



Press release

For immediate release

## Pennar consolidated Q1FY15 Revenues at Rs 316 Crores; up 8% YoY

### New Business and customers climb to 15% of standalone revenue in Q1FY15

**Hyderabad, August 06, 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 and year ended 30<sup>th</sup> June, 2014.

*Commenting on the results and performance, Aditya Rao, Vice – Chairman & Managing Director, Pennar Industries Limited, said, "I am happy to share that the path we had set out for ourselves to transform Pennar into an engineering enterprise with a singular focus on high-value products, straddled across various industries, business verticals has yielded results. Our focus also continues on our engineered building Systems business which we believe will grow exponentially over the next few years. Our strength has clearly been our ability to grow these businesses while continuing to maintain a strong balance sheet. With macro variables clearly showing signs of a revival, we believe that not only will our new businesses verticals shape up well but we also expect our legacy ones like the railways to pick up pace again."*

### CONSOLIDATED FINANCIAL HIGHLIGHTS:

(Rs. Crore)	Consolidated					
	Q1		y-o-y Growth (%)	Q4		q-o-q Growth (%)
	FY2015	FY2014		FY2014		
Gross Sales	316.4	293.1	8.0%	352.6		(10.3)%
Net Sales	276.7	253.6	9.1%	308.0		(10.2)%
EBITDA	22.5	18.2	23.7%	30.1		(25.3)%
EBITDA Margin (%)	8.1%	7.2%		9.8%		
Cash Profit	12.5	10.7	16.2%	14.3		(12.5)%
Cash Profit Margin (%)	4.5%	4.2%		4.6%		
Net Profit	5.8	6.3	(7.2)%	7.4		(21.7)%
Net Profit Margin (%)	2.1%	2.5%		2.4%		
Basic EPS (Rs)	0.48	0.51	(5.9)%	0.60		(20.0)%

### SEGMENTAL PERFORMANCE:

(Rs. Crore)	Sales				EBITDA				EBITDA Margin (%)						
	Q1		y-o-y Growth (%)	Q4		Q1	y-o-y Growth (%)	Q4		Q1	y-o-y Growth (%)	Q4		q-o-q Growth (%)	
	FY15	FY14		FY14	Growth (%)			FY15	FY14			FY15	FY14		FY15
Steel Products	101.4	118.0	(14)%	106.8	(5.0)%	6.4	6.1	5.5%	5.3	21.5%	6.3%	5.2%	118	5.0%	139
Tubes	36.2	32.3	12%	34.5	5.0%	2.2	1.9	18.2%	1.4	60.4%	6.2%	5.9%	32	4.1%	214
Industrial Components	14.7	18.4	(20)%	14.3	2.7%	2.1	2.2	(6.6)%	2.1	(2.1)%	14.0%	12.0%	204	14.7%	(69)
Systems and Projects	16.2	23.6	(31)%	34.2	(52.7)%	3.1	1.9	61.2%	4.2	(27.1)%	18.9%	8.1%	1,088	12.3%	665
<b>Total Standalone</b>	<b>168.5</b>	<b>192.3</b>	<b>(12.4)%</b>	<b>189.8</b>	<b>(11.2)%</b>	<b>13.8</b>	<b>12.1</b>	<b>14.1%</b>	<b>13.0</b>	<b>6.2%</b>	<b>8.2%</b>	<b>6.3%</b>	<b>190</b>	<b>6.8%</b>	<b>134</b>
Pre-Engineered Buildings	101.3	71.2	42%	122.3	(17.2)%	8.5	6.3	34.3%	15.7	(46.1)%	8.4%	8.8%	(50)	12.8%	(448)
Pennar Enviro	7.2	0.0	n/a	10.4	(30.7)%	0.22	0.0	n/a	0.2	10.0%	3.1%	n/a	n/a	1.9%	113
<b>Sub Total</b>	<b>277.0</b>	<b>263.5</b>	<b>5.1%</b>	<b>322.5</b>	<b>(14.1)%</b>	<b>22.5</b>	<b>18.4</b>	<b>22.2%</b>	<b>28.9</b>	<b>(22.2)%</b>	<b>8.1%</b>	<b>7.0%</b>	<b>113</b>	<b>9.0%</b>	<b>(85)</b>
Regrouping Adjustments	(0.3)	(9.9)		(14.5)		(0.0)	(0.3)		1.3						
<b>Total Consolidated</b>	<b>276.7</b>	<b>253.6</b>	<b>9.1%</b>	<b>308.0</b>	<b>(10.2)%</b>	<b>22.5</b>	<b>18.2</b>	<b>23.7%</b>	<b>30.1</b>	<b>(25.3)%</b>	<b>8.1%</b>	<b>7.2%</b>	<b>95</b>	<b>9.8%</b>	<b>(164)</b>

## BUSINESS HIGHLIGHTS FOR Q1FY15:

**Steel Products:** This vertical's EBITDA margin has gone up by 130 bps from 5% in Q4FY14 to 6.3% in Q1FY15. Steel vertical sales for Q1FY15 at Rs. 101 crores. Repeat Orders were received from VECV, Ashok Leyland, Prabha Engineers, Tata Group (Auto), Johnson Lifts Ltd among others. Additionally, other major customers include L&T, Lanco Group, Thermax, Simplex and BGR Energy. Several key new customers were added during the quarter with the segment's total customer base at ~100 at the end of Q1. Approximately, 40% of its revenue are now coming from new businesses. Importantly, this segment signed on a new customer in the US with a new product line. Major orders were received in the CRSS business and this sub-segment now has approximately ~110 customers.

**Systems & Projects:** The first quarter began with an order book of Rs. 50 crores. The overall sales for Q1 are at Rs 16 crore for both coaches and wagons. The highlight of the quarter was a new client added - Central Railway – which contributed 3.5% of the Q1 revenue. With the Railways expected to spend more on wagons and coaches this fiscal, this sub-segment is expected to grow well.

**Tubes:** This vertical's sales of Rs 36.2 crore in Q1 has grown by 12% as compared with Q1FY14, with a CDW volume growth of 37%. Currently, at ~100 customers with 60% of business as repeat customers. Several new products were added in this quarter. The market share of ERW is currently at ~5% while CDW is at ~6%.

**Industrial Components:** The sales for Q1FY15 stood at Rs. 14.7 crores. Major Customers in this vertical include Emerson Climate Technologies, Tecumseh, India Nippon Electricals, Endurance, Wabco, FSTVS, Letrika Roots, Yamaha, Xylem, FNSS and BEML, among others. While the white good industry slide continues, the automotive industry is showing signs of a recovery. Focus on critical high performance components for brake, suspension and auto electrical applications. The vertical is in the process of identifying global sourcing and deemed export opportunities in the automotive business. Continued focus on increasing the share of business from existing customers remains going ahead. The vertical also aims to identify sub-assembly opportunities in order to leverage its capabilities of fabrication & pressed components.

**Pre-Engineered Buildings (PEBSL):** Major customers in this company include Reliance, L&T, Schindler India, Sobha Developers, Ultratech, Gland Pharma, NSC Projects, etc. PEBS has an installed capacity of 90000 MT. As of Q1FY15, 50% of revenues came from new products/customers. The company received repeat orders from Reliance, Schindler India, Ultra Tech, Signode India and several others and executed major PEB orders for customers like Ultratech cements, L&T, RCC Infra in this quarter. PEBSL has a strong order book size of Rs 325 crores. Going forward, the company expects more orders from engineering services and high-rise buildings.

**Pennar Enviro (PEL):** In the very first year of commercial operation, the company surpassed the order booking of most of the established players in the market and secured a significant place among the leaders in the industry. PEL is in the process of strengthening its position and had already initiated activities for tie ups and joint ventures to participate the larger projects in the coming years. Currently, the subsidiary has 18 Water projects and ~200 customers in Chemicals and O&M. Its major customers are Hero Cycles, Deepak Nitrate, Goodyear India, Silk Road Sugars, SLN Coffee, Lavgan and JSW. Six new customers added in the quarter were Jaypee Balaji Cement, SR International Paper, Amtek Auto, Simhapuri Energy Limited, Kalpathruvu Distilleries and Ritwik Power.

## 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](http://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.*

## Q1FY15 CONFERENCE CALL INVITATION:

**Dolat Capital will host the Q1FY15 conference call of the Pennar Group on August 7, 2014 at 10:30 am.**

Details are given below –

<b>Primary Number:</b>	<b>+91 22 6746 5816</b>
<b>Secondary Number:</b>	<b>+91 22 3938 1006</b>
<b>International Toll Free Numbers:</b>	<b>USA : 1 866 746 2133</b> <b>UK : 0 808 101 1573</b> <b>Singapore : 800 101 2045</b> <b>Hong Kong : 800 964 448</b>
<b>Date:</b>	<b>Thursday, 7 August 2014</b>
<b>Time:</b>	<b>10:30 AM to 11:30 AM</b>