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## **Pennar arm lines up capex, targets Rs 250 cr revenue**

By [Trushna Udgirkar](#) Sep 13 2011 , Hyderabad

Pennar group firm Pennar Engineered Building Systems, which is into pre-fabricated buildings, hopes to double its revenues to Rs 250 crore in this financial year backed by its plans to step up manufacturing capacities.

The company would invest around Rs 80 crore in two years to set up a new facility in north India and increase production in Hyderabad as well.

“We are in talks with the government for land in Rajasthan and Haryana and the manufacturing facility may be operational with a 30,000 tonnes plant. We will increase capacity at our existing plant as well. Fund will be raised through internal accruals and debt over the next two years,” said PV Rao, ED of PEBS Pennar.

Right now, the company has a capacity of 60,000 tonnes at its plant near Hyderabad. The ramping up would help the company meet its revenue target of Rs 500 crore by 2014.

The market for prefabricated buildings is pegged at Rs 4,000 crore, of which a huge chunk is dominated by six to seven major players.

“Compared with concrete structures, these buildings are 25 to 30 per cent cost effective and would save time as much as two years. We expect major growth coming from logistics, manufacturing and retail sectors,” Rao said.

PEBS Pennar, which was set up in 2008, recently bagged orders for a Reliance Retail distribution centre in Pune, through L&T.

This involves setting up a national distribution centre for their Cash and Carry network, also in other places such as Delhi and Tumkur. The company has clients like UltraTech cements, Dr Reddy's Laboratories, Schneider Electric and Bharat Biotech in its kitty.

Of the total order book of around Rs 500 crore that the company has bagged, PEBS also exported to African countries and is now examining opportunities to cater this market. “We are exploring opportunities to set up a plant in South Africa or servicing out of here as the market has good potential,” said Nupender Rao, group chairman for Pennar. However, with steel prices going up, the company has passed it on to consumers. PEBS Pennar had last year clocked revenues of Rs 166 crore.

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