

Press release

For immediate release



Pennar Industries' Consol Q1FY18 Gross Sales at Rs 460 Crores; up 36% YoY

EBITDA Margin at 10.8%

PAT up 37.8% YoY at Rs. 10.7 Crores

Cash PAT up 26.1% at Rs. 21 Crores

Hyderabad, August 14, 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 ended 30th June, 2017.

CONSOLIDATED FINANCIAL PERFORMANCE:

The Company adopted Indian Accounting Standards ("Ind AS") from April 1, 2017 with transition date of April 1, 2016 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) 34 - Interim financial reporting prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India.

(Rs. Crore)	Consolidated		
	Q1		y-o-y
	FY2018	FY2017	Growth (%)
Gross Revenue	460.0	338.4	35.9%
Net Revenue	429.7	308.7	39.2%
EBITDA	46.3	38.2	21.0%
<i>EBITDA Margin (%)</i>	10.8%	12.4%	
Cash Profit	21.0	16.7	26.1%
<i>Cash Profit Margin (%)</i>	4.9%	5.4%	
Net Profit	10.7	7.8	37.8%
<i>Net Profit Margin (%)</i>	2.5%	2.5%	
Basic EPS (Rs)	0.89	0.64	37.8%

STANDALONE FINANCIAL PERFORMANCE:

(Rs. Crore)	Standalone		
	Q1		y-o-y
	FY2018	FY2017	Growth (%)
Gross Revenue	321.2	233.1	37.8%
Net Revenue	300.0	212.9	40.9%
EBITDA	27.0	18.8	43.6%
<i>EBITDA Margin (%)</i>	9.0%	8.8%	
Cash Profit	12.9	8.05	60.2%
<i>Cash Profit Margin (%)</i>	4.3%	3.8%	
Net Profit	6.5	4.3	51.9%
<i>Net Profit Margin (%)</i>	2.2%	2.0%	
Basic EPS (Rs)	0.54	0.36	51.9%

SEGMENT FINANCIAL PERFORMANCE (STANDALONE):

Particulars	Net Revenue			EBITDA			EBITDA Margin (%)		
	Q1		y-o-y	Q1		y-o-y	Q1		y-o-y
	FY18	FY17	Growth (%)	FY18	FY17	Growth (%)	FY18	FY17	Growth (%)
Steel Products	79.7	81.9	(2.7)%	3.2	3.6	(12.5)%	4.0%	4.5%	(45)
Tubes	54.9	39.8	37.7%	4.6	3.3	40.3%	8.4%	8.3%	16
Industrial Components	17.2	14.6	17.6%	2.7	2.2	21.5%	15.7%	15.2%	50
Systems and Projects	140.4	68.0	106.5%	16.5	9.6	71.1%	11.7%	14.2%	(243)
Scrap	7.8	8.5		0.0	0.0				
Total Standalone	300.0	212.9	40.9%	27.0	18.8	43.6%	9.0%	8.8%	17
Total Consolidated	429.7	308.7	39.2%	46.3	38.2	21.0%	10.8%	12.4%	(161)

BUSINESS HIGHLIGHTS FOR Q1FY18:

Pennar Industries Limited has agreed to enter into an agreement to sell its stake in its subsidiary M/s. Pennar Renewables Private Limited to Greenko Solar Energy Private Limited. Once the sale completes, the debt of the company reduces by around Rs. 101 Crores from its consolidated Balance Sheet. The proceeds from the sale of transaction will be used by the company to expand its product base and addressable markets.

SYSTEMS AND PROJECTS:

A: RAILWAYS: Major customers include the Integral Coach Factory, Chennai; Modern Coach Factory, Raebareli; Texmaco Rail & Engineering Ltd., Kolkata; Hindustan Engineering India Ltd., Kolkata; Cimmco Ltd., Kolkata and BEML Ltd, Bangalore. 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. A new product was added in this quarter - Under Frame Complete DETC/US. Orders worth 67 Crores was received from ICF for various Coach Applications. Orders worth Rs. 16 Crores were received from MCF for various Coach Applications.

Outlook for FY18: In the pipeline - Development of CRF Sections for ongoing/upcoming Metro projects in India and abroad as a local supplier to BEML.

B: SOLAR: In this quarter, we received orders from Belectric – KA & TS projects, Sterling & Wilson, L&T and Sri Chakra Cement. Our major customers include Sterling & Wilson, L&T, Mahindra Susten, Nuevosol, Sterling & Wilson, Tata Power India Ltd among others. One new customer was added in this quarter- Sri Chakra Cement.

Outlook for FY18: Strong revenue growth of 50%, predicated on robust order book, capacity expansion that has been completed with three new mills added in Patancheru. Ongoing CAPEX - Cold rolling & skin pass mill strengthening and an additional hydrogen annealing furnace.

TUBES: 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 October 2017.

The new domestic customers include Yamaha, Tokai rubber, Bridgestone and K.Tech. The division also got plant approval from Bridgestone for CDW tubing. Plant approvals came from Yamaha and Tokai Rubber – a Tier 1 Toyota Vendor.

Outlook for FY18: Autos - Volumes started picking up post GST to normal levels; expecting sector to pick up in Q2. Our business priority remains exports and new product development and we are targeting to add customers from N. America/ Europe in Q2. Also in the pipeline is the CDW capacity expansion planned by Jan/Feb'18.

INDUSTRIAL COMPONENTS: This vertical is witnessing strong market demand in the White goods segment. In addition, a strong recovery in the two-wheeler segment post the demonetization effect is also underway. Both these will aid this vertical's growth in FY18.

Outlook for FY18: The Q1 growth trend likely to continue to Q2 as there are multiple projects under development - Water heater cover, Clips for building systems, Coupler bar, Yoke, Jack assembly. We expect these to drive growth further from these levels.

STEEL PRODUCTS: CRFS Orders in ESP from Hamon, Valmet among others. Orders came in Buildings from Elecon, L&T power and Megha Engineering. Repeat Orders came from the regular schedules of Auto & ESP for various projects. CRSS orders came from IFB Industries, LGB, Luk India, JM Frictech, and KM Seat. Orders for Special Grade Material came from JMT, KM Seat, Wahi Sons, Promx, DVB, IFB and LGB. The monthly schedule from regular customers continues. New Customers in CRSS include Renolds and Aditya Auto.

Outlook for FY18: GP Strips are expected to be a major driver of revenues. 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, Pennar Renewables Private 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.

Q1FY18 EARNINGS CONFERENCE CALL DETAILS:

Primary Number:	+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:	Wednesday, 16 August 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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