

# Pennar readies pre-engineered buildings unit

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Saturday, February 13, 2010 2:30 IST

**Mumbai:** Pennar Industries has commissioned its 30,000 tonne capacity pre-engineered building plant in Hyderabad. The plant has been built by its wholly owned subsidiary, Pennar Engineered Building Systems Ltd (Pebs) at a cost of Rs 50 crore.

The second phase, which will involve an investment of Rs 65 crore and will see the plant's capacity go up to 60,000 tonne, is expected to be complete in the next 12 months.

The company is targeting Rs 150 crore revenues from the subsidiary by the end of the next fiscal. "We already have an order book of Rs 60 crore and are expecting to secure orders worth Rs 150 crore in the next 12 months," Nrupendra Rao, chairman, Pennar Industries said.

Pre-engineered building —constructed using a pre-determined inventory of raw materials that can satisfy a range of structural and aesthetic design requirements —is a relatively lesser known market in India, with a total size of about Rs 4,000 crore. Pennar is targeting a modest market share of under 5% to start with.

Pennar has tied up with US-based NCI group for technical knowhow on pre-engineered buildings. "We are in discussions with them, which may lead to financial partnership. However, currently the partnership is only for their technology," Rao said.

The company expects an ebitda of 12-13% from the business.

Earlier, Tata Steel formed a joint venture (JV) with Bluescope Steel from Australia, and has four plants in India. JSW Steel entered the space in 2008 and has formed a JV with UK-based Severfield Rowen; it is currently building a plant in Bellary in Karnataka.

However, Pennar feels a clear competitor will be TataBluescope Steel, which also specialises in industrial facilities, warehouses, commercial centres, etc. JSW will concentrate more on multi-storied pre-engineered buildings, etc.