



# Prakash Industries Limited

Near I.O.C.L. Depot, Najafgarh - Bijwasan Road,  
Bijwasan, New Delhi-110061. CIN : L27109HR1980PLC010724  
Tel. : 25305800, 28062115, Fax : 91-11-28062119  
E-mail : pilho@prakash.com, Website : www.prakash.com

PIL/SE/MIS/2018

9<sup>th</sup> January, 2018

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

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 Code : 506022

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 Q3FY18 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**

Encls : as above





# **Prakash Industries Limited**

*People... Prosperity... Progress*

**Q3 & 9M FY18 Result Presentation**





# Disclaimer

*This presentation and the accompanying slides (the “Presentation”), which have been prepared by Prakash Industries Limited (the “Company”) solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment what so ever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.*

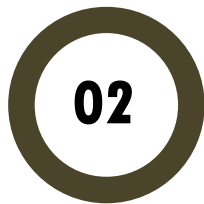
*This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.*

*Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.*

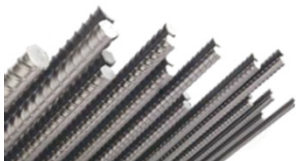




## **Result Highlights**



## **Company Overview**





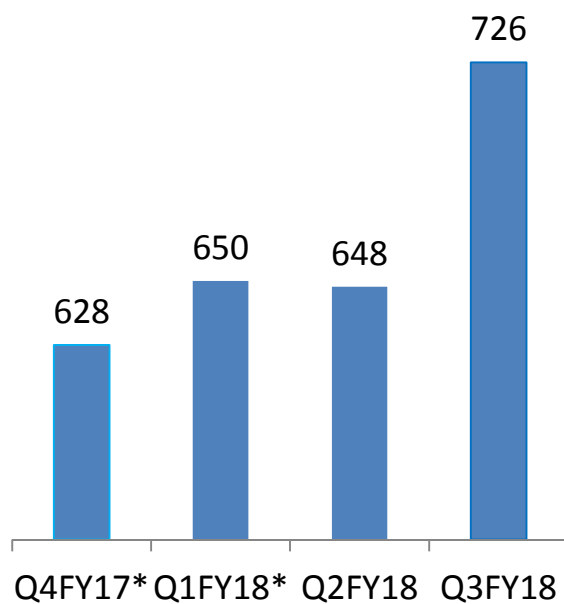


## Result Highlights



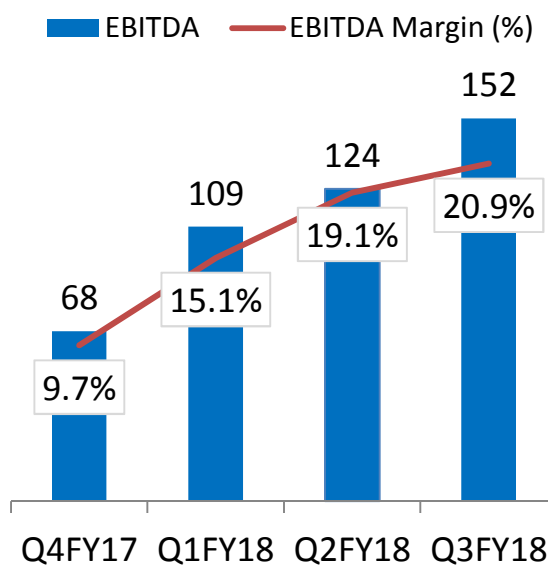
# Robust Performance

## Revenue (Rs. Cr)

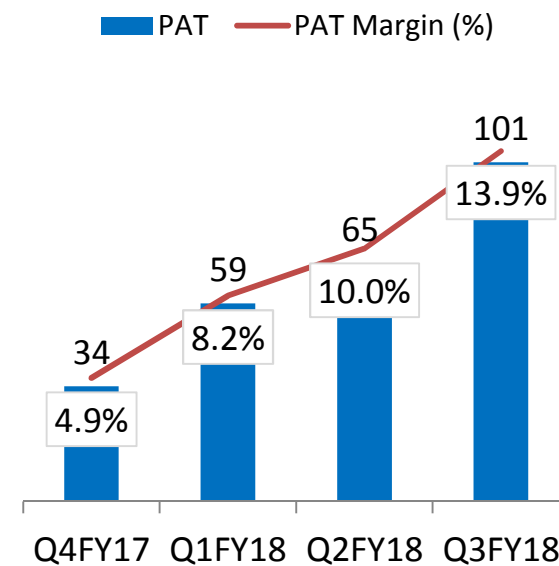


\* Revenue for Q4FY17 adjusted as per GST

## EBITDA (Rs. Cr)



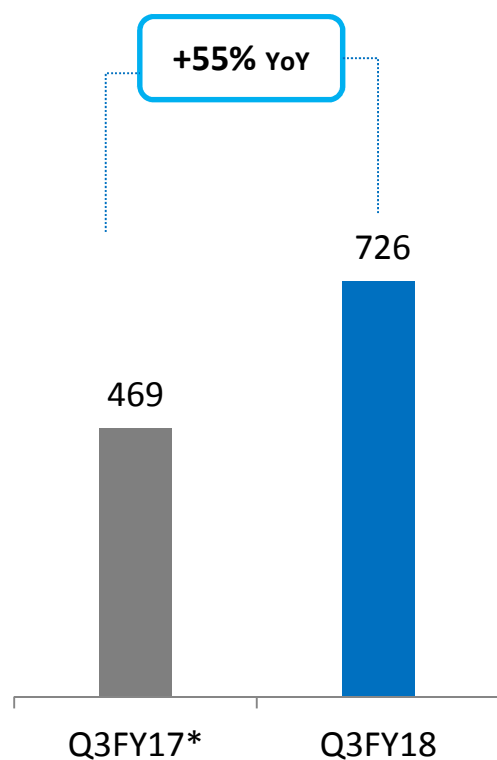
## PAT (Rs. Cr)



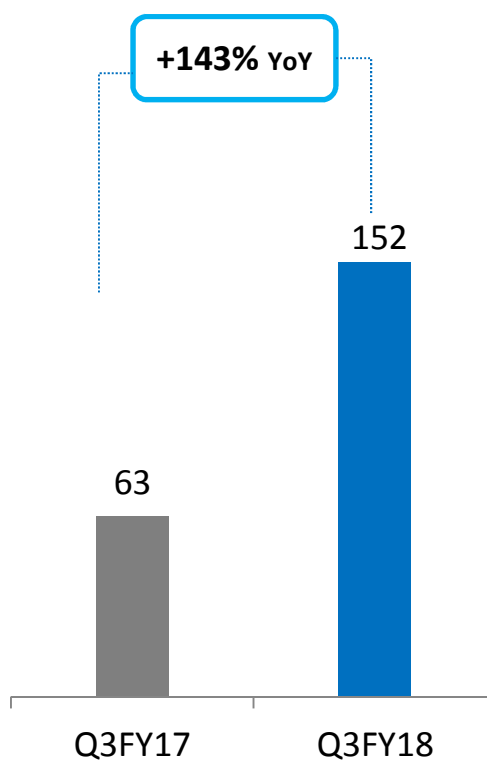


## Financial Highlights – Q3FY18

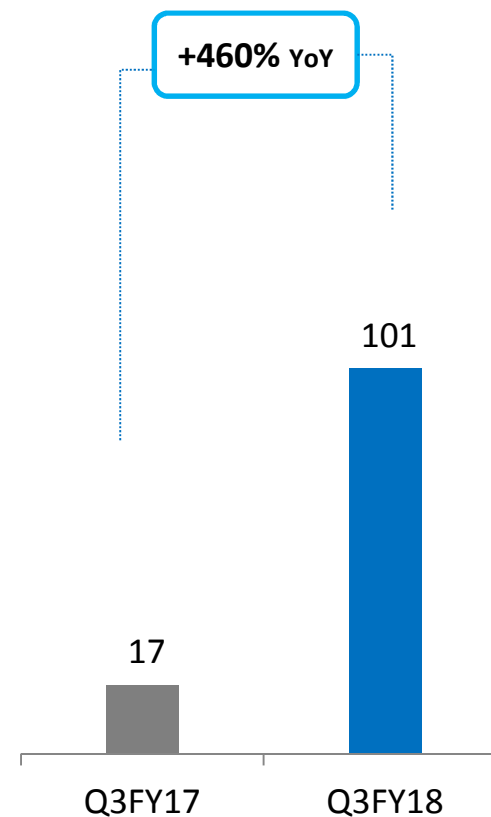
### Revenue (Rs. Cr)



### EBITDA (Rs. Cr)



### PAT (Rs. Cr)



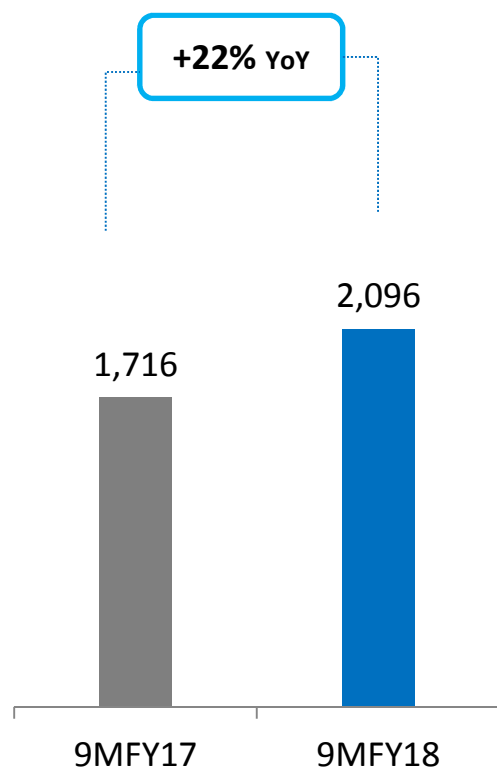
\* Revenue for Q3FY17 adjusted as per GST



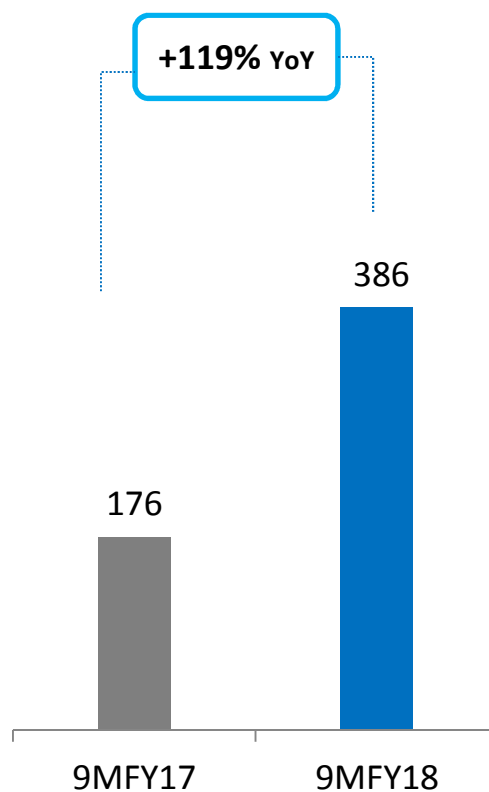


## Financial Highlights – 9MFY18

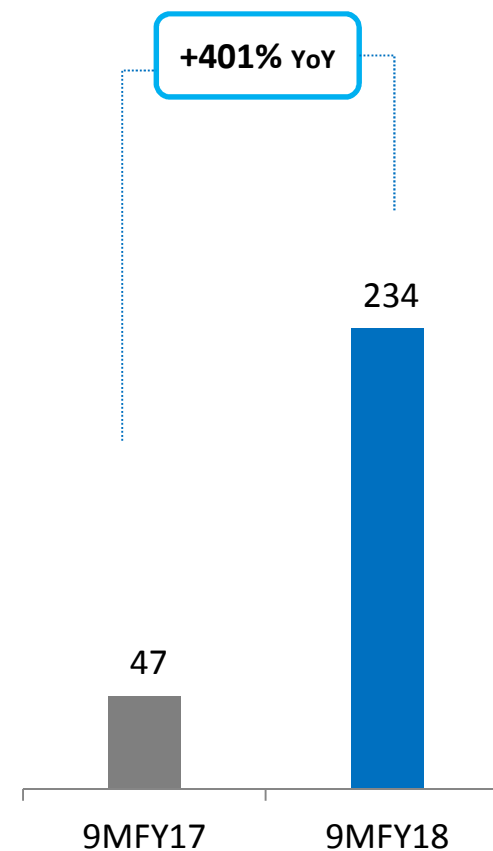
### Revenue (Rs. Cr)



### EBITDA (Rs. Cr)



### PAT (Rs. Cr)







# Business Updates

---

## ❖ Sales Realisation at all time high

- During Q3FY18, Domestic steel and ferro alloys prices witnessed a steep rise of more than 20%

## ❖ Growth in Sales Volumes

- During Q3FY18, Sales volume of semi-finished & finished steel products recorded a growth of over 39% YoY
- During Q3FY18, Sales volume of PVC Pipes & Fittings recorded a growth of over 45% YoY

## ❖ Higher Capacity Utilization

- With installation of 5th Sponge Iron Kiln the current integrated capacity is at 1Mn tonnes p.a.
- The Utilization for Q3FY18 stood at 80% which has potential to operate at 100% utilization going forward

## ❖ Secured Coal Linkages

- Secured 100% requirement of coal through Long Term Coal Linkages totalling 1.56 Mn tonnes .p.a. for 5 years
- Total annual cost savings through these linkages is expected to be ~100 crores

## ❖ Update on Iron Ore Mines

- Awaiting final regulatory clearances for Sirkaguttu Iron Ore Mine in Odisha, mining operations expected to start by April 2018
- The Kawardha Iron Ore Mine in Chhattisgarh likely to be commissioned by April 2019





# Debt Updates

---

## ❖ Next Phase of Growth in Steel

- Plans to expand its 1.2 Mn tonnes p.a. integrated steel plant capacity to 3 Mn tonnes p.a. at its existing location in Champa, Chhattisgarh over the next 5 years in a phased manner

## ❖ Reduction of Debt

- Reduced its Debt by around Rs. 160 Crores during 9MFY18
- Confident to be debt free in the next 2 years

## ❖ PVC Pipes Division

- Doubling PVC Pipes and Fittings capacity to 1,10,000 TPA in a phased manner by September 2019
- Scheme of Demerger is filed with SEBI and Stock Exchanges

## ❖ Forward Guidance

- Expecting a further improvement in the EBITDA margin to ~ 25% in Q4FY18
- Capacity utilisation in Q4FY18 expected to be 100%, helps to achieve higher sales volume & turnover
- Sales volume and turnover are likely to witness growth of ~35% and 60% respectively in Q4FY18 (YoY)





# Profitability Highlights

| Rs. in Cr                         | Q3FY18       | Q3FY17       | YoY         | 9MFY18       | 9MFY17       | YoY         | FY17         |
|-----------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|
| <b>Revenues</b>                   | <b>726</b>   | <b>521</b>   | <b>39%</b>  | <b>2,096</b> | <b>1,716</b> | <b>22%</b>  | <b>2,415</b> |
| Other Income                      | 2            | 1            |             | 8            | 2            |             | 3            |
| <b>Total Income</b>               | <b>727</b>   | <b>521</b>   | <b>40%</b>  | <b>2,105</b> | <b>1,718</b> | <b>22%</b>  | <b>2,418</b> |
| Raw Material                      | 448          | 308          |             | 1,280        | 1,062        |             | 1,482        |
| Employee Expenses                 | 49           | 37           |             | 139          | 112          |             | 155          |
| Other Operating Expenses          | 79           | 114          |             | 300          | 368          |             | 517          |
| <b>EBITDA</b>                     | <b>152</b>   | <b>63</b>    | <b>143%</b> | <b>386</b>   | <b>176</b>   | <b>119%</b> | <b>264</b>   |
| <b>EBITDA Margin (%)</b>          | <b>20.9%</b> | <b>12.0%</b> |             | <b>18.3%</b> | <b>10.3%</b> |             | <b>10.9%</b> |
| Depreciation                      | 32           | 26           |             | 90           | 77           |             | 103          |
| Interest                          | 19           | 19           |             | 61           | 52           |             | 73           |
| <b>Profit Before Tax</b>          | <b>101</b>   | <b>18</b>    |             | <b>234</b>   | <b>47</b>    |             | <b>88</b>    |
| Tax                               | 0            | 0            |             | 0            | 0            |             | 7            |
| <b>Net Profit</b>                 | <b>101</b>   | <b>18</b>    | <b>460%</b> | <b>234</b>   | <b>47</b>    | <b>401%</b> | <b>81</b>    |
| <b>Net Profit Margin (%)</b>      | <b>13.9%</b> | <b>3.5%</b>  |             | <b>11.1%</b> | <b>2.7%</b>  |             | <b>3.4%</b>  |
| Other Comprehensive income        | -0.7         | -0.9         |             | -2.0         | -2.6         |             | -3.0         |
| <b>Total Comprehensive Income</b> | <b>101</b>   | <b>17</b>    |             | <b>232</b>   | <b>44</b>    |             | <b>78</b>    |





# Balance Sheet Highlights

| Rs. Crore                               | Sep-17       | Mar-17       |
|-----------------------------------------|--------------|--------------|
| <b>Shareholder's Funds</b>              | <b>2,398</b> | <b>2,221</b> |
| Share capital                           | 153          | 139          |
| Other Equity                            | 2,245        | 2,082        |
| <b>Non-current liabilities</b>          | <b>607</b>   | <b>694</b>   |
| Long term borrowings                    | 483          | 578          |
| Long-Term Provisions                    | 32           | 29           |
| Deferred tax liability                  | 92           | 87           |
| <b>Current liabilities</b>              | <b>551</b>   | <b>588</b>   |
| Short Term Borrowings                   | 99           | 143          |
| Trade Payables                          | 109          | 97           |
| Other Financial Liabilities             | 252          | 265          |
| Short-term provisions                   | 14           | 13           |
| Other Current liabilities               | 48           | 51           |
| Deferred tax liability                  | 28           | 19           |
| <b>Total Equities &amp; Liabilities</b> | <b>3,556</b> | <b>3,503</b> |

| Rs. Crore                                  | Sep-17       | Mar-17       |
|--------------------------------------------|--------------|--------------|
| <b>Non-current assets</b>                  | <b>3,114</b> | <b>3,093</b> |
| Fixed assets                               | 2,840        | 2,771        |
| Non Current Tax Asset                      | 3            | 3            |
| Other non-current assets                   | 272          | 319          |
| <b>Current Assets</b>                      | <b>442</b>   | <b>409</b>   |
| Investments                                | 33           | -            |
| Inventories                                | 176          | 188          |
| Trade receivables                          | 92           | 76           |
| Cash & Cash equivalents                    | 11           | 17           |
| Bank Balance (other than Cash equivalents) | 35           | 11           |
| Other Current Assets                       | 95           | 117          |
| <b>Total Assets</b>                        | <b>3,556</b> | <b>3,503</b> |

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





# Steel Business – Product Offerings

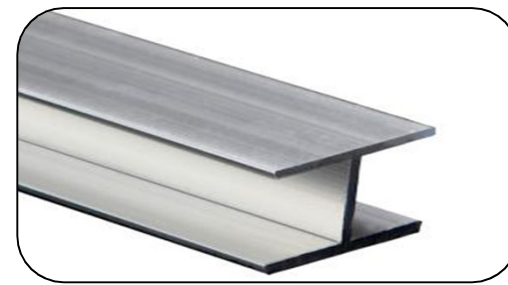
---



**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 |
|-------------------------|-----------------------|-------------------|------------------------|----------------|-----------|
| <b>Integrated Steel</b> |                       |                   |                        |                |           |
| <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    | Sep, 2018 |
| <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   | -         |
| <b>Power</b>            | Champa, Chattisgarh   | 230 MW            | 15 MW                  | 245 MW         | Sep, 2018 |
| <b>PVC Pipes</b>        | Kashipur, Uttarakhand | 55,000 Tons       | Phase I – 10,000 Tons  | 65,000 Tons    | Mar, 2018 |
|                         |                       |                   | Phase II – 45,000 Tons | 1,10,000 Tons  | Sep, 2019 |







# Thank You



For more information visit:

[www.prakash.com](http://www.prakash.com)