



# PRAKASH INDUSTRIES LIMITED



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

**INVESTOR PRESENTATION MAY 2018**

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# KEY UPDATES & FINANCIAL HIGHLIGHTS



## ❖ Sales Realisation at all time high

- During Q4FY18, steel prices witnessed a steep rise of more than 30% YoY

## ❖ Expansion in Steel and Power co-generation capacity in FY19

- Expanding Sponge Iron capacity by 0.40 MTPA
  - 0.20 MTPA by September, 2018
  - 0.20 MTPA by March, 2019
- Expanding Power co-generation capacity by 30 MW
  - 15 MW by September, 2018
  - 15 MW by March, 2019

## ❖ Efficient Raw Material Management

- Signed Long Term Fuel Supply Agreement with Coal India Limited at stable prices
- Tied up the supplies of iron ore from Odisha miners and NMDC on long term basis

## ❖ Captive Iron ore Mining

- In Q1FY19, Sirkaguttu Iron Ore Mine in Odisha is going to commence production
- By April, 2019 Kawardha Mine in Chhattisgarh is likely to be operational



## ❖ PVC Pipe Division

- Doubling PVC Pipes and Fittings capacity to 1,10,000 TPA in a phased manner by next year
- Ventured into **Flexible Plastic Packaging Business, Production** expected to commence by **June, 2018**
- Facility being set up at the existing location at **Kashipur, Uttarakhand**
- NSE & BSE have conveyed their consent to the Draft Scheme of Arrangement for Demerger of PVC business

## ❖ Credit Rating upgrade

- Credit rating upgraded to “CARE BB” with stable outlook

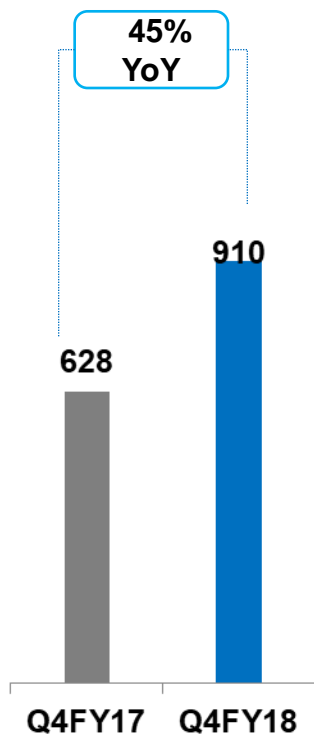
## ❖ Preferential Issue to Promoters

- **Issued 98,96,278 Convertible Equity Warrants to Promoters** for a total amount aggregating to **Rs. 208 crores**

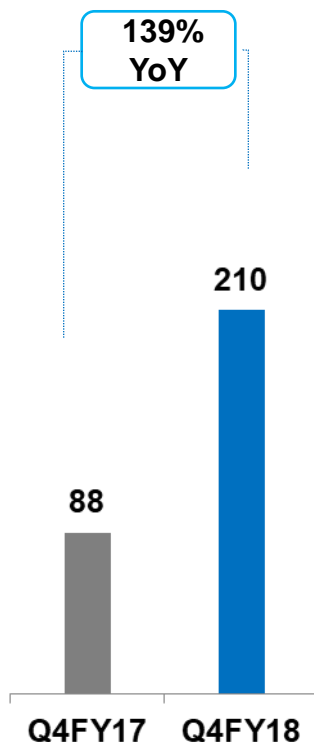
# FINANCIAL HIGHLIGHTS - Q4FY18



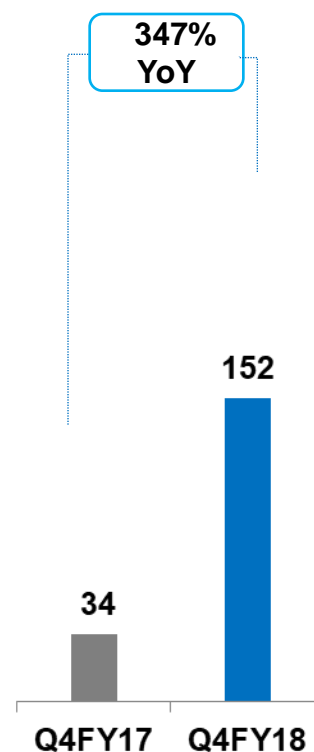
Revenue  
(Rs. Cr)



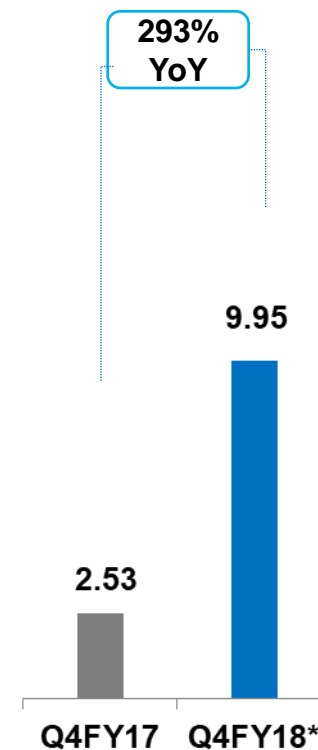
EBITDA  
(Rs. Cr)



PAT  
(Rs. Cr)



EPS Basic  
(Rs.)

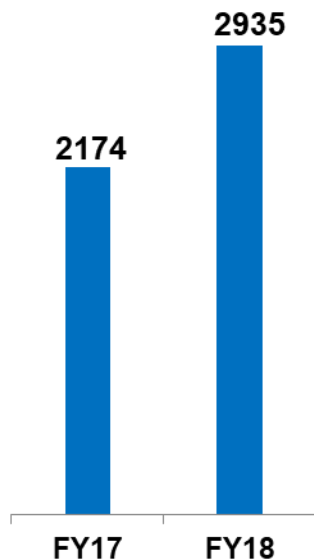


*\*On annualized basis, the quarterly EPS works out to Rs. 39.80*

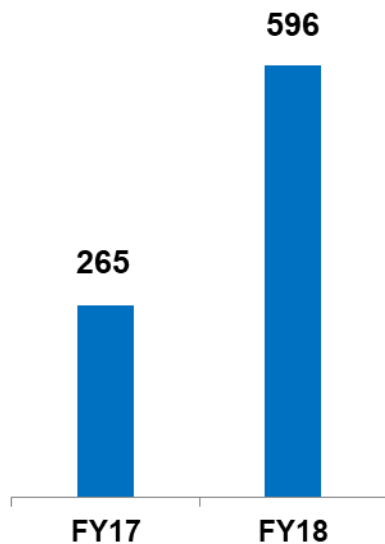
# FINANCIAL HIGHLIGHTS FY-18



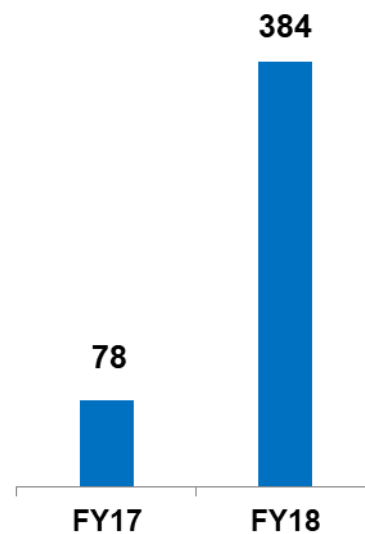
**Revenue  
(Rs. Cr)**



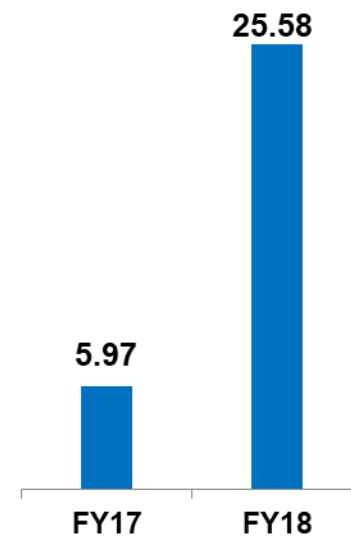
**EBITDA  
(Rs. Cr)**



**PAT  
(Rs. Cr)**



**EPS Basic  
(Rs.)**



*Constant improvement in operational efficiencies, higher production volumes, & better sales realization led to increase in profitability*



# PROFITABILITY HIGHLIGHTS



| Rs. in Cr                  | Q4FY18     | Q4FY17     | YoY         | FY18         | FY17         | YoY         |
|----------------------------|------------|------------|-------------|--------------|--------------|-------------|
| <b>Revenues</b>            | <b>910</b> | <b>628</b> | <b>45%</b>  | <b>2,935</b> | <b>2,174</b> | <b>35%</b>  |
| Other Income               | 7          | 1          |             | 15           | 3            |             |
| <b>Total Income</b>        | <b>917</b> | <b>629</b> |             | <b>2,950</b> | <b>2,177</b> |             |
| Raw Material               | 571        | 435        |             | 1,841        | 1,493        |             |
| Employee Expenses          | 57         | 42         |             | 196          | 155          |             |
| Other Operating Expenses   | 79         | 63         |             | 317          | 265          |             |
| <b>EBITDA</b>              | <b>210</b> | <b>88</b>  | <b>139%</b> | <b>596</b>   | <b>265</b>   | <b>125%</b> |
| <b>EBITDA Margin (%)</b>   | <b>23%</b> | <b>14%</b> |             | <b>20%</b>   | <b>12%</b>   |             |
| Depreciation               | 31         | 26         |             | 121          | 103          |             |
| Interest                   | 25         | 21         |             | 87           | 73           |             |
| <b>Profit Before Tax</b>   | <b>154</b> | <b>42</b>  |             | <b>388</b>   | <b>88</b>    |             |
| Tax                        | 2          | 7          |             | 2            | 7            |             |
| Other Comprehensive income | 0          | 0          |             | -2           | -3           |             |
| <b>PAT</b>                 | <b>152</b> | <b>34</b>  | <b>347%</b> | <b>384</b>   | <b>78</b>    | <b>392%</b> |
| <b>PAT Margin (%)</b>      | <b>17%</b> | <b>5%</b>  |             | <b>13%</b>   | <b>4%</b>    |             |

# BALANCE SHEET HIGHLIGHTS



| Rs. Crore                               | Mar-18       | Mar-17       |
|---|--------------|--------------|
| <b>Shareholder's Funds</b>              | <b>2,736</b> | <b>2,221</b> |
| Share capital                           | 157          | 139          |
| Other Equity                            | 2,579        | 2,082        |
| <b>Non-current liabilities</b>          | <b>635</b>   | <b>608</b>   |
| Long term borrowings                    | 601          | 579          |
| Long-Term Provisions                    | 34           | 29           |
| <b>Current liabilities</b>              | <b>522</b>   | <b>587</b>   |
| Short Term Borrowings                   | 115          | 143          |
| Trade Payables                          | 141          | 97           |
| Other Financial Liabilities             | 158          | 265          |
| Short-term provisions                   | 16           | 13           |
| Other Current liabilities               | 38           | 51           |
| Current tax liability                   | 54           | 18           |
| <b>Total Equities &amp; Liabilities</b> | <b>3,893</b> | <b>3,416</b> |

| Rs. Crore                                  | Mar-18       | Mar-17       |
|--|--------------|--------------|
| <b>Non-current assets</b>                  | <b>3,363</b> | <b>3,003</b> |
| Fixed assets                               | 3,067        | 2,720        |
| Non Current Tax Asset                      | 136          | 129          |
| Deferred Tax assets                        | 160          | 154          |
| <b>Current Assets</b>                      | <b>529</b>   | <b>413</b>   |
| Other Financial Assets                     | 42           | 35           |
| Inventories                                | 251          | 188          |
| Trade receivables                          | 99           | 76           |
| Cash & Cash equivalents                    | 23           | 17           |
| Bank Balance (other than Cash equivalents) | 24           | 11           |
| Other Current Assets                       | 90           | 86           |
| <b>Total Assets</b>                        | <b>3,893</b> | <b>3,416</b> |

| Key Balance Sheet Ratios   | FY18 |
|----------------------------|------|
| Total Debt to Equity       | 0.31 |
| Fixed Asset Coverage Ratio | 4.5x |

# COMPANY AT GLANCE



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

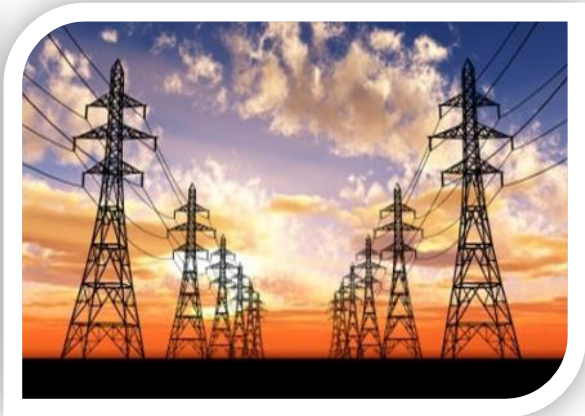


PVC Pipes &  
Fittings- **Strong  
brand presence**  
in North India

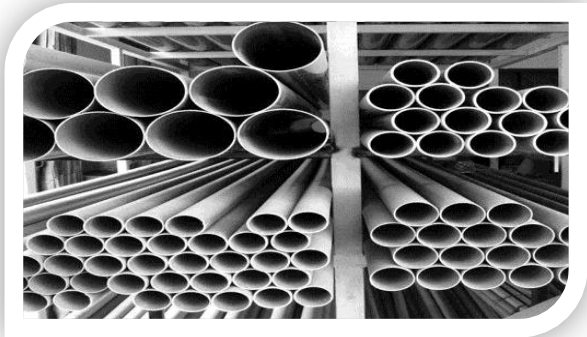
# DIVERSIFIED BUSINESS SEGMENTS



**Steel**

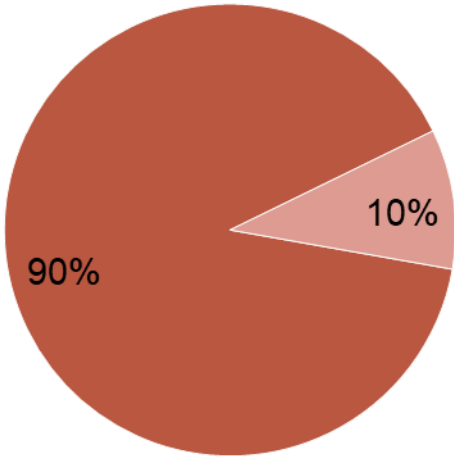


**Power**






**PVC Pipes**

**Revenue Break-up  
FY18**



■ Steel    ■ PVC Pipe



- 
**01** *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 - mines allotted in the state of Chhattisgarh & Odisha  
 (ii) Coal through long term linkage from Coal India

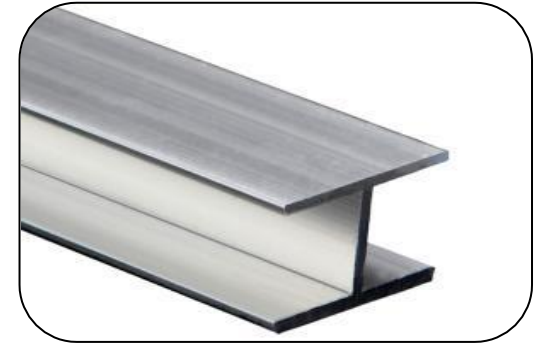
| Product   | Location             | Existing Capacity |
|---|----------------------|-------------------|
| Sponge Iron   | Champa, Chhattisgarh | 1.0 Mn Tons       |
| Steel Billets   | Champa, Chhattisgarh | 1.1 Mn Tons       |
| Ferro Alloys  | Champa, Chhattisgarh | 0.13 Mn Tons      |
| Finished Steel ( <i>Wire Rods, TMT Bars, Structural</i> ) | Raipur, Chhattisgarh | 1.1 Mn Tons       |



**Wire Rods**



**HB Wire**



**Structural Steel**



**TMT bars**



**Ferro Alloy**



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

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

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

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## 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



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

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

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Enhanced product portfolio with PVC fittings and Garden Pipes

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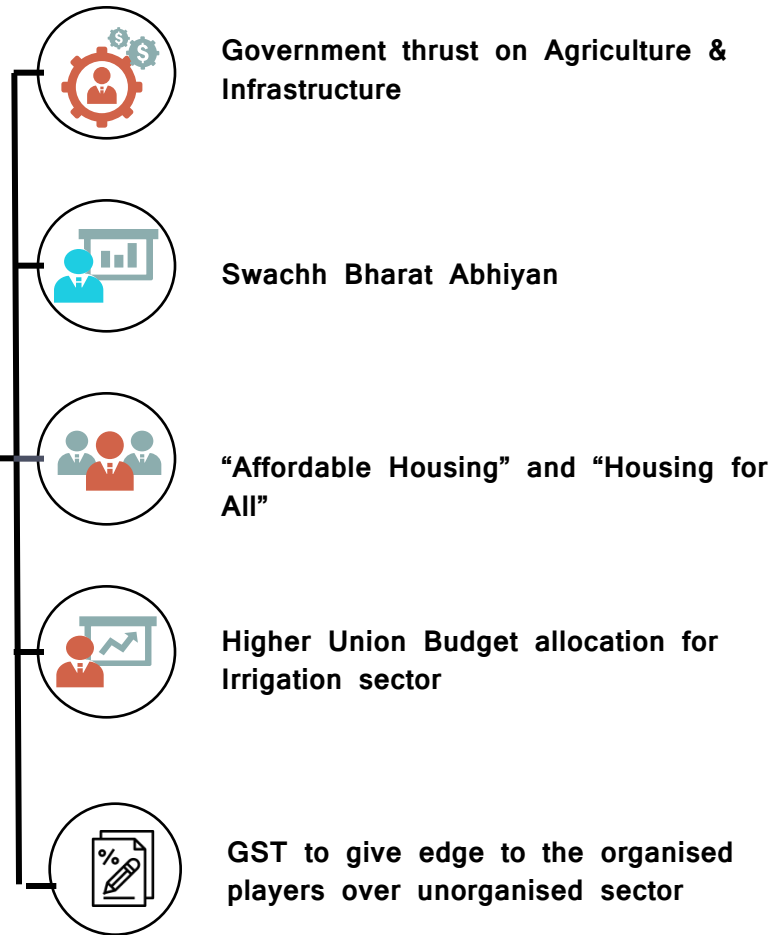
Ventured into Flexible Plastic Packaging business at Kashipur

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# PVC PIPES - PRODUCT PORTFOLIO



# KEY GROWTH DRIVERS - PVC BUSINESS



# CAPACITY EXPANSION TO ADD VALUE IN FY19



| Product                   | Location              | Existing Capacity | Future Capacity | Total Capacity | Time Line |
|---------------------------|-----------------------|-------------------|-----------------|----------------|-----------|
| <b>Integrated Steel</b>   |                       |                   |                 |                |           |
| <b>Finished Steel</b>     | Raipur, Chhattisgarh  | 1.1 Mn Tons       | -               | 1.1 Mn Tons    | -         |
| <b>Sponge Iron</b>        | Champa, Chhattisgarh  | 1.0 Mn Tons       | 0.40 Mn Tons    | 1.4 Mn Tons    | Mar, 2019 |
| <b>Steel Billets</b>      | Champa, Chhattisgarh  | 1.1 Mn Tons       | -               | 1.1 Mn Tons    | -         |
| <b>Ferro Alloys</b>       | Champa, Chhattisgarh  | 0.13 Mn Tons      | -               | 0.13 Mn Tons   | -         |
| <b>Power</b>              | Champa, Chhattisgarh  | 230 MW            | 30 MW           | 260 MW         | Mar, 2019 |
| <b>PVC Pipes</b>          | Kashipur, Uttarakhand | 55,000 Tons       | 10,000 Tons     | 65,000 Tons    | Sep, 2018 |
| <b>Flexible Packaging</b> | Kashipur, Uttarakhand | -                 | -               | 5,400 Tons     | Jun, 2018 |



# Thank You



For more information visit:  
[www.prakash.com](http://www.prakash.com)