liabilities | 60 | 79 |
| Total Non-Current Liabilities | 1,469 | 1,425 |
| Current Liabilities | | |
| Borrowings | 3,129 | 2,356 |
| Trade Payables | 4,491 | 3,700 |
| Other Financial Liabilities | 566 | 225 |
| Provisions | 92 | 100 |
| Income Tax Liabilities | 156 | 249 |
| Other Current Liabilities | 856 | 1,019 |
| Total Current Liabilities | 9,290 | 7,649 |
| Total Equity & Liabilities | 17,436 | 15,115 |

| Particulars (Rs. in Mn) | FY19 | FY18 |
|---------------------------------|---------------|---------------|
| Assets | | |
| Non-Current Assets | | |
| Property, Plant And Equipment | 4,405 | 3,275 |
| Capital Work-in-progress | 1,177 | 273 |
| Other Intangible Assets | 135 | 143 |
| Trade Receivables | 94 | 26 |
| Other Financial Assets | 82 | 71 |
| Income Tax Assets (Net) | 104 | 85 |
| Other Non-current Assets | 128 | 155 |
| Total Non-Current Assets | 6,125 | 4,028 |
| Current Assets | | |
| Inventories | 4,386 | 4,326 |
| Investments | 521 | 693 |
| Trade Receivables | 4,636 | 4,020 |
| Cash And Cash Equivalents | 152 | 329 |
| Other Balances With Banks | 232 | 171 |
| Loans | 195 | 200 |
| Other Financial Assets | 308 | 322 |
| Other Current Assets | 881 | 1,027 |
| Total Current Assets | 11,311 | 11,087 |
| Total Assets | 17,436 | 15,115 |

Discussion Summary

❖ Quarterly Results Update

❖ **Company Overview**

Diversified Engineering Company With End-To-End Capabilities

Wide Spectrum of Engineered Products & Customised Turnkey Engineering Solutions Across Diverse Industries

**Strong Pedigree
& Engineering
Excellence**

**35+
Years of
Experience**

**1,500+
Engineered
Products**

**1,000+
Customers Across
Industries**

**7
Manufacturing
Plants**

**2,500+
Employee
Base**

Engineered Products *

- Wide range of customised engineering products catering to diverse sectors
- Strong designing & manufacturing capabilities

Engineering Solutions **

- Leading player in Pre-Engineered Buildings, Solar EPC, Designing & Engineering Services with presence in USA
- Water Treatment Solutions (EPC + O&M), Water Treatment Chemicals & Fuel Additives

**Exposure to High
Growth Sectors**

Automobiles

**Construction &
Infrastructure**

**General
Engineering**

White Goods

Railways

Solar

**Prominent
Clientele From
Diverse Sectors**



LARSEN & TOUBRO



Hindustan Unilever Limited



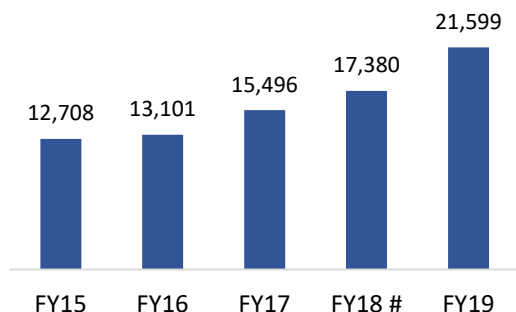
Strong Track Record: Consistent Growth & Improving Profitability

FY14-16 Figures are as per the I-GAAP, FY17-19 Figures are as per IND-AS

In Rs Mn

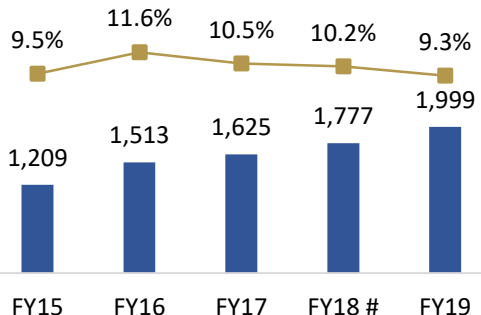
Total Revenues

CAGR: 14%



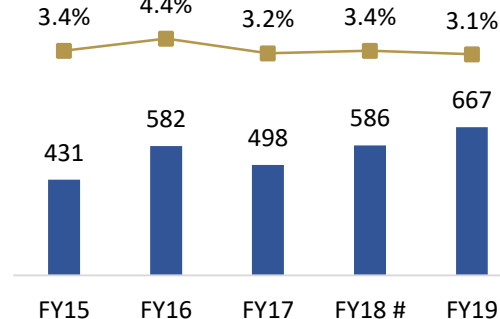
EBITDA & EBITDA Margin

CAGR: 13%

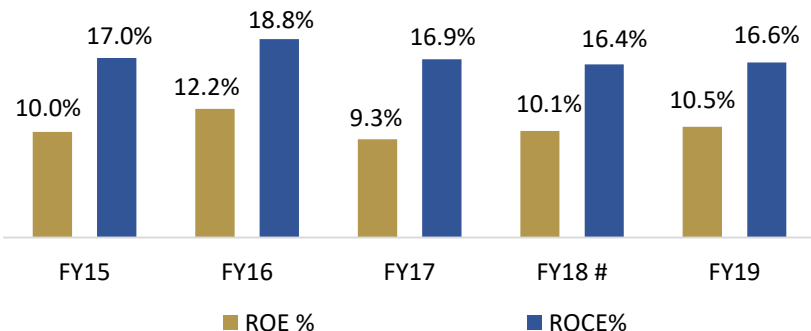


PAT Before MI & PAT Margin

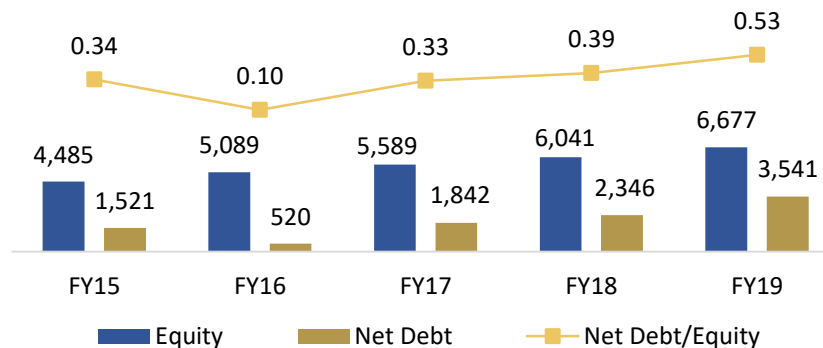
CAGR: 12%



Return Ratios



Leverage Analysis



FY18 figures are adjusted to exclude exceptional and non-recurring items

ROE = PAT / Avg. (Equity + MI), ROCE = EBIT / Avg. Capital Employed (Total Debt + Equity + MI)

Robust Manufacturing Facilities & Pan India Sales Network



| Location | Products |
|----------------------------|-----------------------------------------------------------------------------------------------------------------|
| Patancheru, Andhra Pradesh | Press Components, Profiles, ESP / Building Products, Sheet Piles / Solar, Railway Components, CRSS, Fabrication |
| Chennai, Tamil Nadu | Coaches, Auto Profiles, Components / Hydraulics, Building Products |
| Isnapur, Andhra Pradesh | CRSS, ERW / CDW Tubes, Profiles, Solar |
| Velchal, Telangana | Strip Galvanizing, Hot Dip Galvanizing |
| Tarapur, Maharashtra | Solar, Building Products, Auto Profiles, ESP |
| Sadashivpet, Telangana | Pre-Engineered Building Systems |
| Mallapur, Hyderabad | Fuel Additives, Water Treatment Chemicals & Solutions |

Experienced Leadership & Management Team



Nrupender Rao
Executive Chairman



Aditya N. Rao
Vice Chairman &
Managing Director



P. V. Rao
Joint Managing Director



K. Chakravarthy
Business head,
Enviro



Dayasagar Rao
Operations



Y Narasimha Rao
Business Head,
Steel Products



M. Bhoopal Reddy
Business Head,
Tubes



Shiva Kumar K
Business Head,
Industrial Components

Board of Directors – Strong Corporate Governance



Nrupender Rao
Executive Chairman



Aditya N. Rao
Vice Chairman,
Managing Director



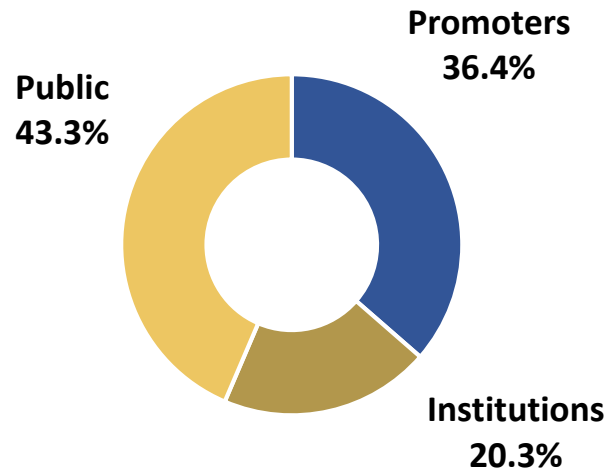
P. V. Rao
Joint Managing
Director



K Lavanya Kumar
Executive Director

| Name | Designation | Description |
|------------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Eric James Brown Non-Executive Director | <ul style="list-style-type: none"> President and CEO of Pennar Global, Inc. 30+ years of experience |
|  | Vishal Sood Non-Executive Director | <ul style="list-style-type: none"> Managing Director at SAIF partners Earlier worked with Kotak, SSKI and SBI Capital Markets |
|  | Chandrasekhar Sripada Non-Executive Independent Director | <ul style="list-style-type: none"> 40+ years corporate career in HRM across Public, Private and Multi-National Companies MBA, MA & PhD |
|  | C Parthasarathy Non-Executive Independent Director | <ul style="list-style-type: none"> One of the founders of Karvy Group and responsible for building Karvy as one of India's truly integrated financial services organizations He has been actively associated with various professional bodies in senior capacities over the last decade |
|  | B Kamalaker Rao Non-Executive Independent Director | <ul style="list-style-type: none"> Serving as Director on Boards of several Government and Public Sector Undertakings Distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party |
|  | Manish Sabharwal Non-Executive Independent Director | <ul style="list-style-type: none"> Member of the Prime Ministers Council on Skill Development and has served on the Planning Commission steering committee on labour and employment for the Eleventh five year plan (2007-12) He is a member of the CII core group on labour reforms |
|  | Varun Chawla Non-Executive Independent Director | <ul style="list-style-type: none"> 9+ years of Investment Banking experience He was one of the founders of myguesthouse.com, acquired by Make My Trip. |
|  | Bharati Jacob Non-Executive Independent Director | <ul style="list-style-type: none"> Extensive experience in venture investing, marketing and financial services. Masters degrees from The Wharton School of University Pennsylvania and XLRI Jamshedpur |

Shareholding Pattern – Mar 2019



Source: BSE

Key Shareholders – Mar 2019

| | |
|---------------------------------------|--------|
| Saif India IV FI Holdings Limited | 10.09% |
| Franklin India Smaller Companies Fund | 7.22% |
| Ashmore India Opportunities Fund | 1.35% |



Thanking You



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DICKENSON

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