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PENNAR ENGINEERED BUILDING SYSTEMS LIMITED

Q2 & H1 FY19 RESULTS PRESENTATION

NOVEMBER 2018

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Discussion Summary

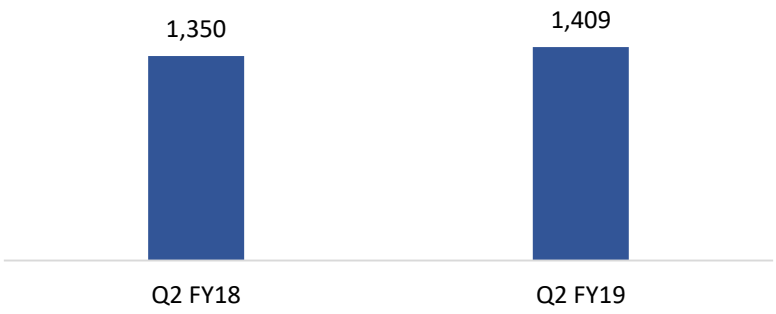
- **Quarterly Update**
- Financials
- Company Overview

Q2 FY19: Key Result Highlights

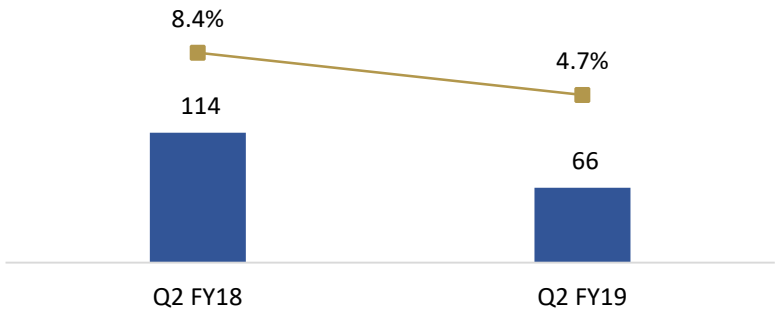
In Rs Mn

Total Income (Gross)

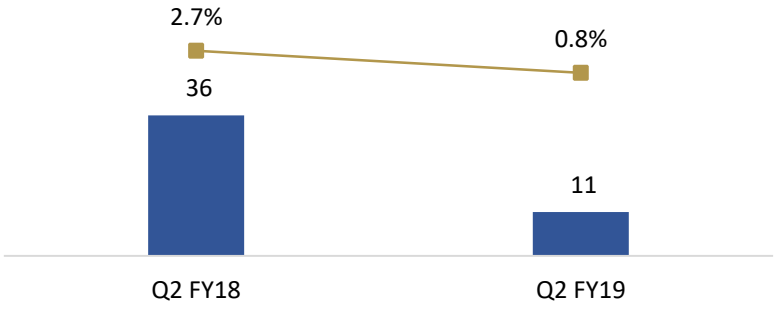
Total Income (Net of Taxes)



EBITDA & EBITDA Margin *



PAT & PAT Margin *

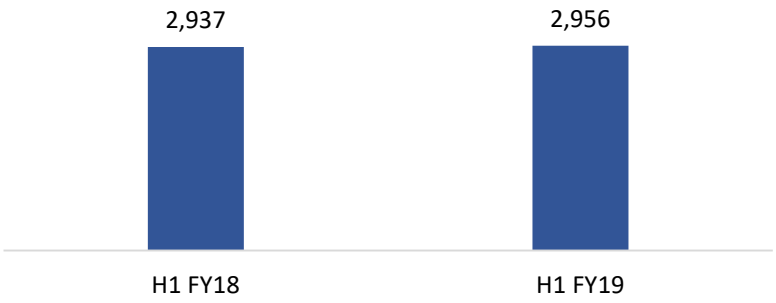


* Calculated on Total Income (Net)

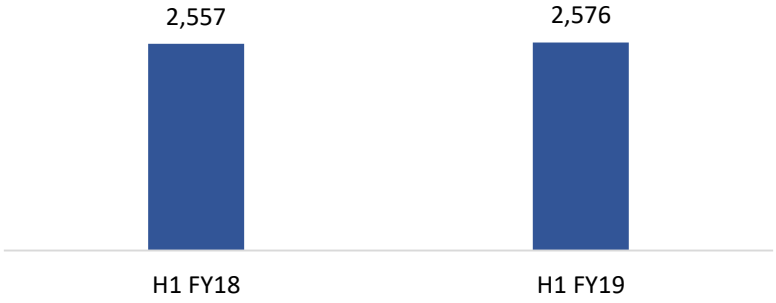
H1 FY19: Key Result Highlights

In Rs Mn

Total Income (Gross)



Total Income (Net)



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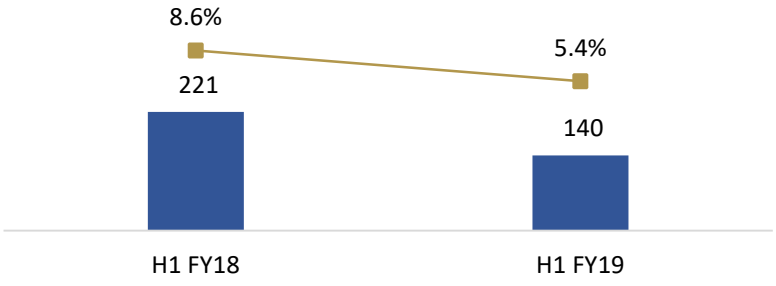
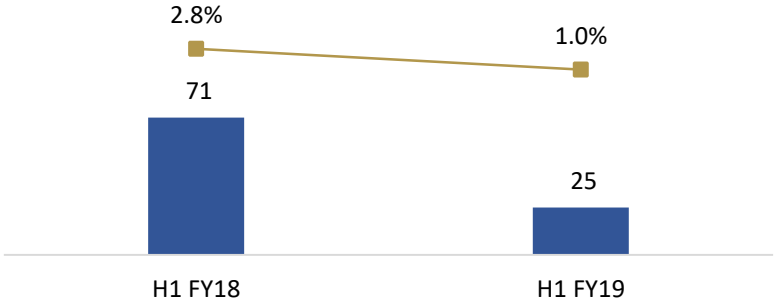


PAT & PAT Margin *



* Calculated on Net Revenues

Q2 & H1 FY19: Business Performance

Gross Revenues (Rs Mn)	Q2 FY19	Q2 FY18	YoY %	H1 FY19	H1 FY18	YoY %
PEB	1,387	1,109	25.1%	2,547	2,043	24.7%
Solar	61	238	-74.3%	120	376	-68.1%
Engg Services	64	44	45.9%	126	77	64.9%
Erection	18	134	-87.0%	64	406	-84.3%
Total	**1,530**	**1,526**	**0.3%**	**2,857**	**2,902**	**-1.5%**

Q2 & H1 FY19: Order Book Update

Strong Order Book: Rs 4,220 Mn

Consistent Order Inflows: Rs 1,238.6 Mn in Q2 FY19

New Order Inflow of Rs 613.7 Mn

- **Welspun India Limited** for Factory at Mumbai
- **Grasim Industries Limited** for Factory at Ahmedabad
- **Twenty One Sugars Limited** for Factory at Chennai
- **Promea Therapeutics** for Factory at Hyderabad
- **RAII - CII** for Factory at Hyderabad

Repeat Order Inflow of Rs 624.9 Mn

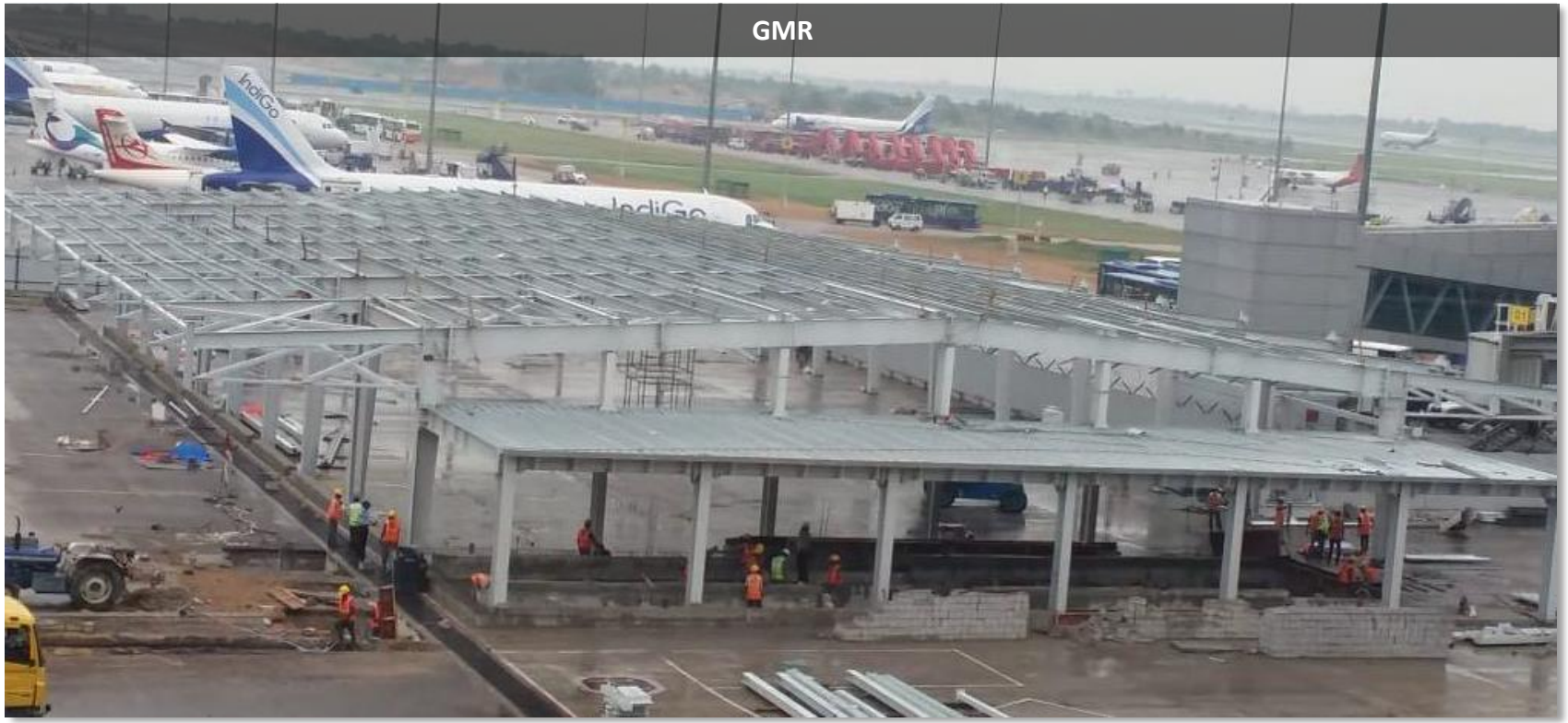
- **Phoenix - Trivyam** for Hi - Rise Building at Hyderabad
- **Aequs SEZ Private Limited** for Factory Building at Bangalore
- **Renaissance Infra** for Warehouse at Mumbai
- **My Home Constructions Private Limited** for Factory Building at Hyderabad
- **TCI Developers** for Warehouse at Delhi
- **Reliance Jio - GBM** for Towers at Mumbai
- **Shapoorji Pallonji & Co Private Limited** for Factory Building at Bangalore

Q2 & H1 FY19: Key Projects Under Execution

URC

Sangoo

Q2 & H1 FY19: Key Projects Under Execution



Q2 & H1 FY19: Key Projects Under Execution

Hi-Rise Phoenix

Bosch

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Profit & Loss Statement

Particulars (Rs. in Mn)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	*YoY%*	FY18
Revenue from Operations	1,341.9	1,325.1	1.3%	2,477.3	2,521.4	-1.7%	5,103.6
Other Income	67.5	25.2	167.9%	98.4	35.6	176.4%	119.0
Total Income	**1,409.4**	**1,350.3**	**4.4%**	**2,575.7**	**2,557.0**	**0.7%**	**5,222.6**
COGS	932.9	736.4	26.7%	1,519.8	1,321.5	15.0%	2,870.9
Erection Expenses	66.4	126.5	-47.5%	174.4	316.8	-44.9%	524.4
Employee Expenses	110.2	99.9	10.3%	233.7	203.9	14.6%	418.5
Other Expenses	234.2	273.4	-14.3%	507.9	494.1	2.8%	952.9
EBITDA	**65.7**	**114.1**	**-42.4%**	**139.9**	**220.7**	**-36.6%**	**455.9**
EBITDA Margin %	**4.7%**	**8.4%**	**-379bps**	**5.4%**	**8.6%**	**-320bps**	**8.7%**
Depreciation	15.3	14.9	2.7%	28.1	29.5	-4.7%	59.7
Financial Cost	35.7	43.8	-18.5%	77.4	86.5	-10.5%	156.6
Profit Before Tax (PBT)	**14.7**	**55.4**	**-73.5%**	**34.4**	**104.7**	**-67.1%**	**239.6**
Tax	3.3	19.0	-82.6%	9.9	33.6	-70.5%	81.6
Profit After Tax (PAT)	**11.4**	**36.4**	**-68.7%**	**24.5**	**71.1**	**-65.5%**	**158.0**
PAT Margin %	**0.8%**	**2.7%**	**-189bps**	**1.0%**	**2.8%**	**-183bps**	**3.0%**

Balance Sheet

Particulars (Rs. in Mn)	H1 FY19	FY18
Equity & Liabilities		
Equity Share Capital	342.7	342.7
Other Equity	1,553.9	1,529.4
Total Equity	**1,896.6**	**1,872.2**
Liabilities		
Non-Current Liabilities		
Financial Liabilities		
Other Financial Liabilities	57.3	46.7
Provisions	43.4	29.4
Total	**100.7**	**76.1**
Current Liabilities		
Borrowings	848.9	756.6
Trade Payables	1,472.0	1,417.8
Other Financial Liabilities	377.5	254.4
Other Current Liabilities	612.5	714.1
Provisions	13.7	54.7
Income Tax Liabilities	5.5	5.5
Total Current Liabilities	**3,330.1**	**3,203.0**
Total Equity & Liabilities	**5,327.5**	**5,151.3**

Particulars (Rs. in Mn)	H1 FY19	FY18
Assets		
Non-Current Assets		
Property, Plant And Equipment	604.6	592.7
Capital Work-in-progress	489.9	53.3
Intangible Assets	33.1	36.4
Investments	7.8	7.8
Trade Receivables	128.7	25.8
Other Financial Assets	21.6	21.6
Other Non-current Assets	16.1	3.6
Income Tax Assets (Net)	71.1	33.2
Deferred Tax Asset (Net)	64.5	65.0
Total Non-Current Assets	**310.4**	**157.1**
Current Assets		
Inventories	1,993.7	2,074.3
Investments	428.8	464.1
Trade Receivables	714.4	899.6
Cash And Cash Equivalents	72.6	86.7
Loans	487.7	285.1
Other Financial Assets	86.8	207.8
Other Current Assets	105.4	294.2
Total Current Assets	**3,889.4**	**4,311.8**
Total Assets	**5,327.5**	**5,151.3**

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Group Overview: Pennar Industries Limited

Diversified Engineering Group with a Wide Spectrum of Products & Customised 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

Extensive Product & Service Offerings

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

ADITYA BIRLA UltraTech, Reliance, amazon, JSW, THERMAX, TATA, LARSEN & TOUBRO, MRF, Hindustan Unilever Limited, ITC Limited

Note: * includes revenues from Steel Products BU, Tubes BU, Industrial Components BU, Railways BU, ** includes revenues from PEBS Pennar, Pennar Enviro, Pennar Global subsidiaries

PEBS Pennar: Leading Player in Pre-Engineered Building Products

Market Leadership

- Pennar Engineered Building Systems Limited (PEBS Pennar), set up in 2008 and commenced operations in 2010, is one of the leading players in pre-engineered buildings and structural steel in India
- Expertise in design, fabrication & erection of customised pre-engineered steel buildings, building components & structural steel
- Successfully delivered ~ Rs 33,466 Mn worth projects since inception from 2010 to March 2018

Extensive Product Offerings

- Diverse offerings - factory buildings, warehouses, power plants, commercial centres, high-rise buildings, aircraft hangars, defence installations, sports stadiums, industrial racking systems, cold-form structures for low cost housing, metro stations, solar module mounting structures, telecom transmission towers etc.
- Design & Engineering Services supported by 235 experience engineers

Strong Engineering Capabilities

- Best-in-class project management and engineering team
- Technical alliance with NCI Group Inc., a leading steel building player in USA, for technical knowhow and supply of standing seam roofing panel system in India under the brand name 'Double Lok®'.
- One of the few companies in India to offer leak-proof roofing systems

Cutting-Edge Manufacturing

- 29,000 sq. m. world-class manufacturing facility built on a 33 acres plot at Sadashivpet near Hyderabad with a total production capacity of 90,000 MTPA.
- One of the best plants in India, with modern technology and high precision equipments sourced from leading suppliers across the world

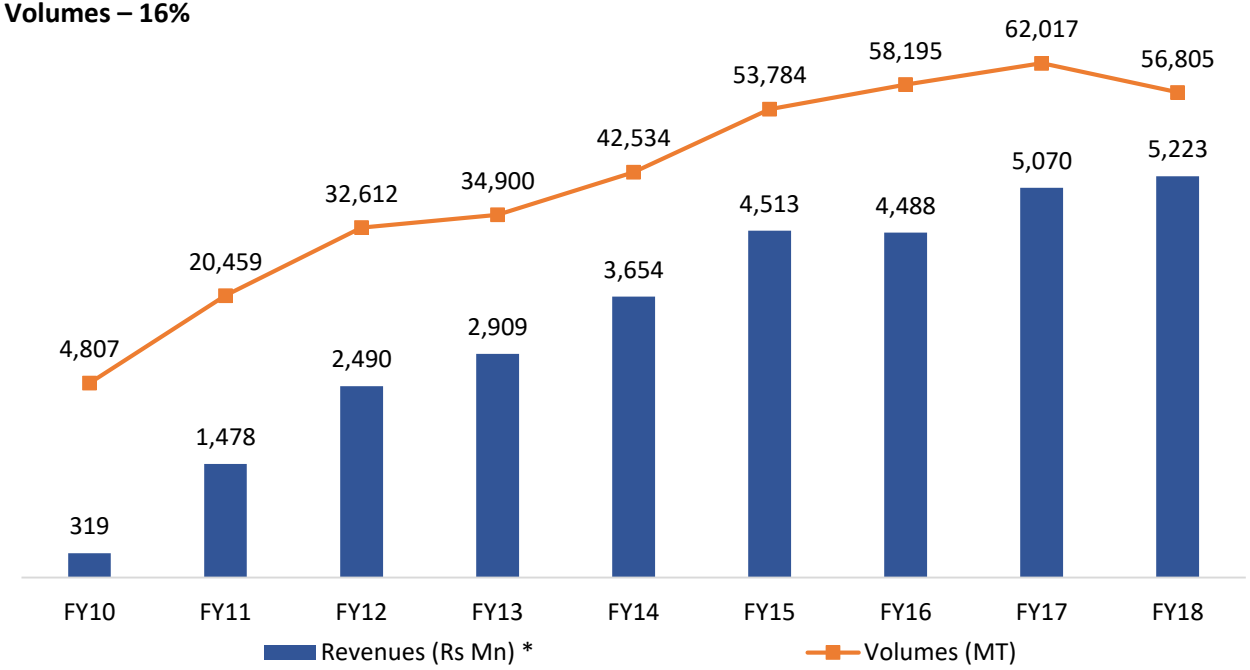
Strong Clientele

ADITYA BIRLA UltraTech, LARSEN & TOUBRO, HCC, Reliance Retail, Dr.Reddy's, ABB, Godrej, MRF, JSW, Schneider Electric, P&G

Consistent Growth Since Inception

Consistent Business Growth Displayed Over Last 9 Years

FY11-18 CAGR:
Net Revenues – 20%
Volumes – 16%



* Net Revenues incl. other income

650+ Customers

1,250+ Projects Successfully Completed over FY10-18

Cumulative Orders Executed Worth Rs 33,466 Mn

Cumulative Products Delivered 3,66,113 MT

150+ Repeat Customers

Order Book as on Mar-18 Rs 3,530 Mn

Note: Financials for FY10-16 are as per I-GAAP & FY17-18 are as per IND-AS

Landmark Projects

Amazon India, Hyderabad

IOT – ONGC Opal, Gujarat (1km building length)

IKEA, Hyderabad (roof structure only)

MRF Tyres, Perambalur

Landmark Projects

Phoenix – Trivium, Hyderabad

L&T Metro, Hyderabad

Haier India - Pune

UltratechKotputli - India's first 99m clear span building

Engineering Services: Leveraging Capabilities to Tap Global Markets

Design & Engineering Services

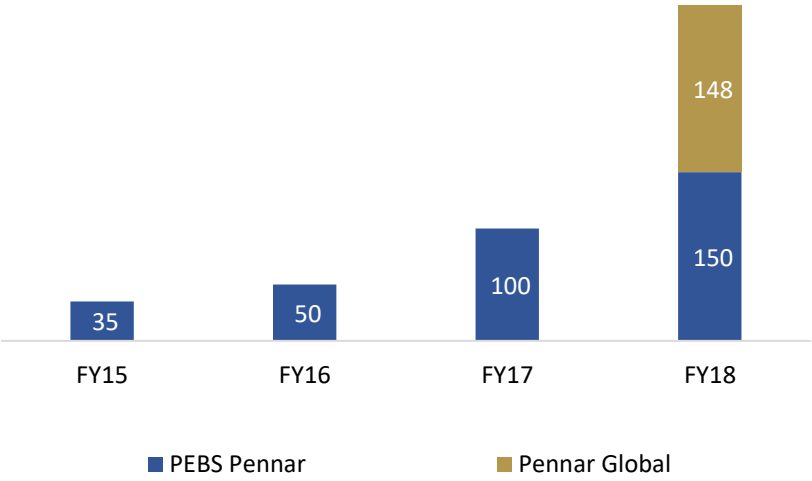
PEBS Pennar

- PEBS Pennar launched the Design & Engineering Services in 2014 in order to leverage Pennar's large structural engineering team capabilities
- Provide design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space in the US and other geographies
- Engineering Services generates 40-45% EBITDA margin

Pennar Global

- Pennar Industries and PEBS Pennar established a JV in 2017, called Pennar Global (PGI) headquartered in Houston, Texas
- In the first year, PGI generated Rs 148 Mn revenues
- PGI's current customer base includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors
- Focus areas will be Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors

Design & Engineering Services Revenues (Rs Mn) *



* Includes intersegment sale of Rs 74.7 mn from PEBS to Pennar Global in FY18

Future Growth Strategy

01 The market for Pre-engineered buildings and Solar Module Mounting Systems has become highly competitive. Hence, the company will be diversifying into new segments to drive revenue and margin growth

02 Increased focus on High Rise Steel Buildings (commercial & residential), Cold Form structures for low cost housing projects

03 Offer end-to-end Solar EPC by making Solar PV Panels and Solar MMS and also provide installation / erection service

04 Expansion into US market by providing design & engineering services and convert current outsourcing orders into inhouse manufacturing leading to lower project costs and higher profitability

05 Diversify into new revenue segments like Railways (under-frame manufacturing), Hot Rolled sections, Racking systems, Space Frame Structures, EOT Cranes, Fasteners and Civil works

Thanking You

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