Prakash Industries Limited

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PIL/SE/MIS/2017

19th July, 2017

Listing Department
BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001

Company Code : 506022

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex,
Bandra (E), Mumbai - 400051

Company Symbol : PRAKASH

Sub: Intimation under Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015

Dear Sir,

Please find enclosed herewith Presentation on Q1FY18 Results for your kind information and record. You are requested to kindly update the same on your website.

Thanking you,

Yours faithfully,
For **Prakash Industries Limited**

Ashwini Kumar

Ashwini Kumar
Company Secretary

PRAKASH INDUSTRIES LIMITED NEW DELHI

Encls : as above

Prakash Industries Limited

People... Prosperity... Progress...

Q1FY18 Result Presentation

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Agenda

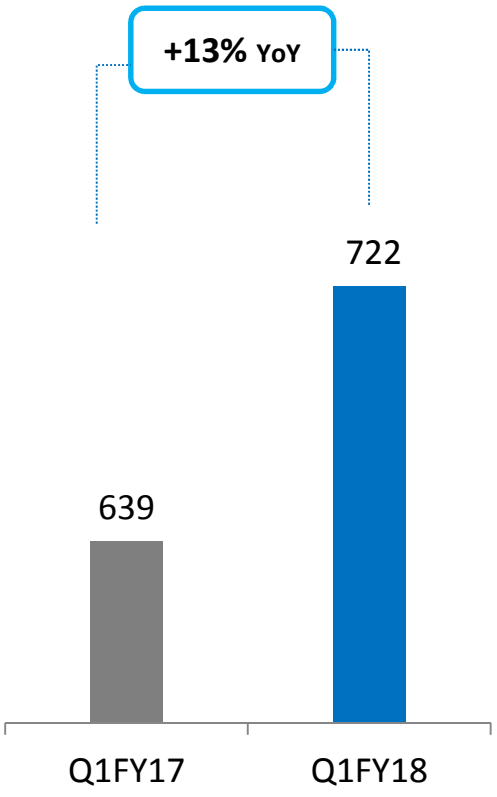
01 **Result Highlights**

02 **Company Overview**

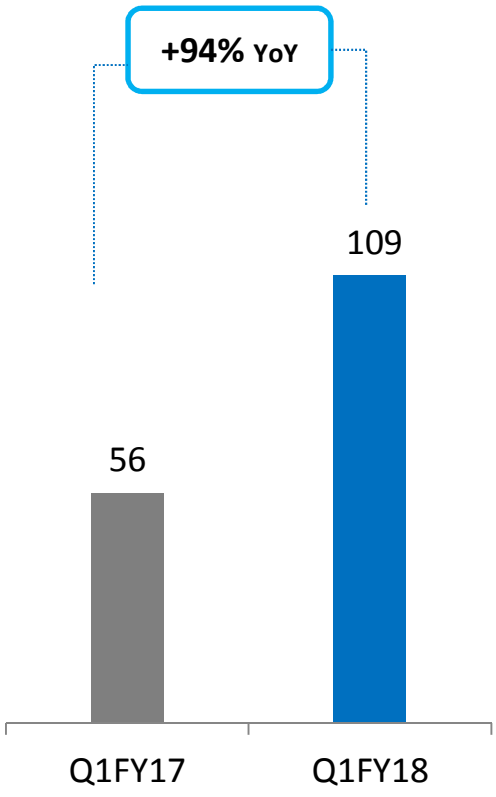
Result Highlights

Financial Highlights – Q1FY18

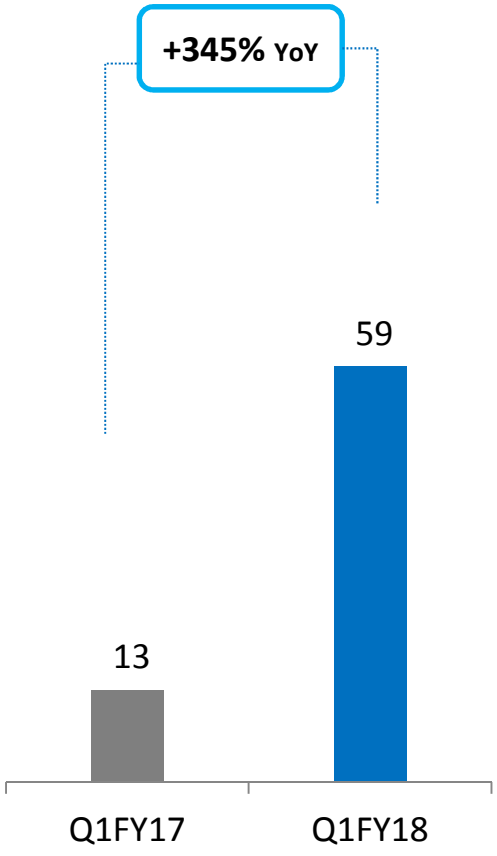
Revenue (Rs. Cr)



EBITDA (Rs. Cr)

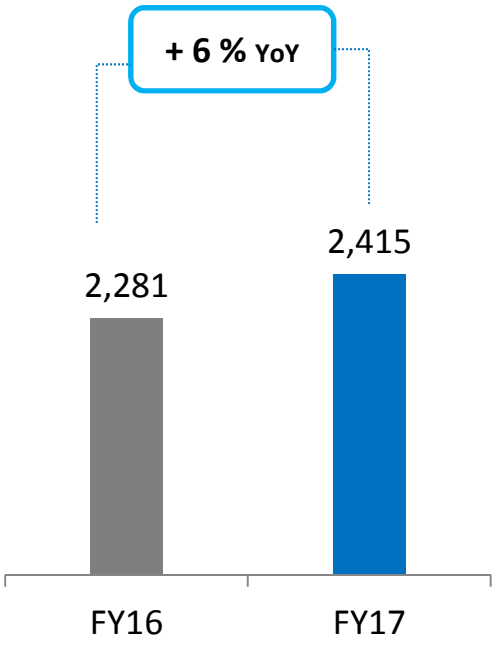


PAT (Rs. Cr)

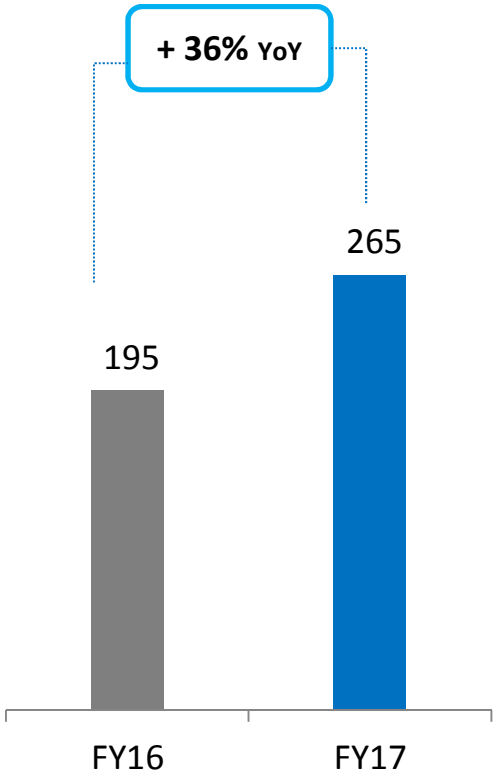


Financial Highlights – FY17

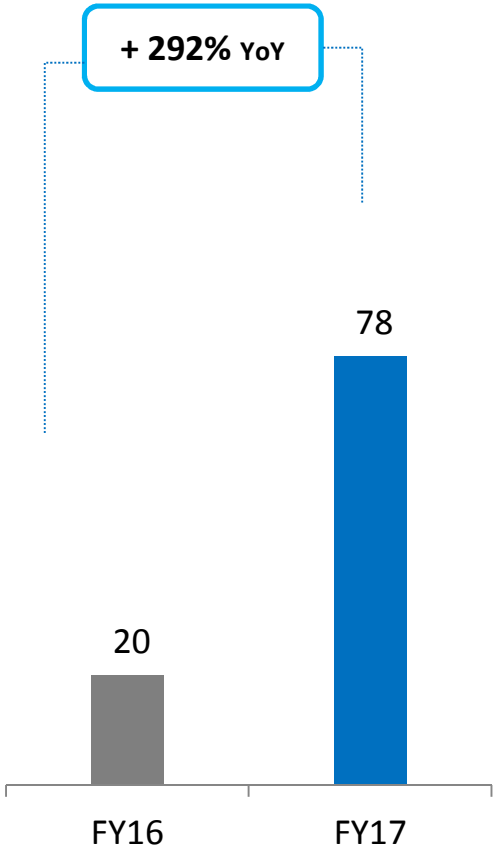
Revenue (Rs. Cr)



EBITDA (Rs. Cr)

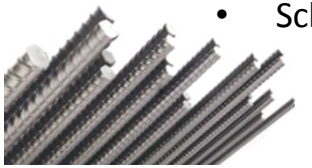


PAT (Rs. Cr)



Business Updates

- **Additional Sponge Iron & Power Co-generation capacity**
  - Successfully commissioned and stabilised new Sponge Iron Rotary Kiln and Power Co-generation capacity
  - This will result in improved margins from Q2FY18 onwards
- **Securing Additional Long Term Coal Linkages**
  - Secured additional Long Term Coal Linkages of 0.57 million tonnes from Coal India Limited for captive power plant
  - This will result in improved margins from Q2FY18 onwards
  - Total quantity secured through linkages stands at 13.25 lac tonnes p.a. for the next 5 years
- **Positive GST Effect**
  - Despite destocking by customers due to GST, sales volume in Q1FY18 was maintained at 1.94 lac tonnes as compared 1.89 lac tonnes in Q1FY17
- **Demerger of PVC Pipes Division**
  - Engaged PricewaterhouseCoopers (PwC) as advisors for Demerger of PVC Pipes Division
  - Scheme under preparation



Debt Updates

❖ **Allotment of Equity shares to FCCB holders**

- During the Q1FY18, Company allotted 99,10,606 equity shares pursuant to the conversion option exercised by certain FCCB holders

❖ **Reduction in debt liability on account of conversion of FCCBs into Equity Shares**

- Debt has reduced, so far, by ~ Rs 92 cr on account of conversion of FCCB. The company had issued US$ 17.85 mn FCCB in Sep-15, out of which, US$ 14.5 mn bonds have since been converted

Profitability Highlights

Rs. in Cr	Q1FY18	Q1FY17	YoY	FY17	FY16	YoY
Revenues	**722**	**639**	***13%***	**2,415**	**2,281**	***6%***
Other Income	1.3	0.5		3.3	4.8	
Total Income	**724**	**640**	***13%***	**2,418**	**2,286**	***6%***
Raw Material	419	411		1,482	1,460	
Employee Expenses	47	38		155	144	
Other Operating Expenses	148	134		517	487	
EBITDA	**109**	**56**	***94%***	**265**	**195**	***36%***
EBITDA Margin (%)	***15.1%***	***8.8%***		***10.9%***	***8.5%***	
Depreciation	27	25		103	102	
Interest	21	17		73	69	
Profit Before Tax	**62**	**14**	***340%***	**88**	**23**	***278%***
Tax	2	-		7	0	
Net Profit	**59**	**14**	***323%***	**81**	**23**	***246%***
Net Profit Margin (%)	***8.2%***	***2.2%***		***3.3%***	***1.0%***	
Other Comprehensive income	(0.7)	(0.9)		(3)	(3)	
Total Comprehensive Income	**59**	**13**	***345%***	**78**	**20**	***292%***

Balance Sheet Highlights

Rs. Crore	Mar-17	Mar-16
Shareholder's Funds	**2,221**	**2,137**
Share capital	139	134
Other Equity	2,082	2,003
Non-current liabilities	**694**	**658**
Long term borrowings	578	545
Long-Term Provisions	29	24
Deferred tax liability	87	89
Current liabilities	**588**	**567**
Short Term Borrowings	143	81
Trade Payables	97	89
Other Financial Liabilities	265	318
Short-term provisions	13	11
Other Current liabilities	51	64
Deferred tax liability	19	4
Total Equities & Liabilities	**3,503**	**3,362**

Rs. Crore	Mar-17	Mar-16
Non-current assets	**3,093**	**2,951**
Fixed assets	2,771	2,617
Non Current Tax Asset	3	3
Other non-current assets	319	331
Current Assets	**409**	**411**
Inventories	188	183
Trade receivables	76	80
Cash & Cash equivalents	17	9
Bank Balance (other then Cash equivalents)	11	11
Other Current Assets	117	128
Total Assets	**3,503**	**3,362**

Key Balance Sheet Ratios	FY17
Gross Debt to Equity	0.35x
Fixed Asset Coverage Ratio	5.7x
Working Capital Days	25 Days

Company at Glance

Company Overview

One of the Largest Integrated Steel Manufacturers in India

Strategically located plants in Chhattisgarh, one of the major coal and Iron ore belts

Captive Iron ore mines in Odisha & Chhattisgarh; Step towards Backward integration

230MW captive power plant at its integrated steel plant

PVC pipes & fittings- Strong brand presence in North India

Diversified Business Segments

Steel

Power

PVC Pipes

Integrated Steel Business

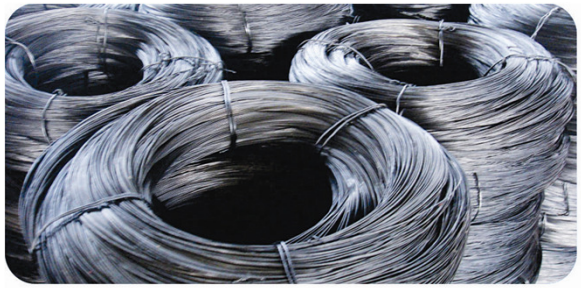
01 ***Fully Integrated*** steel plant at Chhattisgarh

02 Produces steel through coal based ***Sponge Iron Route*** ;
Technical collaboration with Lugri GmbH, Germany

03 ***Secured Supply of Key Raw material –*** *(i) Iron Ore through allotted mines in the state of Chhattisgarh & Odisha*
(ii) Coal through long term linkage from Coal India

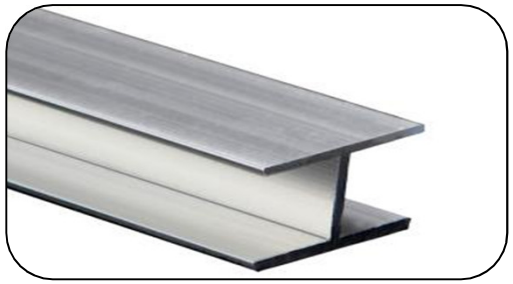
Product	Location	Existing Capacity
Sponge Iron	Champa, Chhattisgarh	1.0 Mn Tonnes
Steel Billets	Champa, Chhattisgarh	1.1 Mn Tonnes
Ferro Alloys	Champa, Chhattisgarh	0.1 Mn Tonnes
Finished Steel *(Wire Rods, TMT Bars, Structural)*	Raipur, Chhattisgarh	1.1 Mn Tonnes

Steel Business – Product Offerings



Wire Rods

HB Wire



Structural Steel

TMT bars

Ferro Alloy

Power Business

Operating ***230 MW captive power*** at its Integrated Steel Plant

Power generated partly by ***harnessing waste gases*** emanating from Sponge Iron process and partly through ***Thermal route***

Newly commenced Fifth Sponge Iron Rotary Kiln generating ***additional 15MW power***

Key Growth Drivers – Steel & Power Business

National Steel Policy 2017

- Build a globally competitive industry with a crude steel capacity of **300 MT by 2030-31**
- Increase per Capita Steel Consumption to **160 Kg by 2030-31**
- **Domestically meet entire demand** of high grade automotive steel, electrical steel, special steels and alloys for strategic applications by 2030-31
- **Become net exporter** of steel by 2025-26
- **World leader** on energy and raw material efficient steel production by 2030-31
- Develop and implement **quality standards** for domestic steel products
- Development of **power evacuation** infrastructure

Focus on Affordable Housing & Infrastructure

- Emphasis on **Housing for All by 2022** by the Government
- Aim to build **50 million** new low-cost houses over the next **5 years**
- **Incentivizing Affordable Housing** by increasing project completion timeline to 5 years from 3 years
- **Interest subsidy & Tax** incentives for the Affordable housing Projects
- **Governments push for infrastructure development**
  - Railways
  - Defence
  - Roadways
  - Inland Waterways
  - Metros
  - Ports
  - Airports

Rigid PVC Pipes Business

Plant Strategically located in Uttrakhand;
with current capacity of ***55,000 MTPA***

Strong Brand presence in the states of UP, Uttrakhand, Delhi, Haryana & Punjab

Witnessing Revenue Growth of ***16% CAGR*** *in last 5 years*

Operating profit margin growth at **26% CAGR** since last 5 years

Enhanced product portfolio with PVC fittings and Garden Pipes

Rigid PVC Pipes – Product Portfolio

UPVC Pipes

SWR Pipes

Plumbing Pipes

भरोसे का प्रतीक

IS : 4985 : 2000

Prakash®

पी वी सी पाईप्स एवं फिटिंग्स

Column Pipes

UPVC Fittings

Casing Pipes

Key Growth Drivers – PVC Pipes Business

Government thrust on Agriculture & Infrastructure

Swachh Bharat Abhiyan

"Affordable Housing" and "Housing for All"

Higher Union Budget allocation for Irrigation sector

GST to give edge to the organised players over unorganised sector

Capacity Expansion Update

Product	Location	Existing Capacity	Future Capacity	Total Capacity	Time Line
Integrated Steel					
Finished Steel	Raipur, Chhattisgarh	1.1 Mn Tonnes	-	1.1 Mn Tonnes	-
Sponge Iron	Champa, Chhattisgarh	1.0 Mn Tonnes	0.2 Mn Tonnes	1.2 Mn Tonnes	0.2 Mn – March, 2019
Steel Billets	Champa, Chhattisgarh	1.1 Mn Tonnes	-	1.1 Mn Tonnes	-
Ferro Alloys	Champa, Chhattisgarh	0.13 MnTonnes	-	0.13 MnTonnes	-
Power	Champa, Chattisgarh	230 MW	15 MW	245 MW	15 MW – March, 2019
PVC Pipes	Kashipur, Uttarakhand	55,000 Tonnes	10,000 Tonnes	65,000 Tonnes	10,000 Tonnes - March, 2018

Thank You

For more information visit:
www.prakash.com