



Press release

For immediate release

Pennar Industries' Q3FY16 Net Sales at Rs. 343 Crores, up 12% YoY
Q3FY16 EBITDA up 50% YoY; EBITDA Margin expands to 11.2%
PAT up 82% YoY at Rs. 12.6 Crores

Hyderabad, February 11, 2016: Pennar Industries Limited - one of India's leading industrial organizations offering specialized, engineered steel solutions, announced their unaudited financial results today for the quarter ended 31st December, 2015.

Commenting on the results and performance, **Aditya Rao, – Vice-Chairman & Managing Director, Pennar Industries Limited**, said, "We have delivered a solid quarter with our EBITDA margins moving up substantially to double-digits at 11.2%. It is noteworthy that we have delivered yet another stellar quarter in an environment of continuing high volatility in steel prices. Our teams are aggressively pursuing customer acquisition and introduction of new products in each business vertical. We are adding capacity in all our business divisions and we believe that this augurs well for our future growth."

CONSOLIDATED FINANCIAL PERFORMANCE:

(Rs. Crore)	Consolidated							
	Q3		y-o-y Growth (%)	Q2	q-o-q Growth (%)	9 Months		y-o-y Growth (%)
	FY2016	FY2015		FY2016		FY2016	FY2015	
Gross Sales	384.4	349.1	10.1%	389.2	(1.2)%	1,085.5	1,031.2	5.3%
Net Sales	343.7	306.5	12.1%	339.8	1.1%	957.7	902.2	6.2%
EBITDA	38.3	25.7	49.0%	34.2	12.2%	98.9	73.7	34.2%
EBITDA Margin (%)	11.2%	8.4%		10.1%		10.3%	8.2%	
Cash Profit	18.5	14.0	32.6%	14.4	28.9%	44.5	37.7	17.9%
Cash Profit Margin (%)	5.4%	4.6%		4.2%		4.6%	4.2%	
Net Profit	12.6	6.9	81.7%	8.9	41.6%	27.6	17.8	54.6%
Net Profit Margin (%)	3.7%	2.3%		2.6%		2.9%	2.0%	
Basic EPS (Rs)	1.05	0.58	81.7%	0.74	41.4%	2.29	1.48	54.6%

STANDALONE FINANCIAL PERFORMANCE:

(Rs. Crore)	Standalone					
	Q3		y-o-y Growth (%)	Q2	q-o-q	
	FY2016	FY2015		FY2016	Growth (%)	
Gross Sales	252.8	235.1	7.5%	249.0	1.5%	
Net Sales	225.8	205.0	10.1%	217.5	3.8%	
EBITDA	20.4	16.2	26.3%	19.6	4.2%	
EBITDA Margin (%)	9.0%	7.9%		9.0%		
Cash Profit	11.0	10.1	8.8%	10.5	5.3%	
Cash Profit Margin (%)	4.9%	4.9%		4.8%		
Net Profit	7.6	4.9	56.2%	6.4	19.2%	
Net Profit Margin (%)	3.4%	2.4%		2.9%		
Basic EPS (Rs)	0.63	0.40	56.2%	0.53	19.2%	

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SEGMENT FINANCIAL PERFORMANCE :

(Rs. Crore)	Sales						EBITDA				EBITDA Margin (%)		
	Q3		y-o-y	Q2		Q3		Q2		Q3			
	FY16	FY15	Growth (%)	FY16	Growth (%)	FY16	FY15	Growth (%)	FY16	Growth (%)	FY16	FY15	FY16
Steel Products	77.3	98.9	(21.9)%	92.2	(16.2)%	4.9	6.2	(20.4)%	5.5	(10.2)%	6.4%	6.2%	5.9%
Tubes	33.9	32.8	3.2%	34.2	(1.0)%	2.6	2.3	10.5%	2.5	1.2%	7.5%	7.1%	7.4%
Industrial Components	12.6	15.7	(19.9)%	16.7	(24.8)%	1.9	2.2	(14.0)%	2.5	(23.7)%	15.1%	14.0%	14.9%
Systems and Projects	94.8	48.3	96.3%	63.7	48.7%	11.0	5.5	101.8%	9.1	21.5%	11.6%	11.3%	14.2%
Scrap Sales	7.4	9.4		10.7		0.0	0.0		0.0				
Total Standalone	225.8	205.0	10.1%	217.5	3.8%	20.4	16.2	26.2%	19.6	4.2%	9.0%	7.9%	9.0%
Pre-Engineered Buildings	116.5	108.6	7.3%	110.6	5.4%	14.6	9.1	60.6%	13.1	12.0%	12.6%	8.4%	11.8%
Pennar Enviro	29.3	6.8	332.9%	12.8	129.3%	2.9	0.4	717.7%	0.8	249.0%	10.1%	5.3%	6.6%
Sub Total	371.6	320.4	16.0%	340.8	9.0%	38.0	25.6	48.2%	33.5	13.5%	10.2%	8.0%	9.8%
Regrouping Adjustments	(27.9)	(13.9)		(1.1)		0.4	0.1		0.7		0.0		0.0
Total Consolidated	343.7	306.5	12.1%	339.8	1.1%	38.3	25.7	49.0%	34.2	12.2%	11.2%	8.4%	10.1%

BUSINESS HIGHLIGHTS FOR Q3FY16:

Systems & Projects: In the Railways vertical, Q3 Sales stood at Rs. 24.3 Crores. We ramped up the production of Stainless Steel Coach Assemblies during Q3, this will further increase in Q4. One new customer was added in this quarter. Orders worth Rs. 46 Crores were received for various Coach Applications. Orders worth Rs. 9 Crores from BEML for the DMRC RS13 project and Rs. 1 Crore from Wagon Builders were also received during Q3. Orders for various coach applications worth Rs. 35 Crores are in pipeline to be booked for Q4. The Order book for heavy fabrication items is satisfactory and Stainless Steel items are also being manufactured at Patancheru Unit for rapid production of Coach Assemblies at Chennai Plant. We have supplied 51 coaches of Sidewall and Roof Assemblies during Q3. We have sought approvals for installing a new set of Roll-Forming cassettes for the manufacturing of CRF Sections for BEML. Going forward, we plan to supply 25+ Coaches per month with the installation of new Spot Welding Machine at the Chennai plant and Laser Cutting Machine at the Patancheru plant as there is a large requirement for ICF. In the Solar vertical, three new customers, Belectric, VSM Weaves and RB Wovens, were added during the quarter. Some of the major customers include Sterling & Wilson, L & T, Mahindra Susten, Nuevosol, Sun Edison, Acme, Waaree Energies and Tata Power India Ltd, among others. The following major orders were received during the quarter - Belectric, Waaree Energies, L&T, Nuevosol, Mahindra, VSM Weaves and RB Wovens. Additionally, a new product, the 0.9mm/1.0mm thickness Bare Galvalume Hat Sections, was added.

Industrial Components: Some of the major customers include Emerson Climate Technologies, Tecumseh, India Nippon Electricals, Endurance, Wabco, Xylem and Bailey, among others. There has been an expansion in the business with existing customers like the increase in the WABCO schedule from 40 lacs per month to 100 lacs per month. Products for new customers like the Bead Plate (FSTVS), Rotor Cup (Yamaha), Hydraulic Cylinder (Bailey Hydraulics) and Yoke (Letrika Roots) were added. The capacity utilization in the Chennai and Patancheru plants stood at 90% and 65% respectively. Going forward, based on Bailey's success, we have taken the next big hydraulic requirement from Cargotec and this is under development. As the farm sector is doing well, we plan to crack these segment leading tractor manufacturers in the country. With the new addition of a 260T Link Motion Press, we are exploring new business opportunities with several auto component companies.

Tubes: This division has a customer base of more than 210 both in domestic and exports, covering the auto, power, general engineering, textile and earth moving equipment industries. Major customers include

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M/s.VECV, Mahindra, Gabriel, Endurance, Bajaj, Hyundai, TVS, Thermax, Reiter, LMW, Isgec, Rajwest, Hindalco, Tata Vendors etc. 70% of the orders are from regular major OEAs in the form of monthly schedule and the remainder 30% are project-based orders. Some of the new customers added in the quarter include Tenneco, Rajshriya, Sigma electric, SPIC, Mega Rubber, Kerala Automobiles, Thai summit, Indian rubber, Susira, Presscomp etc. Approximately 5% of total billed quantity is from new customers added in Q3.

Steel Products: In the CRFS segment, we received orders from Hamon (Collecting Electrodes & Duoratrodes), Thermax Ltd (Collecting Electrodes), Tata Projects (Roofing & Deck Sheets), Phenix Construction Tech (Deck), Taiin Steel Fab (Deck & Purlins), Rithwik Projects (Sheet Piles) and HCC (Sheet Piles). Some of major customers include Thermax, Alstom, Hamon, L&T, Ashok Leyland, VECV, Prabha Eng., Schwing Stetter, Johnson Lifts, Logon Infra, Power Mech, Rithwik Projects, Taiin Steel Fab and Phenix Construction Tech, among others. During the quarter, 4 new customers (Turbovent, NFF Industrial Corporation, Taiin Steel Fab, Phenix Construction Tech) were added. Additionally, a new product, the 4mm thickness IS2062 Top Hangers, was added.

Pennar Engineered Building Systems Limited: The Order book stands at Rs. 415 crores. In this quarter, we received large orders from Pharma, Engineering and Construction, Electronics, Infrastructure and Tyre manufacturing companies. The margin expansion in this business continues its upward trend. Opened an Engineering division office in Vishakhapatnam to provide engineering services to US based clients. Increased revenue from the Engineering services division this quarter. We are also finalising plans to set up a North India plant.

Pennar Enviro Limited: During the quarter, we received new orders from JSW, Lanco Amarkantak, Lanco Babandh, Lanco Vidarbha, RL Finechem, JFE and SMK Petrochemicals. We received repeat orders from Lanco and JSW in the Projects business and SMK Petrochemicals, MRF, USL and Silk Road Sugars in the Chemicals & O&M business. Some of our major customers in the Projects business include Lanco, JSW Power, JFE, L&T, Essar Oil, RL Finechem, Hetero and Biological E, among others. Some of our major customers in the Chemicals and O&M business include SMK Petrochemicals, MRF, Kottayam, Hatsun Agro – Palacode, Kothari Fermentation, USL and Silk Road Sugars, among others. During the quarter, we added 2 new customers (JFE and Biological E) in the Projects business and 4 new customers (Mohit Paper, Harmony Air Conditioning, Prince TMT Steels, Aditya Aquachem) in the Chemicals and O&M business.

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 two 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

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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.

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Date:	Friday, 12 February 2016
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