



Press release

For immediate release

Pennar consolidated Q3FY14 Revenues at ₹273Cr; EBITDA margin maintained at 8% QoQ;

Stellar PEBSL, Pennar Enviro Ltd. and PIL's Distributed Manufacturing strategy drive performance

Hyderabad, February 5, 2014: Pennar Industries Limited is one of India's leading industrial organizations offering specialized engineered steel solutions announced today their unaudited financial results for the quarter ended 31st December, 2013.

Commenting on the results and performance, Aditya Rao, Vice – Chairman of Pennar Industries Limited, said: "I am happy to report on the stellar performance of our subsidiaries PEBSL and Pennar Enviro Limited in the third quarter of this fiscal. PEBSL reported record revenues and EBITDA this quarter and has a strong order book of ₹ 315 crores as of December 2013."

Commenting on the results and performance, Suhas Baxi, President & CEO of Pennar Industries Limited, said: "Our focus continues to be on Distributed Manufacturing to increase our market penetration and enhance customer experience with superior quality and on-time delivery. In the challenging economic situation, prudent operating cost management will result in consistent profits. Our strategy is to remain focused on new customers, product segments and increase the contribution of high value add segments in the overall product portfolio".

(Read more on Pennar's growth story in the latest FY12-13 annual report titled "TRANSFORM" [LINK](#))

CONSOLIDATED FINANCIAL HIGHLIGHTS:

(₹ Crore)	Q3		y-o-y	Q2		q-o-q		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	9M FY14	9M FY13	
Gross Sales	315.3	301.0	4.7%	274.1	15.0%	882.4	931.0	(5.2)%
Net Sales	273.2	266.4	2.5%	238.3	14.7%	765.0	812.5	(5.8)%
EBITDA	21.5	27.7	(22.5)%	18.6	15.4%	58.3	86.1	(32.3)%
EBITDA Margin (%)	7.9%	10.4%		7.8%		7.6%	10.6%	
Cash Profit	13.0	15.4	(15.6)%	10.7	21.6%	34.4	47.6	(27.7)%
Cash Profit Margin (%)	4.8%	5.8%		4.5%		4.5%	5.9%	
Net Profit	6.4	10.8	(41.2)%	5.9	7.8%	18.5	32.9	(43.8)%
Net Profit Margin (%)	2.3%	4.1%		2.5%		2.4%	4.1%	
Basic EPS (Rs)	0.53	0.89	(40.4)%	0.49	8.3%	1.54	2.70	(43.1)%

SEGMENTAL PERFORMANCE:

	Sales					EBITDA					EBITDA Margin (%)				
	Q3		y-o-y	Q2		Q3		y-o-y	Q2		Q3		y-o-y	Q2	
	FY14	FY13	Growth (%)	FY14	Growth (%)	FY14	FY13	Growth (%)	FY14	Growth (%)	FY14	FY13	Growth (%)	FY14	Growth (%)
(₹ Crore)															
Steel Products	100.0	106.6	(6)%	102.0	(2)%	5.9	9.45	(37.2)%	6.7	(11.8)%	5.9%	8.9%	(293)	6.6%	(66)
Tubes	34.4	21.7	59%	30.3	14%	1.9	1.71	10.0%	1.5	29.3%	5.5%	7.9%	(242)	4.8%	66
Industrial Components	13.0	15.9	(19)%	11.9	9%	1.7	2.74	(39.7)%	1.5	8.1%	12.7%	17.2%	(446)	12.8%	(7)
Systems and Projects	36.3	56.8	(36)%	25.8	40%	3.7	6.63	(43.9)%	3.0	22.8%	10.2%	11.7%	(143)	11.7%	(147)
Total Standalone	183.7	201.0	(8.6)%	170.1	8.0%	13.2	20.5	(35.8)%	12.7	3.5%	7.2%	10.2%	(303)	7.5%	(31)
Pre-Engineered Buildings	97.9	67.5	45%	70.0	40%	8.6	7.2	20.5%	6.3	36.4%	8.8%	10.6%	(179)	9.0%	(23)
Pennar Enviro	2.2	1.4	61%	1.9	16%	0.1	0.1	60.0%	0.1	(3.1)%	6.0%	6.0%	(5)	7.1%	(118)
Sub Total	283.8	270.0	5.1%	242.0	17.3%	21.9	27.8	(21.0)%	19.2	14.3%	7.7%	10.3%	(255)	7.9%	(20)
Regrouping Adjustments	(10.7)	(3.6)		(3.8)		(0.4)	(0.0)		(0.6)						
Total Consolidated	273.2	266.4	2.5%	238.3	14.7%	21.5	27.7	(22.5)%	18.6	15.3%	7.9%	10.4%	(254)	7.8%	5

BUSINESS HIGHLIGHTS FOR Q3FY14:

Steel Products: The CR segment has grown consistently. Despite a relatively depressed market, the Company has been able to grow both new customers and the market. This was done primarily through improving quality and achieving 95% on-time deliveries to customers. We have seen a small growth in this segment and expect this to be stable in the foreseeable future. Business for auto profiles has seen a minor dip as our customers - the commercial vehicle manufacturers - are facing challenges and we expect this to continue. In the building products segment, we have started seeing a seasonal recovery and expect volumes to continue the trend in Q4FY14 and thereafter. In the Infrastructure and Engineering profiles, we have adopted a conservative stand of adding new customers slowly.

Systems & Projects: This vertical has begun gaining from the Railways. The Company has made good headway with coach manufacturers and we expect this traction to continue. Stable performance in rail coach business with ₹ 16 crores in Q3FY14 vs. ₹ 5.5 crores in Q3FY13. The order book for Railways stands at ₹ 58 crores as of December 31, 2013. The solar segment order book stood at ₹ 16crores as of December 31, 2013. The segment is gaining from the seasonality now. Some of the new segments this vertical entered were - Security Solutions: Wedge + Post & Cable Barriers; Wind Energy : Structure & Fab Parts and Structural Solutions : Telecom, Logistics.

Tubes: The topline and EBITDA grew business despite the slowdown in the Automobile and Power sectors. An order book of ₹ 24 crores is in the pipeline. Volumes from CDW tubes have reached a good critical mass at more than 400 tonnes a month. We expect new orders will take this up ~25 % over the next few months. Clearly, the product mix is changing in favor of high-value-added products.

Industrial Components: New products like Wabco Piston Assy and Wabco Piston Assy 4 parts were introduced in this vertical. In Hydraulics (where the company acquired Wayne Burt Petro Chemicals in Q2FY14), we would commission our own Chennai facility by mid-Feb 2014. We also began doing business with BEML. By the end of this quarter, the production facility will be streamlined, volumes ramped up and new customers added.

Pre-Engineered Buildings (PEBSL): PEBSL has backed some huge orders from reputed clientele. The company received repeat order from Ultratech Cements for ₹ 29 crores, from Nuevosol for design, manufacturing and supply of solar structures for ₹ 18 crores, for station buildings from L & T Metro, for ₹ 13 crores and from Saraf Agencies for ₹ 12 crores. The current order backlog stands at ₹ 310 crores. This subsidiary achieved the highest turnover in November & December 2013. It also recorded the highest EBIDTA in November & December at ₹ 7.2 crores. The Company received the Institution of Engineers (India) “Industry Excellence Award” in the Manufacturing Category in December 2013. The company added 12 new customers in 3QFY14.

Pennar Enviro Limited (PEL): This subsidiary which began its operations in the current financial year has been able to scale its order book significantly to ₹ 33 crores in Q3FY14 vs. ₹ 5 crores in Q2FY14. The company won some very prestigious orders against stiff competition. These projects will help PEL use them as reference base for growth in the next fiscal year. The Company showcased its technical capability by winning these orders and meeting customer expectations. With this, PEL has come into its own as a serious player in the water treatment industry.

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 and Isnapur in AP, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra.

For more information, please visit www.pennarindia.com

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Safe Harbour:

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.

Q3FY14 CONFERENCE CALL INVITATION:

Centrum Broking will host the Q3FY14 conference call of the Pennar Group on February 5, 2014 at 4 pm.

Details are given below –

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Date:	Wednesday, 5 February 2014
Time:	4:00 PM to 5:00 PM