

Pennar Industries Limited



Investor Presentation Q2FY18



PENNAR INDUSTRIES LIMITED

This presentation contains “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Pennar Industries Limited and its subsidiary companies’ (“Pennar”) future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Pennar undertakes no obligation to periodically revise any forward looking statements to reflect future / likely events or circumstances.



Q2FY18 Snapshot

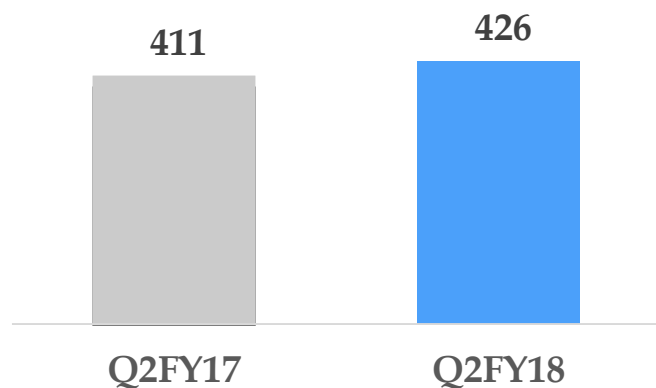


Financial Performance – Q2FY18

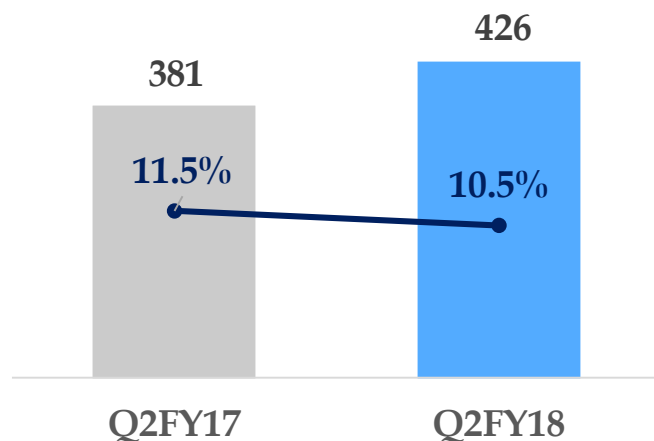


Consolidated Performance

Gross Revenues



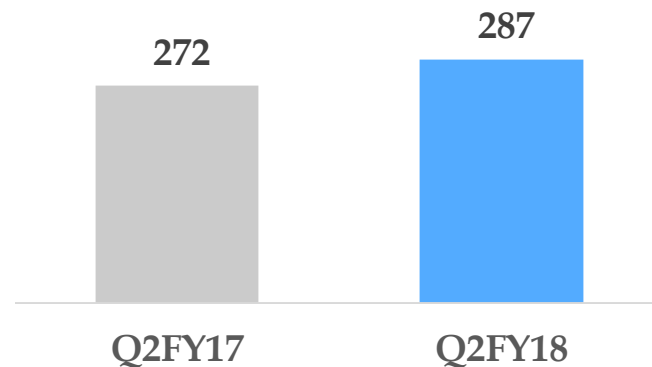
Net Revenue & EBITDA %



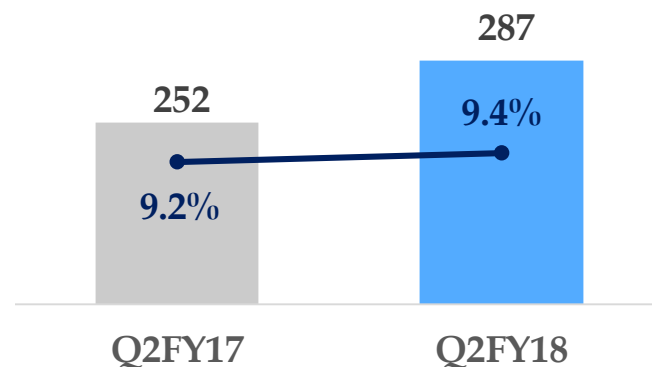
Standalone Performance

Gross Revenues

In Rs crs



Net Revenue & EBITDA %

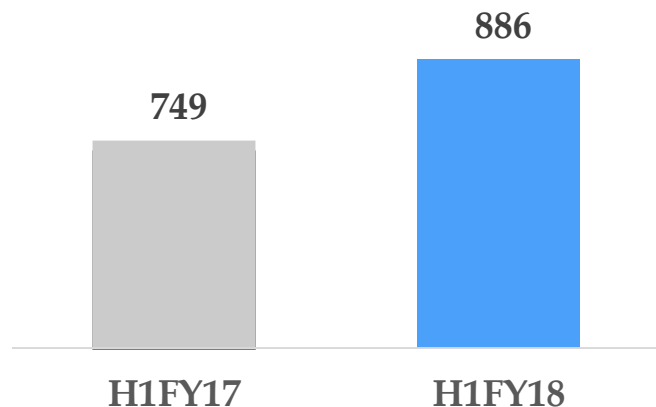


Financial Performance – H1FY18

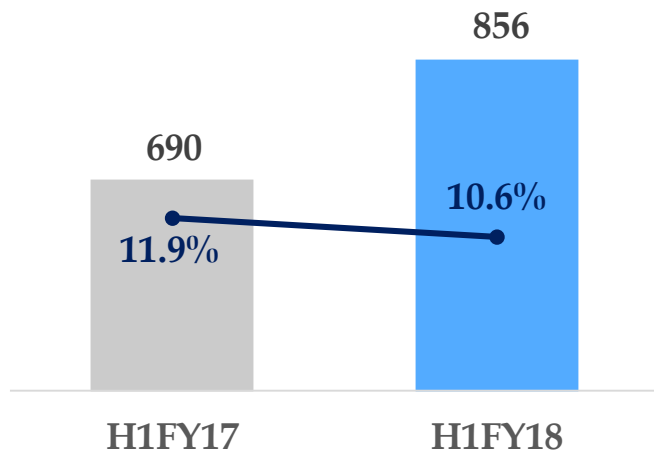


Consolidated Performance

Gross Revenues



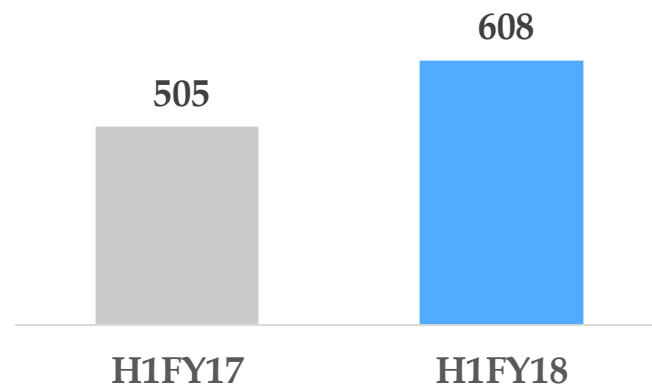
Net Revenue & EBITDA %



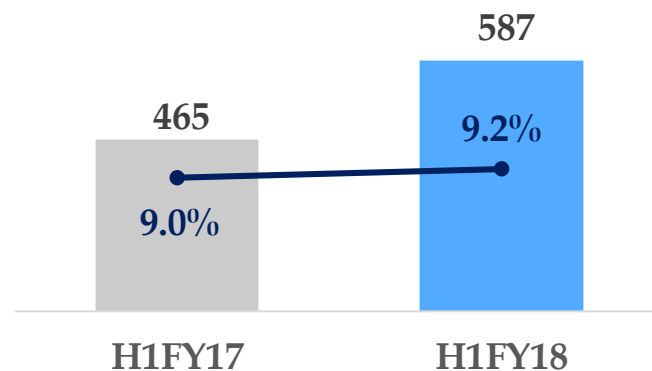
Standalone Performance

Gross Revenues

In Rs crs



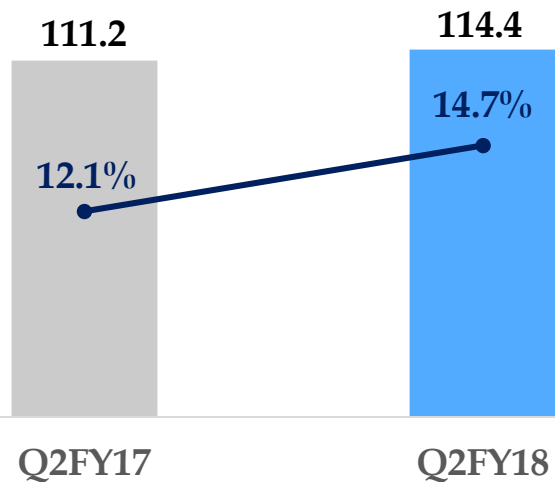
Net Revenue & EBITDA %



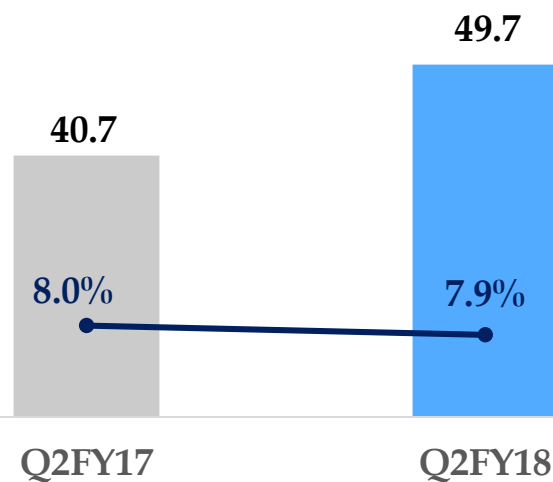
Segment Performance – Q2FY18

Net Revenues (Rs crs) & EBITDA Margin %

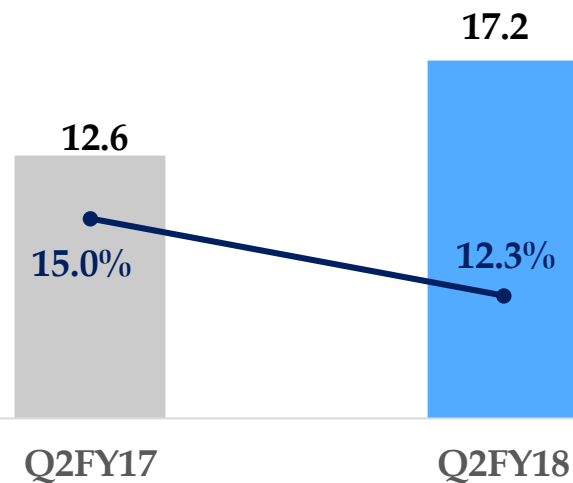
Systems & Projects



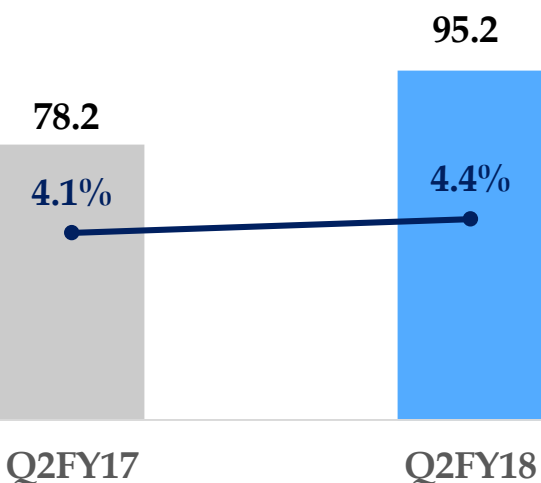
Tubes



Industrial Components

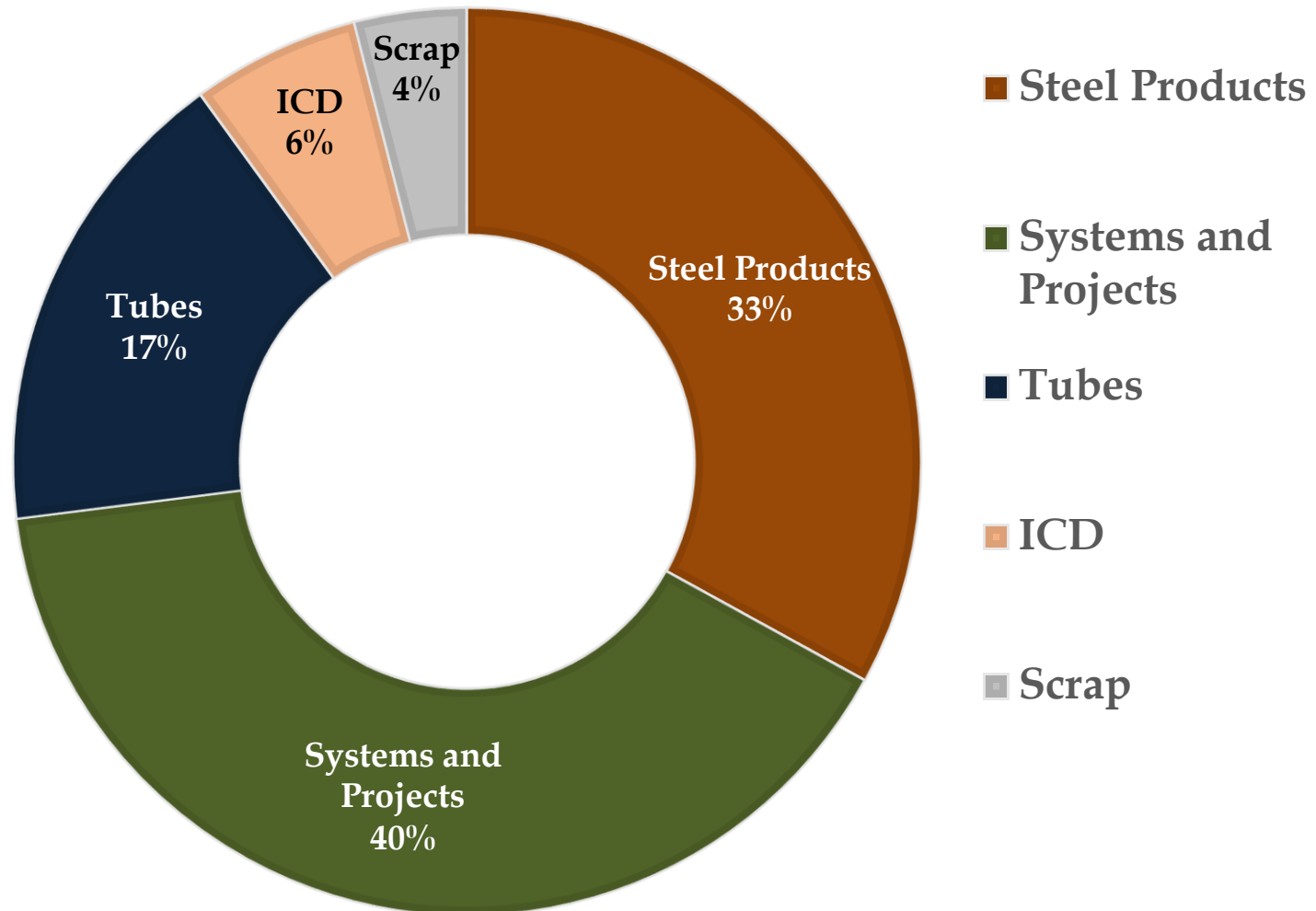


Steel Products



Evolving Business Mix (1/2)

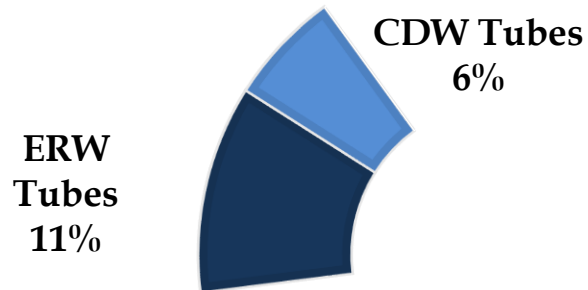
As of 30th September, 2017



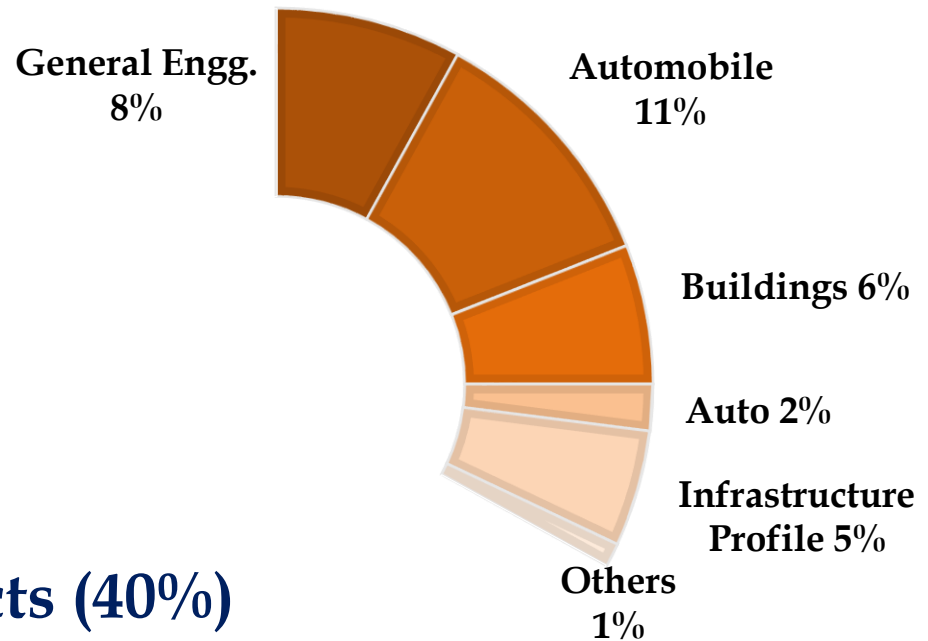
As a Percentage of Standalone Revenues for Q2FY18

Evolving Business Mix (2/2)

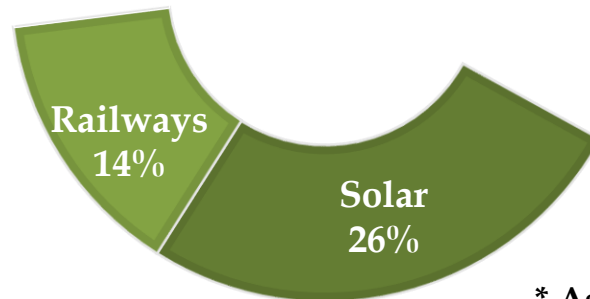
* Tubes (17%)



* Steel Products (33%)



* Systems and Projects (40%)



* As a Percentage of Standalone Revenues for Q2FY18



Segment Highlights



Segment-wise Business Review; Outlook



Systems and Projects



27 Customers

INR 40
crores
Q2FY18 Sales

Business Highlights

Repeat orders:

- Received for Stainless Steel Sidewall and Roof Assemblies from ICF/Chennai & MCF/Raebareli, for CRF and Fabrication items of Mild Steel and Stainless Steel from ICF/Chennai and for CRF sections for Metro Coaches from BEML Ltd.
- Supplying 20 Coaches per month to ICF/Chennai;
- Also supplying 25 Roof Assemblies per month to MCF/Raebareli.
- Complete Shell Kit orders were received from ICF for 10 Coaches and another 600 Coaches tenders have opened and present potential opportunities for this division.

New Product: A new product was added in this quarter - Under Frame Complete for Power Car. Large orders were received from ICF and Western Central Railways for various Coach applications.

Outlook

In the pipeline, the division is proposing to develop CRF Sections for ongoing/upcoming Metro projects in India.

Segment-wise Business Review; Outlook



Systems and Projects - Solar



15
Customers

INR 74 crores
Q2FY18 Sales

Business Highlights

- In this quarter, received orders from Sterling & Wilson, Renew Solar and Tata Power Solar. Major customers include Sterling & Wilson, L&T, Mahindra Susten, Nuevosol, Tata Power India Ltd among others. One new customer was added in this quarter - Thesso Infra.

Outlook

- Strong revenue growth is expected to continue on the back of a robust order book and capacity expansion completed with three new mills added in Patancheru.

Segment-wise Business Review; Outlook



Tubes



255+
Customers
(Domestic &
Exports)

INR 49.7
crores sales,
with **22.2%**
YoY growth

Business Highlights

- About 70% of the orders are from regular major OEAs in the form of monthly schedules and the balance 30% are project-based orders. Plant approvals came from TVS Group and Bajaj for CDW/ERW tubing. Plant approval by Tokai Rubber – a Tier 1 Toyota Vendor - has been completed.
- New domestic customers include Mungi, Gaziabad Precision Engineering, Tokai Rubber and K.Tech. Received export orders for CDW tubes from USA, Europe, South Africa, with order booking up to June 2018.

Outlook

- Exports: An order load of 6 containers per month booked till July 2018. The average target for exports in Q3 is 6 containers per month. Autos volumes picked up because of the festive season. The business unit plant to expand CDW's Capacity from 1000 T to 1500 T by Jan/ Feb'18. The plant capacity has expanded by 25 % with the commissioning of the new tube mill.

Segment-wise Business Review; Outlook



Industrial components



**INR 17.2
crores**
Q2FY18 Sales

**36.3% YoY
growth**

Business Highlights

- A record 36% YoY growth was achieved in this quarter
- The Chennai plant recorded a 48% growth in H1FY18
- Process improvement initiatives and CAPEX worked well for the revenue growth
- Hydraulics crossed the overall sales of FY17 in Q2FY18 & registered a 125% growth in H1FY18
- Sale of products for commercial vehicle industry doubled over Q2FY17 whereas the 2-wheeler segment registered a growth of 40% over Q2FY17.

WP/WT Cylinder



Outlook

- Hydraulics with a strong order book for H2 will lead the growth in this sector for this year.
- Several products are in near-complete development stage for future growth.

Bead Plate



Segment-wise Business Review; Outlook



Steel Products – Steel



Customers
CRSS: 100
CRFS: 75

INR 95.2
crores
Q2FY18 Sales

Business Highlights

- CRFS Orders came in ESP from Thermax and GE Power.
- Orders came in Buildings from Elecon, SNC, Sunil Hytech and RDS Products.
- Repeat Orders came from regular schedules of Auto & ESP for various projects.
- Monthly schedule from regular customers continues.
- New customers in Special Grades include Metal Form and YSI Automotive.
- A large steel pile order was also received from L&T for the Chennai Metro project.
- The Steel Business unit began GP strip sales from the Velchal plant in this quarter.
- The first retail outlet facility was set up at Vijayawada in this quarter.

Outlook

- Robust growth is expected to be driven by GP Strips
- The aim is to increase EBIDTA margin significantly in the Steel Products business unit.



Subsidiary Highlights



Group Subsidiaries



Pennar Industries Limited

Market Cap as of 30th September 2017 – INR 717.9 crs



Pennar Engineering Building Systems

Pre-engineered building systems, Roof Top Solar, Solar EPC

Pennar Enviro

Industrial Water Treatment Solutions, Water Treatment Chemicals, Fuel Additives



Subsidiary Highlights; Outlook



Pennar Enviro



7
New
Customers

Repeat Orders:

Chemicals: Utkal Alumina International Ltd., HSIL Ltd., Sigma Electrical Manufacturing Ltd., Deepak Novochem Technologies Ltd.

New Customers:

Chemicals:

Gujarat State Electric Corporation Ltd., Parker Hannifin India Pvt. Ltd., Visaka Industries Ltd., Vaishnavi Pyroil, Kondapally Envriotech Pvt. Ltd.

Projects:

Avasaral Anesthesia Plant, Sree Rayalseema Hi-Strength Hypo Ltd..

Subsidiary Highlights, Outlook



PEBS Pennar



**Rs 363
crores**
current order
book

**Q2FY18 Gross
Revenue of Rs
152.6 crores**

New Orders: RVNL for wagon manufacturing unit through URC, Alstom for railway engines assembly unit through Tata Projects Ltd., Multiple orders from TVS Infra for warehouse building, SS Developers for warehouse building, IBC Solar Projects for MMS, Clean Max for MMS, Taein Construction for auto components unit, SVS Warehouse Tech for warehouse building, RKV Developers for warehouse building, Satara Geo Systems for factory building.

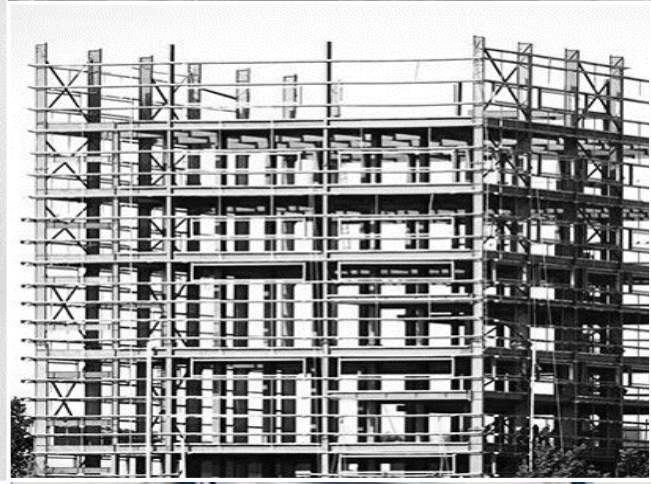
Business Highlights

- Robust Order Book - Current Order Book at Rs. 363 Crores
- Engineering Services - Revenue increased to 4.4 crores, up 68% YoY. Current average revenue per month is 1.47 Crs.
- Solar division: The revenue in Q2FY18 increased to Rs. 25.72 crores, up by 98% YoY from Rs. 12.97 Crores in Q2FY17.

Outlook for FY18 - Focus on improving margins



The Pennar Group



30

YEARS OF
EXPERIENCE

1,000

PRECISELY
ENGINEERED
PRODUCTS

500

CUSTOMERS

2,500

TOOLS &
DIES

2,000

EMPLOYEES AND
GROWING !



Business Segments

Steel Products

- Automobiles
- General Engineering
- Infrastructure
- White Goods

Systems and Projects

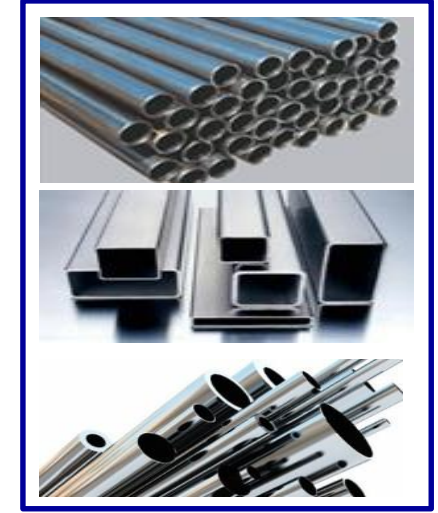
- Railway Coaches and Wagons
- Solar Mounting Structures

Industrial Components

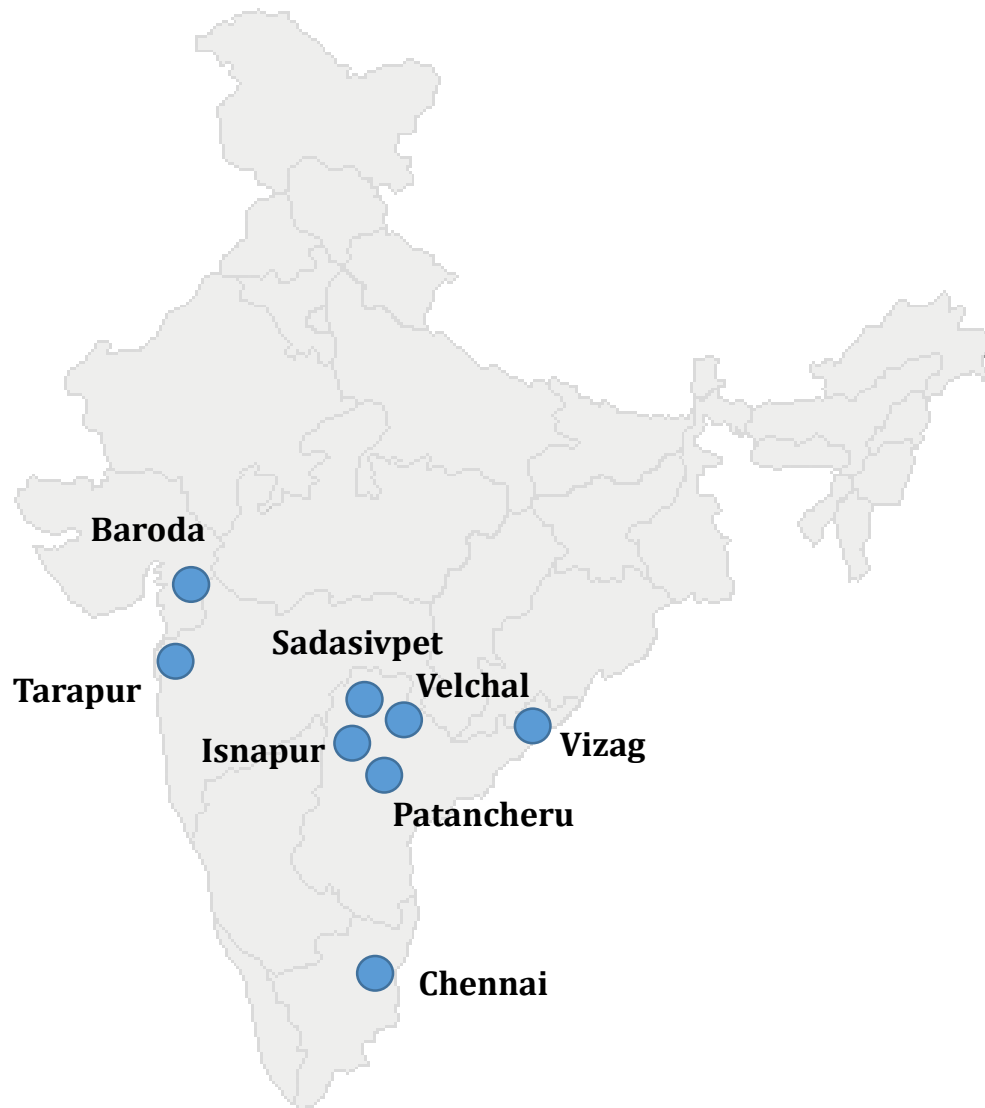
- Automobiles
- Industrial
- White Goods
- Hydraulics

Tubes

- Automobiles
- Power



Distributed Manufacturing



Patancheru

Press Components, Profiles, ESP / Building Products, Sheet Piles / Solar, Railway Components, CRSS, Fabrication

Sadasivpet

High precision CNC machines, Roll formers

Isnapur

CRSS, ERW / CDW Tubes, Profiles, Solar

Velchal

Strip Galvanizing, Hot Dip Galvanizing

Chennai

Coaches, Auto Profiles, Components / Hydraulics, Building Products

Tarapur

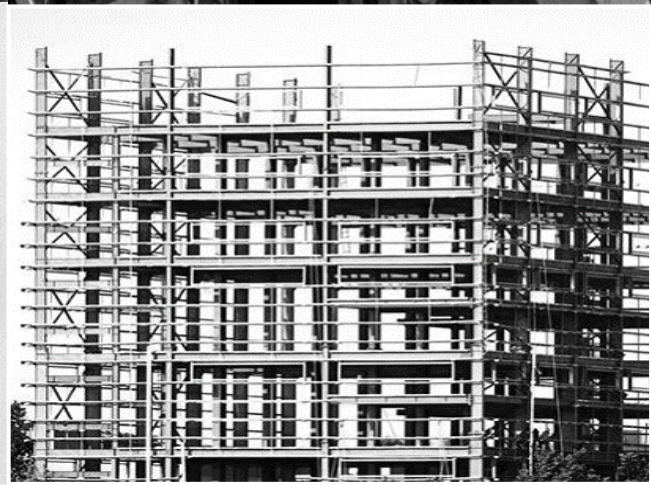
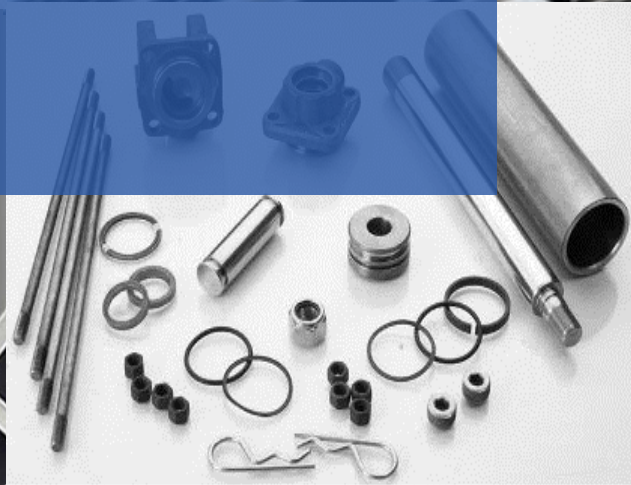
Solar, Building Products, Auto Profiles, ESP

Baroda

PEBS



Projects



Projects – Pennar Enviro

JBF Petrochemicals



BHEL Wanakbho



AGI Glaspac



ONGC



Projects – PEBS

Indus



Hetero



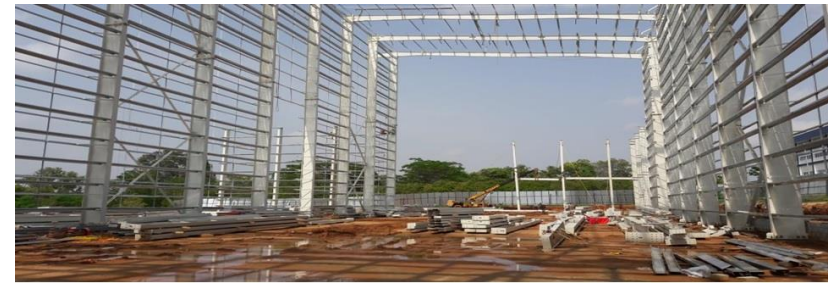
Haier



Essae Teraoka



Strides



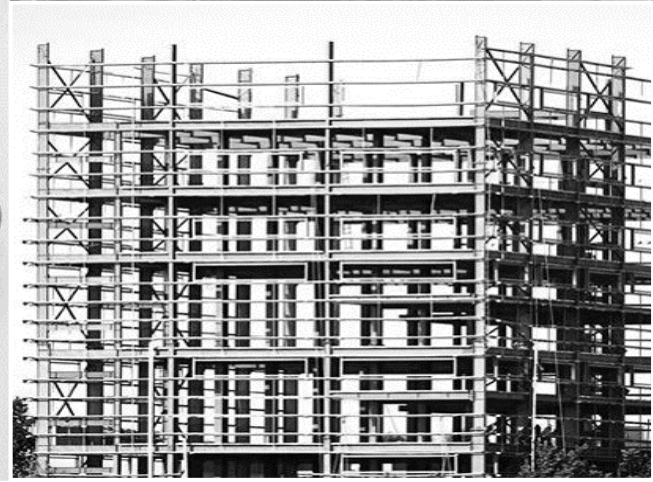
Shriji Polymers



Schindler



Management Team



Management Team



Leadership Team



Nrupender Rao
Executive Chairman
Pennar Group



Aditya N. Rao
Vice Chairman, Managing
Director, Pennar
Industries



P. V. Rao
Managing Director
PEBS Pennar



Shreepad Purkar
President and CEO
Pennar Enviro

Business Heads



Dayasagar Rao
Operations



Y Narasimha Rao
Steel Products



M. Bhoopal Reddy
Tubes



Shiva Kumar K
Industrial Components



THANK YOU

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