

Pennar Industries' Standalone H1FY18 Gross Sales at Rs 608 Crores; up 20% YoY
H1FY18 EBITDA Margin up 200 bps at 9.2%
H1FY18 PAT up 46% YoY at Rs. 14.3 Crores

Hyderabad, November 10, 2017: Pennar Industries Limited, one of India's leading industrial organizations offering specialized, engineered steel solutions, announced today their unaudited financial results for the quarter and half year ended 30th September 2017.

CONSOLIDATED FINANCIAL PERFORMANCE:

(Rs. Crore)	Consolidated					
	Q2		y-o-y Growth (%)	H1		y-o-y Growth (%)
	FY2018	FY2017		FY2018	FY2017	
Gross Revenue	426.4	411.0	3.7%	886.4	749.4	18.3%
Net Revenue	426.4	380.8	12.0%	856.1	689.6	24.1%
EBITDA	44.8	43.7	2.6%	91.1	81.9	11.2%
EBITDA Margin (%)	10.5%	11.5%		10.6%	11.9%	
Cash Profit	21.2	19.4	9.2%	42.2	36.1	17.1%
Cash Profit Margin (%)	5.0%	5.1%		4.9%	5.2%	
Net Profit	10.5	9.3	12.4%	21.2	17.1	23.9%
Net Profit Margin (%)	2.46%	2.45%		2.47%	2.48%	
Basic EPS (Rs)	0.86	0.77	11.1%	1.76	1.42	23.9%

STANDALONE FINANCIAL PERFORMANCE:

(Rs. Crore)	Standalone					
	Q2		y-o-y Growth (%)	H1		y-o-y Growth (%)
	FY2018	FY2017		FY2018	FY2017	
Gross Revenue	286.6	271.8	5.5%	607.8	504.9	20.4%
Net Revenue	286.6	251.8	13.8%	586.6	464.6	26.3%
EBITDA	27.0	23.1	16.6%	53.9	41.9	28.7%
EBITDA Margin (%)	9.4%	9.2%		9.2%	9.0%	
Cash Profit	15.0	11.8	26.8%	27.9	19.8	40.4%
Cash Profit Margin (%)	5.2%	4.7%		4.7%	4.3%	
Net Profit	7.7	5.5	41.1%	14.3	9.8	45.8%
Net Profit Margin (%)	2.7%	2.2%		2.4%	2.1%	
Basic EPS (Rs)	0.64	0.42	52.4%	1.17	0.78	50.0%

SEGMENT FINANCIAL PERFORMANCE (STANDALONE):

Particulars	Net Revenue			EBITDA			EBITDA Margin (%)	
	Q2		y-o-y Growth (%)	Q2		y-o-y Growth (%)	Q2	
	FY18	FY17		FY18	FY17		FY18	FY17
Steel Products	95.2	78.2	21.7%	4.2	3.2	28.6%	4.4%	4.1%
Tubes	49.7	40.7	22.2%	3.9	3.3	20.1%	7.9%	8.0%
Industrial Components	17.2	12.6	36.3%	2.1	1.9	12.1%	12.3%	15.0%
Systems and Projects	114.4	111.2	2.9%	16.8	13.5	24.3%	14.7%	12.1%
Scrap	10.2	8.4		0.0	0.0			
Total Standalone	286.6	251.0	14.2%	27.0	21.9	23.3%	9.4%	8.7%
Total Consolidated	426.4	380.7	12.0%	44.8	43.7	2.6%	10.5%	11.5%

BUSINESS HIGHLIGHTS FOR Q2FY18 AND OUTLOOK FOR FY18:

SYSTEMS AND PROJECTS:

A: RAILWAYS: Repeat orders were received for Stainless Steel Sidewall and Roof Assemblies from ICF/Chennai & MCF/Raebareli, for CRF and Fabrication items of Mild Steel and Stainless Steel from ICF/Chennai and for CRF sections for Metro Coaches from BEML Ltd. Apart from supplying 20 Coaches per month to ICF/Chennai, the Railways Business unit is also supplying 25 Roof Assemblies per month to MCF/Raebareli. Complete Shell Kit orders were received from ICF for 10 Coaches and another 600 Coaches tenders have opened and present potential opportunities for this division.

A new product was added in this quarter - Under Frame Complete for Power Car. Large orders were received from ICF and Western Central Railways for various Coach applications.

Outlook for FY18: In the pipeline, the division is proposing to develop CRF Sections for ongoing/upcoming Metro projects in India.

B: SOLAR: In this quarter, we received orders from Sterling & Wilson, Renew Solar and Tata Power Solar. Our major customers include Sterling & Wilson, L&T, Mahindra Susten, Nuevosol, Tata Power India Ltd among others. One new customer was added in this quarter - Thesso Infra.

Outlook for FY18: Strong revenue growth is expected to continue on the back of a robust order book and capacity expansion completed with three new mills added in Patancheru.

TUBES: This division has about 255 customers in domestic and exports, covering the following industries - Auto, power, Gen Engineering, Textile and, earth moving equipment. Major customers in this vertical include VECV, Mahindra, Gabriel, Yamaha, Bridgestone, Endurance, Royal Enfield, Magna closures, Bajaj, Hyundai, TVS, Thermax, Reiter, LMW, Isgec, Rajwest, Hindalco, Tata Vendors among others. In the exports segment, Pennar has added 4 new customers - Salem, Comprinox, Shell & Flack (Germany) & CIE Automotive (Spain). We received export orders for CDW tubes from USA, Europe, South Africa, with order booking up to June 2018. About 70% of the orders are from regular major OEAs in the form of monthly schedules and the balance 30% are project-based orders. The new domestic customers include Mungi, Gaziabad Precision Engineering, Tokai Rubber and K.Tech. Plant approvals came from TVS Group and Bajaj for CDW/ERW tubing. Plant approval by Tokai Rubber – a Tier 1 Toyota Vendor - has been completed.

Outlook for FY18: Exports: An order load of 6 containers per month booked till July 2018. The average target for exports in Q3 is 6 containers per month. Autos volumes picked up because of the festive season. The business unit plant to expand CDW's Capacity from 1000 T to 1500 T by Jan/ Feb'18. The plant capacity has expanded by 25 % with the commissioning of the new tube mill.

INDUSTRIAL COMPONENTS: A record 36% YoY growth was achieved in this quarter. The Chennai plant recorded a 48% growth in H1FY18. Process improvement initiatives and CAPEX worked well for



the revenue growth. In Q2FY18, the Hydraulics business crossed the overall sales of FY17 for this division and registered a 125% growth in H1FY18. In the quarter, the sale of products for the commercial vehicle industry doubled over Q2FY17 whereas for the 2-wheeler segment registered a growth of 40% over Q2FY17.

Outlook for FY18: Hydraulics with a strong order book for H2 will lead the growth in this sector for this year. Several products are in near-complete development stage for future growth.

STEEL PRODUCTS: CRFS Orders came in ESP from Thermax and GE Power. Orders came in Buildings from Elecon, SNC, Sunil Hytech and RDS Products. Repeat Orders came from regular schedules of Auto & ESP for various projects. The monthly schedule from regular customers continues. Major Customers include Toshiba, IFB Industries Ltd, LGB, LUK India, Managal Precision, Bimetal, JM Frictech, RG Bronze, KM Seating, L&T among others. New customers in Special Grades include Metal Form and YSI Automotive. A large steel pile order was also received from L&T for the Chennai Metro project. The Steel Business unit began GP strip sales from the Velchal plant in this quarter. The first retail outlet facility was set up at Vijayawada in this quarter.

Outlook for FY18: Robust growth is expected to be driven by GP Strips The aim is to increase EBIDTA margin significantly in the Steel Products business unit.

ABOUT PENNAR INDUSTRIES LIMITED:

Pennar Industries (NSE: PENIND, BSE: 513228) is one of India's leading industrial organizations offering specialized, engineered steel solutions. The Company has a strong presence across growth sectors in India through four business units, Steel Products, Tubes, Industrial Components and Systems & Projects, and its subsidiary companies, Pennar Engineered Building Systems Limited and Pennar Enviro Limited. All of Pennar's manufacturing units are ISO 9001:2008-certified and the Company has presence across 10 industry verticals. Pennar has over 30 years of rich experience and more than 1,000 precision engineered products, 2,500 tools and dies, over 600 customers and six manufacturing plants located at Patancheru, Sadashivpet, Isnapur and Mallapur near Hyderabad, Chennai in Tamil Nadu and Tarapur in Maharashtra.

For more information, please visit www.pennarindia.com

DISCLAIMER:

This release 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's 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, macroeconomic, 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 publicly revise any forward-looking statements to reflect future / likely events or circumstances.

Q2FY18 EARNINGS CONFERENCE CALL DETAILS:

Universal Access:	+91 22 3960 0734
Local Access Number: Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune. (Accessible from all carriers)	3940 3977
International Toll Free Numbers:	USA : 1 866 746 2133 UK : 0 808 101 1573 Singapore : 800 101 2045 Hong Kong : 800 964 448
Date:	Monday, 13 November 2017
Time:	10:30 AM to 11:30 AM IST 01:00 PM to 02:00 PM Singapore & HK 06:00 AM to 07:00 AM UK 10.00 PM to 11.00 PM USA (Pacific time)

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