

Pennar Industries Limited



Investor Presentation

Q2FY16

PENNAR INDUSTRIES LIMITED

Disclaimer



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.

1. Q2FY16 Performance

- Financial Performance
- Segment Performance
- Segment Composition
- Segment Highlights

2. Pennar Group

- Business Segments, Subsidiaries
- Distributed Manufacturing
- Business Structure
- Leadership Team
- Share Price Performance



Q2FY16 Performance



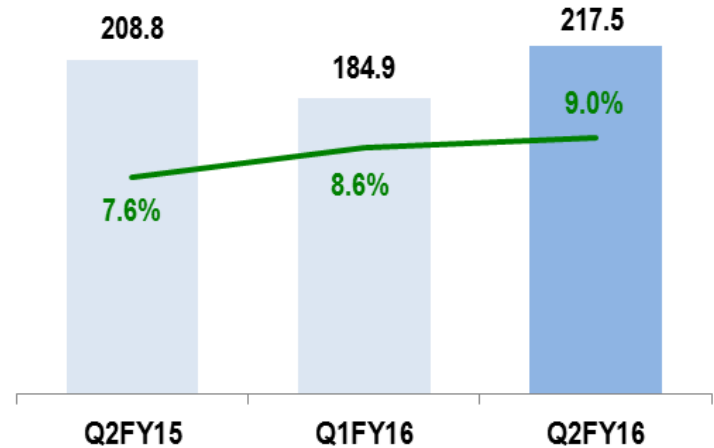
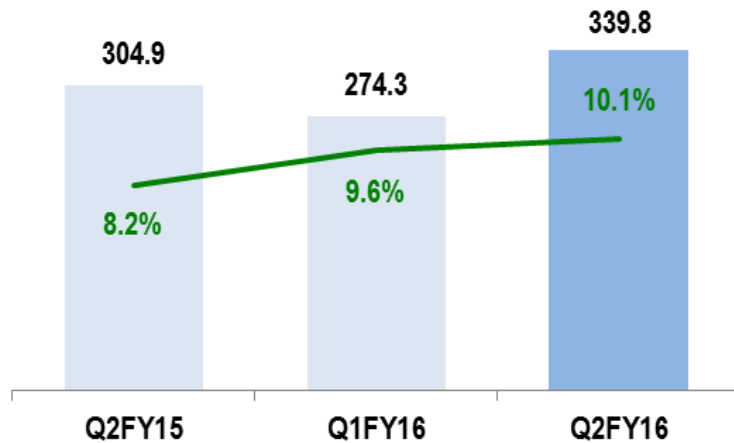
Financial Performance – Q2FY16



Net Revenues (Rs. Crores) and EBITDA margins (%)

Consolidated

Standalone



Highlights of Q2FY16 performance



HIGHLIGHTS

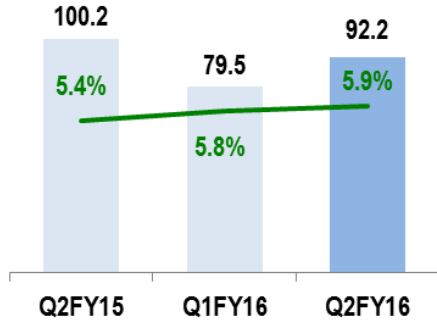
- Q2FY16 Revenues at Rs 389 Crores; up 11% YoY, up 25% QoQ
- EBITDA up 37% YoY; 30% QoQ
- PAT at Rs. 8.9 Crores; up 52% YoY, up 45% QoQ
- EBITDA margins have improved by ~ 200 bps overall
- Continue to invest in expanding our existing businesses and in newer products

Segment performance

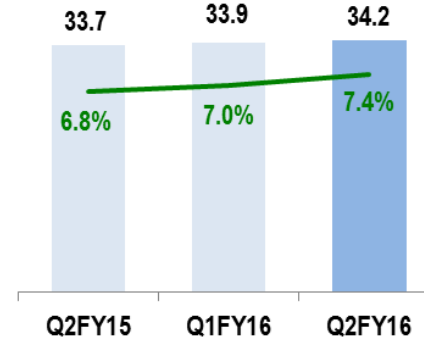
Net Revenues (Rs. Crores) and EBITDA margins (%)



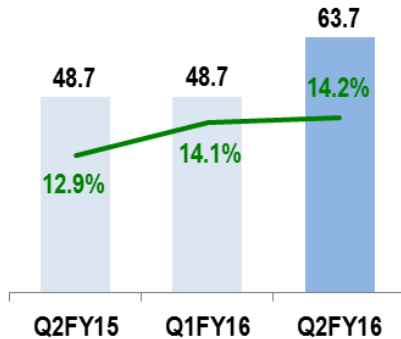
Steel Products



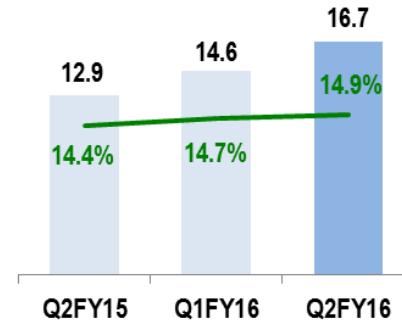
Tubes



Systems & Projects



Industrial Components

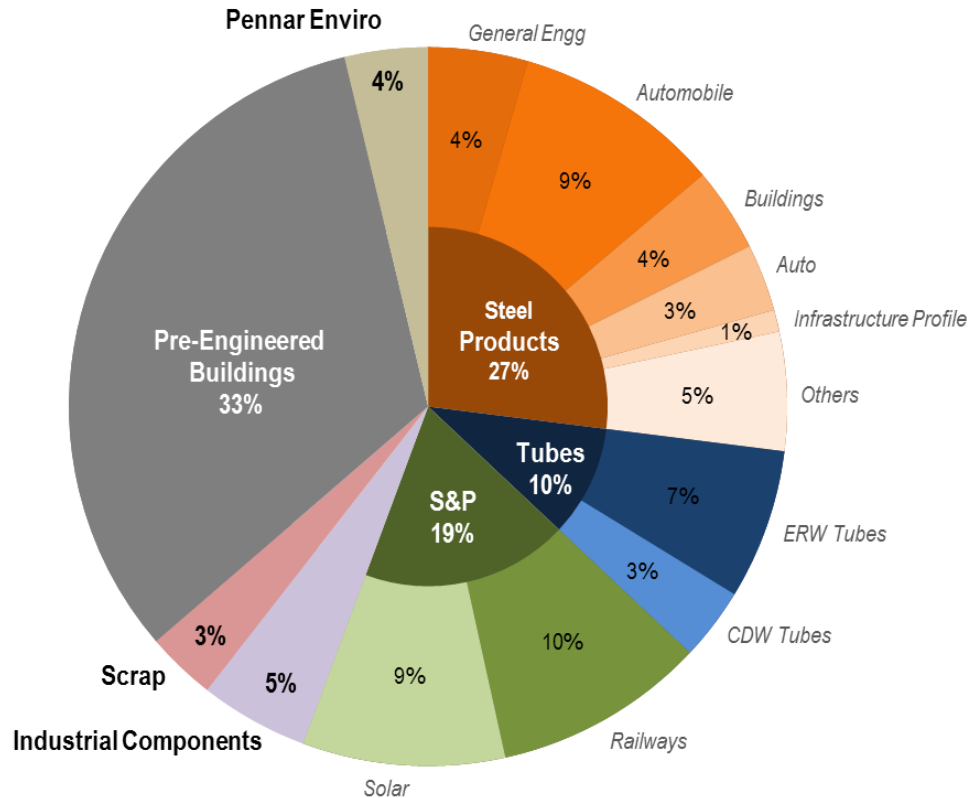


Segment Composition



Outlook

- Tubes will maintain its revenue share while improving margins.
- Steel products will decline in revenue share as lower margin segments stagnate.



Segment Highlights - Steel Products

CRFS Orders :-

- “M/s KC Cottrell Pvt Ltd”, for 600MT Collecting & Discharge Electrodes
- “M/s Thermax Ltd”, for 400 MT Collecting Electrode
- “M/s Powermech” for 825 MT Roofing & Deck Sheets
- “M/s Cethar Ltd” (Repeat order), for 732MT Collecting Electrode
- “M/s SLR Metaliks”, for 369MT of Roofing Sheets

CRSS Orders:-

- Orders from “M/s Thaker Engineering of C55(brake Shoe component) and from M/s Swaraj Automotive Ltd of QSTE 500 (Blanking Component)

New customers added

- CRFS –KC Cottrell, Clyde Bergmann India Pvt Ltd
- CRSS – Rockworth India Ltd, Thaker Engineering, A.P.Explosives, V.V.Industries

New Products added

C-55 Grade - Brake Shoe Component for Thaker Engineering



Sales at **Rs. 92.2 crs**

Customers -

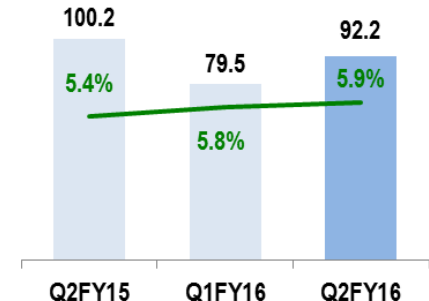
CRSS ~ **100**, CRFS ~ **75**

EBITDA Margin at

5.9%



Steel Products



Segment Highlights - Tubes

New customers added

- Include M/s.Mega rubber, Kerala Automobiles, Thai summit, Indian rubber, Susira, Presscomp.

New Products added

- Developed dual thickness APH tubes - to improve the efficiency and reduce the replacement/shut down frequency of power plants.

Outlook

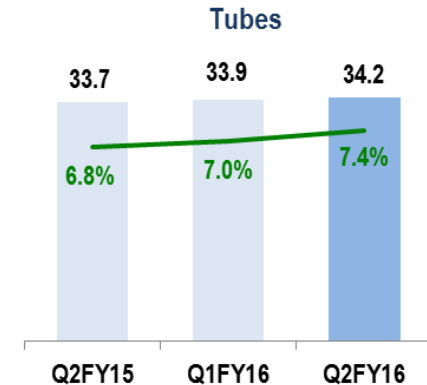
- Plant expansion to increase capacity by 25%
- Validation of CDW samples in progress with five export customers . Pilot lot order expected in Q3.
- Increasing focus on CDW business expansion.

Sales at **Rs. 34.2 crs**

200 + customers

10 new customers this quarter

70% of orders from regular major OEAs



Segment Highlights - Industrial Components

- Two milestones in this quarter include the execution of hydraulic cylinders export shipment and increased order size from existing customers

4 New products added

Bead Plate



FSTVS

Rotor Cup



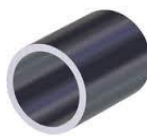
Yamaha

Hydraulic cylinder



Bailey
Hydraulics

Yoke



Letrika
Roots

Outlook

- To focus on Hydraulic cylinder business on customised segment
- To expand more into Braking segment for critical performance components
- Rotor Cups - Horizontal expansion to other potential customers

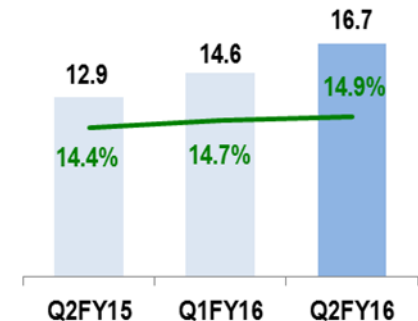
Sales at **Rs. 16.7 Crores**

White Goods - new components to increase revenue for this segment

4 new customers added



Industrial Components



Segment Highlights - Systems & Projects

- Ramped up the production of Stainless Steel Coach Assemblies during Q2 - increasing Revenues & Profits

Railways – Existing Customers’ repeat orders

- Integral Coach Factory
- BEML Ltd. – CRF Sections for Delhi Metro
- Southern Railway & South Central Railway
- Texmaco / Hindustan / Besco – CRF Sections for wagons

New products added

- Sidewall & Roof Assembly for LACCN & LWLRRM Coach

Outlook

- To supply more number of Coaches per month with the installation of new Spot Welding Machine @ Chennai plant and Laser Cutting Machine @ Patancheru plant

Solar –

Received orders from Sterling & Wilson, L & T, Mahindra Susten, Nuevosol, Sun Edison, Acme, Sterling & Wilson, Tata Power India Ltd.

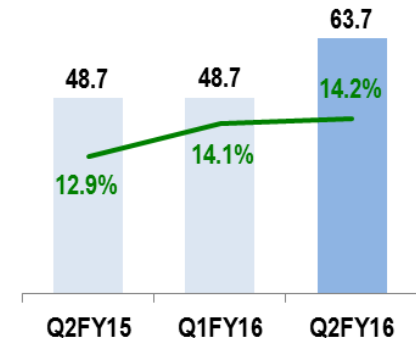
Solar is **9%** of Consolidated revenues

Market share
Coach **30%**
Wagon **20%**

Railways is **10%** of consolidate revenues



Systems & Projects



Subsidiary Highlights - PEBS

New Orders :-

- Siemens, International Cargo terminal, Namasthe Telangana, KEC International, UK Textiles

Repeat orders :-

- Biological E. Limited, Reliance, L&T, Mylan Laboratories, Frontier Sales Corporation, P L Raju Constructions, Decathlon, Top View Infratech

Expansion :-

- To start Engineering services operations in Visakhapatnam from December 2015.
- Opened new sales office at Coimbatore and Vijayawada.
- To enter into new segment of Bridge girders

Order book at
Rs. 410 Crs

Revenues –
Rs. 110.5 crs

EBITDA margin
12.5 %



Subsidiary Highlights – Pennar Enviro



Major Orders :-

- Lanco Infratech (TANGEDCO Ennore) - Desalination Project
- Biological E Ltd, Hyderabad (Effluent Treatment Plant : Shameerpet, Telangana)
- L&T - Building & Factories Division - (KIAL) Kannur Airport - Total water management
- SMK Petrochemicals
- HATSUN AGRO (New Unit) added in Telangana Region

New customers :-

- Verity Pharma, Senswasser, JFE Engineering, Manchu Toughend Glass (P) Ltd., Nand Lal Steels, Hotel Westin among others

New products:-

- HVAC Cleaning Agent for Institutional Sales (PennTreat 8080) and High Performance Cleaners for AHUs for Institutional/ Industrial Sales (PennTreat 8082)

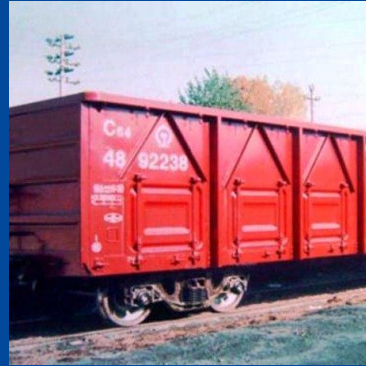
First export order for chemicals

**Customers - Chemicals
200, Projects 18,
O&M 28**

15 New customers



Pennar Group



30

YEARS OF
EXPERIENCE

1,000

PRECISELY
ENGINEERED
PRODUCTS

500

CUSTOMERS

2,500

TOOLS &
DIES

2,000

EMPLOYEES AND
GROWING !



Business Segments, Subsidiaries

STEEL PRODUCTS

- Automobiles
- General Engineering
- Infrastructure
- White Goods



TUBES

- Automobiles
- Power



SYSTEMS & PROJECTS

- Railways: Coaches and Wagons
- Solar: Mounting Structures



INDUSTRIAL COMPONENTS

- Automobiles
- Industrial
- White Goods
- Hydraulics



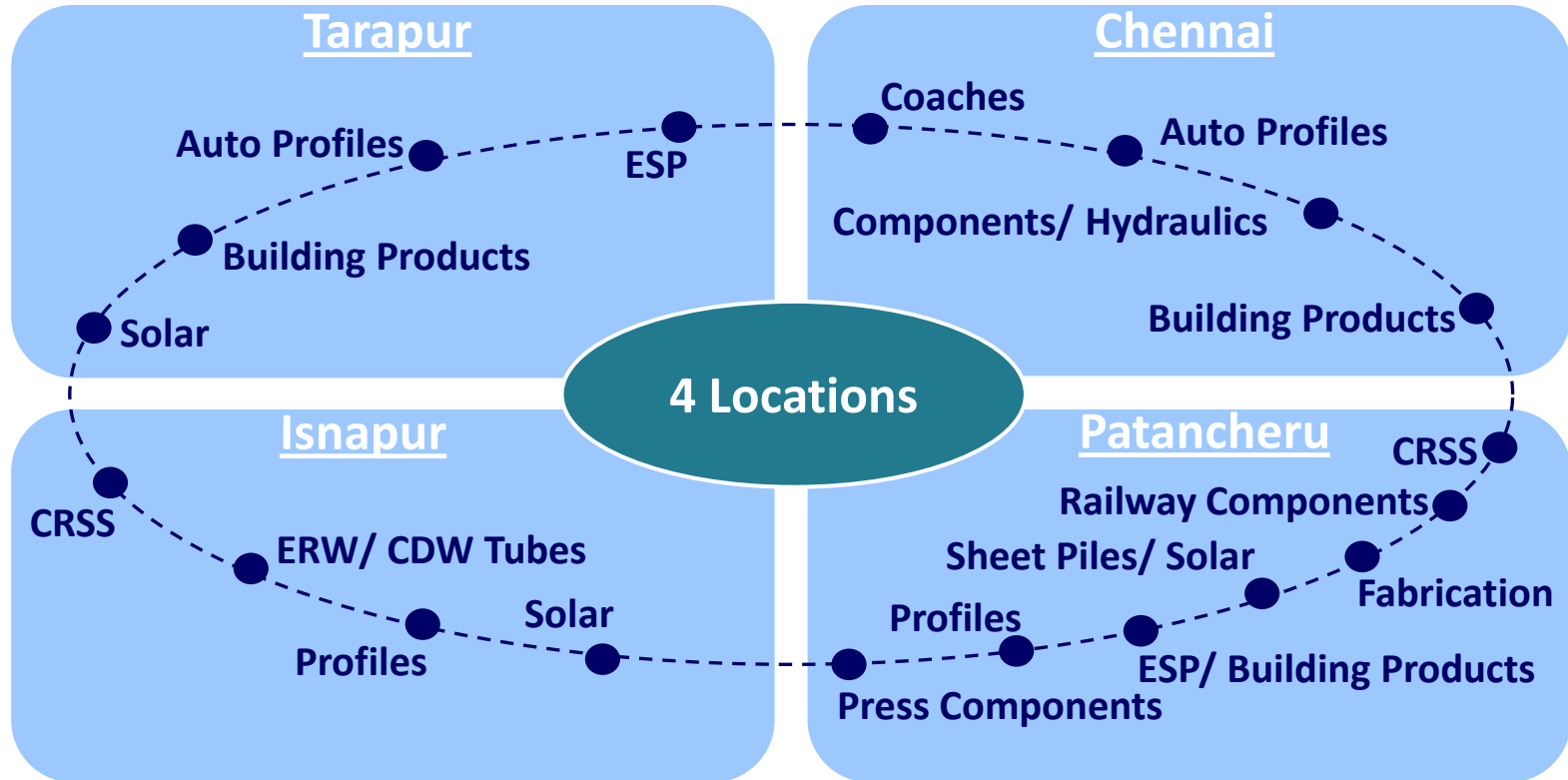
- Pre-engineered building structures
- Warehouses
- Airports and aircraft hangers
- Turnkey buildings
- Leak proof roofing sheets



- EPC turnkey solutions - water and waste water treatment viz. WTPs, STPs, ETPs, ERPs, ZLDPs
- Manufacture and supply of fuel additive and water treatment chemicals



Distributed Manufacturing



Business Structure



**Market Cap as of
September 30, 2015 (BSE):
~Rs.600 Crores**

Pennar Industries Limited

Segments: Steel Products; Tubes;
Systems & Projects; Industrial
Components.



Pre-engineered building
systems (PEBS); Roof Top
Solar, Solar EPC.



Industrial water treatment
solutions, Water treatment
chemicals and Fuel additives.

Leadership 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



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