

PRAKASH INDUSTRIES LIMITED

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

INVESTOR PRESENTATION | NOVEMBER 2018

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CONTENTS



01

FINANCIAL
HIGHLIGHTS

02

KEY
UPDATES

03

COMPANY AT
GLANCE

04

CORPORATE
SOCIAL
RESPONSIBILITY

QUARTERLY & HALF YEARLY FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS – Q2FY2019



Q2FY2019 vs Q2FY2018 (Rs. in Crores)

NET SALES	EBITDA	PAT	EPS (Basic) (Rs.)
950	192	130	8.03
↑ 47 %	↑ 55 %	↑ 86 %	↑ 71 %
648	124	70	4.69

*During Q2FY2019, the Company has achieved Net Sales of Rs. 950 Crores and EBITDA of Rs. 192 Crores, reflecting growth of 47% and 55% respectively over the corresponding quarter of the last financial year. After providing for interest, depreciation and tax, the Net Profit of the Company for Q2FY2019 zoomed by 86% to Rs. 130 Crores as against Rs. 70 Crores in Q2FY2018. The increase in the profitability is due to **operational efficiencies, higher production volumes and better sales realisation.***

FINANCIAL HIGHLIGHTS – H1FY2019



H1FY2019 vs H1FY2018 (Rs. in Crores)

NET SALES	EBITDA	PAT	EPS (Basic) (Rs.) *
1936	434	298	18.78
49 %	85 %	127 %	110 %
1298	234	131	8.95

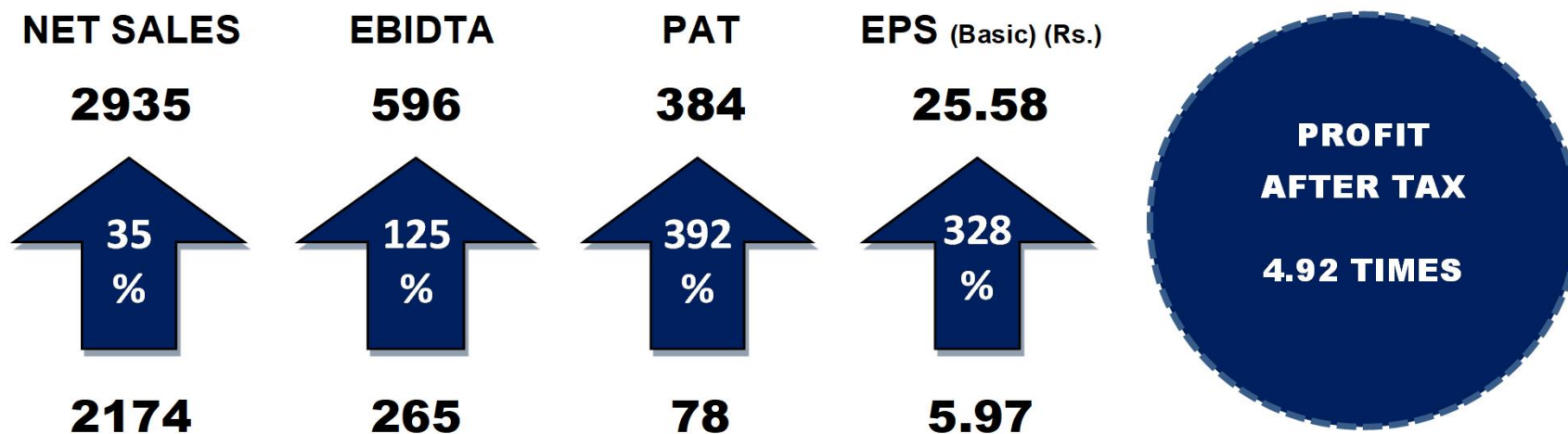
On Annualised
basis this half
yearly EPS works
out to Rs. 37.56**

During H1FY2019, the Company has achieved Net Sales of Rs. 1936 Crores and EBITDA of Rs. 434 Crores, reflecting growth of 49% and 85% respectively over the corresponding period of the last financial year. After providing for interest, depreciation and tax, the Net Profit of the Company for H1FY2019 jumped by 127% to Rs. 298 Crores as against Rs. 131 Crores in H1FY2018.

FINANCIAL HIGHLIGHTS – FY2018



FY2018 vs FY2017 (Rs. in Crores)



During FY2018, the Company has achieved Net Sales of Rs. 2935 Crores and EBIDTA of Rs. 596 Crores, reflecting growth of 35% and 125% respectively over FY2017. The Net Profit of the Company for FY2018 zoomed by 392% to Rs. 384 Crores as against Rs. 78 Crores in FY2017.

*The increase in the profitability is due to focused management approach on constant improvement in **operational efficiencies, higher production volumes and better sales realisation.***

PROFITABILITY HIGHLIGHTS - YEARLY



INR in Cr	FY16	FY17	FY18	CAGR
Revenues	2,053	2,174	2,935	
Other Income	5	3	15	
Total Income	2,058	2,177	2,950	19.7%
<i>growth %</i>		<i>6%</i>	<i>35%</i>	
Raw Material	1,460	1,482	1,847	
Employee Expenses	144	155	196	
Other Operating Expenses	259	275	310	
EBITDA	195	265	596	75.0%
<i>EBITDA Margin (%)</i>	<i>9%</i>	<i>12%</i>	<i>20%</i>	
<i>growth %</i>		<i>36%</i>	<i>125%</i>	
Depreciation	102	103	121	
Interest	69	73	87	
Profit Before Tax	23	88	388	
Income Tax	0	7	2	
Other Comprehensive Income	3	3	2	
PAT	20	78	384	338.5%
<i>PAT Margin (%)</i>	<i>1%</i>	<i>4%</i>	<i>13%</i>	
<i>growth %</i>		<i>292%</i>	<i>392%</i>	

BALANCE SHEET HIGHLIGHTS



INR Crore	Sep-18	Mar-18	INR Crore	Sep-18	Mar-18
Shareholder's Funds	3,106	2,736	Non-current assets	3,577	3,363
Share capital	163	157	Fixed assets	3220	3,067
Other Equity	2942	2,579	Non Current Tax Asset	158	136
Non-current liabilities	594	635	Deferred Tax assets	199	160
Long term borrowings	558	601	Current Assets	790	529
Long-Term Provisions	36	34	Other Financial Assets	78	42
Current liabilities	667	522	Inventories	302	251
Short Term Borrowings	141	115	Trade receivables	192	99
Trade Payables	129	141	Cash & Bank equivalents	49	47
Other Financial Liabilities	143	158	Other Current Assets	169	90
Short-term provisions	18	16	Total Assets	4,367	3,893
Other Current liabilities	106	38			
Current tax liability	130	54			
Total Liabilities	4,367	3,893			

Key Balance Sheet Ratios	Sep-18
Total Debt to Equity	0.3
Fixed Asset Coverage Ratio	6x

KEY UPDATES

KEY UPDATES



❖ Highest Ever Sales Volume

- Achieved highest quarterly sales volume of ~2.40 lac tonnes in Q2FY19 registering growth of 28% against Q2FY18 backed by higher capacity utilisation, operational efficiencies supported by steady supply of raw materials from coal linkages & long term supply agreements of high grade iron ore

❖ Captive Iron ore Mining

- ***Received Stage I approval*** for diversion of Revenue Forest Land for **Sirkaguttu Iron Ore Mine** in Odisha
- ***Extraction*** from the mine expected by end of ***December, 2018***

❖ Expansion in Sponge Iron and Power co-generation capacity

- ***Commissioning of 6th Sponge Iron Rotary Kiln*** with capacity of **0.2 mn TPA** alongwith **15 MW power co-generation** likely to be completed by ***January, 2019***

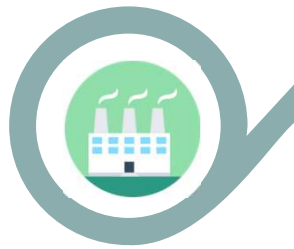
❖ PVC Pipe Division

- Company in process of ***Demerging*** its PVC Pipes & Fittings business
- ***Subsequent to the approval of the Scheme of Demerger*** by Stock Exchanges, Shareholders, Secured and Unsecured Creditors, the scheme is under final stages of approval
- ***Flexible Packaging plant successfully commenced its commercial production during the quarter, business is receiving favorable response from user industry***

The background of the slide is composed of three geometric regions. A teal-colored trapezoid occupies the central portion of the slide. This central shape is bordered by two orange-colored regions: a triangle in the top-left corner and another triangle in the bottom-right corner. The overall effect is a modern, minimalist design with sharp diagonal lines.

COMPANY AT GLANCE

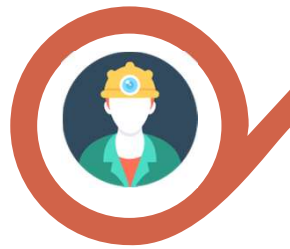
COMPANY OVERVIEW



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

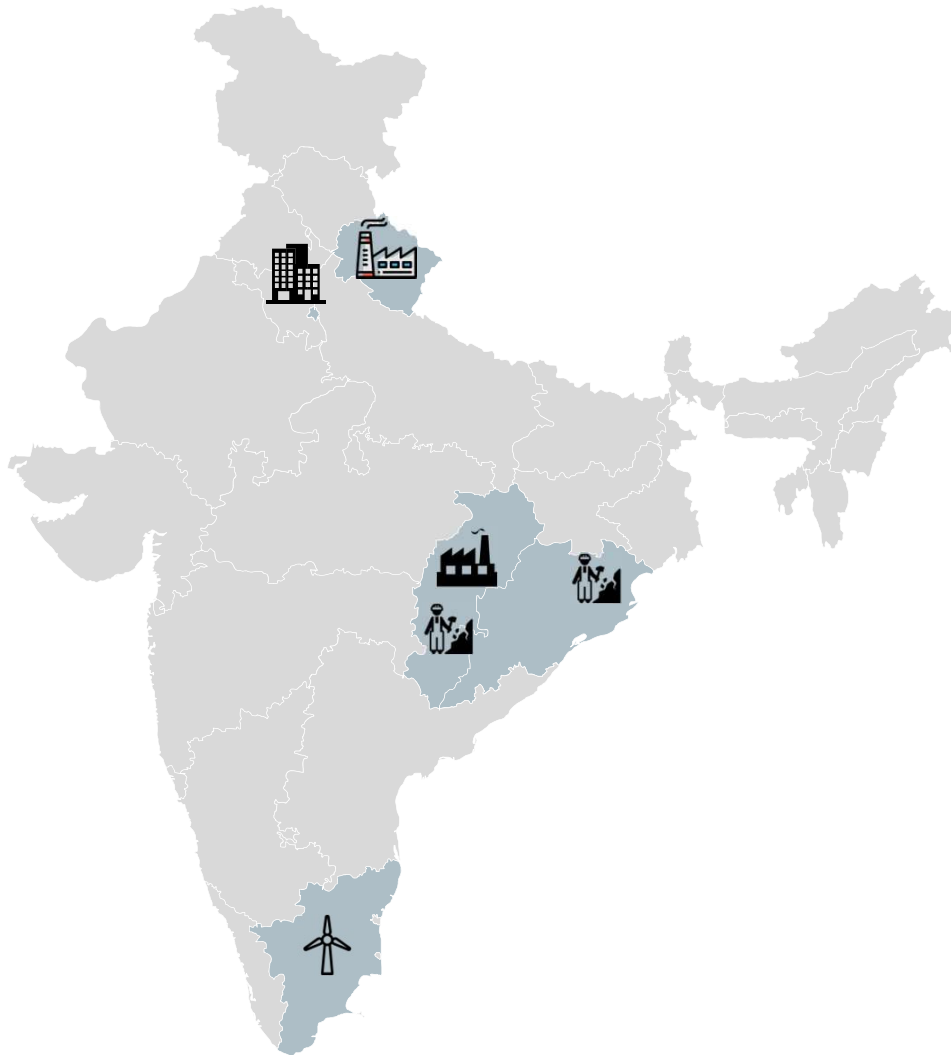


**230MW Captive
Power Plant** in
operation
-WHRB (65 MW)
-Thermal (165 MW)



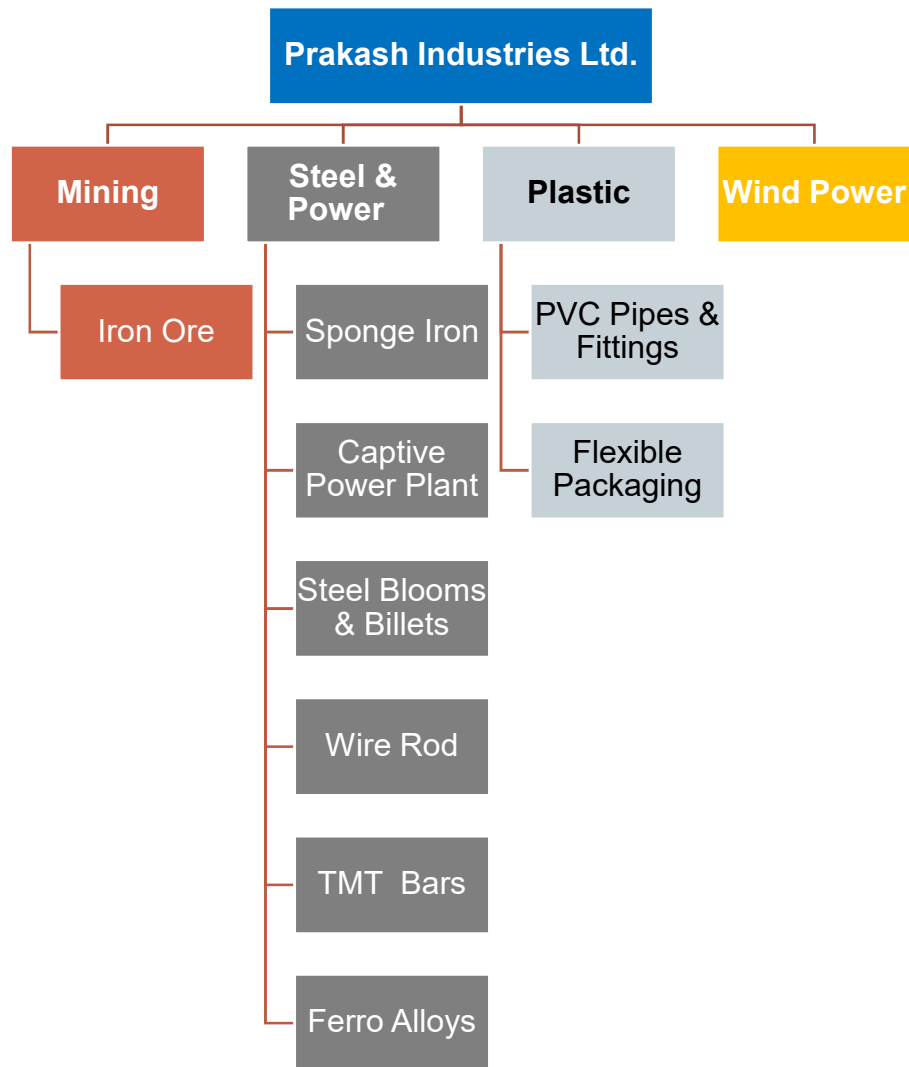
PVC Pipes &
Fittings- **Strong
brand presence**
in North India
Ventured into
**Flexible
Packaging**

OUR FOOTPRINTS

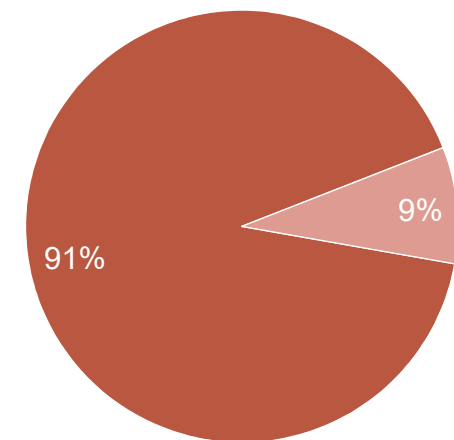


	Corporate Office, New Delhi
	1 Mn Tonne Steel Manufacturing Capacity
	55,000 Tonne PVC Pipes Manufacturing Capacity & 5,400 Tonne Flexible Packaging Capacity
	Allotted Kawardha iron ore mine in Chhattisgarh, operational by FY20
	Sirkaguttu Iron Ore Mine in Odisha, operational by Q3FY19
	Windmill , Tamil Nadu

DIVERSIFIED BUSINESS SEGMENTS



Revenue Break-up Q2-FY19



- Steel & Power
- PVC Pipes & Fittings

INTEGRATED STEEL BUSINESS



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

STEEL – PRODUCT PORTFOLIO



Wire Rods



HB Wire



Structural Steel



TMT Bars

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**



Out of the **total 230 MW** – **65 MW through Power Co generation** and **165 MW through Thermal route**

KEY GROWTH DRIVERS



Captive Iron Ore Mines

Allotted two captive iron ore mines in the states of Odisha and Chhattisgarh for its steel operations. The Odisha Mine is expected to be operational by end of December, 2018

Coal Linkages In Place

Secured 1.56 MTPA Long Term Coal Linkages for Sponge Iron and captive Power plant operations

Enhancing Sponge Iron And Power Capacity

Setting up 0.2 MTPA Sponge Iron Rotary kiln along with 15 MW Power Co-Generation by January, 2019

Modernisation Of Steel Melting Shop

Installing Energy Efficient Furnaces in Steel Melting Shop Division to replace existing furnaces

STEEL SCENARIO



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** from 61 kg currently
- **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

PVC PIPES BUSINESS – DEMERGED ENTITY



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



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



Enhanced product portfolio with PVC fittings and Garden Pipes

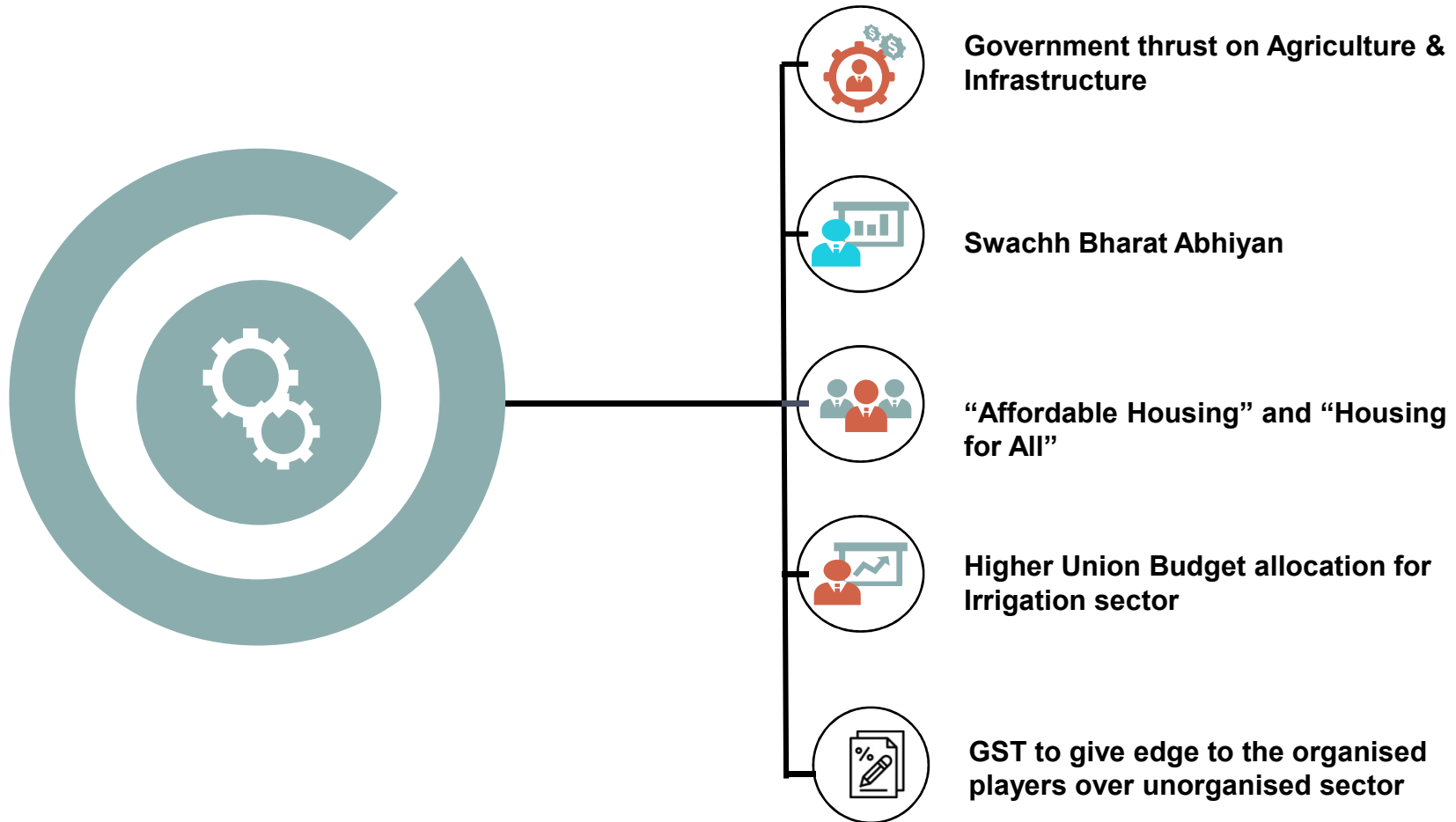


Ventured into Flexible Plastic Packaging business at Kashipur

PVC PIPES – PRODUCT PORTFOLIO



KEY GROWTH DRIVERS – PVC BUSINESS



CAPACITY EXPANSION



Product	Location	Existing Capacity	Future Capacity	Total Capacity	Time Line
Integrated Steel					
Finished Steel	Raipur, Chhattisgarh	1.1 Mn Tons	-	1.1 Mn Tons	-
Sponge Iron	Champa, Chhattisgarh	1.0 Mn Tons	0.20 Mn Tons	1.2 Mn Tons	Jan., 2019
Steel Billets	Champa, Chhattisgarh	1.1 Mn Tons	-	1.1 Mn Tons	-
Ferro Alloys	Champa, Chhattisgarh	0.13 Mn Tons	-	0.13 Mn Tons	-
Power	Champa, Chhattisgarh	230 MW	15 MW	245 MW	Jan., 2019
PVC Pipes	Kashipur, Uttarakhand	55,000 Tons	10,000 Tons	65,000 Tons	March, 2019
Flexible Packaging	Kashipur, Uttarakhand	5,400 Tons	-	5,400 Tons	-

CORPORATE SOCIAL RESPONSIBILITY

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Corporate Social Responsibility (CSR) has been integral part of the Company's business since inception. Following are the broad areas of the initiatives:

- Providing safe drinking water facilities
- Conducting training programs for promotion of vocational skills & environmental sustainability
- Promoting health care programs
- Maintaining sports & recreational facilities
- Generating employment opportunities for local people

CSR Projects	Area
Drinking Water Facility	Champa, Chhatisgarh Raipur, Chhatisgarh
Training Programme & Promotion of Education	Champa, Chhatisgarh Mathura, Uttar Pradesh
Health Care	Champa, Chhatisgarh
Environment Awareness	Champa, Chhatisgarh Raipur, Chhatisgarh
Social Causes	Champa, Chhatisgarh Raipur, Chhatisgarh
Poverty	Delhi, NCR

... BETTERMENT OF THE COMMUNITY



"Mission 500" – Baal Sanskar Kendras



Clean & Safe Water



Preliminary Medicare Centre's



Renovation of Public Places



Education



Wasteland Reclamation & Plantation



Thank You

For more information:

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