



PENNAR INDUSTRIES LIMITED

Q3 & 9M FY19 RESULTS PRESENTATION

FEBRUARY 2019



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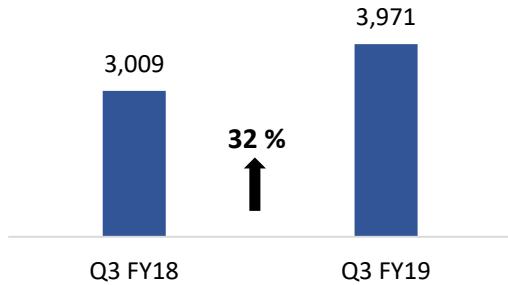
# Discussion Summary

- ❖ **Quarterly Results Update**
- ❖ Company Overview

# Q3 & 9M FY19: Key Highlights (Standalone)

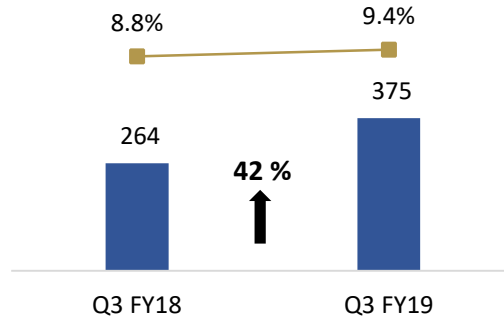
In Rs Mn

## Total Income (Net)

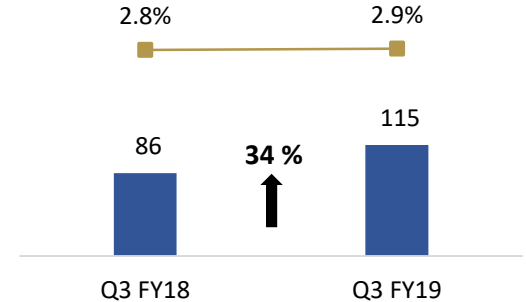


## Q3 FY19 YoY Analysis

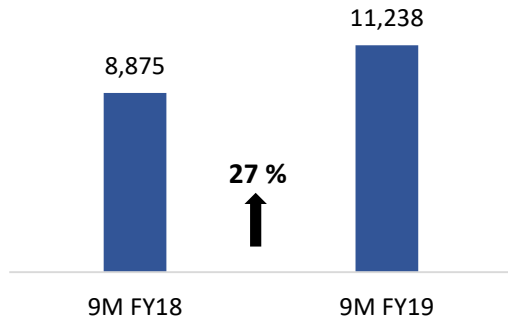
### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*

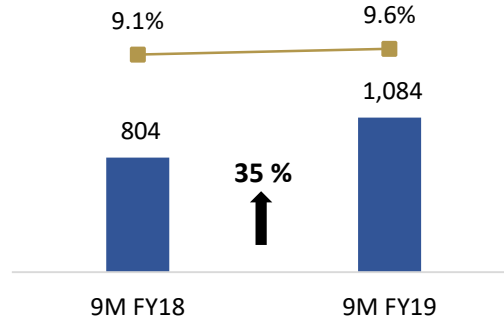


## Total Income (Net)

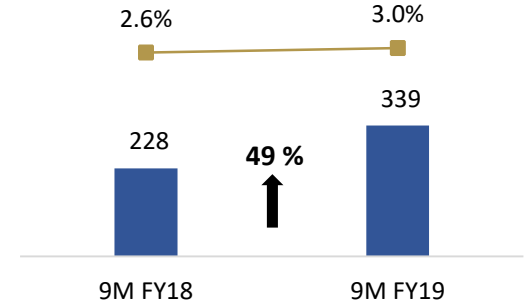


## 9M FY19 YoY Analysis

### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*

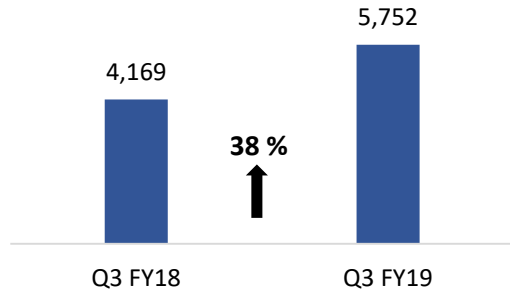


\* Calculated on Total Income (Net)

# Q3 & 9M FY19: Key Highlights (Consolidated)

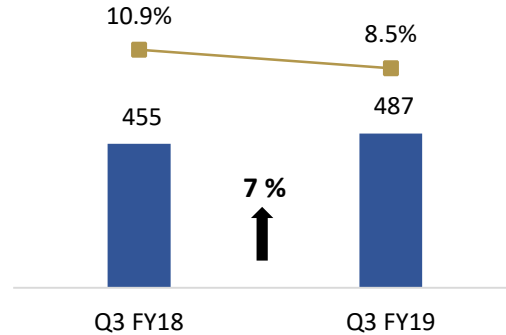
In Rs Mn

## Total Income (Net)

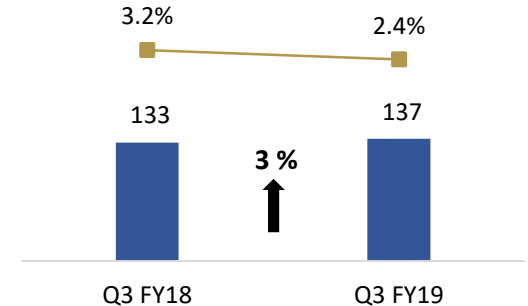


## Q3 FY19 YoY Analysis

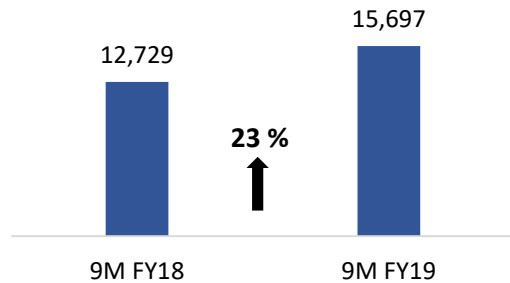
### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*

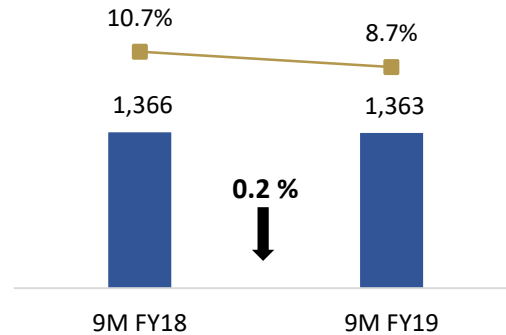


## Total Income (Net)

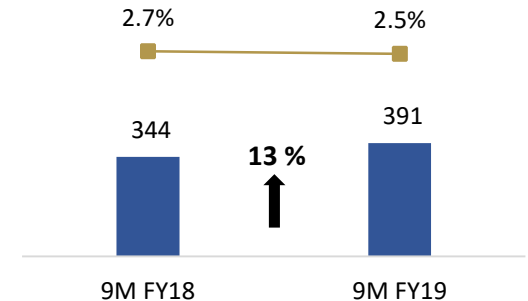


## 9M FY19 YoY Analysis

### EBITDA & EBITDA Margin \*



### PAT & PAT Margin \*



\* Calculated on Total Income (Net)

## 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 938 Mn, delivering 61% YoY growth in Q3 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 313 Mn, delivering 36% YoY growth in Q3 FY19
- Supply of precision tubes generated gross revenues of Rs 773 Mn, delivering 32% YoY growth in Q3 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 2,131 Mn, delivering 19% YoY growth in Q3 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 1,569 Mn, delivering 44% YoY growth in Q3 FY19
- Solar MMS generated gross revenues of Rs 187 Mn in Q3 FY19
- Engineering Services generated Rs 49 Mn, delivering 36% YoY growth in Q3 FY19
- Robust order book at PEBS Pennar worth Rs 4,840 Mn as on 31<sup>st</sup> December 2018 backed by order inflow of Rs 1,859 Mn which consisted of new order inflow of Rs 607 Mn and repeat order inflow of Rs 1,252 Mn
- New customers added – Carrier Media Pvt. Ltd., Alcargo, Gemini Edible Oils, P.S Group, Sunworks

### Pennar Enviro:

- Pennar Enviro received Rs 618 Mn order inflow, out of which Rs 595 Mn were new orders and Rs 23 Mn were repeat orders
- Major New customers added – Reliance Infrastructure Limited(METL), Ambuja Cement Limited, Mylan Labs, Dr. Reddy's Laboratories
- 2 new dealers were added in Q3 FY19 taking the total dealer count to 12, appointed for Standard Products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat



# Q3 FY19: Key Projects Under Execution (PEBS Pennar)

ANNORA PHARMA



MRF





## KANNUR INTERNATIONAL AIRPORT



INVOLUTE TECHNOLOGIES PVT LTD



GMR



# Q3 FY19: Key Projects Under Execution (Pennar Enviro)



# Q3 & 9M FY19: Standalone Profit & Loss Statement



Particulars (Rs. in Mn)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	3,920	2,994	30.9%	11,130	8,843	25.9%	12,274
Other Income	50.2	15	241.5%	108	32	242.2%	59.8
<b>Total Income</b>	<b>3,971</b>	<b>3,009</b>	<b>32.0%</b>	<b>11,238</b>	<b>8,875</b>	<b>26.6%</b>	<b>12,334</b>
COGS	2,441	2,042	19.5%	7,145	6,145	16.3%	8,305
<b>Gross Profit</b>	<b>1,530</b>	<b>966</b>	<b>58.3%</b>	<b>4,093</b>	<b>2,730</b>	<b>49.9%</b>	<b>4,029</b>
<b>Gross Margin %</b>	<b>38.5%</b>	<b>32.1%</b>	<b>641 bps</b>	<b>36.4%</b>	<b>30.8%</b>	<b>566 bps</b>	<b>32.7%</b>
Employee Expenses	248	177	39.8%	711	513	38.8%	711
Other Expenses	907	525	72.7%	2,298	1,414	62.6%	2,115
<b>EBITDA</b>	<b>375</b>	<b>264</b>	<b>42.0%</b>	<b>1,084</b>	<b>804</b>	<b>34.9%</b>	<b>1,204</b>
<b>EBITDA Margin %</b>	<b>9.4%</b>	<b>8.8%</b>	<b>66 bps</b>	<b>9.6%</b>	<b>9.1%</b>	<b>59 bps</b>	<b>9.8%</b>
Depreciation	53	40	31.8%	151	104	44.5%	168
Finance Cost	153	100	52.4%	413	291	41.9%	434
Exceptional Items	0	0	-	0	0	-	213
<b>PBT</b>	<b>170</b>	<b>124</b>	<b>36.8%</b>	<b>520</b>	<b>408</b>	<b>27.4%</b>	<b>815</b>
Taxes	55	38	42.9%	182	180	0.7%	273
<b>PAT</b>	<b>115</b>	<b>86</b>	<b>34.1%</b>	<b>339</b>	<b>228</b>	<b>48.5%</b>	<b>543</b>
<b>PAT Margin %</b>	<b>2.9%</b>	<b>2.8%</b>	<b>5 bps</b>	<b>3.0%</b>	<b>2.6%</b>	<b>44 bps</b>	<b>4.4%</b>

# Q3 & 9M FY19: Consolidated Profit & Loss Statement



Particulars (Rs. in Mn)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	5,676	4,149	36.8%	15,480	12,650	22.4%	17,681
Other Income	76	19.6	287.8%	216	79	172.4%	159
<b>Total Income</b>	<b>5,752</b>	<b>4,169</b>	<b>38.0%</b>	<b>15,697</b>	<b>12,729</b>	<b>23.3%</b>	<b>17,840</b>
COGS	3,471	2,493	39.2%	9,662	7,823	23.5%	10,776
<b>Gross Profit</b>	<b>2,282</b>	<b>1,675</b>	<b>36.2%</b>	<b>6,035</b>	<b>4,906</b>	<b>23.0%</b>	<b>7,063</b>
<b>Gross Margin %</b>	<b>39.7%</b>	<b>40.2%</b>	<b>-53 bps</b>	<b>38.4%</b>	<b>38.5%</b>	<b>-10 bps</b>	<b>39.6%</b>
Employee Expenses	403	307	31.3%	1,158	889	30.2%	1,228
Other Expenses	1,392	914	52.4%	3,514	2,651	32.6%	3,618
<b>EBITDA</b>	<b>487</b>	<b>455</b>	<b>7.0%</b>	<b>1,363</b>	<b>1,366</b>	<b>-0.2%</b>	<b>2,218</b>
<b>EBITDA Margin %</b>	<b>8.5%</b>	<b>10.9%</b>	<b>-245 bps</b>	<b>8.7%</b>	<b>10.7%</b>	<b>-205 bps</b>	<b>12.4%</b>
Depreciation	76	77	-1.7%	207	212	-2.3%	293
Finance Cost	194	147	31.6%	525	477	10.1%	674
Exceptional Items	0	0	-	0	0	-	130
<b>PBT</b>	<b>218</b>	<b>231</b>	<b>-5.8%</b>	<b>630</b>	<b>677</b>	<b>-6.9%</b>	<b>1,381</b>
Taxes	65	57	14.3%	207	247	-16.2%	476
<b>PAT Before MI</b>	<b>153</b>	<b>174</b>	<b>-12.3%</b>	<b>423</b>	<b>430</b>	<b>-1.5%</b>	<b>905</b>
Minority Interest	16	42	-62.1%	33	85	-61.6%	202
<b>PAT After MI</b>	<b>137</b>	<b>133</b>	<b>3.4%</b>	<b>391</b>	<b>344</b>	<b>13.5%</b>	<b>703</b>
<b>PAT Margin %</b>	<b>2.4%</b>	<b>3.2%</b>	<b>-80 bps</b>	<b>2.5%</b>	<b>2.7%</b>	<b>-22 bps</b>	<b>3.9%</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

<b>Strong Pedigree &amp; Engineering Excellence</b>	<b>35+ Years of Experience</b>	<b>1,500+ Engineered Products</b>	<b>1,000+ Customers Across Industries</b>	<b>7 Manufacturing Plants</b>	<b>2,500+ Employee Base</b>	
<b>Extensive Product &amp; Service Offerings</b>	<b>Engineered Products *</b>			<b>Engineering Solutions **</b>		
	<ul style="list-style-type: none"> <li>Wide range of customised engineering products catering to diverse sectors</li> <li>Strong designing &amp; manufacturing capabilities</li> <li>FY18 Revenues: Rs 12,334 Mn</li> </ul>			<ul style="list-style-type: none"> <li>Leading player in Pre-Engineered Buildings, Solar EPC, Designing &amp; Engineering Services with presence in USA</li> <li>Water Treatment Solutions (EPC + O&amp;M), Water Treatment Chemicals &amp; Fuel Additives</li> <li>FY18 Revenues: Rs 6,306 Mn</li> </ul>		
<b>Exposure to High Growth Sectors</b>	<b>Automobiles</b>	<b>Construction &amp; Infrastructure</b>	<b>General Engineering</b>	<b>White Goods</b>	<b>Railways</b>	<b>Solar</b>
<b>Prominent Clientele From Diverse Sectors</b>						

Note: \* includes revenues from Steel Products BU, Tubes BU, Industrial Components BU, Railways BU, \*\* includes revenues from PEBS Pennar, Pennar Enviro, Pennar Global subsidiaries

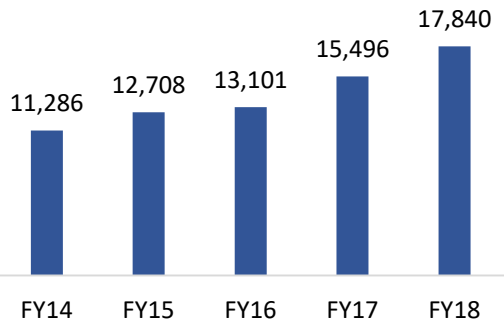
# Strong Track Record: Consistent Growth & Improving Profitability



In Rs Mn

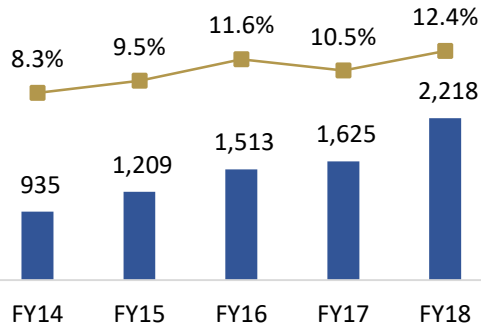
## Total Revenues

CAGR: 12%



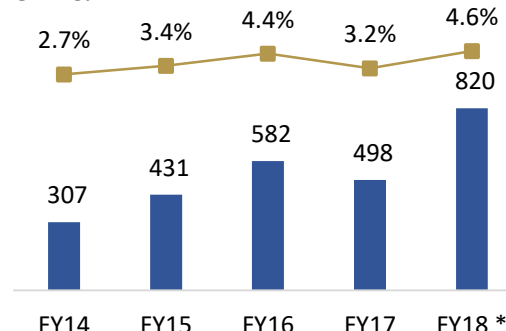
## EBITDA & EBITDA Margin

CAGR: 24%



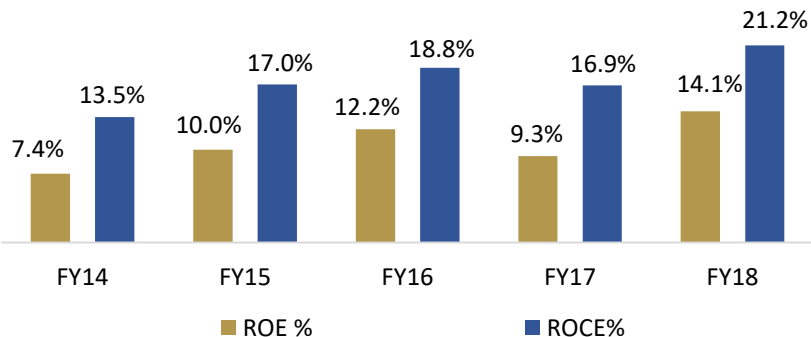
## PAT Before MI & PAT Margin

CAGR: 28%

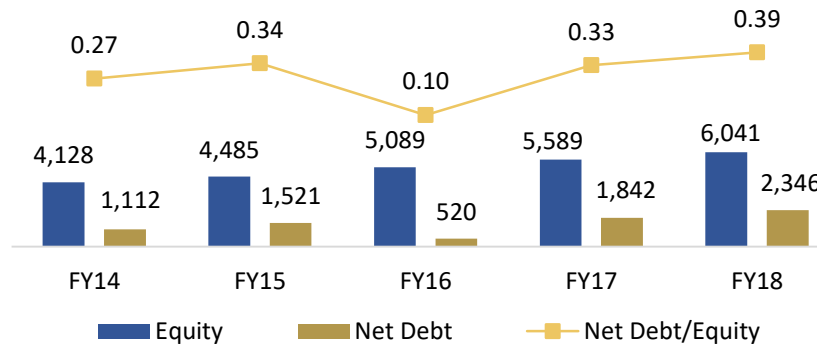


\* FY18 PAT adjusted to exclude exceptional item (net of taxes)

## 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



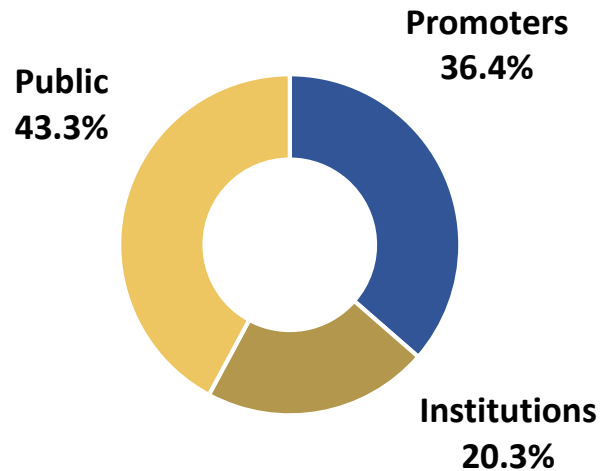
**P. V. Rao**  
Managing Director  
PEBS Pennar



**K Lavanya Kumar**  
Executive Director

Name	Designation	Description
 <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>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>Chandrasekhar Sripada</b>	Non-Executive Independent Director	<ul style="list-style-type: none"> <li>40+ years corporate career in HRM across Public, Private and Multi-National Companies</li> <li>MBA, MA &amp; PhD</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 – December 2018



Source: BSE

## Key Shareholders – December 2018

Saif India IV FI Holdings Limited	10.09%
Franklin India Smaller Companies Fund	7.22%
Ashmore India Opportunities Fund	1.25%





*Pennar*

## Thanking You



*Pennar*

Sunil Kuram

Vice President

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**DICKENSON**

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IR Consultant

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