



Prakash Industries Limited

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

Q4FY17/FY2017 Result Presentation





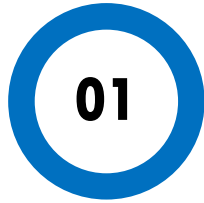
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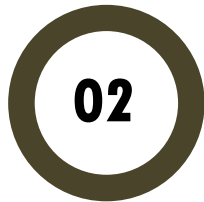
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Result Highlights



Company Overview



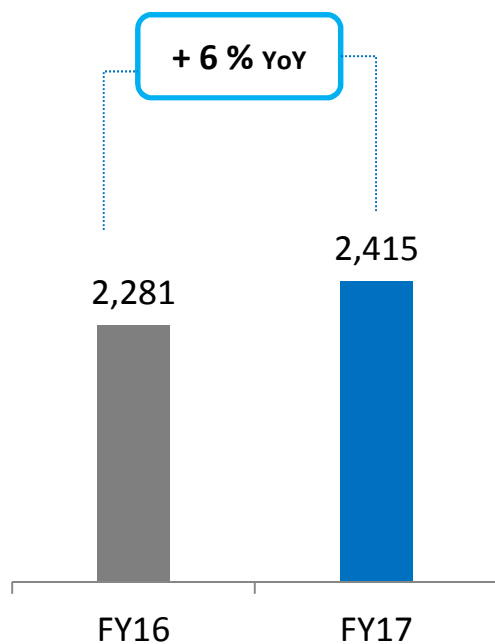


Result Highlights

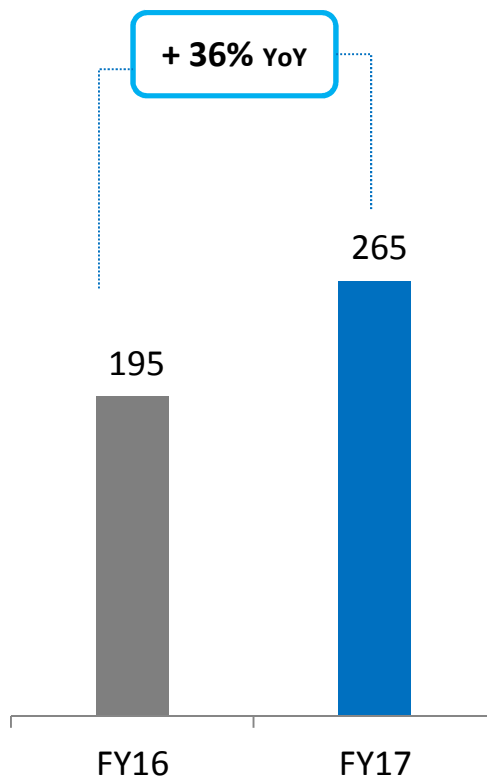


Financial Highlights – FY2017

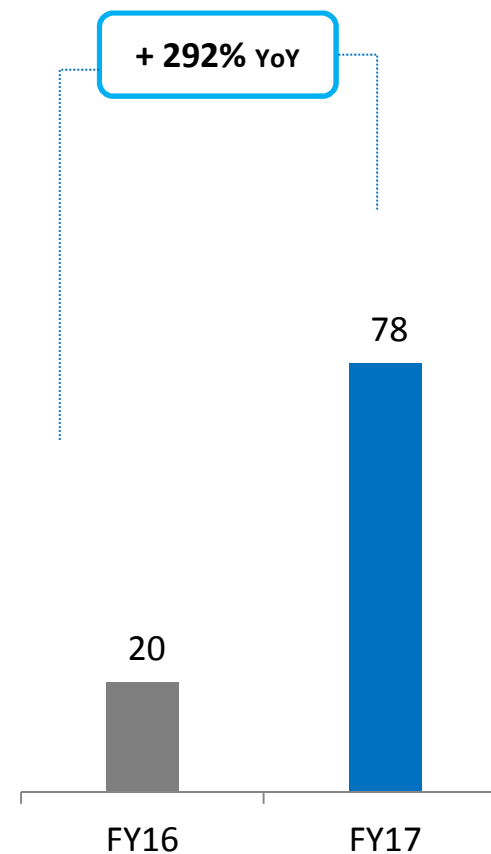
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



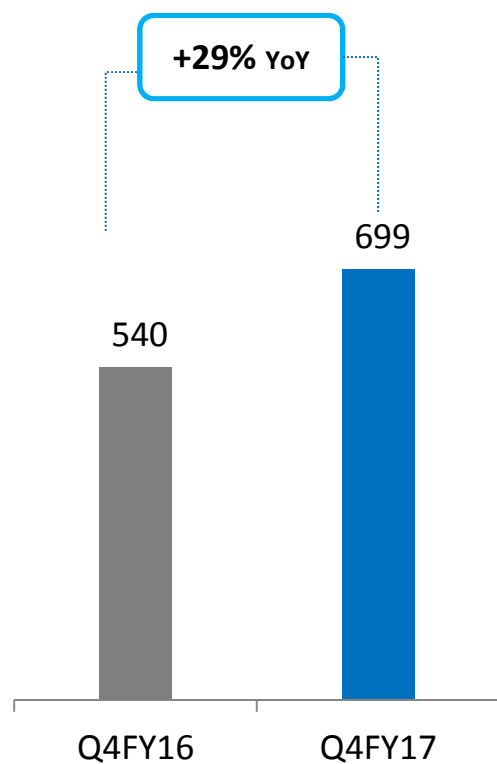
PAT (Rs. Cr)



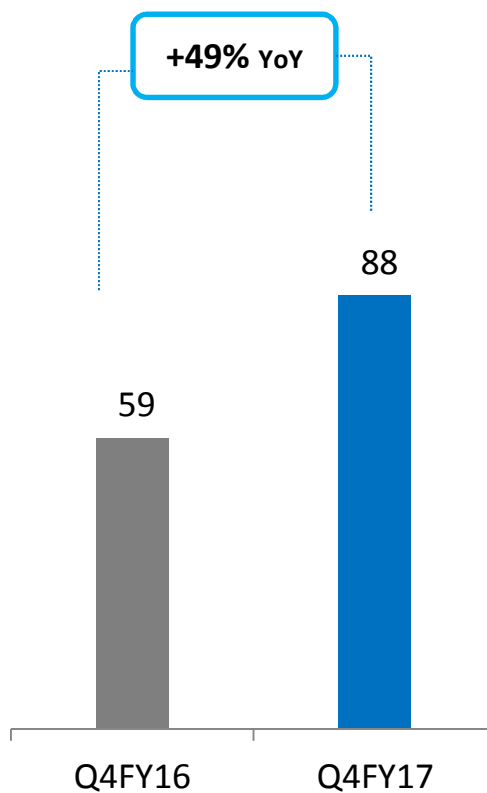


Financial Highlights – Q4FY17

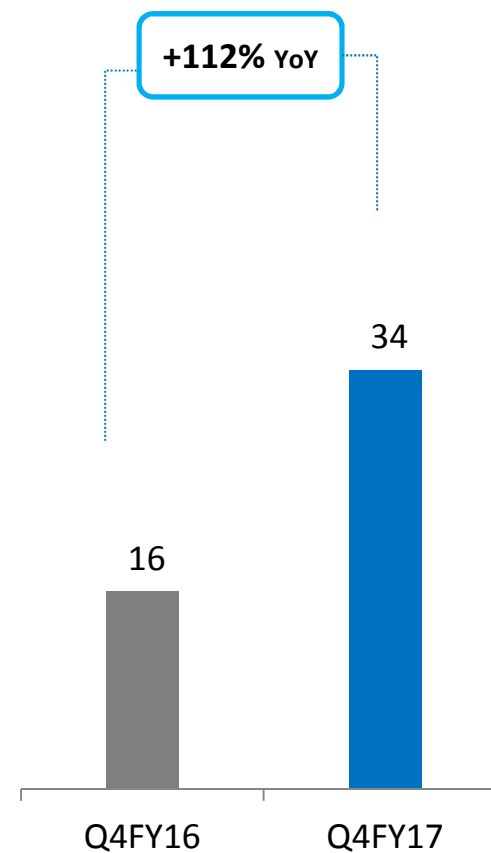
Revenue (Rs. Cr)



EBITDA (Rs. Cr)



PAT (Rs. Cr)





Business Updates

❖ **Enhancing Sponge Iron and Power co-generation capacity**

- Successfully commissioned Sponge Iron Rotary Kiln No 5 project in May-17

❖ **Execution of Iron Ore Mining Lease**

- Executed Mining Lease for Sirkaguttu Iron ore mine – expected to be operational in H2FY18

❖ **Securing Long Term Coal Linkages**

- Secured long term coal linkages for Sponge Iron plant and signed Fuel Supply Agreement with Coal India

❖ **Re- commissioning of Medium and Heavy Structural Mill**

- Owing to increased captive feedstock available, the Company has restarted its fourth Mill at Raipur for manufacture of Medium and Heavy Structural Products

❖ **Modernisation of Steel Melting Shop**

- Undertook Modernization of Steel Melting shop by installing Energy Efficient Furnaces to replace old furnaces

❖ **Expansion in PVC Pipe Capacity**

- Expanding its Rigid PVC pipe capacity to en-cash the growth being witnessed in PVC pipe industry

❖ **Demerger of PVC Pipe Division**

- Taking effective steps to demerge PVC Pipe business; unlocking the potential value of business for shareholders





Debt Updates

❖ Restructuring of Term Loans

- Term Loan accounts with Corporation Bank and Rural Electrification Corporation Ltd. (REC) restructured
- Total rupee liability repayment aligned with the projected cash flows of the company

❖ Issuance of FCCBs

- Issuance of New FCCBs in lieu of outstanding 5.25% Apr-15 Bonds has been approved, subject to all regulatory approvals, including, without limitation, obtaining the approval of RBI, SEBI, Stock exchanges and any other approval, which may be required by law

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

- Debt has reduced, so far, by ~ Rs 67 cr on account of conversion of FCCB. The company had issued US\$ 17.85 mn FCCB in Sep-15, out of which, US\$ 9.9 mn bonds have since been converted





Profitability Highlights

Rs. in Cr	Q4FY17	Q4FY16	YoY	FY17	FY16	YoY
Revenues	700	543	29%	2,418	2,286	6%
Raw Material	421	327		1,482	1,460	
Employee Expenses	42	35		155	144	8%
Other Operating Expenses	148	123		517	487	6%
EBITDA	88	59	51%	265	195	36%
EBITDA Margin (%)	12.6%	10.8%		10.9%	8.5%	
Depreciation	26	26		103	102	
Interest	21	15		73	69	
Profit Before Tax	42	17	140%	88	23	278%
Tax	7	0		7	0	
Net Profit	34	17	97%	81	23	246%
Net Profit Margin (%)	4.9%	3.2%		3.3%	1.0%	
Other Comprehensive income	(0)	(1)		(3)	(3)	
Total Comprehensive Income	34	16	112%	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 than 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
Revenue Share as on
FY17 - 77%



Power
Revenue Share as on
FY17 - 13%



PVC Pipes
Revenue Share as on
FY17 - 10%





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 Tons
Steel Billets	Champa, Chhattisgarh	1.1 Mn Tons
Ferro Alloys	Champa, Chhattisgarh	0.1 Mn Tons
Finished Steel (<i>Wire Road, TMT Bars, Structural</i>)	Raipur, Chhattisgarh	1.1 Mn Tons



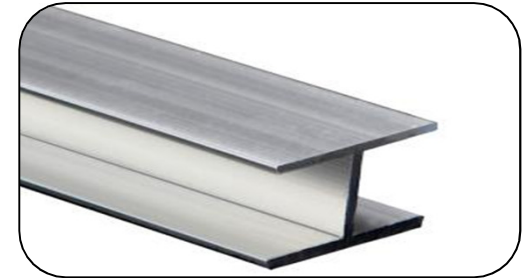
Steel Business – Product Offerings



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 Uttarakhand;
with current capacity of **55,000 MTPA**



Strong Brand presence in the states of UP, Uttarakhand, 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



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
<i>Integrated Steel</i>					
<i>Finished Steel</i>	Raipur, Chhattisgarh	1.1 Mn Tons	-	1.1 Mn Tons	-
<i>Sponge Iron</i>	Champa, Chhattisgarh	1.0 Mn Tons	0.20 Mn Tons	1.2 Mn Tons	0.2 Mn – March, 2019
<i>Steel Billets</i>	Champa, Chhattisgarh	1.1 Mn Tons	-	1.1 Mn Tons	-
<i>Ferro Alloys</i>	Champa, Chhattisgarh	0.13 Mn Tons	-	0.13 Mn Tons	-
<i>Power</i>	Champa, Chattisgarh	230 MW	15 MW	245 MW	15 MW – March, 2019
<i>PVC Pipes</i>	Kashipur, Uttarakhand	55,000 Tons	10,000	65,000 Tons	10,000 Tons – March, 2018





Thank You

For more information visit:

www.prakash.com