



PENNAR INDUSTRIES LIMITED

Dated: 12th February, 2019

Place: Hyderabad



BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai-400 001 K.A.: Ms Ishwari Vaidya	The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East, Mumbai - 400 051 K.A.: Ms. Snehal
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Dear Sir/Madam,

Sub : Outcome of Board Meeting

Ref: Regulations 30 and 33 of SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

We wish to inform you that at the meeting of the Board of Directors of the company commenced at 03:00 P.M. and concluded at 6:20 on Tuesday the 12th day of February, 2019, the following business were transacted:

- 1) Approval of the Un-audited Financial Results for the quarter ended 31st December, 2018.
 - a. Standalone Financial Results of M/s. Pennar Industries Limited.
 - b. Consolidated Financial Results of M/s. Pennar Industries Limited.
- 2) Approval of the Limited Review Report (standalone and consolidated) issued by the Statutory Auditors of the Company for the Quarter ended 31st December, 2018.
- 3) The Board of Directors taken on record the resignation of Mr. Ravi Chachra, Independent Director of the Company with effect from 12th February, 2019.
- 4) The Nomination and Remuneration Committee at its meeting held earlier today considered and recommended the following resolutions:
 - a. To appoint Mr. Chandrasekhar Sripada as Additional Non-Executive Independent Director of the Company for a period of five years with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.
 - b. To re-appoint Mr. Aditya Rao as Vice-Chairman and Managing Director of the Company for a period of two years with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.
 - c. To appoint Mr. B Kamalaker Rao as Independent Director for the next 5 years term with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.
 - d. To appoint Mr. Manish Mahendra Sabharwal as Independent Director for the next 5 years term with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.
 - e. To appoint Mr. Varun Chawla as Independent Director for the next 5 years term with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.

The Board of Directors considered and approved the above resolutions with effect from 12th February, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting.



Manufacturers of Cold Roll Formed Sections, Sheet Metal Pressed, Fabricated & Machined Components, Precision Electric Resistance Welded Tubes, Cold Drawn electric resistance Welded Tubes, and Fabricated Components & Structures. Design Development, Manufacture of Hydraulic Cylinders

Corp.Office & Works: IDA, Patancheru – 502 319, Sanga Reddy District, Telangana, INDIA.

Tel: +91 8455 242184 to 242193, **Fax:** +91 8455 242424 / 242161, **E-mail:** pilhyd@bsnl.in, **Website:** www.pennarindia.com

Regd.Office: 9th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500 084.

Tel: +91 40 4006 1621 to 24, **Fax:** +91 40 4006 1618

CIN No: L27109AP1975PLC001919



5) The Board of Directors considered and approved to authorize Mr. Aditya Rao, Vice-Chairman & Managing Director of the Company to identify, acquire, solicit, deal, negotiate and finalize business acquisitions including Joint Ventures from time to time in the best interest of the company.

6) The Board has taken on record the statement of investor complaint under regulation 13(3) and compliance report on corporate governance under regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 201 for the quarter ended 31st December, 2018.

7) Appointment of Mr. Subhash Kishan Kandrapu, Practicing Company Secretary, (Membership No. 32743) as Secretarial Auditors of the Company for the Financial Year 2018-19.

The following are attached herewith for your information and record:

- a. The certified copy of Un-audited Financial Results of the Company for the Quarter ended 31st December, 2018.
- b. The Limited Review Report (Standalone and Consolidated) for the Quarter ended 31st December, 2018 issued by the Statutory Auditors of the Company.
- c. Press Release for the Quarter ended 31st December, 2018.
- d. Investor Presentation.
- e. Profile of Mr. Chandrasekhar Sripada.

Kindly take the same on your records.

Thanking you

Yours faithfully,

for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS No. 29058



PENMAR INDUSTRIES LIMITED

(CIN: L27109AP1975PLC001919)

Regd. Office: Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad 500084, Telangana, India.

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Statement of Consolidated and Standalone Financial Results for the Quarter and Nine months ended December 31, 2018

Sl. No	Particulars	Consolidated results					Standalone results				
		Quarter Ended		Nine months ended		Year Ended	Quarter Ended		Nine months ended		Year Ended
		31-Dec-18	30-Sep-18	31-Dec-18	31-Dec-17	31-Mar-18	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Mar-18
		Unaudited	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Income										
	(a) Revenue from operations (Refer note 8)	56,763	51,817	41,491	1,29,533	1,79,841	39,204	38,074	29,940	1,11,300	1,24,864
	(b) Other income	760	977	196	794	1,589	502	385	147	1,078	598
	Total Income	57,523	52,794	41,687	1,30,327	1,81,430	39,706	38,459	30,087	1,12,378	1,25,462
2	Expenses										
	(a) Cost of materials consumed	32,676	33,759	22,466	75,249	1,08,931	25,573	25,044	17,859	74,893	79,005
	(b) Purchase of traded goods	1,590	1,149	957	2,369	3,095	1,590	1,149	957	3,166	3,095
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	442	(454)	1,511	613	(4,265)	(2,754)	(681)	1,607	(6,613)	949
	(d) Excise duty (Refer note 8)	-	-	-	3,035	3,035	-	-	-	-	2,121
	(e) Employee benefits expense	4,026	3,696	3,067	8,893	12,276	2,475	2,292	1,770	7,111	7,105
	(f) Finance costs	1,937	1,728	1,472	4,772	6,740	1,526	1,413	1,001	4,127	2,908
	(g) Depreciation and amortisation expense	755	683	768	2,121	2,926	531	499	403	1,507	1,675
	(h) Other expenses	13,921	10,443	9,136	26,509	36,179	9,070	7,141	5,251	22,984	21,145
	Total expenses	55,347	51,004	39,377	1,23,561	1,68,917	38,011	36,857	28,848	1,07,175	1,19,437
3	Profit before exceptional item and tax (1-2)	2,176	1,790	2,310	6,766	12,513	1,695	1,602	1,239	5,203	6,025
4	Exceptional item (refer note 4)	-	-	-	-	1,295	-	-	-	-	2,129
5	Profit before tax (3+4)	2,176	1,790	2,310	6,766	13,808	1,695	1,602	1,239	5,203	8,154
6	Tax expense										
	(a) Current tax	496	443	637	1,789	4,016	427	393	300	1,455	2,171
	(b) Deferred tax	151	81	(71)	680	743	119	91	82	360	554
	Total tax expense	647	524	566	2,469	4,759	546	484	382	1,815	2,725
7	Net Profit for the period (5-6)	1,529	1,266	1,744	4,297	9,049	1,149	1,118	857	3,388	5,429
	Attributable to:										
	Shareholders of the Company	1,370	1,223	1,325	3,442	7,032	1,149	1,118	857	3,388	5,429
	Non-Controlling interest	159	43	419	855	2,017	-	-	-	-	-
8	Other comprehensive Income										
	Items that will not be reclassified subsequently to profit or loss										
	(a) Remeasurement of the net defined benefit liability	-	-	(17)	(42)	(67)	-	-	(13)	-	(8)
	(b) Income tax relating to items that will not be reclassified to profit or loss	-	-	8	14	23	-	-	7	-	3
	Attributable to:										
	Shareholders of the Company	-	-	(9)	(28)	(44)	-	-	(6)	-	(5)
	Non-controlling interests	-	-	(9)	(28)	(28)	-	-	(6)	-	(5)
9	Total comprehensive Income (7+8)	1,529	1,266	1,735	4,269	9,005	1,149	1,118	851	3,388	5,424
	Attributable to:										
	Shareholders of the Company	1,370	1,223	1,316	3,414	7,004	1,149	1,118	851	3,388	5,424
	Non-controlling interests	159	43	419	855	2,001	-	-	-	-	-
10	Paid up equity share capital [Face Value of ₹ 5 per share]	6,017	6,017	6,017	6,017	6,017	6,017	6,017	6,017	6,017	6,017
11	Other equity										
12	Earnings Per Share [Face Value of ₹ 5 per share] (for the period - not annualised)										
	Basic and Diluted Earnings per share (in ₹)	1.27	1.05	1.10	2.86	7.52	0.95	0.93	0.71	2.81	4.51



NOTES:

1. The above consolidated and standalone unaudited financial results were reviewed and recommended by the Audit Committee at their meeting held on February 11, 2019 and approved by the Board of Directors at their meeting held on February 12, 2019. The Statutory Auditors have carried out a limited review on the consolidated and standalone financial results.
2. The consolidated and standalone financial results of the Company have been prepared in accordance with the Indian Accounting Standards ("IND AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
3. The consolidated financial results include the results of the following group companies:

Name of the Company	Country of Incorporation	Nature of relationship	% Holding
Pennar Engineered Building Systems Limited	India	Subsidiary	53.98%
Pennar Enviro Limited	India	Subsidiary	51.03%
Enertech Pennar Defense and Engineering Systems Private Limited (From April 10, 2018)	India	Subsidiary	51.00%
Pennar Global Inc. (From June 05, 2017)	USA	Subsidiary	70.00%

4. During the previous year, the Company divested its entire shareholding in its subsidiary, Pennar Renewables Private Limited (PRPL). Upon divestment, the resultant gain of ₹ 1,295 Lakhs in the consolidated financial results and gain of ₹ 2,129 Lakhs in the standalone financial results are disclosed as 'exceptional item'.
5. During the previous year, the Company incorporated a subsidiary Pennar Global Inc., United State of America, which commenced commercial operations during the quarter ended March 31, 2018. Hence, the results for the quarter and Nine months ended December 31, 2018 and quarter and Nine months ended December 31, 2017 are not comparable.
6. The Board of Directors of the Parent Company ("Company") have approved a Scheme of Arrangement ("the Scheme") for amalgamation of its subsidiaries, Pennar Engineering Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with the Company, effective April 01, 2018, subject to necessary statutory and regulatory approvals. Approval letters were received from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on the Scheme of Amalgamation, no objection letters were received from secured creditors i.e., Bankers. During the quarter, Company received approval from Shareholders and unsecured creditors. On January 25, 2019, National Company Law Tribunal (NCLT) has passed an interim order directing petitioner to issue notice to various Statutory authorities as per provisions of Section 230(5) of the Companies Act, 2013 read with Rule 8 of the Companies (Compromises, Arrangements and Amalgamation) Rules 2016. As on date, the scheme remains subject to the receipt of final order from the National Company Law Tribunal (NCLT) and other statutory and regulatory approvals.
7. Effective April 01, 2018, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". The application of Ind AS 115 did not have any material impact on the financial results of the Company.
8. The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standards, Revenue from operations for the period beginning July 01, 2017 is presented net of GST.

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9 SEGMENT REPORTING:

Particulars	(₹ in Lakhs)					
	Quarter Ended			Nine months Ended		
	31-Dec-18	30-Sep-18	31-Dec-17	31-Dec-18	31-Mar-17	Year Ended
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment revenue						
Diversified engineering	39,204	38,074	29,940	1,11,300	90,555	1,24,864
Custom designed building solutions & auxiliaries	19,955	16,677	14,405	50,811	46,129	65,136
Total	59,159	54,751	44,345	1,62,111	1,36,684	1,90,000
Less : Inter segment revenue	2,396	2,934	2,854	7,307	7,151	10,159
Revenue from operations	56,763	51,817	41,491	1,54,804	1,29,533	1,79,841
Segment results						
Diversified engineering	3,752	3,514	2,643	10,837	8,036	14,171
Custom designed building solutions & auxiliaries	1,116	687	1,907	2,790	5,623	9,303
Total	4,868	4,201	4,550	13,627	13,659	23,474
Less:						
Depreciation and amortisation expense	755	683	768	2,072	2,121	2,926
Finance costs	1,937	1,728	1,472	5,253	4,772	6,740
Profit before tax	2,176	1,790	2,310	6,302	6,766	13,808
As at						
	31-Dec-18	30-Sep-18	31-Mar-18	31-Dec-17	31-Mar-17	31-Dec-17
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited
Capital employed (Segment assets - Segment liabilities) (See notes below)						
Segment assets						
Diversified engineering	1,18,247	1,13,340	1,01,340	1,13,340	1,01,340	92,446
Custom designed building solutions & auxiliaries	57,701	56,173	50,460	56,173	50,460	68,402
Total Segment Assets	1,75,948	1,69,513	1,51,800	1,69,513	1,51,800	1,60,848
Segment liabilities						
Diversified engineering	74,263	70,504	60,743	70,504	60,743	53,465
Custom designed building solutions & auxiliaries	37,029	35,862	30,652	35,862	30,652	39,093
Total Segment Liabilities	1,11,292	1,06,366	91,395	1,06,366	91,395	92,558

Notes:

- Segment information is presented for the "consolidated financial results" as permitted under the Ind AS 108 - 'Operating Segments'.
- The Company is focused on two business segments: Diversified engineering and Custom designed building solutions & auxiliaries. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Company's performance and allocation resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial results are consistently applied to record revenue and expenditure in individual segments.

10 Corresponding previous period's figures have been regrouped/reclassified wherever necessary.



Place : Hyderabad

Date : February 12, 2019

By order of the Board
for Pennar Industries Limited

Aditya N. Rao
Aditya N. Rao
Vice Chairman & Managing Director



INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
PENNAR INDUSTRIES LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **PENNAR INDUSTRIES LIMITED** ("the Company"), for the Quarter and Nine months ended December 31, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad, February 12, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

**TO THE BOARD OF DIRECTORS OF
PENNAR INDUSTRIES LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **PENNAR INDUSTRIES LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the Quarter and Nine months ended December 31, 2018 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

This Statement, which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. The Statement includes the results of the following entities:

Parent:

Pennar Industries Limited

Subsidiaries:

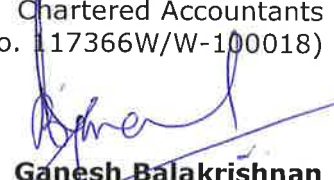
- a) Pennar Engineered Building Systems Limited
- b) Pennar Enviro Limited
- c) Enertech Pennar Defense and Engineering Systems Private Limited
- d) Pennar Global Inc., United States of America



4. Based on our review conducted as stated above and based on the consideration of the review reports of other auditors referred to in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We did not review the interim financial information of four subsidiaries included in the consolidated unaudited financial results, whose interim financial information reflect total revenues of ₹ 19,955 lakhs and ₹ 50,811 lakhs for the Quarter and Nine months ended December 31, 2018 respectively, total profit after tax of and Total comprehensive Income of ₹ 380 lakhs and ₹ 846 lakhs for the Quarter and Nine months ended December 31, 2018 respectively, as considered in the consolidated unaudited financial results. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our report on the Statement is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Ganesh Balakrishnan
Partner
(Membership No. 201193) 

Hyderabad, February 12, 2019



Press release
For immediate release

Pennar Industries reports 34% y-o-y increase in Q3 FY2019 Standalone PAT at INR 11.5 crore

Standalone Net Revenue for Q3 FY2019 at INR 397 crore, up by 32% y-o-y

Hyderabad, February 12, 2019: Pennar Industries Limited (PIL), a leading value-added engineering products and solutions company, today announced its unaudited financial results for the third quarter and nine months ended on December 31, 2018.

Standalone Financial Highlights

- Q3 FY 2019 Net Revenue at INR 397.1 crore; up by 32% y-o-y
- Q3 FY 2019 PAT at INR 11.5 crore; up by 34% y-o-y
- 9M FY 2019 Net Revenue at INR 1123.8 crore; up by 27% y-o-y
- 9M FY 2019 PAT at INR 33.9 crore; up by 49%

Consolidated Financial Highlights – Q3 FY2019

- Net revenue at INR 575.2 crore; up 38% y-o-y
- EBITDA at INR 48.7 crore; EBITDA margin at 8.5%
- PAT after minority Interest at INR 13.7 crore

Consolidated Financial Highlights – 9M FY2019

- Revenue at INR 1569.7 crore; up 23% y-o-y
- EBITDA at INR 136.3 crore; EBITDA margin at 8.7%
- PAT after minority interest at INR 39.1 crore

Business Highlights

- During Q3, PIL and its subsidiaries received orders aggregating to INR 498 crore. These new orders were across business verticals such as building products, tubes, solar, railways, industrial components and pre-engineered buildings.
- Among the various verticals, revenue from railways at INR 93.8 crore contributed 22.6% to the standalone gross revenue during the quarter. Steel vertical revenue at INR 213.1 crore contributed 51% and the remaining INR 108.6 crores came in from other verticals such as Tubes and ECD etc.

Commenting on Q3 financial performance, **Mr. K M Sunil, Vice President - Corporate Strategy, Pennar Industries Limited** said, “We are happy to report strong Q3 standalone numbers with revenue and PAT posting 32% and 34% y-o-y growth respectively. On a consolidated basis too, revenue grew by 38% y-o-y. Q3 also saw strong order inflow across verticals barring solar. Pennar Enviro received orders worth INR 62 crore during quarter. We are looking forward to end FY19 on a strong footing.”

About Pennar Industries Limited:

Pennar Industries (NSE: PENIND, BSE: 513228) is India's leading value-added engineering products and solutions company. The Company has a strong presence across growth sectors in India through four business units Railways, Tubes, Industrial Components and Steel Products, and its subsidiary companies, Pennar Engineered Building Systems Limited, Pennar Enviro Limited and Pennar Global Inc. Pennar's all the 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 seven manufacturing plants located at Patancheru, Sadashivpet, Isnapur, Velchal 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

For further information, please contact:

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Pennar



PENNAR INDUSTRIES LIMITED

Q3 & 9M FY19 RESULTS PRESENTATION

FEBRUARY 2019



This presentation and the accompanying slides (the “Presentation”) have been prepared by Pennar Industries Limited (“Pennar” or the “Company”) solely for information purposes and do not constitute an offer to sell or, recommendation or solicitation of an offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever.

The information contained in this Presentation should be considered in the context of the circumstances prevailing at the time and has not been, and will not be, updated to reflect material developments which may occur after the date of the Presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its affiliates, advisors or representatives are under an obligation to update, revise or affirm.

You acknowledge and agree that the Company and/or its affiliated companies and/or their respective employees and/or agents have no responsibility or liability (express or implied) whatsoever and howsoever arising (including, without limitation for any claim, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this Presentation and neither the Company, its affiliated companies nor their respective employees or agents accepts any liability for any error, omission or misstatement, negligent or otherwise, in this Presentation and any liability in respect of the Presentation or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

Certain statements contained in this Presentation may be statements of the Company’s beliefs, plans and expectations about the future and other forward looking statements that are based on management’s current expectations or beliefs as well as a number of assumptions about the Company’s operations and factors beyond the Company’s control or third party sources and involve known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Forward looking statements contained in this Presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. There is no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on forward looking statements, which speak only as of the date of this Presentation.

Discussion Summary

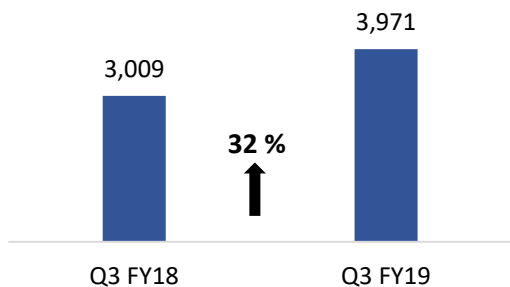
- ❖ **Quarterly Results Update**

- ❖ Company Overview

Q3 & 9M FY19: Key Highlights (Standalone)

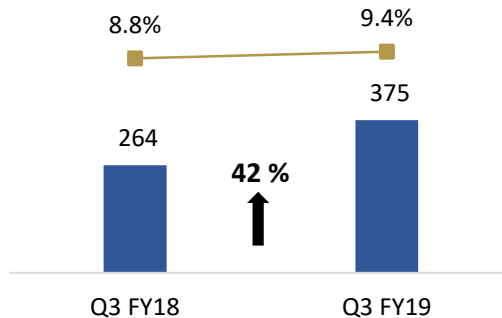
In Rs Mn

Total Income (Net)

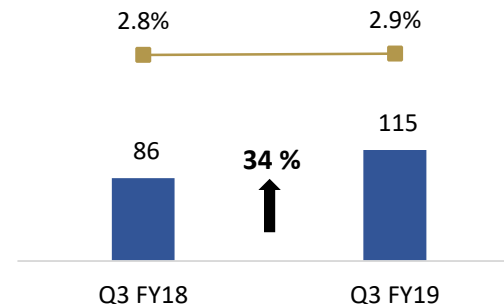


Q3 FY19 YoY Analysis

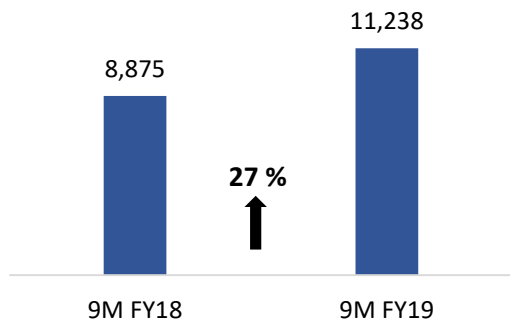
EBITDA & EBITDA Margin *



PAT & PAT Margin *

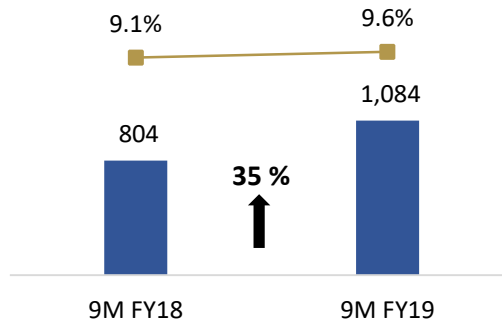


Total Income (Net)

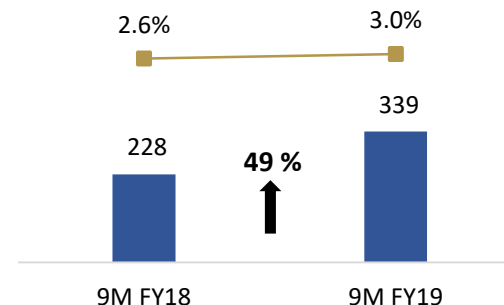


9M FY19 YoY Analysis

EBITDA & EBITDA Margin *



PAT & PAT Margin *

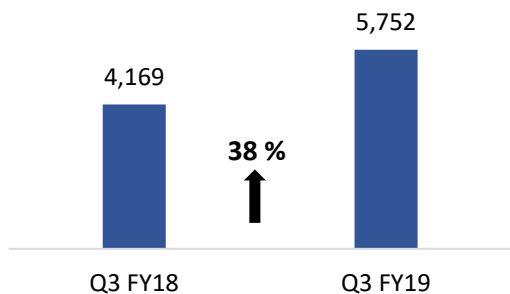


* Calculated on Total Income (Net)

Q3 & 9M FY19: Key Highlights (Consolidated)

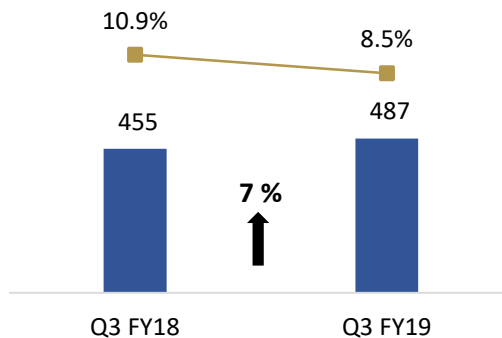
In Rs Mn

Total Income (Net)

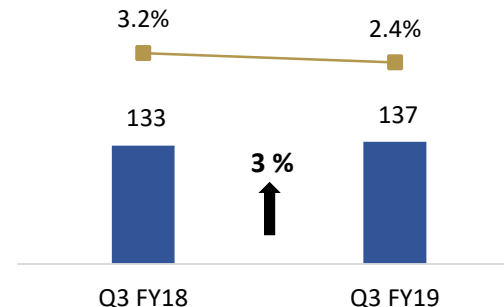


Q3 FY19 YoY Analysis

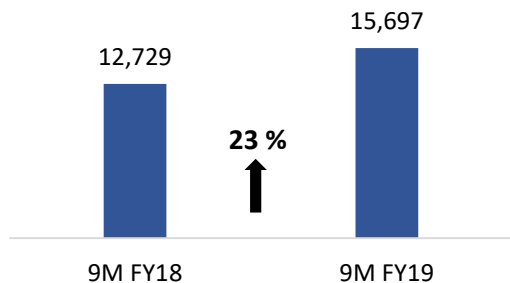
EBITDA & EBITDA Margin *



PAT & PAT Margin *

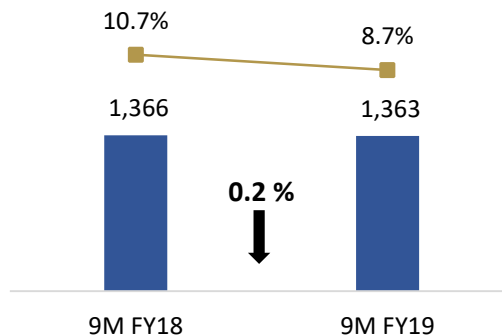


Total Income (Net)

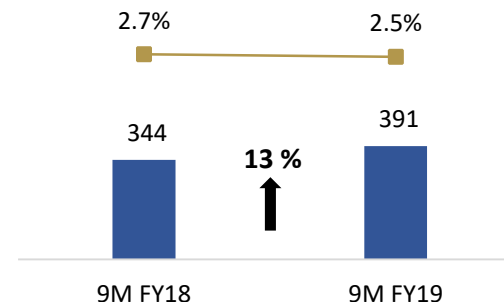


9M FY19 YoY Analysis

EBITDA & EBITDA Margin *



PAT & PAT Margin *



* Calculated on Total Income (Net)

Engineering Products

Rising share of value-added & higher margin engineering products leading to improved gross margins

- Supply of critical structural railway components (coaches, wagons, other parts) generated gross revenues of Rs 938 Mn, delivering 61% YoY growth in Q3 FY19. There are total 32 existing customers with major customers like Integral Coach Factory, Modern Coach Factory.
- Supply of critical industrial components (to Automobile & White Goods sector) generated gross revenues of Rs 313 Mn, delivering 36% YoY growth in Q3 FY19
- Supply of precision tubes generated gross revenues of Rs 773 Mn, delivering 32% YoY growth in Q3 FY19. They have more than 350 customers and major customers like Mahindra, Gabriel, Yamaha, Bridgestone.
- Supply of other fabricated products like ESP electrodes, building materials, special grade CRSS, solar MMS etc. generated revenues of Rs 2,131 Mn, delivering 19% YoY growth in Q3 FY19
- **Robust momentum in new orders across all product segments from existing as well as new customers**

Engineering Solutions

PEBS Pennar:

- Pre-engineered buildings generated gross revenues of Rs 1,569 Mn, delivering 44% YoY growth in Q3 FY19
- Solar MMS generated gross revenues of Rs 187 Mn in Q3 FY19
- Engineering Services generated Rs 49 Mn, delivering 36% YoY growth in Q3 FY19
- Robust order book at PEBS Pennar worth Rs 4,840 Mn as on 31st December 2018 backed by order inflow of Rs 1,859 Mn which consisted of new order inflow of Rs 607 Mn and repeat order inflow of Rs 1,252 Mn
- New customers added – Carrier Media Pvt. Ltd., Alcargo, Gemini Edible Oils, P.S Group, Sunworks

Pennar Enviro:

- Pennar Enviro received Rs 618 Mn order inflow, out of which Rs 595 Mn were new orders and Rs 23 Mn were repeat orders
- Major New customers added – Reliance Infrastructure Limited(METL), Ambuja Cement Limited, Mylan Labs, Dr. Reddy's Laboratories
- 2 new dealers were added in Q3 FY19 taking the total dealer count to 12, appointed for Standard Products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat

Q3 FY19: Key Projects Under Execution (PEBS Pennar)

ANNORA PHARMA



MRF



KANNUR INTERNATIONAL AIRPORT



INVOLUTE TECHNOLOGIES PVT LTD



GMR



Q3 FY19: Key Projects Under Execution (Pennar Enviro)



Q3 & 9M FY19: Standalone Profit & Loss Statement

Particulars (Rs. in Mn)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	3,920	2,994	30.9%	11,130	8,843	25.9%	12,274
Other Income	50.2	15	241.5%	108	32	242.2%	59.8
Total Income	3,971	3,009	32.0%	11,238	8,875	26.6%	12,334
COGS	2,441	2,042	19.5%	7,145	6,145	16.3%	8,305
Gross Profit	1,530	966	58.3%	4,093	2,730	49.9%	4,029
Gross Margin %	38.5%	32.1%	641 bps	36.4%	30.8%	566 bps	32.7%
Employee Expenses	248	177	39.8%	711	513	38.8%	711
Other Expenses	907	525	72.7%	2,298	1,414	62.6%	2,115
EBITDA	375	264	42.0%	1,084	804	34.9%	1,204
EBITDA Margin %	9.4%	8.8%	66 bps	9.6%	9.1%	59 bps	9.8%
Depreciation	53	40	31.8%	151	104	44.5%	168
Finance Cost	153	100	52.4%	413	291	41.9%	434
Exceptional Items	0	0	-	0	0	-	213
PBT	170	124	36.8%	520	408	27.4%	815
Taxes	55	38	42.9%	182	180	0.7%	273
PAT	115	86	34.1%	339	228	48.5%	543
PAT Margin %	2.9%	2.8%	5 bps	3.0%	2.6%	44 bps	4.4%

Q3 & 9M FY19: Consolidated Profit & Loss Statement

Particulars (Rs. in Mn)	Q3 FY19	Q3 FY18	YoY%	9M FY19	9M FY18	YoY%	FY18
Revenue From Operations (Net of Taxes)	5,676	4,149	36.8%	15,480	12,650	22.4%	17,681
Other Income	76	19.6	287.8%	216	79	172.4%	159
Total Income	5,752	4,169	38.0%	15,697	12,729	23.3%	17,840
COGS	3,471	2,493	39.2%	9,662	7,823	23.5%	10,776
Gross Profit	2,282	1,675	36.2%	6,035	4,906	23.0%	7,063
Gross Margin %	39.7%	40.2%	-53 bps	38.4%	38.5%	-10 bps	39.6%
Employee Expenses	403	307	31.3%	1,158	889	30.2%	1,228
Other Expenses	1,392	914	52.4%	3,514	2,651	32.6%	3,618
EBITDA	487	455	7.0%	1,363	1,366	-0.2%	2,218
EBITDA Margin %	8.5%	10.9%	-245 bps	8.7%	10.7%	-205 bps	12.4%
Depreciation	76	77	-1.7%	207	212	-2.3%	293
Finance Cost	194	147	31.6%	525	477	10.1%	674
Exceptional Items	0	0	-	0	0	-	130
PBT	218	231	-5.8%	630	677	-6.9%	1,381
Taxes	65	57	14.3%	207	247	-16.2%	476
PAT Before MI	153	174	-12.3%	423	430	-1.5%	905
Minority Interest	16	42	-62.1%	33	85	-61.6%	202
PAT After MI	137	133	3.4%	391	344	13.5%	703
PAT Margin %	2.4%	3.2%	-80 bps	2.5%	2.7%	-22 bps	3.9%

Discussion Summary

❖ Quarterly Results Update

❖ **Company Overview**

Diversified Engineering Company With End-To-End Capabilities

Wide Spectrum of Engineered Products & Customised Turnkey Engineering Solutions Across Diverse Industries

**Strong Pedigree
& Engineering
Excellence**

**35+
Years of
Experience**

**1,500+
Engineered
Products**

**1,000+
Customers Across
Industries**

**7
Manufacturing
Plants**

**2,500+
Employee
Base**

Engineered Products *

- Wide range of customised engineering products catering to diverse sectors
- Strong designing & manufacturing capabilities
- FY18 Revenues: Rs 12,334 Mn

Engineering Solutions **

- Leading player in Pre-Engineered Buildings, Solar EPC, Designing & Engineering Services with presence in USA
- Water Treatment Solutions (EPC + O&M), Water Treatment Chemicals & Fuel Additives
- FY18 Revenues: Rs 6,306 Mn

**Exposure to High
Growth Sectors**

Automobiles

**Construction &
Infrastructure**

**General
Engineering**

White Goods

Railways

Solar

**Prominent
Clientele From
Diverse Sectors**

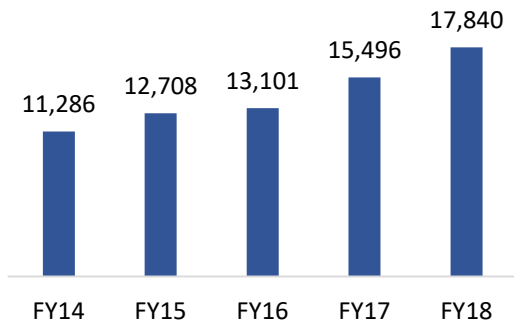


Strong Track Record: Consistent Growth & Improving Profitability

In Rs Mn

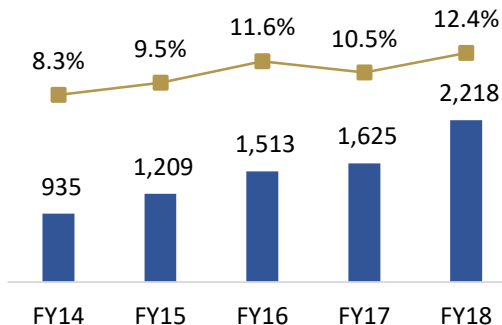
Total Revenues

CAGR: 12%



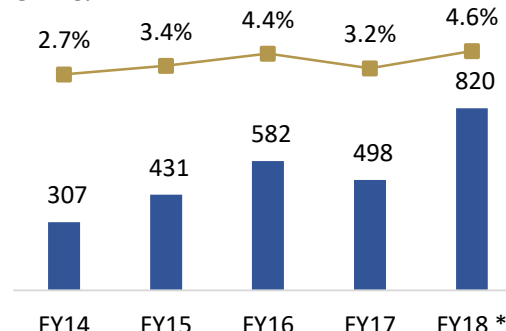
EBITDA & EBITDA Margin

CAGR: 24%



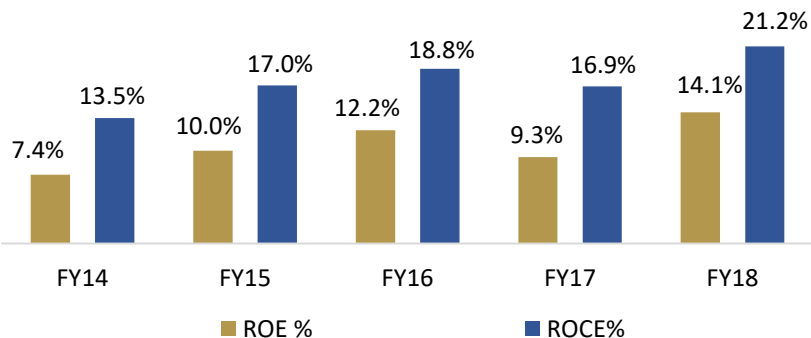
PAT Before MI & PAT Margin

CAGR: 28%

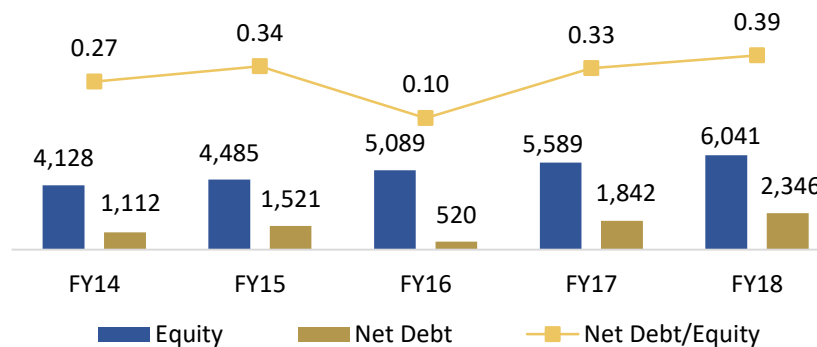


* FY18 PAT adjusted to exclude exceptional item (net of taxes)

Return Ratios



Leverage Analysis



Robust Manufacturing Facilities & Pan India Sales Network



Location	Products
Patancheru, Andhra Pradesh	Press Components, Profiles, ESP / Building Products, Sheet Piles / Solar, Railway Components, CRSS, Fabrication
Chennai, Tamil Nadu	Coaches, Auto Profiles, Components / Hydraulics, Building Products
Isnapur, Andhra Pradesh	CRSS, ERW / CDW Tubes, Profiles, Solar
Velchal, Telangana	Strip Galvanizing, Hot Dip Galvanizing
Tarapur, Maharashtra	Solar, Building Products, Auto Profiles, ESP
Sadashivpet, Telangana	Pre-Engineered Building Systems
Mallapur, Hyderabad	Fuel Additives, Water Treatment Chemicals & Solutions

Experienced Leadership & Management Team



Nrupender Rao
Executive Chairman



Aditya N. Rao
Vice Chairman &
Managing Director



P. V. Rao
Managing Director
PEBS Pennar



K. Chakravarthy
CEO
Pennar Enviro



Dayasagar Rao
Operations



Y Narasimha Rao
Business Head,
Steel Products



M. Bhoopal Reddy
Business Head,
Tubes



Shiva Kumar K
Business Head,
Industrial Components

Board of Directors – Strong Corporate Governance



Nrupender Rao
Executive Chairman



Aditya N. Rao
Vice Chairman,
Managing Director



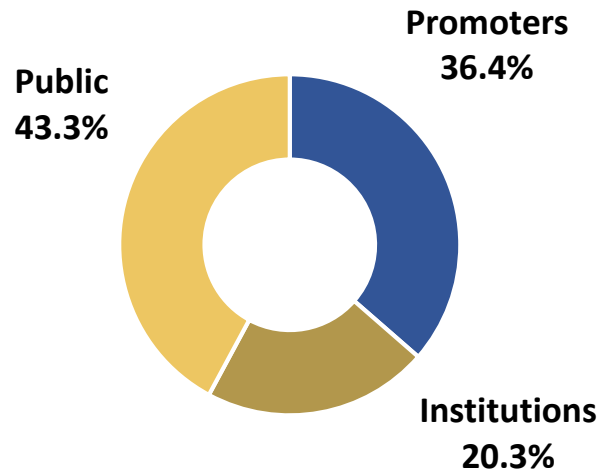
P. V. Rao
Managing Director
PEBS Pennar



K Lavanya Kumar
Executive Director

Name	Designation	Description
 Eric James Brown	Non-Executive Director	- President and CEO of Pennar Global, Inc. 30+ years of experience
 Vishal Sood	Non-Executive Director	- Managing Director at SAIF partners - Earlier worked with Kotak, SSKI and SBI Capital Markets
 Chandrasekhar Sripada	Non-Executive Independent Director	40+ years corporate career in HRM across Public, Private and Multi-National Companies - MBA, MA & PhD
 C Parthasarathy	Non-Executive Independent Director	- One of the founders of Karvy Group and responsible for building Karvy as one of India's truly integrated financial services organizations - He has been actively associated with various professional bodies in senior capacities over the last decade
 B Kamalaker Rao	Non-Executive Independent Director	- Serving as Director on Boards of several Government and Public Sector Undertakings - Distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party
 Manish Sabharwal	Non-Executive Independent Director	- Member of the Prime Ministers Council on Skill Development and has served on the Planning Commission steering committee on labour and employment for the Eleventh five year plan (2007-12) - He is a member of the CII core group on labour reforms
 Varun Chawla	Non-Executive Independent Director	9+ years of Investment Banking experience - He was one of the founders of myguesthouse.com, acquired by Make My Trip.
 Sita Vanka	Non-Executive Independent Director	- Professor and Dean at the School of Management Studies, and a Joint Professor at the Centre for Women's Studies, University of Hyderabad - Over three decades of teaching experience in the areas of Women Studies, Educational Management, Human Resource management and Entrepreneurship

Shareholding Pattern – December 2018



Source: BSE

Key Shareholders – December 2018

Saif India IV FI Holdings Limited	10.09%
Franklin India Smaller Companies Fund	7.22%
Ashmore India Opportunities Fund	1.25%



Thanking You



Sunil Kuram
Vice President
Email ID: sunil.kuram@pennarindia.com

DICKENSON

Nilesh Dalvi / Neha Butala
IR Consultant
Contact No: 9819289131 / 8879003342
Email ID: nilesh.dalvi@dickensonir.com /
neha.butala@dickensonir.com

Chandrasekhar Sripada (Chandra)

Professor (OB & Human Capital)

Indian School of Business, Hyderabad,

Chandra_sripada@isb.edu

BOARD LEVEL ASSIGNMENTS

- o Member – RBI HR Advisory Board
- o Executive Director - IBM India Board (2009-13)
- o Director- Dr. Reddy's Pharma SEZ (14-17)
- o Board Advisor - TAPMI, Manipal (2017)
- o Board Advisor- Swadha Foundation (2016-

PROFESSIONAL NETWORK & AFFILIATIONS

- o Life Member: National HRD Network,
- o Member HR Think Tank, SHRM, USA
- o Member, Strategic Management Society, USA
- o Member, HR Innovation Network, Hongkong
- o Member, International Coach Federation, USA

EDUCATION

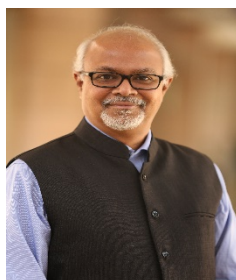
MA, MBA and Ph. D

CERTIFICATION

- o Certified facilitator of Immunity to Change by Robert Kegan, Harvard
- o Certified Hogan Assessor, USA
- o Executive Coach, ICF, USA
- o Master Teacher's program, ISB

EXPERTISE

- o Organizational & Team Leadership
- o Leading Change & Culture renewal
- o Growing Global Leaders
- o Developing next generation CHROs
- o New-age Talent and People leadership



A seasoned Top Management/C-Suite Leader, Chandra now works on a portfolio of offerings in education, research, teaching, Board governance, advisory services, writing, public speaking and coaching; as his second career - after a 40 years corporate career in Human Resource Management across Public, Private and Multi-National Companies. As a CHRO, he has led Human Capital Strategies and partnered with CEOs and top teams in major companies like IBM, Capgemini, Reliance and NIIT. Starting as a Management trainee with SAIL, he retired as the Global Chief Human Resource Officer at Dr. Reddy's - a leading NYSE listed Pharma company.

As an *academic*, Chandra pursues interdisciplinary studies and applied research. His interests and work are focused on gaining practical insights at the intersection of Human Capital, Leadership, Governance and Business strategies.

As a *Board Director, Advisor, Leadership Coach and Facilitator* he works with top teams in building alignment, improving governance, evaluating C-suite effectiveness and enhancing future-readiness.

KEY CORPORATE POSITIONS

Dr. Reddy's Laboratories: President & Global Head of HR

IBM: Vice President & Regional HR Head (South Asia)

Capgemini: Vice-President & Country Head of HR

Reliance Infocomm: President & Head of HR

NIIT: Vice president & Global Head of HR

Steel Authority of India: Management Trainee/Sr. Manager (HR)

TEACHING & EXECUTIVE EDUCATION (HIGHLIGHTS)

- Human Capital, Culture and Change - courses @ ISB
- Leaping into Leadership, mindfully, ISB CEE
- Building Executive Eminence, ISB CEE
- New-age capacities to lead into a digital future, ISB CEE
- Global Leadership: @ Kelly Business School, USA
- Leadership Competencies for future: @ IBM West Europe
- Cross-Border Leadership: Capgemini University, Paris

EXPERIENCE WITH BOARD AGENDA

- Executive appointments, M&A/Integration, Leadership succession, Talent Reviews, Diversity & Inclusion and Performance evaluation & Compensation