

## Pennar Engineered Building Systems : Average Issue IPO Note: Ranking:\*\*



### Issue details

Price band (Rs)	Rs.170-Rs.178
IPO Opening Date	25/08/2015
IPO Closing Date	27/08/2015
Issue Size	Rs.156.2 Crore.

### Valuations & Recommendation

The company has posted an average EPS of Rs. 6.16 for last three fiscals. In FY15 the company has posted Rs.21.98 crore on revenue of Rs.452.36 crore. For FY15 it has registered Rs.7.09 EPS. If we attribute latest EPS on then asking price is at a P/E of 25.0 plus that makes it a little bit costly bet. As there are no listed peers to compare, the company has provided unlisted peer details that are not relevant. It has total debt of Rs.40.57 crore as on 31<sup>st</sup> March 2015. Pennar group is not having any fancy among investors. Risk taking investors can take little exposure for long term view.

### Highlights

- Pennar Engineered Building Systems Ltd is engaged in the business of custom designed building systems solutions. Company's capabilities include designing, manufacturing, supply and assembly of custom designed building systems.
- As of June 30, 2015, it had 156 ongoing projects across 20 states in India at various stages of execution aggregating to a total order value of ` 3,561.87 million
- Its revenue and net profit have been growing consistently

### Company Introduction

#### Company Profile

Incorporate in January 2010, Pennar Engineered Building Systems Ltd is engaged in the business of custom designed building systems solutions. Company's capabilities include designing, manufacturing, supply and assembly of custom designed building systems. Company's products and services include pre-engineered buildings, design and engineering services, solar module mounting structures, cold form buildings and structural steel products which are widely used for various manufacturing, warehousing, industrial, infrastructure and custom designed commercial buildings. Pennar Engineered Building Systems Ltd is a subsidiary of Pennar Industries, the manufacturer of engineering products. Company's core product is steel buildings which are custom designed and fabricated to every customer's requirements in accordance with the applicable standards. The fabrication of pre-engineered building components is carried out in its manufacturing facility as per detailed designs created by us and approved by the customers.

# New IPO

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### Financial Summary

Particulars	FY2012	FY2013	FY2014	FY2015
Sales (in cr.)	248.91	290.96	369.74	452.36
Net Profit (in cr.)	10.58	14.76	17.21	21.98
EPS (Rs.)	4.23	5.79	5.61	7.09

### RANKING METHODOLOGY

WEAK \*  
AVERAGE \*\*  
GOOD \*\*\*  
VERY GOOD \*\*\*\*  
EXCELLENT \*\*\*\*\*

Pennar Engineered Building Systems Ltd have completed design, manufacturing, supply and assembly of 82,120 MT covering sqm area of 18,16,266 pennar engineered buildings in various sectors including warehousing, retail and manufacturing; design, supply and erection of solar module mounting structures for generation of solar power; design, manufacturing, supply and erection of structural steel buildings and cold form buildings.

### Issue Proceed

To part finance its procurement of infrastructure for expansion, repayment of part debt and other general corpus funding requirements, the company is coming out with a maiden IPO in the form of Offer for Sale and fresh equity via book building route. 5516141 equity shares are as Offer for Sale and the rest will be fresh equity issue. Total issue size at the upper price band is Rs. 156.20 crore (including the fresh equity issue that will fetch around Rs. 58 crore). Issue opens for subscription on 25.08.15 and will close on 27.08.15. The company has fixed a price band of Rs. 170-178 per share. Minimum application is to be made for 80 shares and in multiples thereon, thereafter.

### Company's Customer

Company's top five customers for last two fiscals were Reliance Jio Infocom, Frontier Sales Corp, Nuevosol Energy, Larsen & Toubro and Ultratech Cement that contributed around 55% in top lines. It has order on hand worth Rs. 360 crore and the project delivery period is ranging between 2 to 4 months. Thus improvement in delivery schedule may bring more revenues and profits for the company. Its future order hinges on developments in industrialization and infrastructure spending.

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