

Pennar Industries Limited

Engineering Excellence



Investor Presentation

Q2FY15

Disclaimer



This presentation contains statements that contain “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. Quarter Performance

- Financial Performance
- Segment Performance
- Segment Composition
- Business Segment: Q2FY15 Highlights

2. Pennar Group – Business Structure, Holdings

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



Q2FY15

Quarter Performance

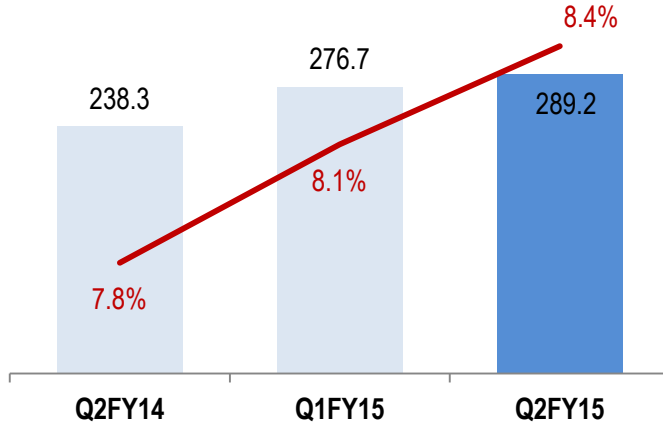
Pennar Industries Limited

Financial Performance

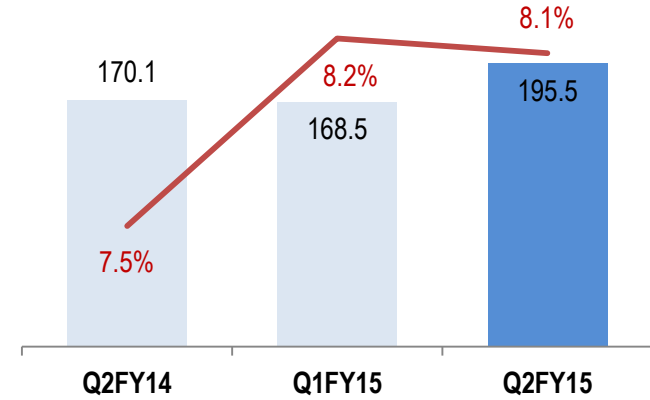


Net Revenues (Rs. Crores) and EBITDA margins (%)

Consolidated



Standalone



- Net Sales of INR 289 Crs; 21% YoY ; 5% QoQ
- EBITDA margin at 8.4%

- Net Sales of Rs. 195 Crs; 15% YoY; 16% QoQ
- EBITDA margin at 8.1%

Highlights of Q2FY15 performance



Q2 HIGHLIGHTS

- Strong performance during Q2FY15 - 21% YoY; 5% QoQ - driven by all segments, two subsidiaries
- Growth driven by new customers and existing customers increasing the scope of order/placing new orders
- Substantial new order wins in Q2
- Increasing product portfolio across all four business verticals and two subsidiaries

OTHER HIGHLIGHTS

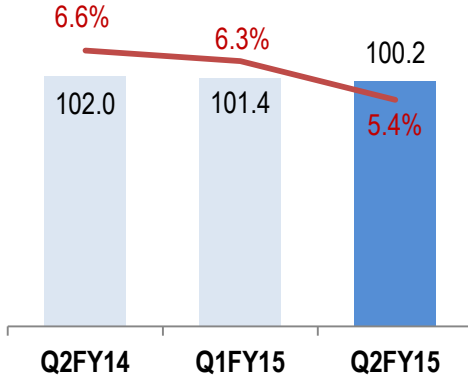
- Strong Balance Sheet
- CAPEX for new products/business lines entirely funded via internal accruals

Segment Performance

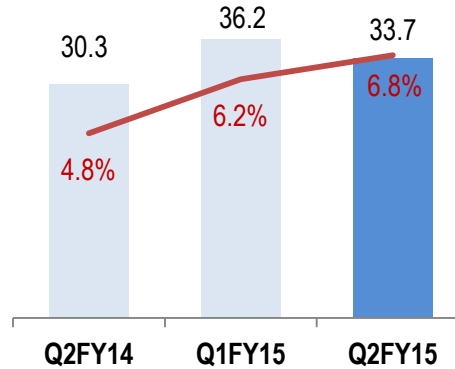


Net Revenues (Rs. Crores) and EBITDA margins (%)

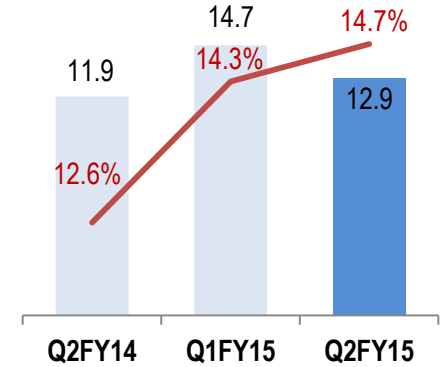
Steel Products



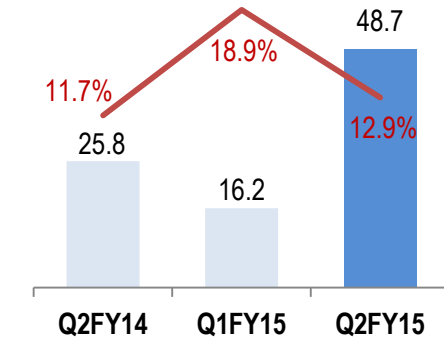
Tubes



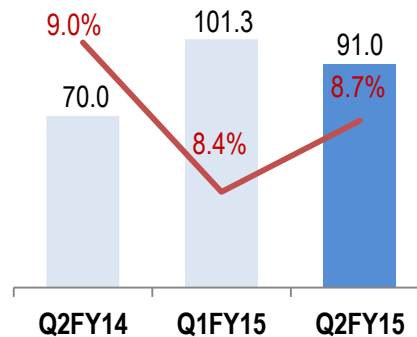
Industrial Components



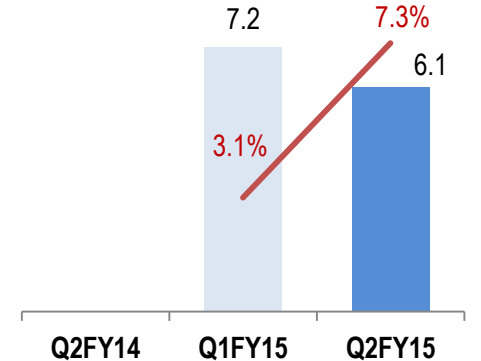
Systems & Projects



Pre-Engineered Buildings



Pennar Enviro

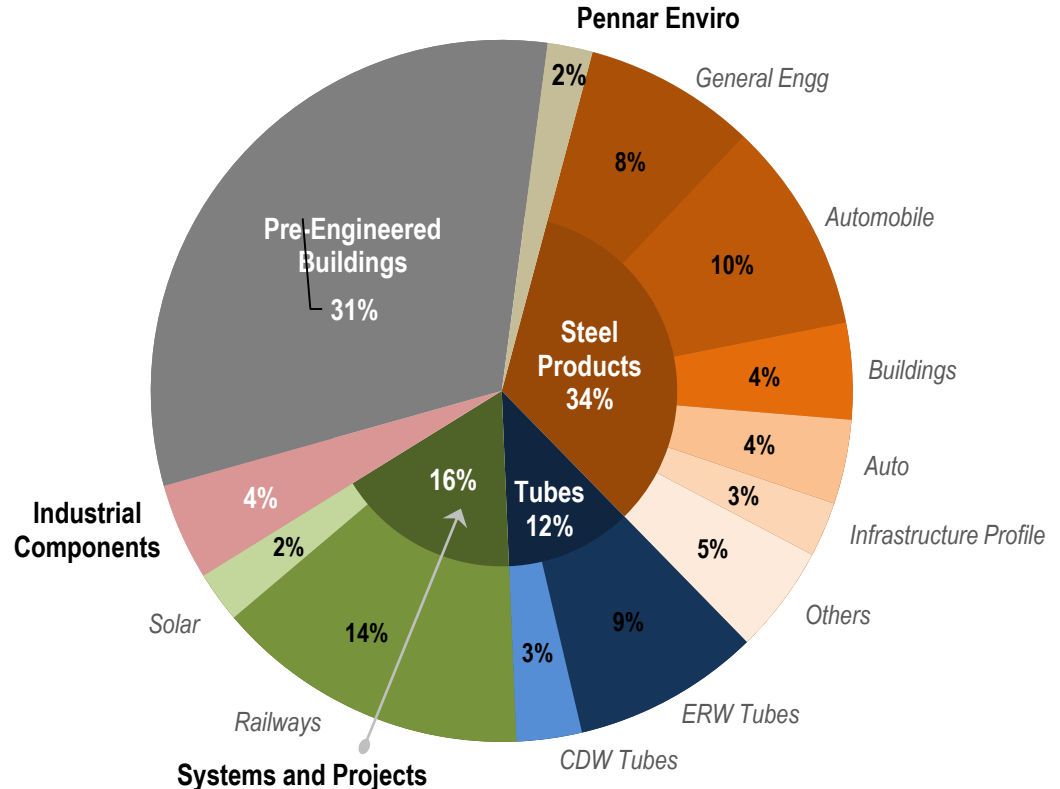


Segment Composition



Outlook

- PEBS, PEL and Systems & Projects' share of revenues will increase further as their growth rates are higher than the average growth rate.
- Tubes will maintain its revenue share while improving margins.
- Steel products will decline in revenue share as lower margin segments stagnate.



Business Segment Highlights - Steel Products



Quarter performance

- New orders received from Hamon Research, Cottrell, Cethar Limited, SKS Power Generation Limited, HBL, Thermax, etc.
- Existing customers have increased orders in Profiles sub-segment.
- Introducing Special Grade Steels.
- Switching to Special Grade while reducing low contribution products.

Outlook

- Major orders for H2 booked already.

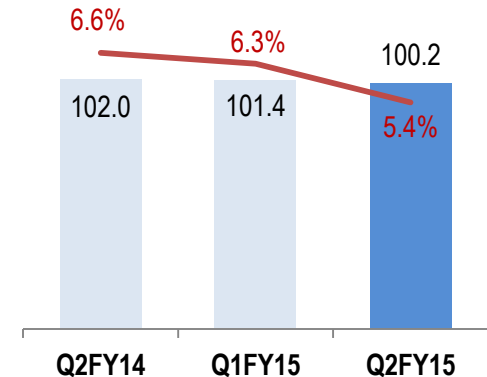
Sales for Q2FY15 is at
Rs. 100 Crores

10 % of revenue is
from new business

To concentrate on
Special Grades



Steel Products



Business Segment Highlights - Tubes

Quarter performance

- ERW saw a growth of 15% compared with Q2FY14 while CDW grew by 50%.
- Infra/power sector products were slow moving and the business vertical did well only in automotive because of 2-wheeler volumes.
- Major customers in Auto - M/s. ALFengg, VECV, PHI/PHA- Hyundai vendors, Patton, LMW, Bajaj vendors, Gabriel, M.G/Alma, TVS vendors. In Power - Isgec, Thermax, BGR, Paharpur, JSW, CPCL, HPCL, SPIC, Hindalco etc.
- Market Share - ERW: 5%; CDW: 6%
- Capacity expansion of 300T in CDW and 500T in ERW by December 2014.
- Total Customers >100.

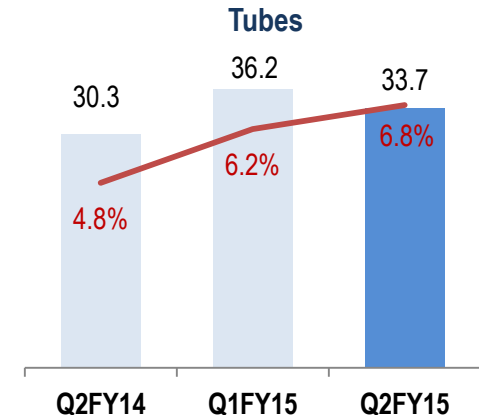
Market Share -

ERW: 5%; CDW: 6%

60% of business is repeat business;

15 new customers added

10% of Q2 business came from new products/customers



Business Segment Highlights-Industrial Components



Quarter performance

- Repeat Orders from existing customers
- Expanded business with existing customers.
- New orders from large firms for Wedge Barrier, Guide Bracket, Yoke Rotor cups and Bead plates.

Automotive – showing early signs of recovery.

- Focusing on critical high performance components for brake, suspension and auto electrical applications.
- Identifying global sourcing and deemed export opportunities.

White goods – Slide continues

- Identifying opportunities of deep-drawn products in other consumer and safety equipment segments.

General Engineering

- Identifying sub-assembly opportunities by leveraging capabilities of fabrication & pressed components.

Hydraulics cylinders

- Sample order from Bailey USA received.

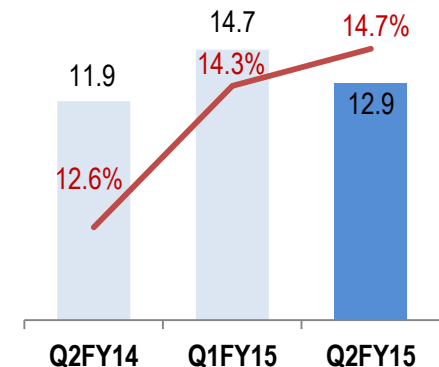
Sales for Q2FY15 is at
Rs. 13 Crores

Automotive
showing signs of mild
recovery

Growing Hydraulics
business



Industrial Components



Business Segment Highlights - Systems & Projects



Quarter Performance

Railways –

- Q2 opened with an order book of Rs. 90 crores.
- Rs. 18 crores of orders received from wagon builders.
- In dialogue for supply of CRF sections for metro coach applications. Also for CRF sections for Delhi metro.
- Order for manufacturing of complete under frame arrangement for ICF coaches in progress. Additionally, orders for manufacturing of 68 coach sets of stainless steel Sidewall and Roof Assemblies in progress.

Solar –

- Received large order from L&T Construction - Solar Division - to be executed in Q3.
- Additional order from L & T to be executed in Nov'14.
- Single largest order from Mahindra EPC to be executed between Dec'14 and Feb'15.

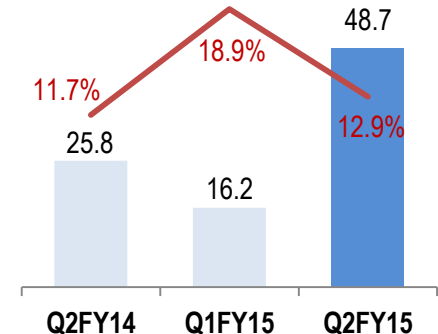
Sales for Q2FY15 up
201% QoQ

Railway business
uptrend visible

Railways is **14 %** and
Solar is **2%** of segment
revenues



Systems & Projects



Subsidiary Highlights - PEBS



Quarter Performance

- 50+ new orders received this quarter
- Major orders include - MRF, Reliance Jio Infocomm, UltraTech Cement, KRIDL, Zillion Infra , L&T, Deify Infrastructures, Caldreys Refractories, Azure power etc.
- 35+ new customers added during quarter.
- Repeat orders from 8 existing customers.

Sales for Q2FY15 is at
Rs. 91 Crores

Capacity **90,000 MT**

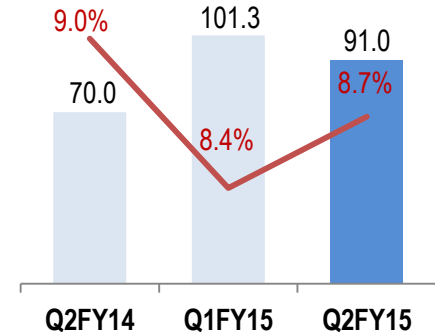
50% of revenue from
new business/ customers

Total customers at **550**



L&T Metro station, Hyderabad

Pre-Engineered Buildings



Subsidiary Highlights - Pennar Enviro



Quarter performance

▪ New Customers

- ✓ Chemicals – JSW Bellary, I G Petrochemicals, Jayapee Balaji Cement, SR International Paper, Amtek Auto
- ✓ O&M – Veeraya Power, Kalpathruvu Distilleries
- ✓ Projects – Lanco Infratech

▪ Repeat Orders

- ✓ Chemicals - Hero Cycles, Deepak Nitrite Ltd, Goodyear India Limited
- ✓ O&M - Silk Road Sugars, SLN coffee

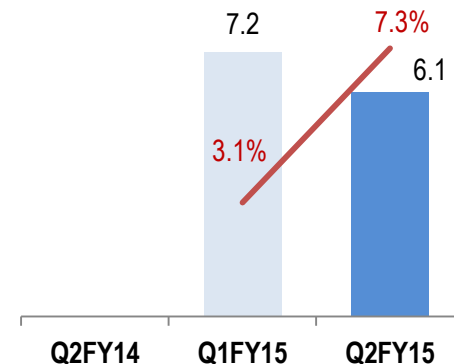
Order book currently at
Rs. 41 Crores

30 % of revenue is
from new business

Customer base
Chemicals-**170**,
O&M-**40** , Projects - **30**



Pennar Enviro





Q2FY15

Pennar Group

Pennar Industries Limited

Business Segments, Subsidiaries



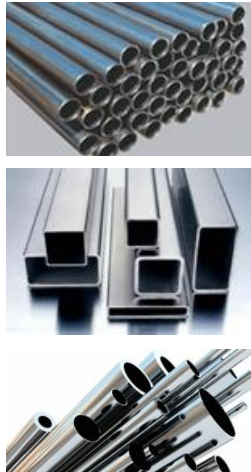
STEEL PRODUCTS

- 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



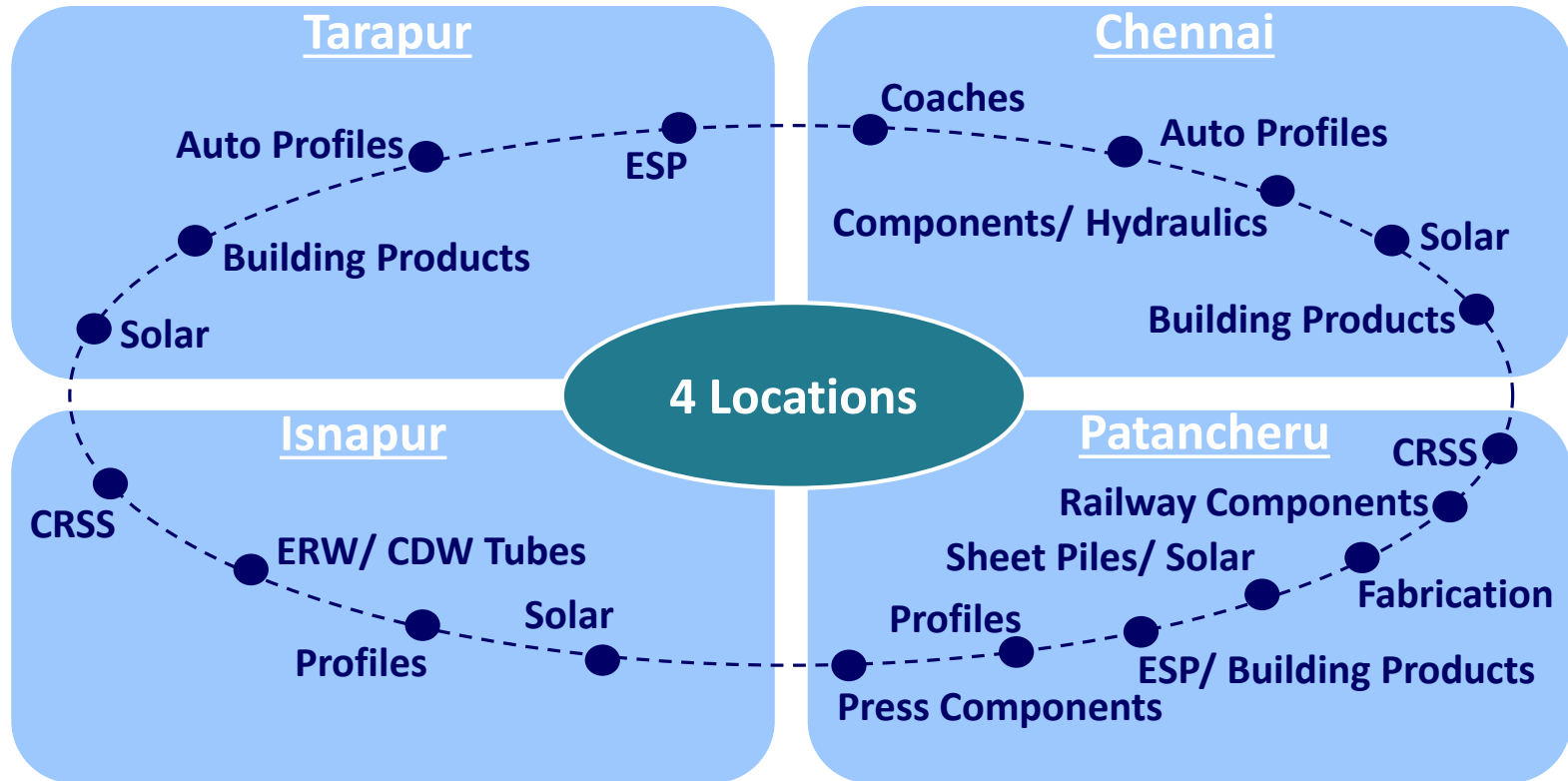
- Pre-engineered building structures
- Warehouses
- Airports and aircraft hangers
- Turnkey buildings
- Leak proof roofing sheets



- 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 Sept 30, 2014 (BSE):
~Rs. 650 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



Y Narasimha Rao
Steel Products

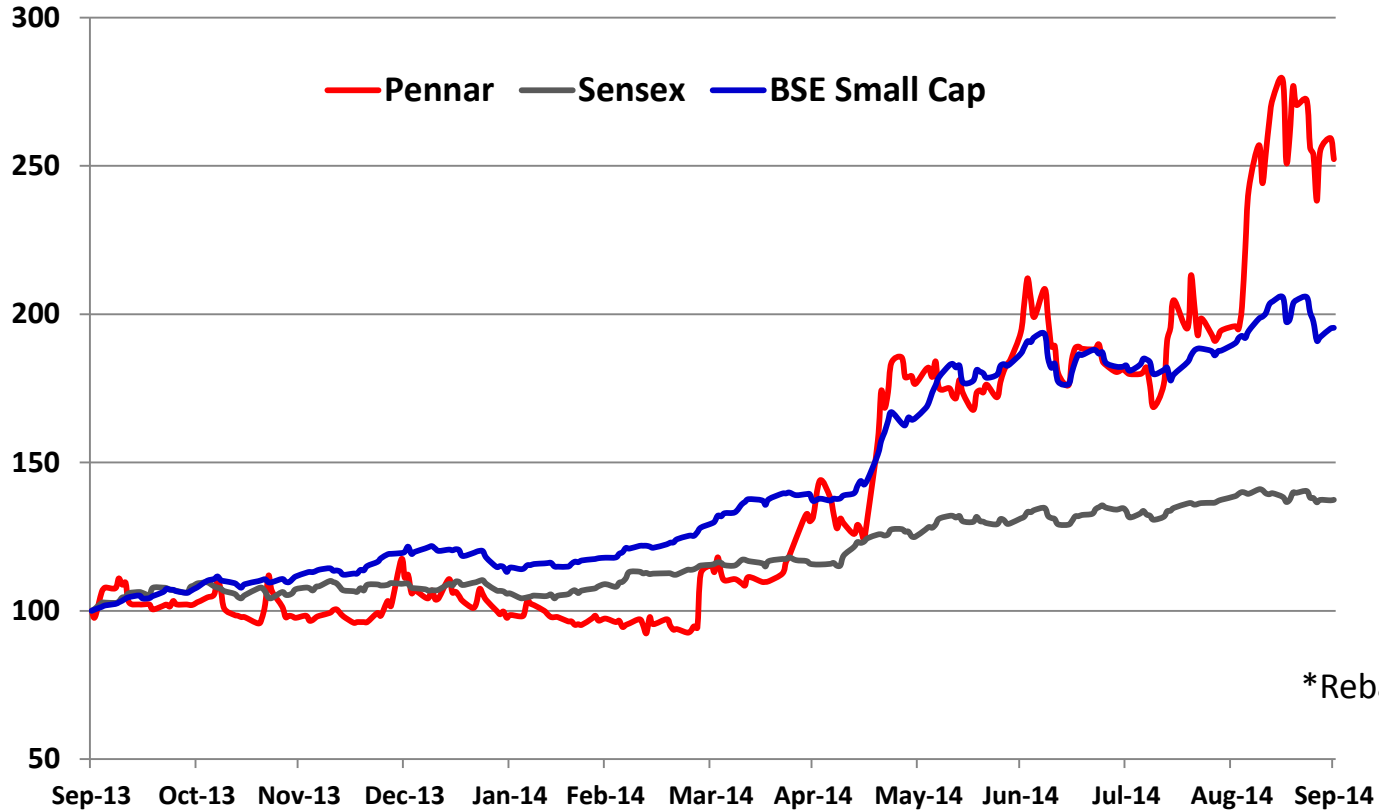


M. Bhoopal Reddy
Tubes



Shiva Kumar K
Industrial
Components

Share Price Performance for Q2FY15



*Rebased to 100



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