PENNAR INDUSTRIES LIMITED

Q4 & FY19 RESULT PRESENTATION

MAY 2019

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Discussion Summary

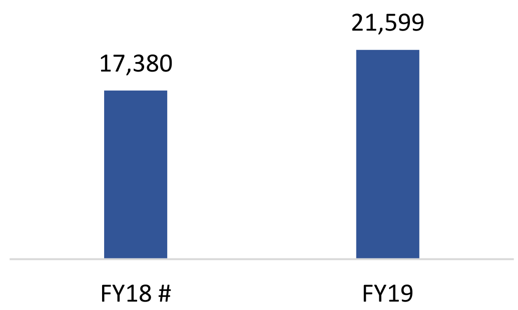
- **Results Update**
- Company Overview

FY19: Key Highlights

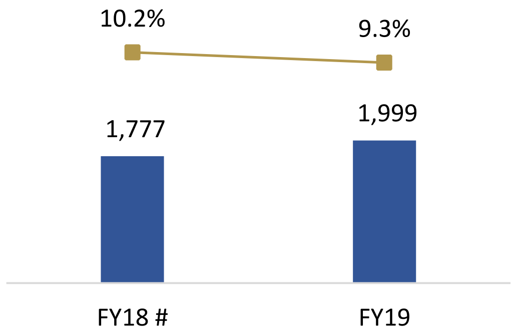
In Rs Mn

FY19 YoY Analysis

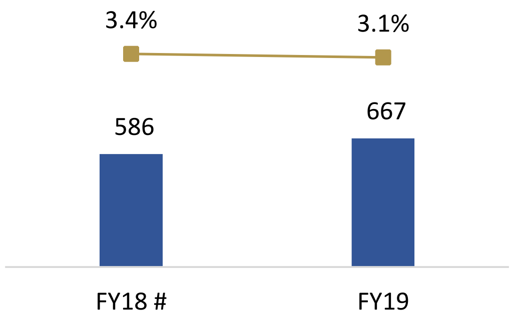
Total Income (Net)



EBITDA & EBITDA Margin *



PAT & PAT Margin *



* Calculated on Total Income (Net), # FY18 figures are adjusted to exclude exceptional and non-recurring items

Q4 FY19: Key Business Updates

Engineering Products

- Supply of critical structural railway components (coaches, wagons, other parts) generated gross revenues of Rs 1,062 Mn delivering 29.2% YoY growth in Q4 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 325 Mn, delivering 33.2% YoY growth in Q4 FY19
- Supply of precision tubes generated gross revenues of Rs 852 Mn, delivering 31.2% YoY growth in Q4 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 2,285 Mn, delivering 17.5% YoY growth in Q4 FY19
- **Robust momentum in new orders across all product segments from existing as well as new customers**

Q4 FY19: Key Business Updates

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Engineering Solutions

PEBS :

- Pre-engineered buildings generated gross revenues of Rs Rs 2,229 Mn, delivering 43% YoY growth in Q4 FY19
- Solar MMS generated gross revenues of Rs 79 Mn in Q4 FY19
- Engineering Services generated Rs 41 Mn, delivering 10% YoY growth in Q4 FY19
- Robust order book at Rs 4,720 Mn as on 31st March 2019 backed by order inflow of Rs 1,467 Mn which consisted of new order inflow of Rs 621 Mn and repeat order inflow of Rs 846 Mn
- New customers added – RMK Infrastructure, BVG India Ltd, Schott Kaisha Pvt Ltd, Hindustan EPC Co Private Ltd, Aro Granites, Kala Jyothi Process Pvt Ltd, Chettinad Builders, Waterman Imports Ltd, LUK India

Engineering Solutions :

- Major New customers added – Saurashtra Cement, ITD (Metro Kolkata), Haldiram Foods, Excel Industries
- 12 dealers appointed for Standard Products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat

Q4 FY19: Key Projects Under Execution

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AP-1565 (TAIIN)	Shahi Exports
	

Q4 FY19: Key Projects Under Execution

Ultratech Cements ltd	GMR
	

Q4 FY19: Key Projects Under Execution

Q4 & FY19: Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q4 FY19	Q4 FY18	YoY%	FY19	FY18
Revenue From Operations (Net of Taxes)	5,851	5,031	16.3%	21,331	17,681
Other Income	51	80	-35.7%	267	159
Total Income	**5,902**	**5,110**	**15.5%**	**21,599**	**17,840**
COGS	3,493	2,953	18.3%	13,155	10,776
Gross Profit	**2,409**	**2,157**	**11.7%**	**8,443**	**7,063**
Gross Margin %	**40.8%**	**42.2%**	**-140 bps**	**39.1%**	**39.6%**
Employee Expenses	372	338	9.9%	1,529	1,228
Other Expenses	1,401	967	44.8%	4,915	3,618
EBITDA	**636**	**852**	**-25.3%**	**1,999**	**2,218**
EBITDA Margin %	**10.8%**	**16.7%**	**-589 bps**	**9.3%**	**12.4%**
Depreciation	72	81	-10.9%	279	293
Finance Cost	227	197	15.2%	752	674
Exceptional Items	0	130	-	0	130
PBT	**338**	**704**	**-52.0%**	**968**	**1,381**
Taxes	95	229	-58.6%	302	476
PAT Before MI	**243**	**475**	**-48.8%**	**667**	**905**
PAT Margin %	**4.1%**	**9.3%**	**-518 bps**	**3.1%**	**5.1%**

FY18 figures are adjusted to exclude exceptional and non-recurring items

FY19: Consolidated Balance Sheet

Particulars (Rs. in Mn)	FY19	FY18
Equity & Liabilities		
Equity Share Capital	762	762
Other Equity	5,913	5,279
Total Equity	**6,675**	**6,041**
Non Cotrolling Interest	2	
Total Equity	**6,677**	**6,041**
Non-Current Liabilities		
Borrowings	1,003	1,008
Other Financial Liabilities	51	47
Provisions	86	54
Deferred Tax Liabilities (net)	268	238
Other Non-Current Liabilities	60	79
Total Non-Current Liabilities	**1,469**	**1,425**
Current Liabilities		
Borrowings	3,129	2,356
Trade Payables	4,491	3,700
Other Financial Liabilities	566	225
Provisions	92	100
Income Tax Liabilities	156	249
Other Current Liabilities	856	1,019
Total Current Liabilities	**9,290**	**7,649**
Total Equity & Liabilities	**17,436**	**15,115**

Particulars (Rs. in Mn)	FY19	FY18
Assets		
Non-Current Assets		
Property, Plant And Equipment	4,405	3,275
Capital Work-in-progress	1,177	273
Other Intangible Assets	135	143
Trade Receivables	94	26
Other Financial Assets	82	71
Income Tax Assets (Net)	104	85
Other Non-current Assets	128	155
Total Non-Current Assets	**6,125**	**4,028**
Current Assets		
Inventories	4,386	4,326
Investments	521	693
Trade Receivables	4,636	4,020
Cash And Cash Equivalents	152	329
Other Balances With Banks	232	171
Loans	195	200
Other Financial Assets	308	322
Other Current Assets	881	1,027
Total Current Assets	**11,311**	**11,087**
Total Assets	**17,436**	**15,115**

Discussion Summary

- Quarterly Results Update
- **Company Overview**

Diversified Engineering Company With End-To-End Capabilities

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Wide Spectrum of Engineered Products & Customised Turnkey Engineering Solutions Across Diverse Industries

Strong Pedigree & Engineering Excellence

35+	1,500+	1,000+	7	2,500+
Years of Experience	Engineered Products	Customers Across Industries	Manufacturing Plants	Employee Base

Extensive Product & Service Offerings

Engineered Products *

- Wide range of customised engineering products catering to diverse sectors
- Strong designing & manufacturing capabilities

Engineering Solutions **

- Leading player in Pre-Engineered Buildings, Solar EPC, Designing & Engineering Services with presence in USA
- Water Treatment Solutions (EPC + O&M), Water Treatment Chemicals & Fuel Additives

Exposure to High Growth Sectors

- Automobiles
- Construction & Infrastructure
- General Engineering
- White Goods
- Railways
- Solar

Prominent Clientele From Diverse Sectors

ADITYA BIRLA UltraTech, LARSEN & TOUBRO, Reliance, amazon, MRF, JSW, Hindustan Unilever Limited, THERMAX, ITC Limited, TATA

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

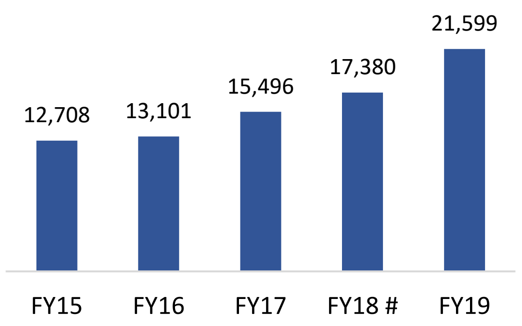
Strong Track Record: Consistent Growth & Improving Profitability

FY14-16 Figures are as per the I-GAAP, FY17-19 Figures are as per IND-AS

In Rs Mn

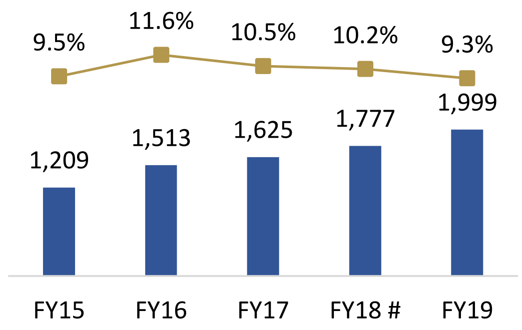
Total Revenues

CAGR: 14%



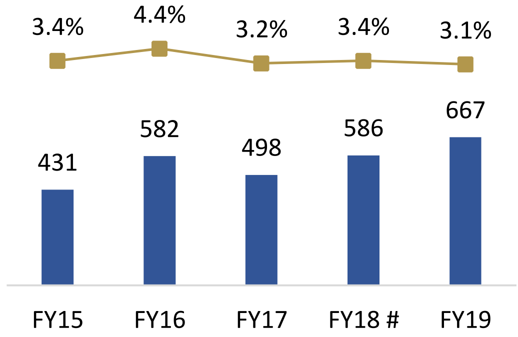
EBITDA & EBITDA Margin

CAGR: 13%

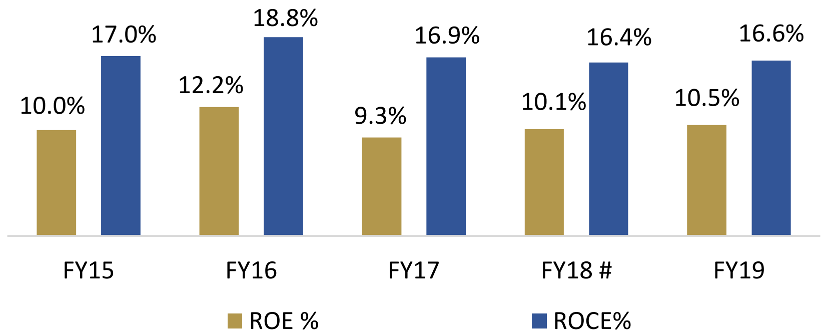


PAT Before MI & PAT Margin

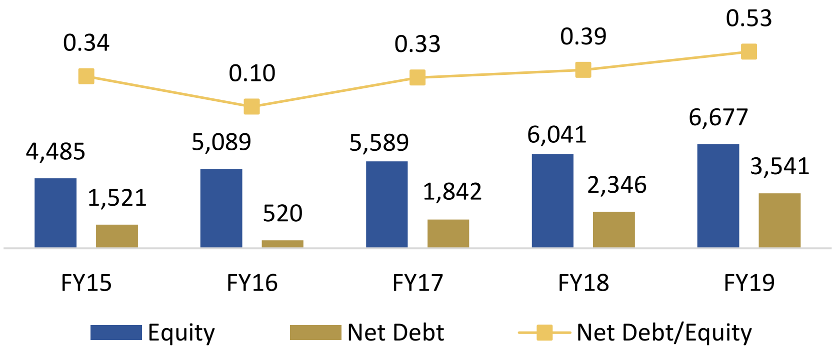
CAGR: 12%



Return Ratios



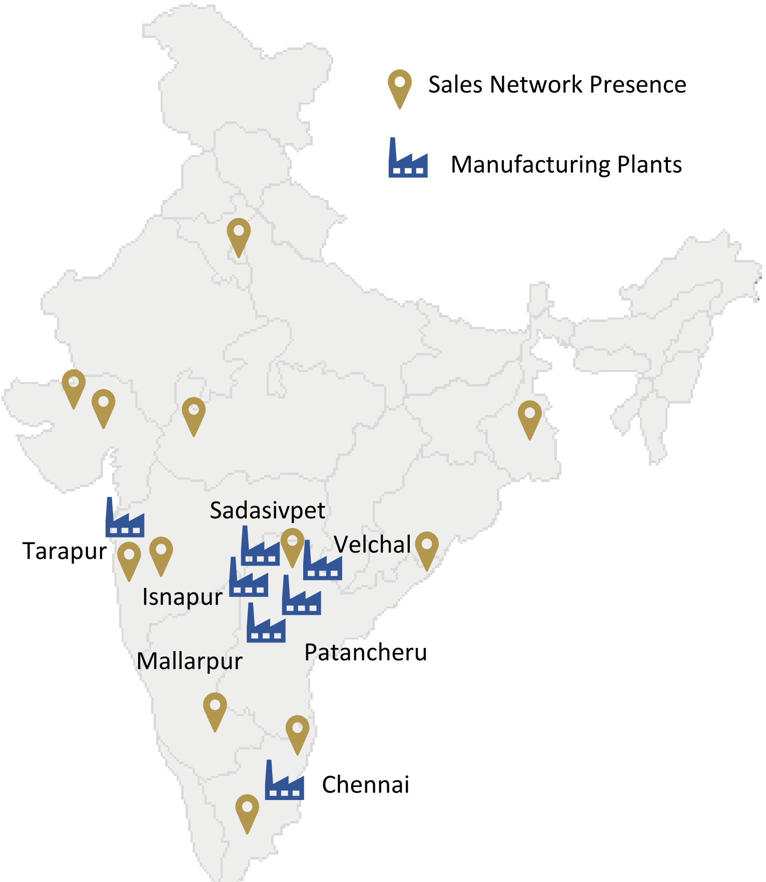
Leverage Analysis



FY18 figures are adjusted to exclude exceptional and non-recurring items

ROE = PAT / Avg. (Equity + MI), ROCE = EBIT / Avg. Capital Employed (Total Debt + Equity + MI)

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
Joint Managing Director

K. Chakravarthy
Business head,
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
Joint Managing
Director

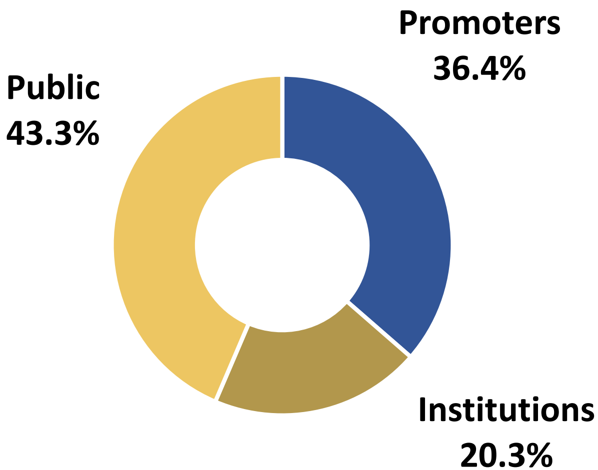
K Lavanya Kumar
Executive Director

	Name	Designation	Description
	**Eric James Brown**	Non-Executive Director	• President and CEO of Pennar Global, Inc. • 30+ years of experience
	**Vishal Sood**	Non-Executive Director	• Managing Director at SAIF partners • Earlier worked with Kotak, SSKI and SBI Capital Markets
	**Chandrasekhar Sripada**	Non-Executive Independent Director	• 40+ years corporate career in HRM across Public, Private and Multi-National Companies • MBA, MA & PhD
	**C Parthasarathy**	Non-Executive Independent Director	• One of the founders of Karvy Group and responsible for building Karvy as one of India's truly integrated financial services organizations • He has been actively associated with various professional bodies in senior capacities over the last decade
	**B Kamalaker Rao**	Non-Executive Independent Director	• Serving as Director on Boards of several Government and Public Sector Undertakings • Distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party
	**Manish Sabharwal**	Non-Executive Independent Director	• 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) • He is a member of the CII core group on labour reforms
	**Varun Chawla**	Non-Executive Independent Director	• 9+ years of Investment Banking experience • He was one of the founders of myguesthouse.com, acquired by Make My Trip.
	**Bharati Jacob**	Non-Executive Independent Director	• Extensive experience in venture investing, marketing and financial services. • Masters degrees from The Wharton School of University Pennsylvania and XLRI Jamshedpur

Independent Directors

Shareholding Structure

Shareholding Pattern – Mar 2019



Source: BSE

Key Shareholders – Mar 2019

Saif India IV FI Holdings Limited	10.09%
Franklin India Smaller Companies Fund	7.22%
Ashmore India Opportunities Fund	1.35%

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Thanking You

Pennar

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DICKENSON

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