



**Pennar**



**PENNAR INDUSTRIES LIMITED**

**Q2 & H1 FY19 RESULTS PRESENTATION**

**NOVEMBER 2018**



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# Discussion Summary

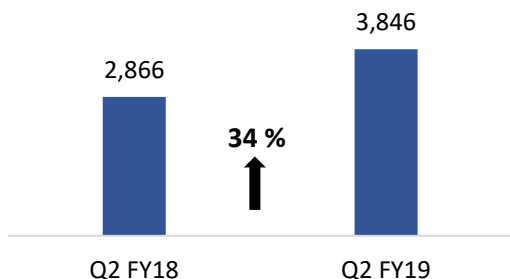
- ❖ Quarterly Results Update

- ❖ Company Overview

# Q2 & H1 FY19: Key Highlights (Standalone)

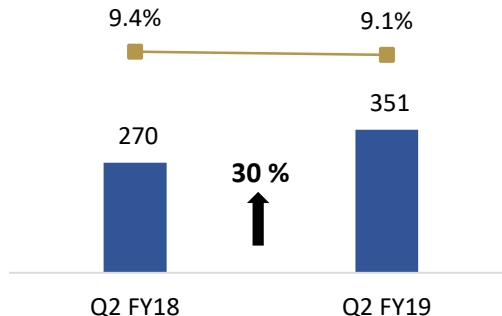
In Rs Mn

## Total Income (Net)

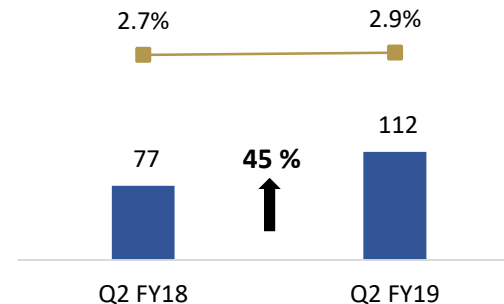


## Q2 FY19 YoY Analysis

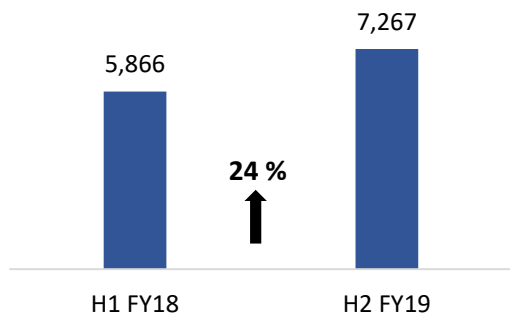
### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*

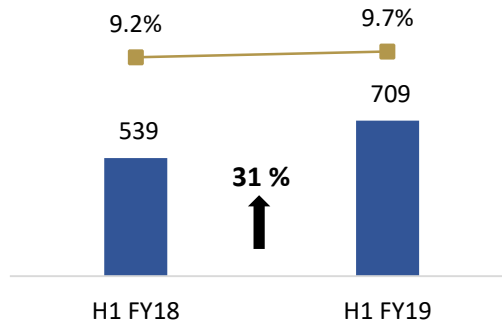


## Total Income (Net)

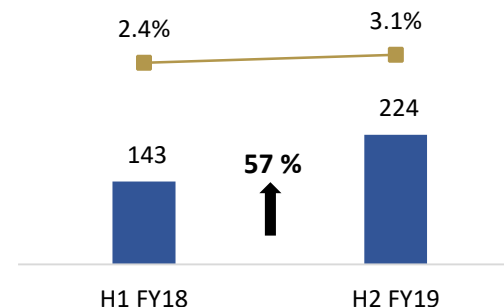


## H1 FY19 YoY Analysis

### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*

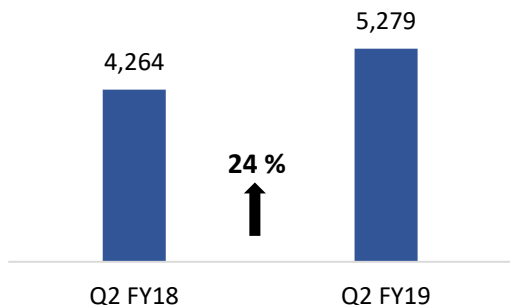


\* Calculated on Total Income (Net)

# Q2 & H1 FY19: Key Highlights (Consolidated)

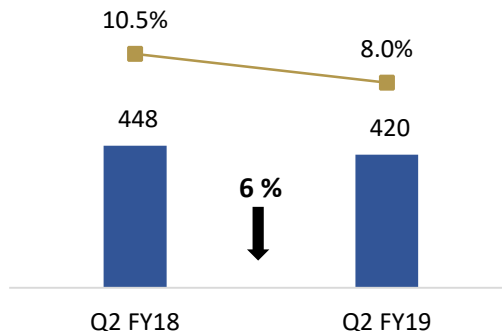
In Rs Mn

## Total Income (Net)

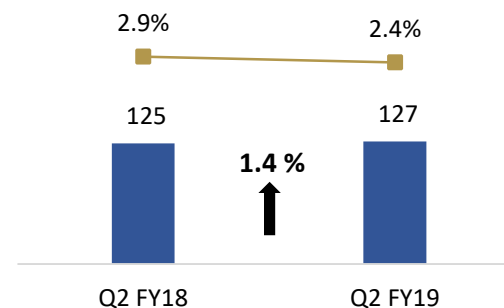


## Q2 FY19 YoY Analysis

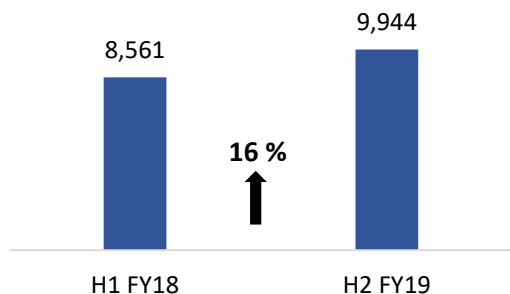
### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \* @

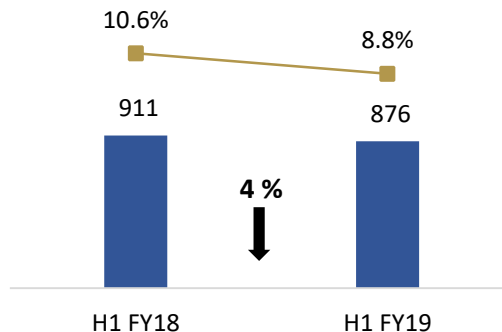


## Total Income (Net)

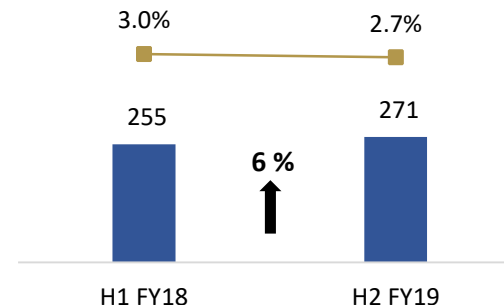


## H1 FY19 YoY Analysis

### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \* @



### Engineering Products

#### **Rising share of value-added & higher margin engineering products leading to improved gross margins**

- Supply of critical structural railway components (coaches, wagons, other parts) generated gross revenues of Rs 936 Mn, delivering 126% YoY growth in Q2 FY19
- Supply of critical industrial components (to Automobile & White Goods sector) generated gross revenues of Rs 271 Mn, delivering 28% YoY growth in Q2 FY19
- Supply of precision tubes (to largely Automobile sector) generated gross revenues of Rs 822 Mn, delivering 44% YoY growth in Q2 FY19 led by increasing proportion of high margin CDW tubes
- Supply of other fabricated products like ESP electrodes, building materials, special grade CRSS, solar MMS etc. generated revenues of Rs 2,091 Mn, delivering 9% YoY growth in Q2 FY19
- **Robust momentum in new orders across all product segments from existing as well as new customers**

## Engineering Solutions

### **PEBS Pennar:**

- Pre-engineered buildings generated gross revenues of Rs 1,387 Mn, delivering 25% YoY growth in Q2 FY19
- Solar MMS generated gross revenues of Rs 61 Mn in Q2 FY19
- Engineering Services generated Rs 64 Mn, delivering 46% YoY growth in Q2 FY19
- Robust order book at PEBS Pennar worth Rs 4,220 Mn backed by new order inflow worth Rs 614 Mn and repeat order inflow of Rs 625 Mn
- New customers added - Welspun India, Grasim Industries, Twenty One Sugars, Promea Therapeutics, RAIL – CII

### **Pennar Enviro:**

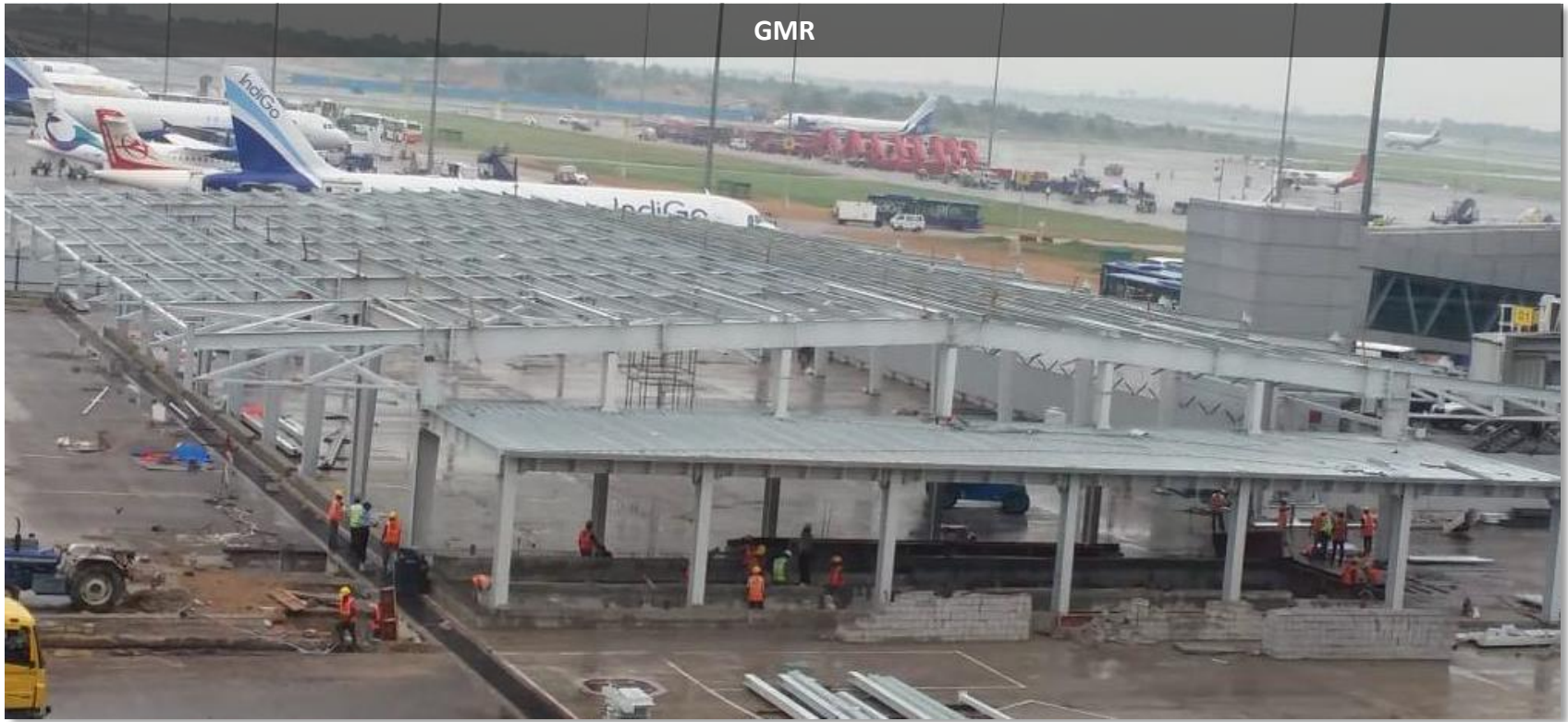
- Sustained revenue growth backed by healthy project execution and consistent growth in order book
- Major New customers added - Mahindra World City (ORIGINS), Nirani Sugars, Tata Projects, Aarthi Steel, Parker Hannifin, NCL – Alltek and Secellor

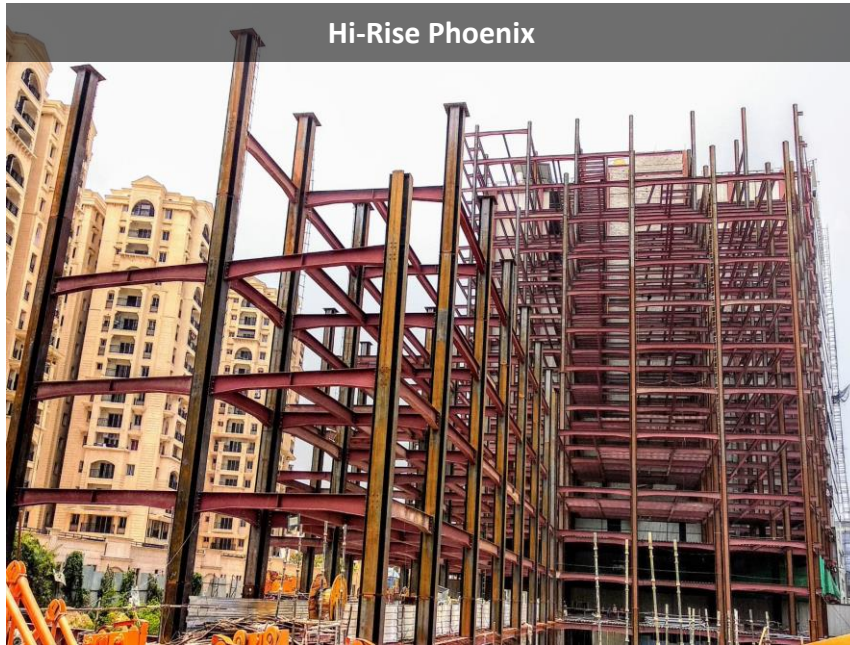


## Q2 FY19: Key Projects Under Execution (PEBS Pennar)











## Q2 FY19: Key Projects Under Execution (Pennar Enviro)



# Q2 & H1 FY19: Standalone Profit & Loss Statement



Particulars (Rs. in Mn)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	3,807	2,855	33.4%	7,210	5,849	23.3%	12,274
Other Income	39	11	246.8%	58	17	242.9%	60
<b>Total Income</b>	<b>3,846</b>	<b>2,866</b>	<b>34.2%</b>	<b>7,267</b>	<b>5,866</b>	<b>23.9%</b>	<b>12,334</b>
COGS	2,551	1,998	27.7%	4,704	4,103	14.6%	8,305
<b>Gross Profit</b>	<b>1,295</b>	<b>869</b>	<b>49.1%</b>	<b>2,564</b>	<b>1,763</b>	<b>45.4%</b>	<b>4,029</b>
<b>Gross Margin %</b>	<b>33.7%</b>	<b>30.3%</b>	<b>336 bps</b>	<b>35.3%</b>	<b>30.1%</b>	<b>521 bps</b>	<b>32.7%</b>
Employee Expenses	229	167	37.7%	464	336	38.2%	711
Other Expenses	714	433	65.1%	1,391	889	56.6%	2,115
<b>EBITDA</b>	<b>351</b>	<b>270</b>	<b>30.4%</b>	<b>709</b>	<b>539</b>	<b>31.4%</b>	<b>1,204</b>
<b>EBITDA Margin %</b>	<b>9.1%</b>	<b>9.4%</b>	<b>-27 bps</b>	<b>9.7%</b>	<b>9.2%</b>	<b>56 bps</b>	<b>9.8%</b>
Depreciation	50	35	43.4%	98	64	52.5%	168
Finance Cost	141	101	39.5%	260	191	36.4%	434
Exceptional Items	0	0	-	0	0	-	213
<b>PBT</b>	<b>160</b>	<b>133</b>	<b>20.1%</b>	<b>351</b>	<b>285</b>	<b>23.3%</b>	<b>815</b>
Taxes	48	56	-13.9%	127	142	-10.7%	273
<b>PAT Before MI</b>	<b>112</b>	<b>77</b>	<b>44.8%</b>	<b>224</b>	<b>143</b>	<b>57.1%</b>	<b>543</b>
<b>PAT Margin %</b>	<b>2.9%</b>	<b>2.7%</b>	<b>21 bps</b>	<b>3.1%</b>	<b>2.4%</b>	<b>65 bps</b>	<b>4.4%</b>

# Q2 & H1 FY19: Standalone Balance Sheet

Particulars (Rs. in Mn)	H1 FY19	FY18
<b>Equity &amp; Liabilities</b>		
Equity Share Capital	602	602
Other Equity	3,682	3,458
<b>Total Equity</b>	<b>4,284</b>	<b>4,060</b>
<b>Non-Current Liabilities</b>		
Borrowings	943	833
Other Financial Liabilities		
Provisions	25	22
Deferred Tax Liabilities (net)	321	297
Other Non-Current Liabilities	52	79
<b>Total Non-Current Liabilities</b>	<b>1,341</b>	<b>1,230</b>
<b>Current Liabilities</b>		
Borrowings	2,552	1,522
Trade Payables	2,714	2,721
Other Financial Liabilities	253	201
Provisions	11	10
Income Tax Liabilities	320	160
Other Current Liabilities	81	230
<b>Total Current Liabilities</b>	<b>5,932</b>	<b>4,845</b>
<b>Total Equity &amp; Liabilities</b>	<b>11,556</b>	<b>10,134</b>

Particulars (Rs. in Mn)	H1 FY19	FY18
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	2,855	2,670
Capital Work-in-progress	330	195
Other Intangible Assets	105	107
Financial Assets		
Investments	246	246
Other financial Asset	55	49
Income Tax Assets (Net)	290	51
Other Non-current Assets	233	139
<b>Total Non-Current Assets</b>	<b>4,113</b>	<b>3,456</b>
<b>Current Assets</b>		
Inventories	2,753	2,151
Investments	209	229
Trade Receivables	3,216	3,130
Cash And Cash Equivalents	35	262
Other Balances With Banks	116	114
Loans	6	
Other Financial Assets	23	104
Other Current Assets	1,085	688
<b>Total Current Assets</b>	<b>7,443</b>	<b>6,678</b>
<b>Total Assets</b>	<b>11,556</b>	<b>10,134</b>



# Q2 & H1 FY19: Consolidated Profit & Loss Statement



Particulars (Rs. in Mn)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	5,182	4,225	22.6%	9,804	8,501	15.3%	17,681
Other Income	98	39	153.1%	140	60	134.6%	159
<b>Total Income</b>	<b>5,279</b>	<b>4,264</b>	<b>23.8%</b>	<b>9,944</b>	<b>8,561</b>	<b>16.2%</b>	<b>17,840</b>
COGS	3,445	2,675	28.8%	6,191	5,330	16.2%	10,776
<b>Gross Profit</b>	<b>1,834</b>	<b>1,589</b>	<b>15.4%</b>	<b>3,753</b>	<b>3,231</b>	<b>16.2%</b>	<b>7,063</b>
<b>Gross Margin %</b>	<b>34.7%</b>	<b>37.3%</b>	<b>-253 bps</b>	<b>37.7%</b>	<b>37.7%</b>	<b>0 bps</b>	<b>39.6%</b>
Employee Expenses	370	287	28.7%	755	583	29.6%	1,228
Other Expenses	1,044	853	22.4%	2,122	1,737	22.1%	3,618
<b>EBITDA</b>	<b>420</b>	<b>448</b>	<b>-6.3%</b>	<b>876</b>	<b>911</b>	<b>-3.8%</b>	<b>2,218</b>
<b>EBITDA Margin %</b>	<b>8.0%</b>	<b>10.5%</b>	<b>-256 bps</b>	<b>8.8%</b>	<b>10.6%</b>	<b>-183 bps</b>	<b>12.4%</b>
Depreciation	68	72	-5.3%	132	135	-2.7%	293
Finance Cost	173	174	-0.6%	332	330	0.5%	674
Exceptional Items	0	0	-	0	0	-	130
<b>PBT</b>	<b>179</b>	<b>202</b>	<b>-11.5%</b>	<b>413</b>	<b>446</b>	<b>-7.4%</b>	<b>1,381</b>
Taxes	52	77	-32.3%	142	190	-25.3%	476
<b>PAT Before MI</b>	<b>127</b>	<b>125</b>	<b>1.4%</b>	<b>271</b>	<b>255</b>	<b>6.0%</b>	<b>905</b>
<b>PAT Margin %</b>	<b>2.4%</b>	<b>2.9%</b>	<b>-53 bps</b>	<b>2.7%</b>	<b>3.0%</b>	<b>-26 bps</b>	<b>5.1%</b>
<b>PAT After MI</b>	<b>117</b>	<b>105</b>	<b>12.0%</b>	<b>249</b>	<b>212</b>	<b>17.5%</b>	<b>703</b>

# Q2 & H1 FY19: Consolidated Balance Sheet

Particulars (Rs. in Mn)	H1 FY19	FY18
<b>Equity &amp; Liabilities</b>		
Equity Share Capital	602	602
Other Equity	4,782	4,527
<b>Shareholder's Equity</b>	<b>5,383</b>	<b>5,128</b>
Non Controlling Interest	931	912
<b>Total Equity</b>	<b>6,315</b>	<b>6,041</b>
<b>Non-Current Liabilities</b>		
Borrowings	960	1,008
Other Financial Liabilities	57	47
Provisions	73	54
Deferred Tax Liabilities (net)	324	303
Other Non-Current Liabilities	52	79
<b>Total Non-Current Liabilities</b>	<b>1,465</b>	<b>1,490</b>
<b>Current Liabilities</b>		
Borrowings	3,306	2,356
Trade Payables	4,152	3,700
Other Financial Liabilities	631	225
Provisions	25	100
Income Tax Liabilities	451	249
Other Current Liabilities	664	1,019
<b>Total Current Liabilities</b>	<b>9,227</b>	<b>7,649</b>
<b>Total Equity &amp; Liabilities</b>	<b>17,007</b>	<b>15,180</b>

Particulars (Rs. in Mn)	H1 FY19	FY18
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant And Equipment	3,478	3,275
Capital Work-in-progress	844	273
Other Intangible Assets	146	143
Deferred Tax Asset (Net)	65	65
Trade Receivables	129	26
Other Financial Assets	294	71
Income Tax Assets (Net)	362	85
Other Non-current Assets	249	155
<b>Total Non-Current Assets</b>	<b>5,567</b>	<b>4,093</b>
<b>Current Assets</b>		
Inventories	4,912	4,326
Investments	638	693
Trade Receivables	4,490	4,020
Cash And Cash Equivalents	68	329
Other Balances With Banks	188	171
Loans	223	0
Other Financial Assets	116	522
Other Current Assets	805	1,027
<b>Total Current Assets</b>	<b>11,440</b>	<b>11,087</b>
<b>Total Assets</b>	<b>17,007</b>	<b>15,180</b>

# 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**

**Extensive Product  
& Service Offerings**

### Engineered Products \*

- Wide range of customised engineering products catering to diverse sectors
- Strong designing & manufacturing capabilities
- FY18 Revenues: Rs 12,334 Mn

### 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
- FY18 Revenues: Rs 6,306 Mn

**Exposure to High  
Growth Sectors**

**Automobiles**

**Construction &  
Infrastructure**

**General  
Engineering**

**White Goods**

**Railways**

**Solar**

**Prominent  
Clientele From  
Diverse Sectors**

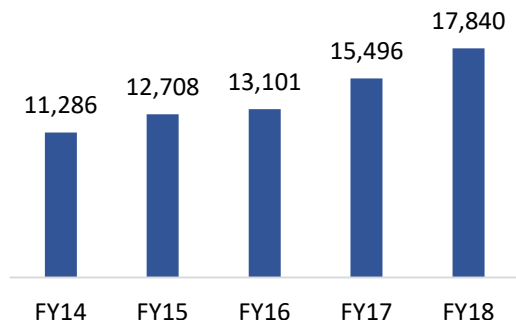


# Strong Track Record: Consistent Growth & Improving Profitability

In Rs Mn

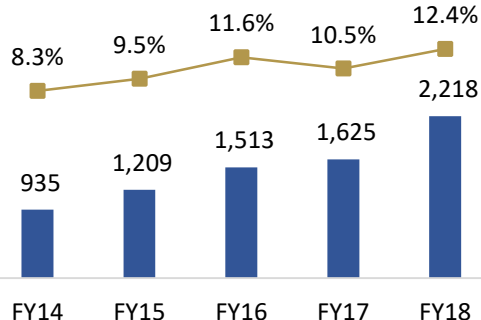
## Total Revenues

CAGR: 12%



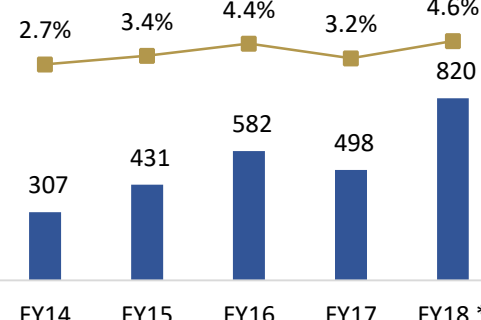
## EBITDA & EBITDA Margin

CAGR: 24%



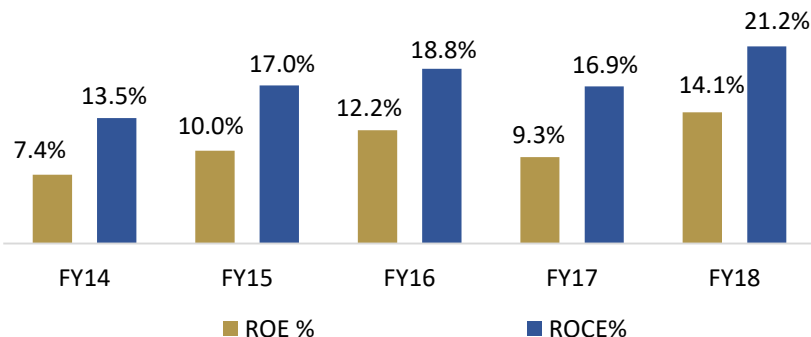
## PAT Before MI & PAT Margin

CAGR: 28%

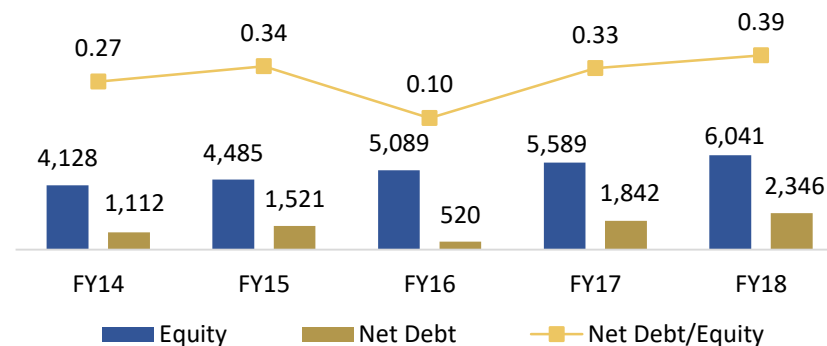


\* FY18 PAT adjusted to exclude exceptional item (net of taxes)

## Return Ratios



## Leverage Analysis





# 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**  
Managing Director  
PEBS Pennar



**K. Chakravarthy**  
CEO  
Pennar 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



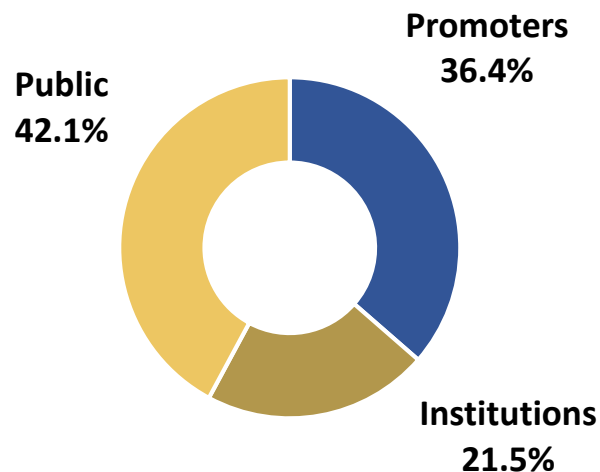
**P. V. Rao**  
Managing Director  
PEBS Pennar



**K Lavanya Kumar**  
Whole Time Director

Name	Designation	Description
 <b>Ravi Chachra</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>Graduate in Commerce and M.B.A. from Wharton School. He has rich experience in finance and industry</li> </ul>
 <b>Vishal Sood</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>Managing Director at SAIF partners</li> <li>Earlier worked with Kotak, SSKI and SBI Capital Markets</li> </ul>
 <b>Eric James Brown</b>	Non-Executive Director	<ul style="list-style-type: none"> <li>President and CEO of Pennar Global, Inc.</li> <li>30+ years of experience</li> </ul>
 <b>C Parthasarathy</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>One of the founders of Karvy Group and responsible for building Karvy as one of India's truly integrated financial services organizations</li> <li>He has been actively associated with various professional bodies in senior capacities over the last decade</li> </ul>
 <b>B Kamalaker Rao</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>Serving as Director on Boards of several Government and Public Sector Undertakings</li> <li>Distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party</li> </ul>
 <b>Manish Sabharwal</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>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)</li> <li>He is a member of the CII core group on labour reforms</li> </ul>
 <b>Varun Chawla</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>9+ years of Investment Banking experience</li> <li>He was one of the founders of myguesthouse.com, acquired by Make My Trip.</li> </ul>
 <b>Sita Vanka</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>Professor and Dean at the School of Management Studies, and a Joint Professor at the Centre for Women's Studies, University of Hyderabad</li> <li>Over three decades of teaching experience in the areas of Women Studies, Educational Management, Human Resource management and Entrepreneurship</li> </ul>

## Shareholding Pattern – September 2018



Source: BSE

## Key Shareholders – September 2018

Saif India IV FI Holdings Limited	10.09%
Franklin India Smaller Companies Fund	7.22%
CLSA Global Markets Pte Ltd	2.02%
Ashmore India Opportunities Fund	1.25%



Thanking You



Sunil Kuram  
Vice President  
Email ID: [sunil.kuram@pennarindia.com](mailto:sunil.kuram@pennarindia.com)

**DICKENSON**

Nilesh Dalvi / Neha Butala  
IR Consultant  
Contact No: 9819289131 / 8879003342  
Email ID: [nilesh.dalvi@dickensonir.com](mailto:nilesh.dalvi@dickensonir.com) /  
[neha.butala@dickensonir.com](mailto:neha.butala@dickensonir.com)