Press release

For immediate release

Pennar Consolidated Q2FY15 Gross Sales at Rs 332.7 Crores; up 21.4% YoY; EBITDA up 30.1% YoY; Cash PAT up 17.5% YoY

Hyderabad, November 11, 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 30th September, 2014.

Commenting on the results and performance, ***Aditya Rao, Vice – Chairman & Managing Director, Pennar Industries Limited,*** *said, "We have delivered a robust second quarter performance, with growth across all segments. Our singular focus is on moving away from commoditised products, with emphasis on creating more value per product, in addition to pushing volumes. We believe that this will help improve margins and return ratios. Our strategy of focusing on cash flow and scale improvement in the last few quarters has enabled us to grow and improve margins. Our subsidiary, PEBS Pennar is gaining commendable traction in terms of business and going forward, is likely to be aided by pent-up, latent demand in the infrastructure sector".*

CONSOLIDATED FINANCIAL HIGHLIGHTS:

	Consolidated							
	Q2		*y-o-y*	Q1	*q-o-q*	H1		*y-o-y*
(Rs. Crore)	FY15	FY14	*Growth (%)*	FY15	*Growth (%)*	FY15	FY14	*Growth (%)*
Gross Sales	332.7	274.1	*21.4%*	316.4	*5.1%*	649.1	567.2	*14.4%*
Net Sales	289.2	238.3	*21.4%*	276.7	*4.5%*	565.9	491.9	*15.1%*
EBITDA	24.3	18.6	*30.1%*	22.5	*7.9%*	46.7	36.8	*26.9%*
EBITDA Margin (%)	*8.4%*	*7.8%*		*8.1%*		*8.3%*	*7.5%*	
Cash Profit	12.6	10.7	*17.5%*	12.5	*0.6%*	25.0	21.4	*16.9%*
Cash Profit Margin (%)	*4.3%*	*4.5%*		*4.5%*		*4.4%*	*4.4%*	
Net Profit	6.4	5.9	*8.0%*	5.8	*9.6%*	12.2	12.2	*0.2%*
Net Profit Margin (%)	*2.2%*	*2.5%*		*2.1%*		*2.2%*	*2.5%*	
Basic EPS (Rs)	0.53	0.49	*8.6%*	0.48	*10.3%*	1.01	1.00	*1.2%*

SEGMENT PERFORMANCE FOR Q2FY15:

	SALES					EBITDA					EBITDA Margin (%)		
	Q2		y-o-y	Q1	q-o-q	Q2		y-o-y	Q1	q-o-q	Q2		Q1
(Rs. Crore)	FY15	FY14	Growth (%)	FY15	Growth (%)	FY15	FY14	Growth (%)	FY15	Growth (%)	FY15	FY14	FY15
Steel Products	100.2	102.0	*(1.8)%*	101.4	*(1.2)%*	5.4	6.7	*(19.2)%*	6.4	*(15.5)%*	5.4%	6.6%	6.3%
Tubes	33.7	30.3	*11.3%*	36.2	*(7.0)%*	2.3	1.5	*57.8%*	2.2	*2.2%*	6.8%	4.8%	6.2%
Industrial Components	12.9	11.9	*8.1%*	14.7	*(12.1)%*	1.9	1.5	*21.7%*	2.1	*(9.5)%*	14.4%	12.8%	14.0%
Systems and Projects	48.7	25.8	*88.4%*	16.2	*201.0%*	6.3	3.0	*107.2%*	3.1	*104.9%*	12.9%	11.7%	18.9%
Total Standalone	**195.5**	**170.1**	*14.9%*	**168.5**	*16.0%*	**15.9**	**12.7**	*24.6%*	**13.8**	*15.0%*	**8.1%**	7.5%	**8.2%**
Pre-Engineered Buildings	91.0	70.0	*30.0%*	101.3	*(10.2)%*	7.9	6.3	*25.8%*	8.5	*(6.1)%*	8.7%	9.0%	8.4%
Pennar Enviro	6.1	0.0		7.2	*(16.0)%*	0.4	0.0		0.2		7.3%		3.1%
Sub Total	**292.5**	**240.1**	*21.8%*	**277.0**	*5.6%*	**24.3**	**19.0**	*27.3%*	**22.5**	*7.9%*	**8.3%**	7.93%	**8.1%**
Regrouping Adjustments	(3.3)	(1.8)		(0.3)		0.0	(0.4)		(0.0)				
Total Consolidated	**289.2**	**238.3**	*21.4%*	**276.7**	*4.5%*	**24.3**	**18.6**	*30.0%*	**22.5**	*8.0%*	**8.4%**	7.8%	**8.1%**

BUSINESS HIGHLIGHTS FOR Q2FY15:

Steel Products: New orders have been received from Hamon Research, Cottrell, Cethar Limited, SKS Power Generation Limited etc. Existing customers have increased orders in the Profiles sub-segment.
The segment is introducing Special Grade steels with a goal to switch to special grade while reducing low contribution products. With major orders for H2 booked already, the outlook for the remainder of the year is promising.

Systems & Projects:
Railways – Q2FY15 opened with an order book of Rs. 90 crores. Overall, sales for Q2 were at Rs. 49 crores for both coach and wagon, a surge of 67% compared to Q1. Orders received worth Rs. 12 crores for coach applications during Q2. Rs. 18 crores worth of orders received from wagon builders. We have now utilized the capacity available for our railways CRF mills. We are in dialogue with a customer for the supply of CRF sections for metro coach applications. We are also in discussions for supply of CRF sections for the Delhi Metro.
An order for manufacturing of complete under frame arrangement for ICF coaches is in progress.
Solar – We have received a large order from L&T Construction - Solar Division, to be executed in Q3. An additional order from L &T is to be executed in Nov'14. Single largest order from Mahindra EPC to be executed between Dec'14 and Feb'15. We have also received an LOI from Belectric Photovoltaic India Pvt Ltd for a large order to be executed between Dec'14 and March'15.

Tubes: The Electric Resistance Welded (ERW) sub-segment saw a growth of 15% compared with Q2FY14, while Cold Drawn Welded (CDW) grew by 50%. Infra/power sector products were slow moving and the Tubes vertical did well on the back of a pick-up in the 2-wheeler volumes in the automotive industry. Major customers in automotive sector include M/s. ALFengg, PHI/PHA - Hyundai vendors, Patton, LMW, TVS vendors etc. In the power segment, major customers include Isgec, Thermax, BGR, Paharpur, JSW, Hindalco and others. The current market share for ERW is at 5% while CDW is at 6%. Capacity expansion of 300MT in CDW and 500MT in ERW by December 2014 is currently underway. With total customer base of over 100 customers, 60% of the business is repeat and 10% of the quarter's business came from new products/customers. A total of 15 new customers were added in this quarter.

Industrial Components: The segment is seeing robust repeat orders from existing customers. Additionally, the scope of work is also expanding with existing customers. In this quarter, new orders received from large firms for Wedge Barrier, Guide Bracket, Yoke Rotor cups and Bead plates. On the customer front, the automotive industry is showing signs of recovery. We are focusing on critical high performance components for brake, suspension and auto electrical applications. Alongside, we are identifying global sourcing and deemed export opportunities. In the White goods industry, the recovery seems still some time away but we are identifying opportunities of deep-drawn products in consumer and safety equipment segments. In the General Engineering industry, we are identifying sub-assembly opportunities by leveraging capabilities of fabrication and pressed components. In our new Hydraulics business, we have received a sample order from a USA based client.

Pre-Engineered Buildings (PEBS): 50+ new orders received this quarter. Major order includes MRF, Reliance Jio Infocomm, UltraTech Cement, KRIDL, Zillion Infra, L&T, Azure power and others. Over 35 new customers added during quarter. We have received repeat orders from eight existing customers.

Pennar Enviro (PEL): This is a new, emerging business for the group. The segment has seen remarkable growth. Within this, the Chemicals business has ~170, O&M has 40 customers and Projects with 30 customers. Some of the major new customers added include JSW Bellary,
I G Petrochemicals, Jayapee Balaji Cement, Amtek Auto, Veeraya Power, and others. Repeat orders have come from Hero Cycles, Deepak Nitrite Ltd, Goodyear India Limited, Silk Road Sugars, SLN coffee and others.

AWARDS:

PEBS PENNAR WINS BUSINESS TODAY-YES BANK EMERGING COMPANIES EXCELLENCE AWARDS 2014 IN CORPORATE GOVERNANCE

Pennar Engineered Building Systems (PEBS Pennar), a subsidiary of the Hyderabad-based Pennar Industries, has won the **Business Today -YES Bank Emerging Companies Excellence Awards 2014 in Corporate Governance**. The award was presented to PV Rao, MD, PEBS Pennar, by the Union Minister of Consumer Affairs, Food and Public Distribution Ram Vilas Paswan during the prize distribution ceremony held in New Delhi on Nov 7, 2014. According to a statement, PEBS Pennar has been chosen by the jury as the winner in the "excellence in corporate governance" category from three final nominees. The Business Today-YES Bank awards are aimed at finding hidden gems from unlisted companies with revenues between ₹200 crore and ₹1,500 crore.

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

For more information, please visit **www.pennarindia.com**

For further enquiries, please contact:

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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.

Q2FY15 CONFERENCE CALL INVITATION:

Dolat Capital will host the Q2FY15 conference call of the Pennar Group on November 12, 2014 at 11 am.
Details are given below –

Primary Number:	**+91 22 6746 5816**
Secondary Number:	**+91 22 3938 1006**
International Toll Free Numbers:	**USA : 1 866 746 2133** **UK : 0 808 101 1573** **Singapore : 800 101 2045** **Hong Kong : 800 964 448**
Date:	**Wednesday, 12 November 2014**
Time:	**11:00 AM to 12:00 PM**