Pennar

PENNAR INDUSTRIES LIMITED

ENGINEERING VALUE CREATION

ANNUAL REPORT 2019

ENGINEERING
VALUE CREATION

With fast changing market dynamics, generating growth has turned into a contact sport that rewards businesses that can spot opportunities at hyper-granular levels, and then capture them quickly.

Since inception, our emphasis has been on adding value through smartly engineering solutions and products. With our diversified portfolio of engineered ideas, we are able to serve multiple high-growth sectors and strengthen our ability to provide meaningful answers to the challenging demands of today's world.

At Pennar, we take pride in our agility in responding to evolving opportunities of value creation on a real time basis. To that end, we are anchoring various initiatives with our strategic business priorities, which enables us to identify where our growth stands today, and where it will come from tomorrow.

Going forward, we aim to expand our addressable market that demands value engineering and deliver higher operating profit margins. With a resilient foundation, we are confident of standing strong amidst the evolving market dynamics and look forward to serving India through advanced and well-engineered solutions.

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Corporate Information

BOARD OF DIRECTORS

Mr. Nrupender Rao
Executive Chairman

Mr. Vishal Sood
Non-Executive Director

Mr. C Parthasarathy
Independent Director

Mr. Manish Sabharwal
Independent Director

Mr. Chandrasekhar Sripada
Independent Director

Mr. B Kamalaker Rao
Independent Director

Mr. Varun Chawla
Independent Director

Mrs. Bharati Jacob
Independent Director

Mr. Eric James Brown
Non-Executive Director

Mr. K Lavanya Kumar
Executive Director

Mr. P V Rao
Joint Managing Director

Mr. Aditya Rao
Vice Chairman and Managing Director

KEY MANAGERIAL PERSONNEL

Chief Financial Officer
Mr. J S Krishna Prasad

Company Secretary & Compliance Officer
Mr. Mirza Mohammed Ali Baig

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP,
Chartered Accountants
KRB Towers,1 to 4 & 4A , 1st,
2nd, & 3rd Floor,
Jubilee Enclave, Madhapur,
Hyderabad – 500081

INTERNAL AUDITORS

M/s. R Krishna & Associates
Chartered Accountants
H. No 6-3-883/3/1
Exide Battery Lane
Beside P C Jewellers Punjagutta,
Hyderabad - 500 082

COST AUDITORS

M/s. Shaik & Associates
Cost Accountants
Flat No. 111, Block A,
Gayathri Hills Apartments,
Prashanth Hills, Near Raidurgam Police Station
Junction, Hyderabad - 500 032.

PLANTS

Patancheru Unit:
IDA Patancheru,
Medak (Dist.),
Telangana

Isnapur Unit:
Isnapur Village,
Medak (Dist.),
Telangana

Velchal Unit:
Survey 24, 27 to 38,
Velchal (V) Mominpet
Vikarabad District,
Telangana

Chennai Unit:
Kannigaipair Village,
Uthukottai Tq
Thiruvellore Dist.,
Tamil Nadu

Tarapur Unit:
J-72, MIDC, Tarapur,
Maharashtra

Hosur Unit:
43, SIDCO Industrial Estate,
II Phase, Hosur, Tamil Nadu

PEBS Unit:
Chandapur Village,
Sadasivpet Mandal, Medak (Dist.)

Enviro Unit:
186/A & 188/A,
IDA Mallapur, RR (Dist.)

BANKERS

State Bank of India
Axis Bank Limited
Yes Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Bandhan Bank Limited

SECRETARIAL AUDITOR

Mr. Subhash Kishan Kandrapu
Practicing Company Secretary
Flat No. 203, 2nd Floor,
Nara Paradise Building,
Dinakar Nagar,
Neredmet Secundrabad - 500056

REGISTERED OFFICE ADDRESS

Floor No. 3,
DHFLVC Silicon Towers, Kondapur,
Hyderabad - 500 084
CIN: L27109TS1975PLC001919
e-Mail ID: corporatecommunications@pennarindia.com
website: www.pennarindia.com

REGISTRAR AND TRANSFER AGENTS

M/s. Karvy Fintech
Private Limited
Karvy Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District, Nanakramguda,
Seriligampalli Mandal, Hyderabad - 500 032

Adding value through smartly engineered solutions and products

Forward Looking Statements

In this annual report, we have disclosed forward - looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward- looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Organisational Overview

Established in 1988, Pennar is ably lead by Mr. Nrupender Rao (Chairman) and Mr. Aditya Rao (Vice Chairman and Managing Director), along with many highly experienced professionals in various leadership positions. As an illustrious engineering company, our business philosophy for wealth creation is firmly grounded on capital efficiency and value creation. This approach makes us an enduring industrial enterprise that consistently serves the interests of all our different stakeholders.

Our Vision

Our vision is to evolve into a globally reputed, diverse and innovative engineering company. We thrive to have a strong and enduring relationship with our customers based on the quality of our products and services.

We make a difference through:

- Our People
- Our Offerings
- Our Conduct
- Our Policies
- Our Innovative Approach

Our Mission

Our mission is to leverage modern infrastructure, technical expertise and decades of experience to provide high quality and cost-effective products to our customers. We are committed to delivering premium quality products to our customers. We work closely with shareholders, suppliers, customers and employees to pledge high economic returns.

The Pennar Edge

Strong Leadership

Headed under the leadership of Mr. Nrupender Rao, Executive Chairman, and Mr Aditya Rao, Vice Chairman & Managing Director, the Company has a strong management team with rich engineering experience.

Technology-driven

Backed by strong technological focus, Pennar has made significant investments in state-of-the-art manufacturing facilities that can prolifically produce engineered and customised products to suit the unique needs of its customers. Today, the Company has an accumulated repository of over 2,500 tools and dies, enabling it to manufacture a large variety of products with reasonable lead times.

Value-added products

Pennar has increased the proportion of value-added products in its revenue mix, resulting in a higher margin-accretive product mix and steadily improving realisations.

Quality focus

The Company is fully committed to provide top quality products to its customers. All manufacturing units of the Company are ISO 9001:2008-certified, resulting in a highly disciplined approach to consistency in quality.

High-growth markets

The Company focuses on high-growth sectors of the Indian economy, such as infrastructure, railways, construction and automobiles, which the government has prioritised for increased investments.

Blue-chip clients

Pennar enjoys a client roster made up of blue chip companies. This includes TATA Motors, L&T, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar, among others. The five leading clients accounted for 25% of the Company's revenues. The PEBS unit developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy's Labs, My Home Group, and Reliance Retail amongst others.

Diversified product mix

The Company's portfolio comprises over 1,000 products, across diverse sectors such as railways, automobiles, general engineering, building and construction among others, thus de-risking the business from overly depending on any one segment.

People strengths

The Company has over 2,500 employees, with a cumulative experience of over a million person-days. This gives the Company unparalleled range of expertise and excellence in multiple fields.

Strong financials

Pennar possesses a strong balance sheet with low gearing, providing it ample headroom for additional or working growth capital whenever needed.

Year at Glance

Engineering Excellence
for Today's World.

Our engineering products and solutions have gone into the making of futuristic structures and buildings across the globe.

35+
Years of Experience

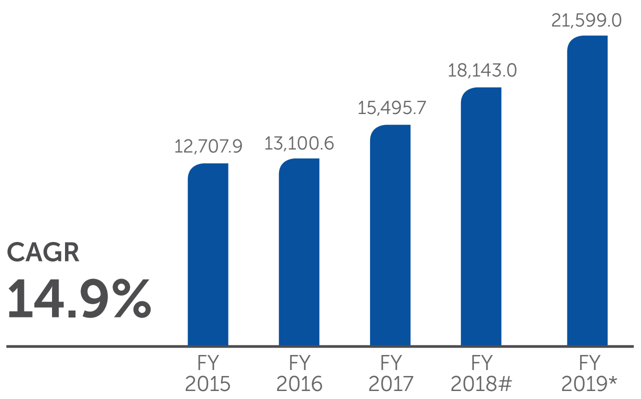
7
Manufacturing Plants

1,500+
Engineering Products

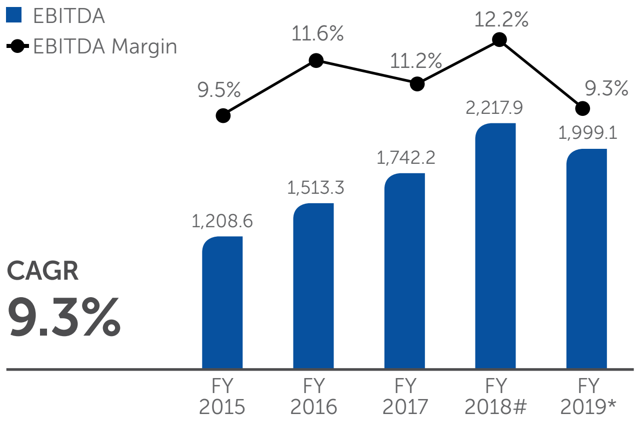
2,500+
Employee Base

1,000+
Customers Across Industries

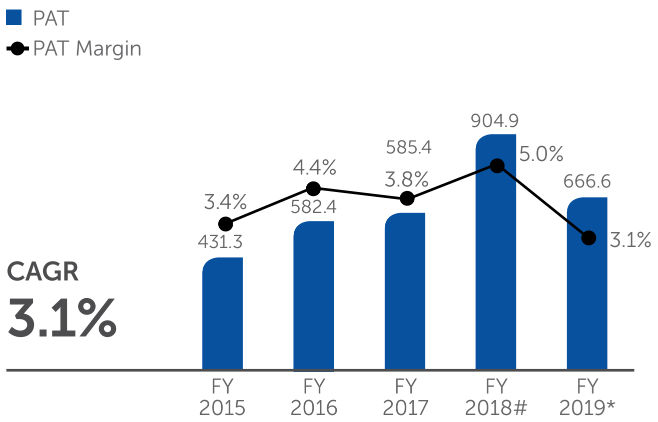
Total Revenues
₹ Million



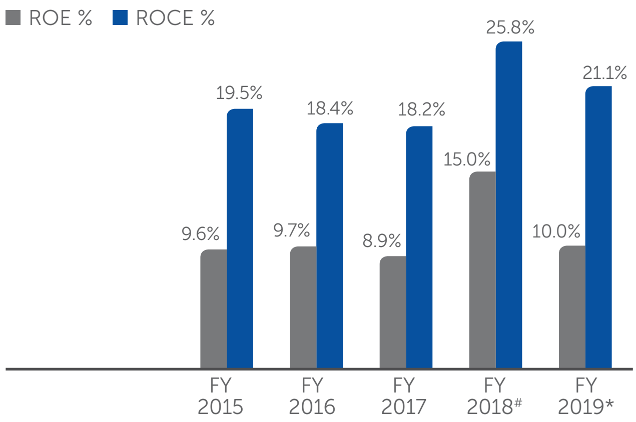
EBITDA & EBITDA Margin
₹ Million



PAT Before MI & PAT Margin
₹ Million



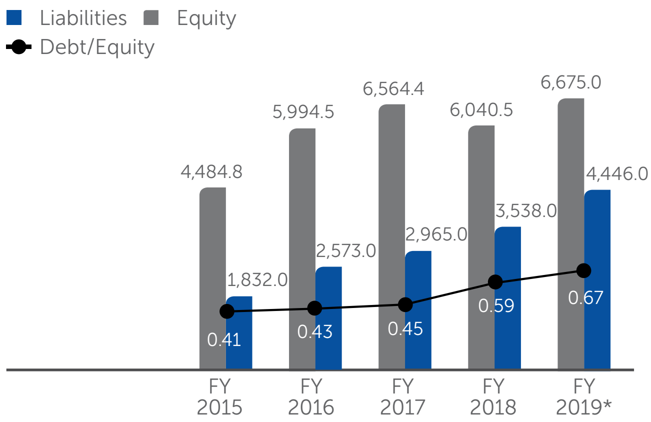
Return Ratios



FY14-16 Figures are as per the I-GAAP, FY17-19 Figures are as per IND-AS
FY18 figures are adjusted to exclude exceptional and non-recurring items
* Post Merger

Leverage Analysis

₹ Million



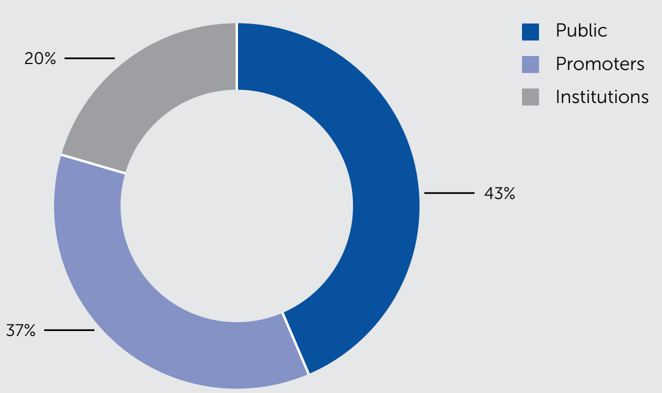
Operating Highlights

1. Pennar Industries' Build360° branded retail store was opened in 2017 in Vijayawada and currently has 15 operational stores located across Andhra Pradesh. The average store size is around 10,000 sq. ft.
2. Over 1,250 projects successful completed in the span of FY2010-2018 under PEBS.
3. PEBS Pennar has 29,000 sq. m. world-class manufacturing facility built on a 33 acres plot at Sadashivpet near Hyderabad with a total production capacity of 90,000 MTPA.

PEBS Pennar and Pennar Enviro merges with Pennar Industries

During Financial Year 2018-19, PEBS Pennar and Pennar Enviro merged with Pennar Industries to create a leaner group structure, while also resulting in better synergies, optimisation of costs and improved fund utilisation.

Ownership Structure



Diversified Portfolio Across Market

Product	Market Segment
Special Grade (CRSS)	Automobiles, General Engineering
Critical Components	Automobiles
Precision Tubes	Automobiles, General Engineering
Building Components	Construction & Infrastructure
Civil Infrastructure	Construction & Infrastructure
Hydraulic Cylinders	Construction & Infrastructure

Product	Market Segment
Esp Electrodes	General Engineering
Refrigerators & AC Components	White Goods
Rail Coaches (Conventional, Electric Multiple Unit (EMU), Mumbai Railway Vikas Corporation (MVRC)) & Wagons	Railways
Linke Hofmann Busch (LHB) & Metro Coaches	Railways
Solar Module Mounting Solutions For Solar Panels	Solar Industry
Storage Solutions	Solar Industry

Our Footprint

Our expanding presence across India has helped us systematically increase our competitive advantage by enabling proximity to our clients, and reducing our overall costs.

Our Business Units

ENGINEERING PRODUCTS

STEEL

As a leading provider of Steel Solutions, Pennar's Steel Products and Profiles division manufactures CRSS and CRFS from a variety of grades of steel, including special steel.

Being one of the first companies to venture into the narrow cold rolling and profiles business in India, Pennar leverages this innate advantage to offer its customers the widest range of profiles to choose from. The Company is one of the market leaders in terms of capacity and variety of profiles with a production capacity of 240,000 MT per annum, with a significant footprint across Asia.

Outlook

During the year, Steel BU witnessed sale of 15,000 tons of special grade. Going forward, it intends to upgrade machinery and improve manufacturing capacity. This step will help the business unit reach higher tonnage per month.

Its CRCA division has shown plausible growth in terms of volumes and margins. The special grades field has notable customers and vendors loyal to its products.

Additionally, Pennar's Steel BU has started various retail outlets in order to concentrate on the retail segment. This will include the sale of items required for building construction — from domestic construction to skyscrapers.

RAILWAYS

Pennar's Railways business has been catering to the requirements of the Indian Railways for over three decades. With a dedicated manufacturing facility for this industry, it is a leading Part 1 supplier for Indian Railways.

Pennar provides several critical structural and stability components for goods wagons and passenger coaches. With RDSO & RITES certification for manufacturing facility as well as products, it is a preferred supplier for this sector, which is a veritable lifeline for India.

Outlook

Servicing the Indian Railways sector, the Railways BU has steadily grown from strength to strength. High-Speed Technology and technology that requires low weight along with high strength composites, are mandatory requirements to meet the demand of this sector. Pennar has consistently been able to manufacture and deliver products that meet these standards.

The Railways vertical is expected to grow aggressively in the coming years. It is increasing capacity at Chennai and Hyderabad plants and includes adding new capabilities in laser welding and cutting, the expansion of Pennar's current capabilities, and setting up a SS tube production line for railway interiors.

INDUSTRIAL COMPONENTS

Pennar Industries is one of the largest players in India for Industrial Components in the organised sector specialising in the development of critical safety and high-performance components.

With in-house capabilities for Product design and development, it works closely with our customers to produce application specific products for the Automobile, White Goods, Hydraulic, Precision fabrication and General Engineering Sector.

Having controlling access to raw material through effective insourcing and outsourcing, its customers can rely on our unmatched production line efficiency and long term sustenance. With a strong customer centric approach, it continuously strives to achieve manufacturing excellence.

Outlook

As this BU makes critical components, it is crucial to have strong capabilities in place; including people, processes and systems.

The Company implemented strategies that included working towards stretched targets, increasing the focus on customers, and exploring new business models; all of which is expected to define the exponential growth of the business unit.

In coming years, it is expecting a substantial growth and also aims to attain its vision by setting up new plant for Hydraulic cylinders, new processes through automation, exploring business opportunities in domestic and International Market and maximising optimisation of resources.

Moreover, the BU will move up the value chain towards manufacturing sub-assembly products, stepping up from component manufacturing. This jump has been possible with immense improvements in manpower, technology and process improvements.

Landmark Projects

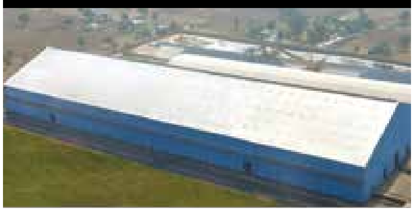
Amazon India - Hyderabad

IKEA-Hyderabad

IOT - ONGC Opal - Gujarat

L&T Metro - Hyderabad

Ultratech - Kotputli



Reliance National Distribution Centre, Pune

PRECISION TUBES

Pennar offers ERW/CDW precision tubes, which are widely used in making shock absorber, gas spring applications, tie rods, side impact beams, propeller shafts, stem steering systems and many more. These tubes are manufactured from high grade metal and are tested on various international as well as Indian standards.

The Company employs the best steel for manufacturing these precision tubes. The tubes have precise dimensions, which are all developed on modern designs. It is environmentally friendly and possesses immense tensile strength.

Outlook

The Tubes division provides precision engineered ERW, CDW, S.S tubes to all Auto EA & Export to the US and Europe. The division has succeeded in adding new capacities and scaling revenue for last 4 years with 25% growth year on year.

The business unit is the process of building CDW capacity to 3,500MT/month by FY2020-21. The unit has a global foot print covering the US, Europe and Australia with rapid expansion into international business. It also started supplying stainless steel tubes to BS VI variants of Auto sector up to diameter 63.5mm with annual capacity of 2,400 MT.

A combination of capacity expansion in ERW/CDW/S.S tubing, along international markets presence is expected to enable this BU to double its revenue over the next few years.

ENGINEERING SOLUTIONS

PRE-ENGINEERED BUILDING

The PEB business unit is a one-stop-solution for all building requirements. The unit caters to industrial, commercial and institutional requirements, and provides enhanced speed in delivery and erection. It also provides flexibility in expansion and has the ability to withstand severe weather conditions to deliver the best of pre-engineered solutions.

The Engineering Services and Solutions unit caters to Infrastructure Engineering, Process Based Industries and Discrete Industries. It has 350+ Engineers working across 3 delivery centres in India, with 3 commercial relationship offices in Germany, USA.

Under Solar MMS, the Company is focused on providing designing, fabricating and installing solar module mounting structures, telecom transmission towers and cold-form buildings for low-cost housing projects, among others.

Outlook

This BU increased the product portfolio and expanded its range of its services. The international expansion of providing design services to American companies helped it reach global standards. The dive into producing solar energy has also helped the revenue stream grow.

Going forward, this BU will be able to execute complex projects like large span buildings, and is looking forward to grow and surpass new challenges in the market to achieve the set goals.

Under Engineering services, the Company aims for seamless integration of Engineering and Design capabilities, which will lead to the conversion of current outsourcing orders into in-house manufacturing, reducing project costs, and ramp up bottom line growth.

With new capacities added at Patancheru and Isnapur plants, it expects the solar part of the vertical to continue showing promising results. Going forward, business from the solar segment is expected to continue on its path of strong growth by leveraging its in-house capabilities developed specifically to meet the solar requirements.

ENVIRO

The Pennar Enviro business unit deals with Water and Environment Infrastructure businesses to provide turnkey solutions using various advanced and environmentally friendly technologies in Industrial and Municipal Segments besides Sea/Brackish Water Desalination.

For water treatment, the unit has an extensive range of high-performance Specialty Water Treatment Chemicals under the brand name "PENNTREAT" for treatment of Boiler Water, Cooling Water, Raw and Effluent Water and Reverse Osmosis.

Outlook

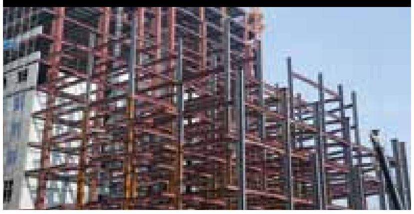
This BU began to standardise water treatment plants that are be pre-engineered and skid mounted, with short delivery cycles, to meet customer requirements in Urban, Realty segments, along with MSME industrial segment.

It is also working towards making a network of 38 dealers across India, which is expected to further help in reaching this BU's high potential pockets.

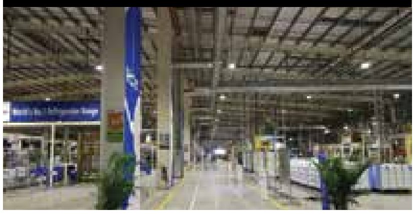
The unit has its own manufacturing facility for the chemicals business and is mechanising or automating the process with precise control and instrumentation implementation.

MRF Tyres - Perambalur

Phoenix -Trivium - Hyderabad

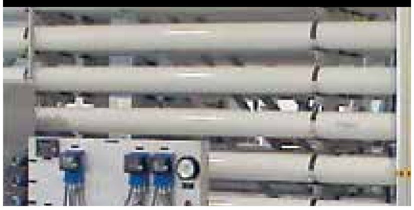


Haier India- Pune



Shantha Biotech - Hyderabad

Hetero Drugs Plant - Hyderabad



L&T Valves - Bengaluru

Message from the Chairman

Our mission is to leverage our modern infrastructure, deep technical expertise and decades of solid experience to provide high quality and cost effective products and solution to our customers.

Nrupender Rao
Chairman

Dear Shareholders,

I am pleased to inform you that your Company continues to be a highly dynamic and relevant company. However, this outcome was not an easy thing to achieve, especially given the tough market conditions.

Reflecting back on the last year, it was also filled with external vulnerabilities arising out of rising oil prices and volatility in some of the leading global currencies. Despite the slowdown in growth, India continued to stand out as the world's fastest growing large economy, majorly led by a moderated yet healthy consumption story. However, the GDP growth moderated primarily due to subdued rural demand towards the second half of the year, coupled with a liquidity crunch faced within the Indian non-banking lending companies. This in turn created a knock-off negative effect to other bellwether sectors that depend on consumer finance - especially the automobile and the real estate sectors. While consumer sentiments remain depressed and moderated for now, one hopes that the long-term consumption story of India will remain intact.

FY2019 by numbers

Despite multiple challenges faced by the Indian economy during FY2019, your Company delivered commendable results. In fact FY2019 was the year in which we have surpassed all previous records and have hit new historical highs in terms of overall revenues and operating profit for FY2019. We clocked ₹21,599 million in terms of total revenue, a solid testimony to our shift in focus towards value-added products. These numbers give further credence to our approach to pursue quality growth that seeks to produce both good top and bottom line numbers.

Consolidation for efficiency

FY2019 will also be remembered for the consolidation we undertook by merging two of our companies. As per the approved scheme, shareholders of PEBS Pennar got 23 shares of Pennar Industries for 13 shares held, while shareholders of Pennar Enviro got one share of Pennar Industries for every one share held. I expect the merger to create a leaner group structure, resulting in better synergies, further optimisation of costs and improved overall fund utilisation. It will also result in Pennar having a better capital structure, pooled resources and synchronised growth plans. This should eventually lead to focused growth, improved consolidated profitability and superior shareholder value creation.

A strong vision for the future

Going forward, we will continue our efforts towards our vision to evolve into a globally reputed, diverse and innovative engineering company. We thrive to have a strong and enduring relationship with our customers, based on the quality of our products and services.

To this end, our mission is to leverage our modern infrastructure, deep technical expertise and decades of solid experience to provide high quality and cost-effective products and solutions to our customers. We are also committed to delivering quality products to our customers. While we engage with our customers, we are also working closely with our shareholders, suppliers and employees to partner with us in our journey for better economic returns.

As we move forward to break milestones in serving India through advanced engineered solutions, I would like to thank all our stakeholders for their faith in and support to the Company.

Sincerely,

Nrupender Rao
Chairman

Message from the Vice Chairman & MD

Today, Pennar Industries Limited is well recognised as one of India's leading value-added engineering products and solutions company.

Dear Shareholders,

FY2019 was a milestone year for Pennar, which was also marked by steady growth in demand in the high growth sectors. FY2019 will also be remembered for the consolidation, merging two of our companies and we expect that this will create a leaner group structure, resulting in better synergies, and further optimisation of costs and improved overall fund utilisation.

The year witnessed a marked slowdown in overall global growth, primarily due to the decline in trade and manufacturing activities across most industrial sectors, increased trade tensions between the world's two largest economies, tightening of financial conditions. However, our economic environment, which consists of sectors like construction infrastructure, general engineering, white goods, railways, witnessed a stable growth helped by a fairly favourable overall economic environment in India. Despite temporary periods of intermittent sluggish growth, as we are currently experiencing, I expect the Indian economy to grow at a steady pace over the next decade, driven by our Government's infrastructural push and various structural policy reforms, which should augur well for demand growth in general.

India is amongst the world's top ten largest consumer of machine tools. Capacity creation in sectors such as infrastructure, power, mining, oil and gas, refinery, steel, automotive and consumer durables is driving demand in the engineering sector. Given this backdrop, your Company is well positioned in terms of capabilities, financial strength and capacities to take advantage of a dynamic market such as India.

In order to bag big contracts, companies also need to have a strong balance sheet and proven execution capabilities. On this front, your Company stands on firm ground with an under-leveraged balance sheet and strong credentials across a vast range of products and solutions, well suited for mission critical projects. We truly stand tall as a highly credible vendor in the eyes of all our esteemed clients.

Divisional Performance

Today, Pennar Industries Limited is well recognised as one of India's leading value-added engineering products and solutions company. Under our 'Engineering Products' definition, our portfolio includes coaches and railway components, industrial components, precision tubes, and special grade CRSS. In contrast, under our 'Engineering

FY2019 will be remembered for the merger of two of our companies and we expect that this will create a leaner group structure, resulting in better synergies, further optimised costs, and improving overall fund utilisation.

Aditya Rao
Vice Chairman & MD

Message from the Vice Chairman & MD

By continuing to focus on incorporating greater value addition, we see strong growth potential for us in the more lucrative railway business. This in turn has resulted in consistent revenue growth and improved EBITDA margins, despite commodity price volatility.

Solutions' definition, our portfolio includes pre-engineered buildings, solar MMS, engineering design services, and water treatment & waste management solutions.

Engineering Products

By introducing a value-added niche categories within our engineering products, we have improved our ability of earning better margins from our overall product mix. The growth for this segment of our business is driven by the rising share of special grade steel products, higher margin CDW tubes, and custom designed industrial components. With continued focus on incorporating greater value addition, we see a strong growth potential for us in the more lucrative railways business. This in turn has resulted in consistent revenue growth and improved EBITDA margins, despite commodity price volatility.

We also supply critical structural railway sub-assemblies (coaches, wagons, other parts). We also supply critical industrial components to Automobile & White Goods sectors and other fabricated products like ESP electrodes, building materials, special grade CRSS, and solar MMS, amongst others.

Engineering Solutions

We have shown consistent growth over last 9 years in Pre-Engineered Building Products. Since 2010, we have delivered more than 1,250 projects successfully, catering to over 650 customers. During the year, the order book for Pre-Engineered buildings stood at ₹4,720 million as on 31st March 2019, backed by order inflow of ₹1,467 million that consisted of new order inflows of ₹621 million and repeat order inflow of ₹846 million.

Our water treatment solutions received 10 new dealers during the year, taking the total dealer count to 12, appointed for standard products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat.

Outlook

Pennar has recently expanded its presence and capabilities to service new value-added business opportunities, such as defence, aerospace (precision machining), nuclear power, and precision automotive & engineering components. In the Railway segment, your Company is contemplating to also enter into coach interiors and boogy frames. We are also considering to expand our reach to northern region by adding new regional plant capacities in the near future.

Going forward, we will focus on investing more businesses that produce superior return on capital, for a more sustainable growth strategy based on consistent margin improvements. To protect our balance sheet, we intend to ensure that all future capital expenditures will be guided by this underlining philosophy.

I welcome all our employees, vendors and lenders to partner with us in expanding our addressable market, and so drive our revenue growth with healthy operating profit margins.

Warm wishes,

Aditya Rao
Vice Chairman & MD

Going forward, we will focus on investing in more businesses that produce superior return on capital, for a more sustainable growth strategy based on consistent margin improvements.

Message from Joint MD

Our collaborative approach smartly unifies teams, resources, businesses, services, skills and stakeholder interest to realise best outcomes and deliver on promises.

P V Rao
Joint Managing Director

Dear Shareholders,

Over the past four decades Pennar has been serving many customers in the Country and beyond and achieved significant reputation as reliable partner. Quality, timely completion and commitment have helped Pennar strengthen its place in the markets.

With an annual production capacity of more than 3,50,000 MTPA, we are a multi-location, multi-product company manufacturing precision engineering products such as: Cold Rolled Steel Strips, Precision Tubes, Railway wagons / Coaches, Pre-Engineered Building Systems, Solar module mounting structures & Photo Voltaic panels, Sheet Metal Components, Hydraulic Cylinders, Road Safety Systems, Water & Sewage treatment solutions, Desalination projects etc. Our company's products have a significant presence in sectors like Infrastructure, Automobiles, Power, General Engineering, Building & Construction, Refineries etc. Driven by our guiding philosophy of maximising customer satisfaction with products and services par excellence, today, we have successfully established our identity as a Powerhouse of Engineering Excellence.

PEBS division has executed sizeable jobs for MRF, Bridgestone, TVS Infra, Mylan, Phoenix, Pokarna Granites, Ultratech, L&T, Shapoorji & Pallonji, KIA Motors, JSW Cement, JSW Paints etc. In view of business potential, we have expanded our capacity at Sadashivpet Plant by adding one bay for structural steel and one bay for PEB. Also, we are in the process of installing one more beamline for fabrication at Velchal. With that, the total fabrication capacity is around 125,000 MT per annum. With the advent of E-Commerce business and introduction of GST all over India, there is significant growth in logistics business and we already started getting big warehouse jobs. We executed the first fulfilment centre for Amazon (through GMR) at Shamshabad Airport in Hyderabad which has an area of about 4,00,000 sq. ft.

We received repeat orders from reputed customers like L&T, Ultratech, Shapoorji & Pallonji, TVS Infra etc. In Solar MMS, we received sizeable job from LNV technologies. Our revenue in Engineering Services is showing significant growth in this FY, which is about 54% compared to previous FY. We are trying to penetrate widely in US market in this segment by increasing the number of customers. Our objective is to have a manufacturing footprint for PEB's in the US and our efforts are in that direction.

To increase our addressable market size in Solar segment, we started implementing Solar PV modules manufacturing unit at Sadashivpet.

Awards & Accolades:

We have progressed with excellence and created significant value for all our stakeholders. In this financial year, we received CIDC Vishwakarma Award (Best Professionally Managed Company), HMTV Award (Best Manufacturing Company), Global Logistics Excellence Award (Best Pre-Engineering Design) organised by CNBC. In the process, we achieved the coveted position of being the second largest PEB Company in India. It is an occasion to celebrate an opportunity to look back and chart the path forward.

Our collaborative approach unifies teams, resources, businesses, services, skills and stakeholder interest smartly and optimally to realise best outcomes and deliver on promises. We have never hesitated to go an extra mile in creating strong and incremental value for our stakeholders. To be future ready, we have ensured that our systems and processes are in line with the market demands. And in this regard, we are committed to strengthening our skill sets and make Pennar a truly customer-centric organisation. All of these instill in us the confidence to ride the next wave of growth.

I congratulate Pennar team for this achievement and thank all stakeholders for their continued support.

P V Rao
Joint Managing Director

Message from the Executive Director

With an aim to cater to new emerging industries that have high growth capabilities, we plan to expand our presence and capabilities to service new value added businesses such as defence manufacturing, aerospace nuclear power, and precision auto & engineering components.

Dear Shareholders,

We have always risen and prospered because of the approach we have taken towards growth and development. Employee attitude is what helps to drive growth and change. For this, we have taken various measures to reach the pinnacle of success such as technology utilisation to its maximum capabilities, financial expertise to invest proficiently, marketing consistency to expand reach and global expansion to increase market share. These measures have resulted in high employee retention, improved employee commitment and consequently higher throughput.

With a strong workforce with more than 2,500 we have one of the lowest attrition rates in the market. Our Employment Recognition Scheme has done wonders in making this credential possible. Half yearly appraisals, monthly notes, quarterly employee training have helped immensely in aligning our employees towards the right direction and in keeping them motivated to work diligently.

Corporate Social Responsibility

Corporate Social Responsibility at Pennar has always been extremely important and close to our hearts. During the year, we participated in Tree Plantation activities, making our contribution towards better environment and supported Civic Maintenance in the Patancheru Municipality. Moreover, we have adopted several village schools to provide safe drinking water, nutrition, toilets, books, and school furniture. Meanwhile, we have also contributed towards the salaries of computer teachers. At Pennar, we believe deeply in the dream of making education accessible to one and all. This is why we have adopted schools wherever we have built our factories, helping the next generation be prepared for a better future.

By moving up the value chain through strengthening our niche engineering capabilities, we plan to expand our product offerings and services across multiple sectors, and evolve component manufacturing towards higher value addition and precision engineering.

K Lavanya Kumar
Executive Director

Message from
the Executive Director

We have targeted a high double digit volume growth over near to medium term. To enable this, we are focusing on high growth sectors and on the growth of our manufacturing capacities to support this expansion strategy.

+2,500

Strong Workforce as on 31st March, 2019

Strategies in play

When it comes to our Engineering Products, Pennar Industries has a vision to be a recognised global player and is working towards setting up a manufacturing presence in the US Market by 2019-20, along with exploring other key markets such as APAC, Europe and MENA. We are also exploring possible technical collaborations for the expansion of our product portfolio.

With an aim to move up the value chain by strengthening our niche engineering capabilities, we plans to expand our product offerings and engineering capabilities across multiple sectors and evolve component manufacturing towards higher value addition & precision engineering. We also aim to increase the share of critical components manufacturing to further strengthen customer engagement and create entry barriers. With an aim to cater to new emerging industries that have high growth capabilities, we plan to expand our presence and capabilities to service new value-added businesses such as defence manufacturing, aerospace (precision machining), nuclear power, and precision auto & engineering components.

Pennar Industries has targeted a high double digit volume growth over near to medium term and to enable this, we are focusing on high growth sectors such as Automobiles, Construction & Infrastructure, Railways, and Solar, and we plan to continue to grow our manufacturing capacities to support this expansion strategy.

In terms of Pre-Engineered Building Solutions and Solar Module Mounting Systems, these are the two key verticals that are driving revenue and margin growth for Pennar. The new revenue segments include Railways (under-frame manufacturing), Hot Rolled sections, Racking systems, Space Frame Structures, EOT Cranes, Fasteners and Civil works.

Additionally, we intend to place greater focus on high growth and newly emerging portfolios such as High Rise Steel Buildings (commercial & residential), and Cold Form structures for low cost housing projects. Going forward, the Company aims to offer end-to-end Solar EPCs by making Solar PV Panels and Solar MMS, while also providing installation and erection services. Moreover, we are also planning to expand our presence into the US market by providing design and engineering services, converting current outsourcing orders into in-house manufacturing orders, leading to lower project costs and higher profitability.

Pennar Industries aims to be a significant player in the industrial and municipal water treatment and wastewater treatment solutions. We plan to standardise water treatment plants, which will be pre-engineered & skid mounted with short delivery cycles to meet customer requirements in Urban, Realty and the MSME industrial segment.

Going forward, we also plan to diversify our presence across international markets such as South East Asia (Philippines, Indonesia, Malaysia, Thailand, Myanmar) & Africa, and along with that, also build our reach and penetration in high potential markets. Currently, we have a network of 6 dealers, which we plan to expand up to 38 dealers across India, and we aim to use this dealer network to take the performance of the chemical business along with standard plants, to a larger base of potential customers. Keeping in mind the small-scale customers, we plan to standardise these products.

I would like to express my gratitude to our Board of Directors for their expertise and guidance. I am also grateful to all our stakeholders who have reposed their trust in us and given us constant support.

Wish Best Wishes,

K Lavanya Kumar
Executive Director

Going forward, we plan to diversify our presence across international markets, and also build our reach and penetration in high potential markets.

Our Clientele

The Financial Year 2018-19 witnessed consistent and secular revenue growth across all our verticals. Marking a strong presence across high growth sectors of automobiles, construction & infrastructure, general electricity, white goods and railways, we are well positioned to increase our wallet share with our loyal array of clients.

Equipped with state-of-the-art equipment, smart and experiences engineers and quality services, we enjoy a strong track record for satisfying our customers' critical needs with our engineering products and engineering services.

Automobiles

TVS Hero EICHER Ford MARUTI SUZUKI

TOYOTA Mahindra ASHOK LEYLAND BAJAJ

Construction & Infrastructure

LARSEN & TOUBRO It's all about Imagineering

Shapoorji Pallonji

SIMPLEX INFRASTRUCTURES LTD.

Reliance Life Insurance

NCC NCC Limited

GMR

NPCIL

General Engineering

LARSEN & TOUBRO It's all about Imagineering

HAMON

बी एच ई एल BHEL

ACC ACC LIMITED

Crompton Greaves

ALSTOM

FLSmidth

Kirloskar

White Goods

Railways

Pre-Engineered Building Systems

Water & Sewage Treatment Solutions

ACCRETIVE MERGER

FOR OPTIMISATION AND EFFICIENT UTILISATION OF RESOURCES

As corporate and business functions grow to meet the increasing demands of the wider organisation, activities become increasingly fragmented. At such a point, smart consolidation could help us to grow and diversify faster, with optimal fund management and utilisation of resources.

With this thought process, PEBS Pennar and Pennar Enviro were proposed to be merged with their parent firm Pennar Industries. The move will result in having a better capital structure, common pooled resources and synchronised growth plans. All this is eventually expected to lead to focused growth, higher profitability and superior shareholder value creation.

Moreover, the merger will also reduce inter-company transactions, to make sure that the company as a whole can be run with one management team, one board, and one operations team. With this approach, we expect procurement to become more streamlined with further opportunities in cost optimisation.

Also, until now, we were subject to a significant holding company discount, as the subsidiary structure tends not to allow proper value recognition in the marketplace. Post the merger, share owners can now expect Pennar Industries' share price to more accurately reflect the Company's true value.

Going forward, we expect to have an improved capital structure, which would enable us to access the capital markets at better terms and afford access to other resources at lower cost, while also allowing fairer value discovery to take place for our stakeholders.

The proposed merger is expected to create a leaner group structure, better fund utilisation, and result in better value discovery.

PRUDENT CAPITAL ALLOCATION

AND INVESTING IN HIGHER ROCE BUSINESSES

An organisation's management seeks to allocate its capital in ways that will generate as much wealth as possible for its shareholders. Allocating capital can be complicated, and a company's success or failure often hinges upon such decisions.

At Pennar Industries, we distribute and invest our financial resources in ways that will increase our efficiency and maximise our profits. Over the years we have strengthened our balance sheet and developed sophisticated and prudent capital allocation processes that involves a combination of quantitative methods, forward estimates and qualitative judgment.

Being a multi-product and multi-location enterprise, we are able to cater to a wide variety of clientele across high growth sectors. With strong financial fundamentals, the changing market conditions are less prone to affect us adversely.

With the help of having capital allocation across various sectors, we are able to spread our risks, while also maintain a low gearing ratio, which provides us headroom for additional borrowing whenever needed.

With a prudent approach towards capital budgeting, we aim to direct our capital more towards higher ROCE businesses, and so strengthen our market presence in these strategic areas for margin sustainability.

In whatever ways we choose to allocate capital, the overarching goal is to maximise our shareholders' value, by judiciously making allocations that will yield the most significant benefits.

SERVING HIGH-GROWTH SECTORS

TO INCREASE OUR ADDRESSABLE MARKET

Diversification is about building new products, exploring new markets and taking new calculated risks to maintain a measure of overall stability. It is about having a strong portfolio that will remain immune to the cyclical vagaries of any one segment.

Diversifications helps us in broadening our horizons and pursue new opportunities - no matter how confident we may be in our existing offerings. As a leading engineering company exposed to sectors such as Automobiles, Construction & Infrastructure, General Engineering, White Goods, Railways and Solar, we need to explore further to create a more robust portfolio. Going forward we aim to expand our presence and capabilities to service new value-added businesses like defence, aerospace (precision machining), nuclear power, and precision automotive & engineering components.

By adopting diversification strategies, we have acquired two advantages. The first includes cost and risk reduction, while the other is the improvement of our long-term sustainability. These

advantages will in turn made us more a more stable and stronger company, better capable to face the challenges of changing macroeconomic dynamics.

Our diverse production facilities, products and solutions make it highly attractive for our clientele wanting to do business with us. This ultimately helps us in fulfilling our double aim to expand our addressable market and deliver higher operating profit margins.

Going forward, we aim to expand our presence and capabilities to service new value-added businesses such as defence, aerospace (precision machining), nuclear power, precision automotive, and engineering components.

Board of Directors

Nrupender Rao

Executive Chairman

- Chairman of Pennar Industries Limited, Hyderabad.
- He has an illustrious career spanning over four decades in various organisations such as National Cash Register (USA), Union Carbide India, Nagarjuna Steels Limited and Pennar Group.
- He had co-promoted ITW Signode (earlier Nagarjuna Signode) in 1980 along with Nagarjuna Steels Limited and Signode Corporation of USA.
- He is a distinguished alumnus of IIT, Kharagpur and was awarded the IIT Kharagpur Alumnus award for the year 2011 by the Hon'ble Prime Minister of India. He has also done his Masters in Operations Research & Industrial Engineering from Purdue University (USA).

Aditya Rao

Vice Chairman & Managing Director

- Aditya Narsing Rao is the vice chairman of Pennar Industries Limited (PIL).
- He is also the managing director of PIL. He holds a bachelor's degree in geophysics and master's degree in engineering management from Cornell University, New York, USA.
- He has worked on new product development and the development of new revenue verticals including the solar power and environment treatment businesses across the group companies.

P V Rao

Joint Managing Director

- Mr. P V Rao is the Joint Managing Director of Pennar Industries Limited. He holds a bachelor degree in civil engineering from Jawaharlal Nehru Technological University, Kakinada and is a member of the Institution of Engineers (India).
- He has more than thirty four years of experience in the construction industry and last twenty two years in pre-engineered buildings sector.
- He is also a columnist in engineering magazines like Construction World, Construction Week, Steel Structures & Metal Buildings (SSMB), ACE Update, Master Builder, Construction & Architecture (C&A) Update, EPC World, B2B Purchase etc., and vernacular press.

K Lavanya Kumar

Executive Director

- He has three decades of experience in the areas of law, construction, corporate affairs.
- He graduated in Law from Kakatiya University. Mr. Kumar joined Pennar Group in 1987.

B Kamalaker Rao

Non-Executive Independent Director

- Serving as Director on Boards of several Government and Public Sector Undertakings
- He was distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party

Manish Sabharwal

Non-Executive Independent Director

- Member of the Prime Ministers Council on Skill Development and has served on the Planning Commission steering committee on labour and employment for the Eleventh five year plan (2007-12)
- He is a member of the CII core group on labour reforms

Varun Chawla

Non-Executive Independent Director

- 9+ years of Investment Banking experience
- He was one of the founders of myguesthouse.com, acquired by Make My Trip.

Bharati Jacob

Non-Executive Independent Director

- Extensive experience in venture investing, marketing and financial services.
- Masters degrees from The Wharton School of University Pennsylvania and XLRI Jamshedpur

Eric James Brown

Non-Executive Director

- President and CEO of Pennar Global, Inc.
- 30+ years of experience

Vishal Sood

Non-Executive Director

- Earlier worked with Kotak, SSKI and SBI Capital Markets

Chandrasekhar Sripada

Non-Executive Independent Director

- 40+ years corporate career in HRM across Public, Private and Multi-National Companies
- MBA, MA & PhD

C Parthasarathy

Non-Executive Independent Director

- One of the founders of Karvy Group and responsible for building Karvy as one of India's truly integrated financial services organisations
- He has been actively associated with various professional bodies in senior capacities over the last decade

Management Discussion
And Analysis

7.1%

Growth
In Inda's GDP in 2018
(As per IMF)

Pennar Industries' Operating Environment

Global Economic Overview

As per the IMF's World Economic Outlook Forecast, global growth contracted to 3.6% in 2018. This deceleration was led by US-China trade tensions, tighter monetary policies in China, disruptions in the auto industry in Germany, uncertainty over Brexit in the UK, and volatility in crude oil and emerging market currencies[1].

The US economy grew by 2.9% in 2018, led by strong tax cuts and acceleration in government spending. Strong labour market led consumption growth underpinned the UK economy, which is struggling due to Brexit uncertainty and global slowdown. China witnessed its slowest growth in the last 28 years at 6.6% in 2018, as the tightened monetary policy and tariff war with US slowed down its growth trajectory. Emerging markets were tested by difficult external macroeconomic factors such as geo-political tensions, tariff wars, rising interest rates, volatile crude oil, capital migration towards US from emerging markets, rising dollar rates among others[2]. Growth in the advanced economies and emerging markets is expected to be 2% and 4.5% respectively in 2019. Overall, the global economic growth is expected to decline to 3.3% in 2019 before picking up slightly to 3.6% in 2020[3].

Indian Economy Overview

India's overall economic outlook remains positive, driven by several factors. A pick-up in domestic consumption, low inflation, rate cuts by the RBI, Government's focus on infrastructure development, and the normal rainfall forecast by IMD are expected support the consistent growth into FY2020. India's GDP grew by 7.1% in 2018, and as per the IMF estimates, it is expected to continue its growth trajectory by 7.3% in 2019, and by 7.5% in 2020.

Additional structural reforms to address legacy impediments to growth, including measures to reduce bureaucracy and speed up infrastructural investments could help sustain growth in the years to come. The Indian economy is to activate its stalled engines — agricultural growth and rural demand, trade, and private investment — while ensuring that demand from urban household and public investments — the working engines of the economy — do not run out of fuel.

Industry Overview

Automobiles

The Indian automobile sector has been on a growth trajectory for last few years supported by under-penetration, rising demand from middle class, falling interest rates and wide array of choices offered by the sector. The sector consists of Passenger Vehicles (PVs), Commercial Vehicles (CVs), 2 & 3 Wheelers and tractors, with 2-wheeler segment occupying majority of the volume pie.

The total 2-wheeler sales stood at 21,181,390 units, posting a growth of 4.9% over FY2018. PV sales came in at 2,218,549 units for FY2019, registering modest growth of 2.1% over FY2018. The modest growth was driven by multiple factors including liquidity crunch, rising fuel costs and falling consumer sentiments. CV sales crossed landmark of 1 million domestic sales for the 1st time in FY2019 by selling 1,007,319 units in FY2019 compared to 856,916 units in FY2018, registering a robust growth of 17.6%. The growth was driven by strong demand from road, mining, logistics and construction sectors[4].

One of the key beneficiaries of consistent growth in the automobile sector, are Auto Ancillary Companies — the suppliers to automobile companies. The Indian automobile industry is set to continue on its growth trajectory, in the medium term, on the back of steady economic growth and rising demand from middle class. Auto ancillary companies are also set to continue its growth momentum supported by growth in automobile sales, and new regulatory norms, enabling maximum value per model for auto ancillary companies.

General Engineering

The Indian Engineering sector witnessed a remarkable growth over the last few years, driven by increased investments in infrastructure and industrial production. India, on its quest to become a global superpower, has made significant strides towards the development of its engineering sector.

The Indian economy is to activate its stalled engines — agricultural growth and rural demand, trade, and private investment — while ensuring that demand from urban household and public investments — the working engines of the economy — do not run out of fuel.

The engineering sector in India attracts immense interest from the foreign players, as it enjoys a comparative advantage in terms of manufacturing costs, technology and innovation. The favourable regulatory policies and growth in the manufacturing sector has enabled several foreign players to invest in India.

The Foreign Direct Investment (FDI) inflows into India's miscellaneous mechanical and engineering industries during April 2000 to December 2018 stood at around US$ 3.56 billion, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

White Goods Industry

With increasing affordable digital access and rise in product awareness, there is a shift in the lifestyle pattern and consumers are spending more on electronics and home appliances. The consumer group for the White Goods Industry comprises of the emerging middle class of India, who enjoy a rapid rate of urbanisation and rising income levels. Fuelled by the falling prices

1 Source – IMF World Economic Outlook Forecast report – April 2019
2 Source – News agencies – Reuters, CNBC, BBC
3 IMF World Economic Outlook Update – January 2019
4 SIAM, various media articles

of consumer electronics, the radical demographic shifts are expected to further transform the white goods industry in India.

With the per capita GDP of India expected to reach US$ 3,273.85 in 2023 from US$ 1,983 in 2012, the consumer durables sector holds a solid outlook for the long term. Rapid urbanisation and ever-growing per capita income in the economy can ensure this industry's consistent growth potential[5].

Railways

The route length network of Indian Railways is spread over 115,000 km, with 12,617 passenger trains and 7,421 freight trains, travelling each day from 7,349 stations and transporting 23 million travellers and 3 million tonnes (MT) of freight daily.

According to India Infrastructure Research, the railways sector offers an investment opportunity of over ₹10 trillion across various segments. Of this, 80% is constituted by rail tunnels, doubling works and new line projects combined. Furthermore, the Indian Railway plans to manufacture a total of 4,941 coaches in 2019-20 and 4,839 coaches in 2020-21. It is also setting up 17 new manufacturing units at an estimated cost of ₹390 billion.

The passenger coach segment will witness huge growth, led by conversion of all old coaches into stainless steel. Railway infrastructure investments are expected to increase from US$ 58.96 billion in 2013-17E to US$ 124.13 billion in 2018-22E.

Solar Sector Outlook

With the growing Indian economy, the electricity consumption is projected to reach 15280 TWh in 2040. The Government's ambitious green energy targets has enabled the sector to become quite an attractive investment opportunity for both foreign and domestic investors.

As compared to the needs of the growing population and economy, India has a very low conventional energy resource. However, there is huge potential to increase solar energy resources as India receives sunshine most of the year. It also has vast potential in the hydro-power sector, which is being explored in the north-eastern states of the country.

During 2017-18, India added 11,788 MW of renewable energy capacity and it is expected that India will overachieve its Paris Agreement goals. Renewable sources are expected to help meet 40% of India's power needs by 2030 and growth in the solar power installed capacity is expected to surpass the installed capacity of wind power, reaching 100 GW by 2022 from its current levels of 21.65 GW as of March 2018.

Government Initiatives:

Under Union Budget 2018-19, zero import duty on components used in making solar panel was announced to give a boost to domestic solar panel manufacturers.

World's largest solar park named 'Shakti Shala' was launched in Karnataka in March 2018 with an investment of ₹16,500 Crore.

The Indian economy is to activate its stalled engines — agricultural growth and rural demand, trade, and private investment — while ensuring that demand from urban household and public investments — the working engines of the economy — do not run out of fuel.

[5] Media and News Articles

+1,500

Engineered Products

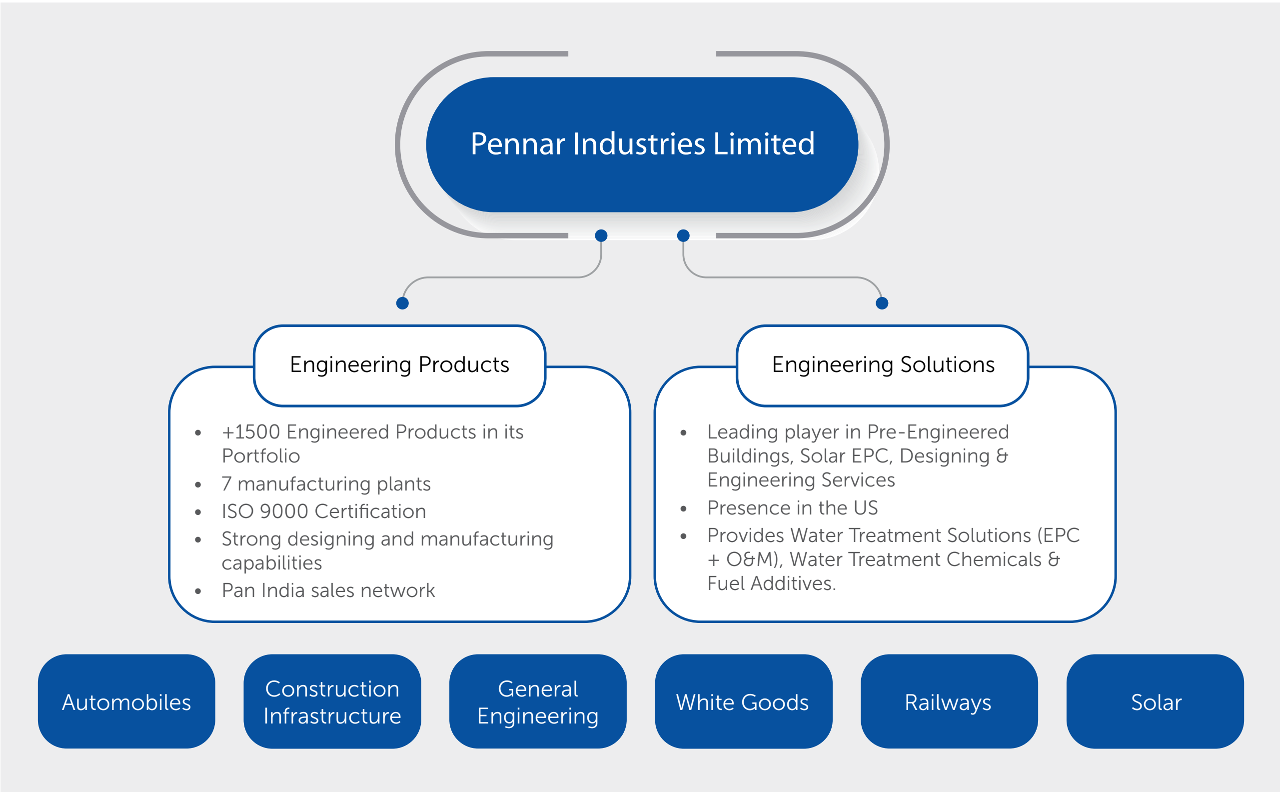
Company Overview

Founded over three decades ago in 1988, Pennar Industries Limited is one of the leading engineering organisations in India and is well known for its expertise in providing engineered products and engineering solutions. The Company's business philosophy strives to achieve capital efficiency and accelerated growth, which is also its key differentiator. This enables the Company to consciously add value to all its processes and stakeholders.

The Company started its journey with first manufacturing plant at Isnapur, near Hyderabad, and since then, has established itself as Diversified Engineering Company with End-To-End Capabilities.

Having a strong pedigree and engineering excellence, and the Company has merged Pennar Engineered Building Systems Limited, Pennar Enviro Limited, into Pennar Industries Limited (PIL), after which the Company has accumulated a wide spectrum of Engineered Products and Customised Turnkey Engineering Solution under its belt, catering to a range of high growth sectors.

The Company has diversified its offerings of Engineered Products and Engineering Solutions broadly across six sectors; namely; Automobiles, Construction Infrastructure, General Engineering, White Goods, Railways and Solar.



Management Discussion And Analysis

Leveraging the heritage of over 35 years, the Company has over 1,500 Engineered Products in its portfolio and 7 manufacturing plants with ISO 9000 Certification. The Engineered Products vertical of the Company has strong designing and manufacturing capabilities and caters to diverse sectors through its robust manufacturing facilities and pan India sales network.

"The merger is expected to create a leaner group structure, result in better synergies and optimisation of costs and improved fund utilisation. It will also result in Pennar Industries Limited (PIL) having a better capital structure, pooled resources and synchronised growth plans. This will eventually lead to focused growth, higher profitability and shareholder value creation."

Mr. K M Sunil
Vice President
Corporate Strategy

+35

Years of Experience

Key Highlights

The financial year ended in a strong note for the Company, with a record sales and profitable growth. During the year we created a strong base of growth for Pennar and believe that all our business units have capability to grow in the coming year.

The Company has seen robust momentum in new orders across all product segments from existing as well as new customers.

The Company during year also added New Product range in the existing portfolio. The new product range includes Jack Cylinder-Bailey, Action Construction Equipment, AGCO, Kone-Elevator Bed Plate, DTX- Rod clevis, and Venus -Bottom Cover.

Engineering Products

As a go-to brand for large number of components, the Engineering Products of Pennar Industries offers wide range of products to diverse industries, and is an expert in critical, customised components accessories. Moreover, Pennar Industries is the preferred supplier for many major companies.

Pennar industries harbours a comprehensive product offering across diverse, high growth industries

The Automobiles Sector

Pennar Industries caters to the Automobiles Sector, as it is one stop shop for large number of automobile components. The Company provides three types of product to this sector, that are Special grade CRSSs (Cold Rolled Steel Sheets), Critical Components, CDWs (Cold Drawn Welded Tubes) and ERWs (Electric Resistance Welding Tubes).

Business Outlook

CRSS has a range of products, servicing the automotive sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. The Company is looking at growing the sheet piling products and also automotive formed sections business. While it does not expect rapid growth in the Steel Products business unit, the Company is confident that the special grade CR sales should result in significant growth in revenue and EBIDTA. Over the medium term this business unit will have moderate growth in line with the general growth in the infrastructure, automotive sand process engineering sectors in India.

Various Applications of our Products for the Automobiles Sector

Special Grade CRSS	Critical Components	Precision Tubes
Rear Fender	Disc Brake Blanks	Front fork Top / Bottom
Muffler Body	Wiper Motor Covers	Steering column
Fuel Tank	Vacuum Booster Cover Assembly	2W main frame
Mudguard	Yokes for Starter & Wiper Motor	Bottom chassis
Front Frame & Panel	Car Seats Components	Fuel tank spacer
Assembly Bumper	Air Braking System Components	Swing arm
Support Panel	Drum Brakes System Components	Propeller shaft
Side Panel	Parts for Air & Oil Filters	Catalytic converter
Fine Blanking		Fuel injection
		Side impact beams
		4W dashboard frame
		Shock absorber

Construction & Infrastructure Sector

As structural steel is the preferred material for construction of fast track projects, Pennar Industries, having an extensive experience of over 3 decades, manufactures steel products for companies in Construction and the Infrastructure sector. The Company provides three type of products under this, which are Building components, Civil Infrastructure and Hydraulic Cylinders.

The three main products that make up the Building Components sector are Purlins, Roofing Sheets and Decking Profiles. The products manufactured for Civil Infrastructure purposes include Metal Crash Barriers and Sheet Pilings, which are mainly used for safety and protection systems. Another product manufactured for this sector are Hydraulic Cylinders, which are used for construction equipment, building ships, and bulk cargo handling, amongst others.

Business Outlook

The Company is currently working on two residential projects of 11 stories each, two commercial office buildings of 18 stories each and a 6 story school building. It has also rapidly expanded the structural engineering services vertical which services metal building and structural fabrication companies in the US and other geographies. With GST implementation, sectors such as warehousing, building construction and the capital goods are expected to grow strongly over the next few years and Pennar has cohesive capabilities to take advantage of these opportunities.

Management Discussion
And Analysis

General Engineering Sector

The Company strategically ventured into servicing high end sectors like aerospace (machining components) and nuclear power, evolving beyond being considered primarily as a general engineering products player.

In the engineering space, Pennar Industries offers products such as Special Grade CRSS, ESP Electrodes and Precision Tubes.

ESP Electrodes are used for pollution control in all industrial units. ESP efficiently removes the particulate matter from air and other gases.

Business Outlook

The favourable regulatory policies and growth in the manufacturing sector have been key drivers to enter this space and leverage on the expertise that Pennar Industries has. The Company continues to invest in its capacity and precision improvements that is expected to drive organic growth and aims to make this business vertical capable of generating high revenue and cash flow growth.

Various Applications of our Products for the General Engineering Sector

Special Grade CRSS		
Electrical Laminations	Containers	Connectors
Oil Filters	Gear Cases	Cycle Rims
Precision Tubes		
Cycle Pumps	Hydraulic and Pneumatic Line	Bearings and Spindles
Furniture Tubes	Industrial Chain Roller	Gas Stove Lighters
Textile Frames and Bobbins	Main Beam for Pedestal Fans	APH & IBR Tubes used in Boilers & Heaters
Electrical Conduit	Oxygen Lancing Pipes	

White Goods Sector

Pennar Industries caters to the White Goods industry as it has an expertise in critical, customised components accessories for refrigerators & air-conditioners.

The company leveraged its long lasting engineering insights to extend into this business. The company's plants in Patancheru and Chennai are equipped with state of the art equipment and facilities (press shops and tool maintenance) that ensures the fabrication of high precision quality products supported by a centralised CNC room.

Various Applications of our Product for White Goods Sector

Refrigerators & AC Components
Door And Side Panels
Compressor Shells And Other Accessories
Rotary compressor housings

With GST implementation, sectors such as warehousing, building construction and the capital goods are expected to grow strongly over the next few years and Pennar has cohesive capabilities to take advantage of these opportunities.

Railways

For over 3 decades, Pennar Industries has been a preferred supplier of critical structural railway components, and is also certified by RDSO & RITES.

Pennar has been providing railway wagon components to the Indian Railway Sector. The Railways vertical has exhibited high growth in revenue in the past three financial years. Pennar provides custom-designed cold roll formed profiles that find application in the manufacture of railway wagons because of their superior strength to weight ratio that are an alternative for the conventional hot rolled sections of non uniform thickness.

The Company developed, and continues to supply stainless steel sections for modern day stainless steel wagons. It emerged as a major supplier of key sections (including heavy fabricated parts) for railway coaches.

Business Outlook

Pennar serves in total to 32 customers in the Railways segment, of which major customers include Integral Coach Factory—Chennai, Modern Coach Factory—Raebareli, Texmaco Rail & Engineering Ltd.—Kolkata, Hindustan Engineering India Ltd.—Kolkatta, Cimmco Ltd.—Kolkatta, and BEML Ltd—Bangalore.

Various Applications for our Railway Components

Profiles for railway wagons and coaches.
Rail Coaches (Conventional, EMU, MVRC) & Wagons
Under frame components for coaches and wagons.
Fabrication of side walls, end walls and roofing assemblies for LHB coaches.

Solar Sector & Others

Solar

Being the market leader in solar module mounting solutions, Pennar Industries provides Solar Module Mounting Solutions for Solar Panels. The Company has strategically located manufacturing plants to enable quick delivery. These include factories in Tarapur (close to Gujarat & Rajasthan) and in Chennai, Patancheru and Isnapur (close to AP, Tamil Nadu, Orissa, Karnataka and other states).

Being the largest cold roll formed steel section manufacturer in India, Pennar Industries has supplied mounting structures and structural components to various solar plants across India.

Pennar Industries is also equipped with a strong team of design engineers who have helped optimise the weight of mounting structure by approximately 30%, thereby helping greatly in reducing the overall cost of the structures, and in turn, the cost of the Solar Power Project.

Storage Solutions

Pennar Industries has wide portfolio of custom designed storage products and provides a solution to meet customers storage requirements. It provides solutions, Special solutions, Storage accessories.

Performance Highlights for Engineering Products

Robust Growth Along with Focus on Value Addition

By introducing a value added niche for engineering products, the Company has improved its product mix. The growth in this sector is driven by the rising share of special grade steel products, higher margin CDW tubes, and custom designed industrial components. With the continued focus on value addition, there is a strong growth potential in the high-margin railway and solar businesses. This in turn has results in consistent revenue growth and improved EBITDA margins, despite commodity price volatility.

Retail Initiative in Building Materials

Pennar Industries is known for its innovative and customised value-added engineered products and believes that organised retailing of ready-to-use steel building products is on the rise.

Pennar Industries' Build360° branded retail store was opened in 2017 in Vijayawada and currently has 15 operational stores located across Andhra Pradesh. The average store size is around 10,000 sq. ft. and offers comprehensive products required for building construction ranging from domestic construction to high rise building such as tubes, roof sheeting, profiles and fasteners.

Management Discussion And Analysis

The retail stores have an in-house manufacturing to ensure efficient inventory management & cost efficiencies, with focus on timely product availability and quick customer response.

The Company aims to expand its retail presence in other states like Telangana, Tamil Nadu and Maharashtra.

Key Business Updates - Engineered Products

- The Company has a rising share of value-added & higher margin engineered products, which has led to improved gross margins.
- The Company ensures the supply of critical structural railway components (coaches, wagons, other parts). The Company caters to a total of 32 existing customers, with major customers like Integral Coach Factory and Modern Coach Factory.
- The Company ensures the supply of critical industrial components (to Automobile & White Goods sectors).
- The Company ensures the supply of precision tubes across Industries The Company caters to more than 350 customers, which includes major customers like Mahindra, Gabriel, Yamaha, and Bridgestone.
- The Company ensures the supply of other fabricated products like ESP electrodes, building materials, special grade CRSS, and solar MMS, amongst others.-
- The Company benefited from a robust momentum in new orders across all product segments from existing as well as new customers.

Future Growth Strategy for Engineered Products

Diversifying Geographical Presence Across Global Markets

Pennar Industries visions to be a recognised global player is working towards setting up a manufacturing presence in the US Market by 2019-20, along with exploring other key markets such as APAC, Europe and MENA. The Company is also exploring possible technical collaborations for the expansion of its product portfolio.

Expand Business into New Businesses

With an aim to cater to new emerging industries that have high growth capabilities, the Company plans to expand its presence and capabilities to service new value-added businesses like defence manufacturing, aerospace (precision machining), nuclear power, and precision auto & engineering components.

Strengthen Niche Engineering Capabilities

The Company aims to move up the Value Chain by strengthening the niche engineering capabilities. To facilitate this, it plans to expand its product offerings and engineering capabilities across multiple sectors and evolve component manufacturing towards higher value addition & precision engineering. The Company also aims to increase the share of critical components manufacturing to further strengthen customer engagement and create entry barriers.

With an aim to cater to new emerging industries that have high growth capabilities, we plan to expand our presence and capabilities to service new value added businesses like defence manufacturing, aerospace nuclear power, and precision auto & engineering components.

Robust Revenue Growth by Catering to High Growth Industries

Pennar Industries has targeted a high double digit volume growth over near to medium term. To enable this, the Company aims to focus on high growth sectors like Automobiles, Construction & Infrastructure, Railways, and Solar; and continues to grow its manufacturing capacities to support this aggressive business expansion strategy.

Engineering Solutions

A Leading Player in Pre-Engineered Building Products

Market Leadership

Pennar Industries Limited is one of the leading players in pre-engineered buildings and structural steel in India and has expertise in the design, fabrication, and erection of customised pre-engineered steel buildings, building components and structural steel.

Extensive Product Offerings

The Company offer diverse products and services such as factory buildings, warehouses, power plants, commercial centres, high-rise buildings, aircraft hangars, defence installations, sports stadiums, industrial racking systems, cold-form structures for low cost housing, metro stations, solar module mounting structures, and telecom transmission towers.

Strong Engineering Capabilities

With a best in class project management and engineering team, Pennar Industries is one of the few companies in India to offer leak-proof roofing systems. It also has technical alliance with NCI Group Inc., a leading steel building player in USA, to help with the technical knowhow and supply of standing seam roofing panel systems in India under the brand name 'Double Lok®'.

Cutting-Edge Manufacturing

The Company has one of the best plants in India, with modern technology and high precision equipment, sourced from leading suppliers across the world. The world-class manufacturing facility is 29,000 sq. m. big, and is built on a 33 acre plot in Sadashivpet near Hyderabad, with a total production capacity of 90,000 MTPA.

Performance Highlights of Pre-Engineered Building Products

Pennar Industries has showed consistent growth over last 9 years in Pre-Engineered Building Products.

- Over 1,250 projects successful completed in the span of FY2010-2018
- Supplies to over 650 customers

+1,250

Projects Completed during FY 2010-2018 (Under PEBS)

+650

Customers Catered Under Engineering Products

Management Discussion
And Analysis

Landmark Projects

Amazon India - Hyderabad

Ultratech - Kotputli

IKEA-Hyderabad

MRF Tyres - Perambalur

IOT - ONGC Opal - Gujarat

Phoenix -Trivium - Hyderabad

L&T Metro - Hyderabad

Haier India- Pune

Growth Strategy for Pre-Engineered Building Solutions

As the market for Pre-engineered buildings and Solar Module Mounting Systems has become highly competitive, the Company plans to diversify into new segments to drive revenue and margin growth. The new revenue segments include Railways (under-frame manufacturing), Hot Rolled sections, Racking systems, Space Frame Structures, EOT Cranes, Fasteners and Civil works.

Additionally, there will an increased focus on high growth and newly emerging portfolios like High Rise Steel Buildings (commercial & residential), and Cold Form structures for low cost housing projects. Going forward, the Company aims to offer end-to-end Solar EPCs by making Solar PV Panels and Solar MMS, while also providing installation and erection services. Moreover, it is also planning to expand its presence into US market by providing design and engineering services, converting current outsourcing orders into in-house manufacturing orders, leading to lower project costs and higher profitability.

Design & Engineering Services

Leveraging Capabilities to Tap Global Markets

Pennar Industries, through PEBS Pennar, launched the Design & Engineering Services in 2014 in order to leverage Pennar's large structural engineering team capabilities. The Company aims to provide design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space in the US and other geographies. It is an important segment to the Company, as it generates good EBITDA margins.

Pennar Industries caters to the overseas market through Pennar Global (PGI) headquartered in Houston, Texas. The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Moving ahead, the Company's focus areas will be Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors.

Emerging Player in Water Treatment Solutions

Pennar Industries with the merger of Pennar Enviro Limited, is now a fast-emerging player in the field of water treatment chemicals; water and environment infrastructure turnkey solutions; and fuel additives, and has an extensive range of high-performance specialty water treatment chemicals.

The Company operates in industrial, municipal, residential water and sewage treatment projects and sea or brackish water desalination, and offers diverse EPC + O&M solutions such as WTPs, STPs, ETPs, ERPs, ZLDPs, using various advanced and environmentally friendly technologies.

It is also pioneer in the field of high technology fuel additives based on fuel characteristic requirements & specific performance enhancements. Additionally, it is the authorised manufacturer and marketer of Elf Fuel Oil Additives.

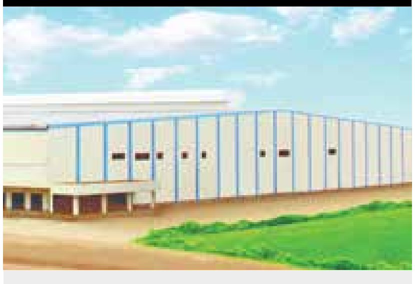
Growth Strategy – Water Treatment Solutions

Pennar Industries aims to be a significant player in the industrial and municipal water treatment and wastewater treatment solutions. The Company also plans to standardise water treatment plants, which will be pre-engineered & skid mounted with short delivery cycles to meet customer requirements in Urban, Realty and the MSME industrial segment.

As the market for Pre-engineered buildings and Solar Module Mounting Systems has become highly competitive, we plan to diversify into new segments to drive revenue and margin growth.

Landmark Projects

Reliance National Distribution Centre, Pune



Hetero Drugs Plant - Hyderabad

Shantha Biotech - Hyderabad

L&T Valves - Bengaluru

Management Discussion
And Analysis

Going forward, the Company also plans to diversify its presence across international markets such as South East Asia (Philippines, Indonesia, Malaysia, Thailand, Myanmar) & Africa, and along with that, also build the Company's reach and penetration in high potential markets.

Currently, the Company has a network of 12 dealers, which it plans to expand more number of dealers across India, and it aims to use this dealer network to take the performance of the chemical business along with standard plants, to a larger base of potential customers. Keeping in mind the small-scale customers, the Company plans to standardise these products.

Financial Performance

The Company has recorded the highest ever consolidated net sales. This achievement is attributed to the company's new products and its ability to increase new customer base.

All the business units are profitable and showed growth over previous year. Following table highlights the EBITDA

Financial Highlight

₹ in million

Particulars	FY 2019	FY 2018
Revenue	21,599	18,143
EBITDA	1,999	2,218
PBT	9,682	12,513
PAT	667	905

Ratio Analysis

	FY 2019	FY 2018
Debt Equity Ratio	0.67	0.56
Operating Profit Margin (%)	8.1%	10.7%

Risk Management

Risk is integral to every business transaction. Hence it is critical to balance risk and returns in order to maximise long-term sustainability. The company possesses a risk management team, which periodically evaluates the risks associated with the company and takes corrective measures.

Industry Risk - ***Adverse impact on business owing to downstream industry slowdown*** – To mitigate this, the Company provides more than 1,500 products across diverse industry verticals and a number of them are growing strongly. It is also continuously evaluating new products and high growth sectors to further diversify its user base.

Customer Retention Risk - Inability to cater to retail customers could impact business sustainability – To mitigate this, the Company's products have high entry barriers. Clients need to test them for a long period to approve them. To change vendors, clients have to replicate the test processes with others. Besides, the Company is quick to adopt new processes and provides clients with suggestions for procedural improvements.

Quality Risk - Inability to maintain quality could lead to loss of business – The Company is ISO 9001:2008-compliant. It invested in state-of-the-art quality control laboratory to ensure high product quality. Quality is critical as some of the products have stringent applications. The Company also invested in modern technologies at its manufacturing locations. These technologies include laser cutting, plasma cutting, transfer presses and CNC machines.

Product Mix Risk - Inability to provide the right product mix may impact offtake - Over the years, to mitigate this risk, the Company has produced high precision and value added products. The Company's high precision fabricated products are evolved as per dynamic customer requirements. The Company moved from commodity to value-added products, enabling it to derive better margins.

Funding Risk - *Inability to fund expansion could affect business sustainability* - The Company enjoyed a bare minimum debt-equity ratio for long-term loans and a healthy interest cover.

Internal Controls & Their Adequacy

The Company has set in place an effective internal control system, which undergoes continuous review. In addition corrective measures are taken to enhance their efficiency. In accordance with the highest industry standards, the Company has been accredited with ISO 9001 (quality systems). The Company's robust ERP system defines queries for detection of exceptions and/or detection of deviating transactions, real-time analytics on transactional data, unmatched flexibility when changing reporting structures and even real-time simulation of business scenarios.

Human Resources

Pennar Industries has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company took steps for upgrading the knowledge base of its employees by continuous training. A systematic learning and development plan is in place to identify training needs, provide training and evaluate the learnings. The Company imparts training on behavioural safety aspects along with process-based training to enhance employee and improve productivity. The Company continues to take care of employee welfare. It organised camps for checking the health of operatives and staff by ESI and other medical agencies. Thus, HR has built an open, transparent and meritocratic culture to nurture human capital. Performance orientation and ethics are high priority areas for the Company. The work environment and career opportunities help retain talent.

CSR Initiatives

A foundation to undertake the CSR activities have been formed namely Pennar Foundation. The following activities have been identified to establish a CSR Policy:

- Eradicating poverty hunger and malnutrition
- Better hygiene and sanitation
- Adequate and portable water supply
- Better education facilities and infrastructure to students of schools
- Shelters for people
- Promotion of education
- Promotion of health
- Plantation of trees and their protection.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Pennar Industries, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Pennar Industries Annual Report, FY2019.

Notice

NOTICE is hereby given that the 43rd Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Monday, the 30th September, 2019 at 10:00 A.M. at Radisson Hyderabad, HITECH City, Gachibowli, Hyderabad - 500 032, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2019 together with the reports of the Board of directors and the auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

   (a) "RESOLVED THAT the audited financial statement of the Company for the financial year ended 31st March, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   (b) "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended 31st March, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint a Director in the place of Mr. Eric James Brown (DIN: 07670880) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Eric James Brown (DIN: 07670880), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3. To appoint a Director in the place of Mr. P V Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. P V Rao (DIN: 03157581), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Special Business

4. **To confirm the appointment of Mr. Chandrasekhar Sripada (DIN: 02813923) as Director who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

   "RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made thereunder and subject to the Articles of Association of the Company, Mr. Chandrasekhar Sripada, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 12.02.2019 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Chandrasekhar Sripada as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company not liable to retire by rotation."

Notice

5. **To appoint Mr. Chandrasekhar Sripada (DIN: 02813923) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT Pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and Listing Regulations, Mr. Chandrasekhar Sripada (DIN: 02813923) who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mr. Chandrasekhar Sripada as a candidate for the office of a director of the Company, who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 12.02.2019 to 11.02.2024 not liable to retirement by rotation."

6. **To confirm the appointment of Mrs. Bharati Jacob (DIN: 00174865) as Director who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

   "RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made thereunder and subject to the Articles of Association of the Company, Mrs. Bharati Jacob, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 27.05.2019 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Bharati Jacob as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company not liable to retire by rotation."

7. **To appoint Mrs. Bharati Jacob (DIN: 00174865) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

   "RESOLVED THAT Pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and Listing Regulations, Mrs. Bharati Jacob (DIN: 00174865)who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mrs. Bharati Jacob as a candidate for the office of a director of the Company, who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 27.05.2019 to 26.05.2024 not liable to retirement by rotation."

8. **To re-appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director of the Company for a period of two year with effect from 9th February, 2019 to

8th February, 2021, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 12th February, 2019, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.
ii. Special salary shall be ₹ 30,00,000/- per annum.
iii. Perquisites and Allowances shall be ₹ 17,16,000/- per annum.
iv. In addition to the above, company car with driver and fuel and also communication facilities will be provided to Mr. Aditya Rao. These will be treated as perquisites and will be taxed as per the perquisite tax rules.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the Company.

All future remuneration growth be determined by the accomplishment of market cap growth and PAT growth. The remuneration of Mr. Aditya Rao will be reviewed annually.

50% of remuneration growth should be linked to the market cap and 50% to the accomplishment of PAT growth.

Consequently if the average market cap for a year grows x% from the average the previous year, the remuneration should be increased by 1/6th of x%. So a 30% increase in market cap should result in an increment of 5%. A decrease in share price should leave his remuneration flat. The increase should be capped at 5% with any increase above that being given as a one-time bonus.

If the PAT of the company in the year grows by y% over the previous year, then the remuneration should be increased by 1/6th of y%. So a 30% increase in PAT should result in an increment of 5%. A decrease in PAT for the year should result in no remuneration increase for the year. The increase should be capped at 5% with any increase above that being given as a one-time bonus.

Combined if the market cap of the company and the PAT increase by 30% then Mr. Aditya Rao's remuneration should increase by 5% + 5% = 10%.

Under this mechanism the following would be the remuneration growth:

1. Scenario 1: 30% growth in average market cap and 30% growth in PAT = remuneration growth of 10%.
2. Scenario 2: 15% growth in average market cap and 15% growth in PAT = remuneration growth of 5%.
3. Scenario 3: 0% growth in average market cap and 0% growth in PAT = remuneration remains the same.
4. Scenario 4: -15% growth in average market cap and -15% growth in PAT = remuneration remains the same.
5. Scenario 5: -15% growth in average market cap and 30% growth in PAT = remuneration growth by 5%
6. Scenario 6: -15% growth in average market cap and 60% growth in PAT = remuneration growth by 5% and one time bonus of 5%

Notice

7. Scenario 7: 60% growth in average market cap and 60% growth in PAT = remuneration growth of 10% and one time bonus of 10%.

"RESOLVED FURTHER THAT so long as Mr. Aditya Rao (DIN: 01307343) functions as the Vice-Chairman and Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

9. **To appoint Mr. P V Rao (DIN: 03157581) as Joint Managing Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. P V Rao (DIN: 03157581) as Joint Managing Director of the Company for a period of one year with effect from 27th May, 2019 to 26th May, 2020, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 25th May, 2019, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 97,90,000/- per annum.
ii. Special salary shall be ₹ 39,16,000/- per annum.
iii. Perquisites and Allowances shall be ₹ 33,08,800/- per annum.
iv. In addition to the above, company car with driver and fuel and also communication facilities will be provided to Mr. P V Rao. These will be treated as perquisites and will be taxed as per the perquisite tax rules.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. P V Rao.

All future remuneration growth be determined by the accomplishment of market cap growth and PAT growth. The remuneration of Mr. P V Rao will be reviewed annually. 50% of remuneration growth should be linked to the market cap and 50% to the accomplishment of PAT growth. Consequently if the average market cap for a year grows x% from the average the previous year, the remuneration should be increased by 1/6th of x%. So a 30% increase in market cap should result in an increment of 5%. A decrease in share price should leave his remuneration flat. The increase should be capped at 5% with any increase above that being given as a one-time bonus.

If the PAT of the company for PEBS in the year grows by y% over the previous year, then the remuneration should be increased by 1/6th of y%. So a 30% increase in PAT should result in an increment of 5%. A decrease in PAT for the year should result in no remuneration increase for the year. The increase should be capped at 5% with any increase above that being given as a one-time bonus.

Combined if the market cap of the company and the PAT increase by 30% then Mr. P V Rao's remuneration should increase by 5% + 5% = 10%.

Under this mechanism the following would be the remuneration growth:

1. Scenario 1: 30% growth in average market cap and 30% growth in PAT = remuneration growth of 10%.
2. Scenario 2: 15% growth in average market cap and 15% growth in PAT = remuneration growth of 5%.
3. Scenario 3: 0% growth in average market cap and 0% growth in PAT = remuneration remains the same.
4. Scenario 4: -15% growth in average market cap and -15% growth in PAT = remuneration remains the same.
5. Scenario 5: -15% growth in average market cap and 30% growth in PAT = remuneration growth by 5%
6. Scenario 6: -15% growth in average market cap and 60% growth in PAT = remuneration growth by 5% and one time bonus of 5%
7. Scenario 7: 60% growth in average market cap and 60% growth in PAT = remuneration growth of 10% and one time bonus of 10%.

"RESOLVED FURTHER THAT so long as Mr. P V Rao (DIN: 03157581) functions as the Joint Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

10. **To re-appoint Mr. B Kamalakar Rao (DIN: 00038686) as an Independent Director and in this regard, pass the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. B Kamalakar Rao (DIN: 00038686), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company."

Notice

11. **To re-appoint Mr. Manish Mahendra Sabharwal (DIN: 00969601) as an Independent Director and in this regard, pass the following resolution as a Special Resolution:**

    "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Manish Mahendra Sabharwal (DIN: 00969601), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company."

12. **To re-appoint Mr. Varun Chawla (DIN: 02097425) as an Independent Director and in this regard, pass the following resolution as a Special Resolution:**

    "RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Varun Chawla (DIN: 02097425), who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting and being eligible, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company."

13. **To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2020 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

    "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. Shaik & Associates., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020, and also to ratify the remuneration of ₹ 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses."

    "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

14. **To Create Charges and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

    "RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 28th day of September, 2018 and pursuant to Section 180(1)(a) of companies Act 2013 and other applicable provision if an, of the companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the company be and is hereby accorded to the Board of Directors of the Company to create such charges (including but not limited to Mortgages and Hypothecations) in addition to the existing charges created by the Company, on such movable, immovable and other properties / assets or the whole or substantially the whole of the Undertaking or the Undertakings of the Company both present and future or in such manner the Board may deem fit In the best interest of the Company, together with the power to take over management and concern of the Company in certain events, so as to secure 'Fund based borrowing (including but not limited to Rupee / Foreign Currency Loans, Debenture, Bonds or other instruments)' and 'Non- fund based Facilities / Limits etc., availed from Banks / financial institutions, Companies Body Corporate and others', Corporate Guarantee etc., provided that the total amount of such Funds base borrowing, Non-fund based support, Corporate Guarantees or other together with interest, cost, charges, expenses and other monies payable by the company by whatever name called, shall not, at any time, exceed ₹ 1,500 crores (Rupees One Thousand Five Hundred Crores) and that for the implementation of this Resolution, the Board may act through any Committee / Director or any other person duly authorized in that behalf."

15. **To borrow in excess of paid-up capital and free reserves and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 28th day of September, 2018 and pursuant to Section 180(1) (c) of Companies Act 2013 and other applicable provision if any, of the Companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money as it may deem proper notwithstanding that the money to be borrowed together with the money already borrowed by the company, if any (apart from temporary loans obtained from the company's banker in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys to be so borrowed by the Company together with money already borrowed (apart from temporary loans obtained from the Company's bankers in ordinary course of business) shall not exceed ₹ 1,500 crores (Rupees One Thousand Five Hundred Crores only) outstanding at any one time and that for the implementation of this Resolution, the Board may act through any Committee /Director or any other person duly authorized in that behalf."

16. **To alter the Articles of Association of the Company and in this regard, pass the following resolution as a Special Resolution:**

"RESOLVED THAT Pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and rules made thereunder, the existing Article No. 106(i) of the Company be and is hereby replaced as under:

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Article No.	Amendment
106(i)	The existing Article replaced with the following Article: "Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3(three) and not more than 15(fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board shall have an optimum combination of executive and Independent Directors with atleast 1(one) woman Director, as may be prescribed by law from time to time."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution and for matters connected therewith or incidental thereto."

By Order of the Board
for Pennar Industries Limited

Place : Hyderabad
Date : 12.08.2019

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS No. 29058

Notes :

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, was appointed as Statutory Auditors of the Company at the 41st Annual General Meeting held on 28th August, 2017. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7th May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.

2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.

3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

4. The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2019 to 21st September, 2019, both days inclusive in connection with the Annual General Meeting.

5. An Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed herewith.

6. Shareholders desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the registered office of the company at least seven days before the date of the Annual General Meeting, so that the information requested may be made available.

7. Members are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting

8. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.

9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. Karvy Fintech Private Limited (formerly Karvy Computershare Private Limited), Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500032 in respect of shares held in physical mode and to their depository participants in respect of shares held in dematerialized form.

10. Members are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.

11. Copies of the Annual Report 2019 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2019 are being sent by the permitted mode.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

13. Members/Proxies are requested to bring their copy of the Annual Report to the meeting.

14. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s. Karvy Fintech Private Limited (formerly Karvy Computershare Private Limited), in respect of all resolutions set forth in this Notice. Subhash Kishan Kandrapu, (Membership No. 32743) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

Notice

The procedure and instructions for e-voting are as follows:

a) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'

b) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- For NSDL :- 8 Character DP ID followed by 8 Digits Client ID For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Postal Ballot Form / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

c) Please contact our toll free No. 1-800-34-54-001 for any further clarifications.

d) Members can cast their vote online from 26th September, 2019 @ 10:00 A.M. to 29th September, 2019 @ 5.30 P.M. During this period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of 23rd September, 2019, may cast their vote electronically.

e) After entering these details appropriately, click on "LOGIN".

f) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z).one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through M/s. Karvy Fintech Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

g) You need to login again with the new credentials.

h) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.

i) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.

j) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'

k) After selecting the resolution you have decided to vote on, click on "SUBMIT".A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

l) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

m) Corporate/Institutional Members (corporate /Fls/Flls/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to subbok@gmail.com with copy to evoting@karvy.com and mirza.baig@pennarindia.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name_ Event no."

Explanatory Statement
[pursuant to Section 102(1) of the Companies Act, 2013]

Item # 4&5 Appointment of Mr. Chandrasekhar Sripada as an Independent Director

The Board, at its meeting held on 12th February, 2019 appointed Mr. Chandrasekhar Sripada as an Additional Non-Executive Independent Director of the Company with effect from 12th February, 2019, pursuant to Section 161 of the Companies Act, 2013, read with Article 107 of the Articles of Association of the Company.

His induction on the Board as an Independent Director would be of immense benefit to the company. The Names of companies in which Mr. Chandrasekhar Sripada holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Mr. Chandrasekhar Sripada works on a portfolio of offerings in education, research, teaching, Board governance, advisory services, writing, public speaking and coaching; as his second career - after a 40 years corporate career in Human Resource Management across Public, Private and Multi-National Companies. As a CHRO, he has led Human Capital Strategies and partnered with CEOs and top teams in major companies like IBM, Capgemini, Reliance and NIIT. Starting as a Management trainee with SAIL, he retired as the Global Chief Human Resource Officer at Dr. Reddy's -a leading NYSE listed Pharma Company. Mr. Chandrasekhar Sripada is currently a Professor (OB & Human Capital) Indian School of Business, Hyderabad.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Chandrasekhar Sripada will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Chandrasekhar Sripada for the office of director.

The Company has received from Mr. Chandrasekhar Sripada (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Chandrasekhar Sripada as an Independent Director of the Company up to 11.02.2024 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Chandrasekhar Sripada, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Chandrasekhar Sripada as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

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The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 4&5 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Chandrasekhar Sripada, to whom the resolution relates, is interested or concerned in the resolution.

Item # 6&7 Appointment of Mrs. Bharati Jacob as an Independent Director

The Board, at its meeting held on 27th May, 2019 appointed Mrs. Bharati Jacob as an Additional Non-Executive Independent Director of the Company with effect from 27th May, 2019, pursuant to Section 161 of the Companies Act, 2013, read with Article 107 of the Articles of Association of the Company.

Her induction on the Board as an Independent Director would be of immense benefit to the company. The Names of companies in which Mrs. Bharati Jacob holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Mrs. Bharati Jacob has a wide repertoire of experience spanning consumer research, financial planning and venture investing over 30 years. Mrs. Bharati Jacob is currently the co-founder and Managing Partner at Seedfund an early stage fund targeting Indian market opportunities. She has successfully raised funds from large institutions such as Commonwealth Development Corporation of UK, The welcome Trust, Danish Pension fund. Mrs. Bharati Jacob has been named business women of the year by Forbes India Business Today and Outlook business.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Bharati Jacob will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mrs. Bharati Jacob for the office of director.

The Company has received from Mrs. Bharati Jacob (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mrs. Bharati Jacob as an Independent Director of the Company up to 26.05.2024 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She is not liable to retire by rotation.

In the opinion of the Board of Directors, Mrs. Bharati Jacob, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and she is independent of the Management. A copy of the draft letter for the appointment of Mrs. Bharati Jacob as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 6&7 of the notice for your approval. No director, key managerial personnel or their relatives, except Mrs. Bharati Jacob, to whom the resolution relates, is interested or concerned in the resolution.

Item # 8 Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director

The members of the Company at their Annual General Meeting held on 28th September, 2017 had approved the terms of appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director of the company for a period of two years commencing from 09.02.2017.

The Board of Directors at its meeting held on 12.02.2019 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director of the Company for a period of two years commencing from 09.02.2019 to 08.02.2021 including payment of remuneration. The Nomination and Remuneration Committee at its meeting at its meeting held on 12th August, 2019 recommended to the Board of Directors to link the future remuneration growth of Mr. Aditya Rao to market cap growth and PAT growth, the Board of Directors at its meeting held on 12th August, 2019 considered and approved to link the future remuneration of Mr. Aditya Rao to market cap growth and PAT growth.

Mr. Aditya Rao worked on creating and implementing the company's growth strategy, organisation structure, controls and team building. His mandate is to create a perpetual growth company with business units that continually scale revenue and profitability along with rigorous risk management controls.

Names of companies in which Mr. Aditya Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 8 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Aditya Rao and Mr. Nrupender Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

Item # 9 Appointment of Mr. P V Rao as Joint Managing Director

Mr. P V Rao was the Managing Director of Pennar Engineered Building Systems Limited, Pursuant to the Order of the Hon'ble National Company Law Tribunal, Hyderabad Bench dated 8th May, 2019 with respect to Scheme of Amalgamation of Pennar Engineered Building Systems Limited with Pennar Industries Limited, the Board of Directors at its meeting held on 27th May, 2019 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. P V Rao as Joint Managing Director of the Company for a period of one year commencing from 27.05.2019 to 26.05.2020 including payment of remuneration.

The terms and conditions of his appointment are as follows :

1. Remuneration : As provided in the resolution.
2. Period of appointment : from 27th May, 2019 to 26th May, 2020.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. P V Rao shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

Notice

Mr. P V Rao has been handling the day to day operations of the PEBS business unit of the Company.

Names of companies in which Mr. P V Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. P V Rao as Joint Managing Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 9 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. P V Rao, to whom the resolution relates, is interested or concerned in the resolution.

Item # 10, 11 and 12 Appointment of Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company

Mr. B Kamalaker Rao (DIN: 00038686), Mr. Manish Mahendra Sabharwal (DIN: 00969601) and Mr. Varun Chawla (DIN: 02097425) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges. They hold office as Independent Directors of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors has recommended reappointment of Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an Independent Director may hold office for up to two consecutive terms.

Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla for the office of Independent Directors of the Company.

The Company has also received declarations from Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

In the opinion of the Board, Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla are independent of the management.

Names of companies in which Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Copy of draft letters of appointment of Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla setting out the terms and conditions of appointment are available for inspection by the members at the registered office of the Company.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 10,11 and 12 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. B Kamalaker Rao, Mr. Manish Mahendra Sabharwal and Mr. Varun Chawla to whom the resolution relates, is interested or concerned in the resolution.

Item # 13 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2020

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. Shaik & Associates., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 at a remuneration of ₹ 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2020.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 14 Creation of charges

The Company requires to borrow funds from time to time to meet both its short term and long terms business objectives, from various external agencies like banks, financial institutions, bodies corporate, individuals or other kind of lenders. According to section 180 (1) (c) of the Companies Act, 2013, the

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total amount of such borrowings as well as the outstanding at any time cannot exceed the aggregate of paid up capital and free reserves of the Company, except with the consent of the members. The company felt that the said limit is not adequate and needs enhancement, accordingly the resolution having no. 14 has been proposed to increase the limits of borrowing to ₹ 1,500 Crore.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 15 Authority to borrow in excess of paid-up capital and free reserves

Through the proposed resolution it is sought to grant authority to the Board of Directors to secure the borrowings, if required, by creating charge/mortgage on the assets of the Company. The existing authority is derived from the earlier resolution. Since it is not practical to seek general meeting's approval every time a loan is sanctioned, it is proposed to obtain a blanket approval to secure the properties for the loans sanctioned within the limits of ₹ 1,500 Crore, as stated in the previous item. Even though section 180 (1) (a) refers to sale, lease or disposal of the whole or substantially whole of the undertaking of the Company, creating mortgage or charge on the assets give a right to the lender to take possession of or own the said properties in certain events, such creation of charge/mortgage in way constitutes sale or disposal of the undertaking of the Company. Therefore a resolution under Section 180 (1) (a) is required for this purpose.

The Board recommends the resolution having no. 15 for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 16 Alteration of Articles of Association

Pursuant to Section 149 of the Companies Act, 2013 and rules made there under, it is proposed to amend the existing Article 106(i) of the Articles of Association with respect to increase in number of Directors to a maximum limit of 15 (Fifteen). Since the alteration of the Articles of Association requires the approval of the shareholders in their meeting. Therefore, your Directors recommend the resolution as special resolution for your approval. None of the Directors, key managerial personnel or their relatives may be deemed to be concerned or interested in the resolution except to the extent of his shareholding in the Company.

By Order of the Board
for Pennar Industries Limited

Place : Hyderabad
Date : 12.08.2019

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS No. 29058

Additional information on Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 31st March, 2019	Chairman of the Committee of other companies on which he/she is a director as on 31st March, 2019	Member of the Committee of other companies on which he/she is a director as on 31st March, 2019	No of Shares held by them in the Company as on 31st March, 2019
Aditya Rao	06.12.1981	30.01.2008	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Engineered Building Systems Limited* M/s. Pennar Enviro Limited* M/s. Pennar Holdings Private Limited * Amalgamated with Pennar Industries Limited pursuant to Order of NCLT dated 8th May, 2019.	Nil	Nil	50,26,508 Equity Shares of ₹ 5/- each.
Potluri Venkatewara Rao	15.08.1959	30.03.2016	B. Tech (Civil Engineering)	Experience in the field of management	M/s. Pennar Engineered Building Systems Limited* M/s. Pennar Enviro Limited* M/s. Calderys India Refactories Limited * Amalgamated with Pennar Industries Limited pursuant to Order of NCLT dated 8th May, 2019.	Nil	Nil	36,920 Equity Shares of ₹ 5/- each.
Chandrasekhar Sripada	12.07.1957	12.02.2019	MA, MBA, Ph. D	Organizational & Team Leadership	Nil	Nil	Nil	Nil
Bharati Jacob	07.12.1960	27.05.2019	Masters degrees from The Wharton School of University Pennsylvania and XLRI Jamshedpur	Venture investing, marketing and financial services.	M/s. Voonik Technologies Private Limited M/s. Oorja Finance Advisors Services India Private Limited M/s. Oorja Finance advisors Services India (Trustee) Private Limited M/s. Chumbak Design Private Limited M/s. Absolute Sports Private Limited M/s. Seed Advisors Private Limited	Nil	Nil	Nil

Notice

Particulars	Date of Birth	Date of ap-pointment	Qualification	Expertise	List of Companies in which outside directorship held on 31st March, 2019	Chairman of the Committee of other companies on which he/she is a director as on 31st March, 2019	Member of the Committee of other companies on which he/she is a director as on 31st March, 2019	No of Shares held by them in the Company as on 31st March, 2019
B Kamalaker Rao	27.03.1949	30.01.2009	IIT Delhi	Experience in the field of management.	M/s. Aiswarya Holding Private Limited M/s. Fenoplast Limited	M/s. Fenoplast Limited	M/s. Fenoplast Limited	Nil
Varun Chawla	03.03.1981	09.11.2012	Magna Cum Laude from Cornel University and BS, Applied Economic and Management from Cornell University	Experience in the field of Management	M/s. Sidharth Travels Private Limited. M/s. Springboard Solutions Private Limited	Nil	Nil	Nil
Manish Mahindra Sabharwal	29.12.1969	22.04.2011	MBA from Whaton School	Experience in the field of Management	M/s. Pennar Engineered Building Systems Limited* M/s. ICAP IL India Private Limited (Formerly ICAP India Private Limited) M/s. TeamLease Services Private Limited M/s. Lupin Ventures Private Limited M/s. SKMM Schools Private Limited (Formerly Neev Schools Private Limited) * Amalgamated with Pennar Industries Limited pursuant to Order of NCLT dated 8th May, 2019.	Nil	M/s. TeamLease Services Private Limited	Nil
Eric James Brown	21.11.1957	10.11.2017	Graduate from University of Hawaii, Management Information System Department; Service	Experience in the field of management	M/s. Pennar Engineered Building Systems Limited* * Amalgamated with Pennar Industries Limited pursuant to Order of NCLT dated 8th May, 2019.	Nil	Nil	Nil

Dear Members,

Your Directors are pleased to present the 43rd Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2019.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2019 is summarized below:

Amount in ₹ Lakhs

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Revenue from Operations	2,13,311	1,79,841	2,11,612	1,78,017
Operating profit (PBIDT)	19,991	22,179	19,649	20,265
Profit before tax (PBT)	9,682	13,808	9,351	13,939
Income Tax and Deferred Tax	3,016	4,759	2,947	4,634
Profit after tax (PAT)	6,666	9,049	6,404	9,305
Other Comprehensive income	(300)	(44)	(310)	(44)
Total Comprehensive income for the year	6,366	9,005	6,094	9,261
Net profit attributable to Owners of the company	6,344	8,894	6,094	9,261
Profit brought forward from previous year	37,424	25,089	37,424	21,769
Surplus available for appropriation	44,068	37,424	43,828	37,424
Appropriations				
Dividend	0	0	0	0
Corporate tax on proposed dividend	0	0	0	0
Transfer to General Reserve	0	0	0	0
Transfer to Capital Redemption Reserve	0	0	0	0
Balance of profit carried to Balance Sheet	44,068	37,424	43,828	37,424

Result of Operations and the state of Company's affairs:

Your company has recorded highest ever consolidated Net sales at ₹ 2,133 Crores and EBIDTA at ₹ 199.9 Crores. Pennar has expanded its activities and increased its addressable market all along its business units. The Business units such as Railways, Industrial Components and Tubes have shown double digits growth.

Consolidated Financial Statement:

The Consolidated Financial Statements of the Company, its subsidiaries prepared in accordance with the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. The Financial Statements as stated above are also available on the website of the Company and can be accessed at the website viz., www.pennarindia.com.

Subsidiaries':

The following are two subsidiaries of the company as on 31st March, 2019.

a. M/s. Pennar Global INC, USA

b. M/s. Enertech Pennar Defense and Engineering Systems Private Limited

The performance of the subsidiaries is as hereunder:

(a) M/s. Pennar Global INC, USA

Pennar global INC (PGI) established in the year 2017, Pennar Global headquartered in Houston Texas with a clientele spanning across the United States of America. PGI is in business of providing engineering services and marketing Pennar products across the United States of America.

Pursuant to merger of Pennar Engineered Building Systems Limited with Pennar Industries Limited, Pennar Global INC becomes wholly owned subsidiary of Pennar Industries Limited.

(b) M/s. Enertech Pennar Defense and Engineering Systems Private Limited

Enertech Pennar Defence and Engineering systems private Ltd. Established in the year 2018. The Company is engaged in the business to manufacture, install various Defence Engineering systems and other related products both for domestic and overseas market.

The financial position of each of the subsidiaries, as per the Companies Act, 2013 is annexed. The Policy for determining material subsidiaries may be accessed on the Company's website at the link: http://www.pennarindia.com/policy-determining-material.html. The information on subsidiaries pursuant to Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - A in Form AOC - 1.

Material Changes and Commitments if any affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There are no material changes and commitments affecting the financial position of the Company.

Dividend, Fixed Deposits and General Reserves:

The company has been investing in new capital to expand its product profile and increase the markets. This has already shown results by achieving highest sales and EBIDTA. Most of these activities are planned through internal sources.Therefore your Directors are not recommending dividend on equity shares. Your Company has not accepted any fixed deposits and no amount has been carried to General Reserves during the year.

Particulars of Loans given, Investments made, Guarantees given and Securities provided:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

Internal Financial Controls:

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

Contract and Arrangement with Related Parties:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into contract / arrangement / transaction with material related party which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: http://www.pennarindia.com/policy-related-party-transactions.html.

The Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as Annexure - B in Form AOC-2.

Change in the nature of business, if any:

There is no material change in the nature of business affecting the financial position of the Company for the year ended 31st March, 2019.

Credit Rating:

CARE has reaffirmed the 'CARE A' (Single A; Outlook: Positive) with rating assigned to long term bank facilities. This rating is applicable to facilities having tenure of more than one year. Instruments with 'CARE A' rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

Further, CARE has also reaffirmed the 'CARE A1' (A One) rating to short term bank facilities of the Company. This rating is applicable to facilities having tenure up to one year. Instruments with 'CARE A1' rating are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

Cash profit:

Your company has undertaken number of steps to maintain strong liquidity levels. The consolidated cash profit is at ₹ 94.56 Crore. Your company continues to focus on generating strong cash flows to meet its future growth plans and is comfortable with its current liquidity positions.

Board of Directors and Key Managerial Personnel:

None of the Directors of the company are disqualified under the provisions of the Act or under the Listing Regulations.

Appointment:

Mr. Eric James Brown, and Mr. P V Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

The Board of Directors appointed Mr. Chandrasekhar Sripada and Mrs. Bharati Jacob as Additional Non-Executive Independent Directors of the Company at its Meeting held on 12th February, 2019 and 27th May, 2019. Their appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends their appointment.

The Board of Directors at its meeting held on 12th February, 2019 appointed Mr. Manish Mahendra Sabharwal, Mr. B Kamalakar Rao, Mr. Varun Chawla as Non-Executive Independent Directors of the Company for the next term of 5 years w.e.f 12.02.2019 to 11.02.2024. Their appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends their appointment.

The Board of Directors reappointed Mr. Aditya Rao as Vice-Chairman and Managing Director of the Company at its meeting held on 12th February, 2019. The terms of appointment was revised in the Board Meeting held on 12th August, 2019. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

The Board of Directors appointed Mr. P V Rao as Joint Managing Director of the Company at its meeting held on 27th May, 2019. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

Resignation:

Mr. Ravi Chachra and Dr. Sita Vanka Non-Executive Independent Directors of the company resigned from the office of directorship on 12th February, 2019 and 27th May, 2019 the same was taken note by the Board of Directors at its meeting held 12th February, 2019 and 27th May, 2019. Your Board places on record their deep appreciation for the contribution made by them during their tenure as Directors.

Pursuant to the provisions of Listing Regulations, brief particulars of the Directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: http://www.pennarindia.com/policy-familiarization-programme.html.

Meetings of the Board:

Four meetings of the Board of Directors were held during the year. For further details, please refer the same in Corporate Governance report in this Annual Report.

Scheme of Amalgamation

The Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench approved the Scheme of Amalgamation of Pennar Engineered Building Systems and Pennar Enviro Limited with Pennar Industries Limited ('the Company') and their respective shareholders under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder

('Scheme') the approved date of the Amalgamation is 1st April, 2018. The Order of NCLT was filed in e-Form INC-28 with the Registrar of Companies on 23rd May, 2019 pursuant to the said filings the transferor companies viz., Pennar Engineered Building Systems Limited and Pennar Enviro Limited was dissolved without liquidation.

Subsequently, the Board of Directors at its meeting held on 27th May, 2019 fixed the record date as 10th June, 2019 and formed an Allotment committee to allot the shares pursuant to the scheme of amalgamation. The allotment committee at its meeting held on 12th June, 2019 allotted 3,20,07,717 equity shares to the shareholders of the transferor companies.

Directors Responsibility Statement:

Your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance:

The Company is committed to maintain the highest standard of corporate governance and adhere to the corporate governance requirements set out by Securities Exchange Board of India. The Report on corporate governance as stipulated under the Listing Regulations is annexed herewith as Annexure - C. The requisite certificate from Statutory Auditors confirming compliance with the conditions of corporate governance is annexed herewith as Annexure - D.

Corporate Social Responsibility (CSR):

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure - E of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

Nomination and Remuneration Policy:

The Nomination and Remuneration Committee of the Company identifies the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal. The Committee also carries out evaluation of every Director's performance. The Committee has formulated the criteria for determining qualifications, attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Risk Management:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the company has formulated a policy on risk management. At present, the company has not identified any element of risk which may threaten the existence of the company.

Statutory Auditors:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 41st Annual General Meeting (AGM) held on 28th September, 2017 until the conclusion of the 46th AGM of the Company to be held in the year 2022.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, at the forthcoming AGM.

The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2018 was reviewed by the Audit Committee at its meeting held on 14th August, 2018 and has been filed with Registrar of Companies on 27th September, 2018. The Board of Directors at its meeting held on 18th May, 2018 appointed M/s. Shaik & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2019. The Cost Audit for the year ended 31st March 2019 is in progress and the Cost Audit Report will be filed with the Registrar of Companies within the stipulated time.

Secretarial Auditor:

The Board has appointed Mr. Subhash Kishan Kandrapu, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed herewith as Annexure - F. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Audit Committee:

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of annual report.

Vigil Mechanism/Whistle Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy are explained in the Corporate Governance Report. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: http://www.pennarindia.com/vigil-mechanism.html

Conservation of energy, technology absorption and foreign exchange earnings and outgo:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, is annexed herewith as Annexure - G.

Extract of Annual Return:

Extract of Annual Return of the Company is annexed herewith as Annexure - H.

Particulars of Employees and related disclosures:

The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure - I.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an Internal Complaints Committee which has been set up to redress complaints regarding sexual harassment. The following is the summary of sexual harassment complaints received and disposed off during the year:

i) No. of complaints received : nil
ii) No. of complaints disposed off: nil

Listing of Equity Shares:

The Company's equity shares are listed at the Bombay Stock Exchange Limited, National Stock Exchange of India Limited.

Dematerialisation of Shares:

99.12% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2019 and balance 0.88% is in physical form.

Managing Director's Declaration:

Pursuant to the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by the Vice-Chairman and Managing Director of the company declaring that all the members of the board and the senior management personnel of the company have affirmed compliance with the Code of Conduct of the company is annexed herewith as Annexure - J.

The CFO certification to the board pursuant to Regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith Annexure - K.

Personnel / Industrial Relations:

The Company maintained cordial and harmonious relations at all levels at the offices and plants of the Company and its subsidiaries throughout the year under review.

The details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future:

In terms of sub rule 5(vii) of Rule 8 of Companies (Accounts) Rules, 2014, there are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Management Discussion and Analysis:

The "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Board's Report.

Appreciation:

Your directors take this opportunity to express their appreciation for the co-operation to all the suppliers and customers who have been associated with the Company as partners. The Directors would also like to take this opportunity to thank the financial institutions, banks, regulatory and government authorities as well as the shareholders for their continued co-operation and support. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company. We look forward to further support.

By Order of the Board
for Pennar Industries Limited

Place: Hyderabad
Date: August 12, 2019

Nrupender Rao
Chairman

Annexure - A

Form No. AOC - 1

(Pursuant to the first provision to sub-section 3 of Section 129, read with Rule 5 of Companies (Accounts) Rules, 2014); Salient Features of Financial Statements of Subsidiary/associate companies/joint ventures as per Companies Act, 2013

Part "A": Subsidiaries

Amount in ₹ Lakhs

1	Name of Subsidiary	Pennar Global Inc	Enertech Pennar Defense and Engineering Systems Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
4	Share Capital	277	1
5	Reserves & Surplus	216	43
6	Total Assets	2,211	328
7	Total Liabilities	1,719	283
8	Investments	NIL	NIL
9	Turnover	7,746	570
10	Profit Before Taxation	272	59
11	Provision for Taxation	54	15
12	Profit after Taxation	218	43
13	Proposed Dividend	NIL	NIL
14	% of Shareholding	100%	51%

Additional Information:

1	Names of subsidiaries which are yet to commence operations	Nil
2	Names of subsidiaries which have been liquidated or sold during the year.	Nil
3	Names of subsidiaries which have been dissolved during the year.	Pennar Engineered Building systems limited and Pennar Enviro Limited have been merged in to Pennar Industries Limited.

Annexure - A

Part "B": Associates/Joint Ventures

1	Name of Associates/Joint Ventures	Not Applicable
2	Latest audited Balance Sheet Date	
3	Shares of Associate/Joint Ventures held by the company on the year end	
4	Amount of Investment in Associates/Joint Venture	
5	Extend of Holding %	
6	Description of how there is significant influence	
7	Reason why the associate/joint venture is not consolidated	
8	Networth attributable to Shareholding as per latest audited balance sheet	
9	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

Additional Information:

1	Names of associates or joint ventures which are yet to commence operations	Nil
2	Names of associates or joint ventures which have been liquidated or sold during the year	Nil

for Pennar Industries Limited

Mirza Mohammed Ali Baig	J S Krishna Prasad	Aditya Rao	Nrupender Rao
Company Secretary ACS 29058	Chief Financial Officer	Vice-Chairman & Managing Director DIN 01307343	Chairman DIN 00089922

Annexure - B

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: M/s. Pennar Industries Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2018-19.

a	Name(s) of the related party and nature of relationship	Not Applicable
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts / arrangements/ transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Justification for entering into such contracts or arrangements or transactions	
f	Date(s) of approval by the Board	
g	Amount paid as advances, if any	
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:

a	Name(s) of the related party and nature of relationship	1. Pennar Global Inc. (Wholly-Owned Subsidiary Company) 2. Enertech Pennar Defense and Engineering Systems Private Limited (Subsidiary Company)
b	Nature of contracts/arrangements/transactions	Sale of Steel Products, Purchase of Steel products, Job works etc.
c	Duration of the contracts / arrangements/ transactions	April 2018 to March 2019
d	Salient terms of the contracts or arrangements or transactions including the value, if any	The contract was entered into in the ordinary course of business and on arm's length basis. (for details of transactions during the year refer Note No. 34 to the Standalone financial statements).
e	Date(s) of approval by the Board	18.05.2018, 14.08.2018, 13.11.2018 and 12.02.2019
f	Amount paid as advances, if any	-

By Order of the Board
for Pennar Industries Limited

Nrupender Rao
Chairman

Annexure - C

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) your Directors present below a detailed Compliance Report on Corporate Governance.

At Pennar Industries Limited (PIL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

1. Company's philosophy on Code of Corporate Governance:

The Company continues to adhere to the good corporate practices established by it, in all its business activities. The Company aims at achieving transparency, accountability and equity, in its operations, interactions with stakeholders, including shareholders, lenders and the Government through good governance and best business practices. The Company will continue to focus on maximizing its stakeholders' wealth, adopt best business practices and ensure fairness, transparency and ethical governance in its affairs. The Company adopts a Code of Conduct for its employees including the Board of Directors, Insider Trading Policy and Whistle Blower Policy to ensure compliances and fairness in all its operations and dealings. The Code of Conduct is available on the Company's website at www.pennarindia.com. The Company is in compliance of requirements of Corporate Governance guidelines stipulated in the Listing Agreement entered with the Stock Exchanges and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

2. Appropriate Governance Structure with defined roles and responsibilities:

The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six committees to discharge its responsibilities in an effective manner. The Executive Directors and Vice-Chairman & Managing Director provide overall direction and guidance to the Board. Concurrently, the Vice-Chairman and Managing Director is responsible for overall implementation.

3. Board of Directors:

The Board of Directors of the Company have an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board of the Company comprises twelve Directors that includes one women Director. None of the Directors on the Board is Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2019, have been made by the Directors. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder.

The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

(a) Composition and Category of Directors as of 31st March, 2019 is as follows:

Category	No. of Directors	%
Executive Directors	3	25
Non-Executive Non-Independent Directors	3	25
Non-Executive Independent Directors	6	50
Total	**12**	**100**

(b) Number of Board meetings held during the financial year and the dates of the Board meetings:

The Board of Directors duly met 4 times during the financial year from 1st April, 2018 to 31st March, 2019. The dates on which the meetings were held are as follows: 18th May, 2018, 14th August, 2018, 13th November, 2018, and 12th February, 2019.

(c) Attendance of each Director at Board meetings and the last Annual General Meeting:

Sl. No.	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on 28th September, 2018
1.	Mr. Nrupender Rao	Executive Chairman	4	2	Yes
2.	Mr. Ravi Chachra*	Non-Executive Independent Director	4	2	No
3.	Mr. P V Rao	Non-Executive Director	4	3	Yes
4.	Mr. C Parthasarathy	Independent Non-Executive Director	4	4	No
5.	Mr. B Kamalakar Rao	Independent Non-Executive Director	4	2	Yes
6.	Mr. Manish Sabharwal	Independent Non-Executive Director	4	2	No
7.	Mr. Eric James Brown	Non-Executive Director	4	4	No
8.	Mr. Vishal Sood	Non-Executive Director	4	3	No
9.	Mr. Varun Chawla	Independent Non-Executive Director	4	3	No
10.	Mr. Aditya Rao	Vice-Chairman & Managing Director	4	4	Yes
11.	Mr. K Lavanya Kumar **	Executive Director	4	4	Yes
12.	Dr. Sita Vanka	Independent Non-Executive Director	4	2	No
13.	Mr Chandrasekhar Sripada ***	Independent Non-Executive Director	1	1	NA

* Mr. Ravi Chachra resigned from the Board of Directors w.e.f 12th February, 2019.
** Mr. K Lavanya Kumar was re-designated as Executive/Whole Time Director at the meeting of Board of Directors held on 18th May, 2018
*** Mr. Chandrasekhar Sripada was appointed on the Board of Directors w.e.f 12th February, 2019

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(d) Number of other Boards/Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman:

Sl. No.	Name of the Director	Number of Directorships in other Public Companies		Number of Committee memberships held in other Public Companies	
		Chairman	Director #	Chairman	Member
1.	Mr. Nrupender Rao	2	2	-	1
2.	Mr. Ravi Chachra*	-	1	-	-
3.	Mr. P V Rao	-	2	-	1
4.	Mr. C Parthasarathy	5	4	3	2
5.	Mr. B Kamalakar Rao	1	2	3	-
6.	Mr. Manish Sabharwal	-	2	-	1
7.	Mr. Eric James Brown	-	1	-	2
8.	Mr. Vishal Sood	-	3	-	-
9.	Mr. Varun Chawla	-	1	-	2
10.	Mr. Aditya Rao	-	2	1	0
11.	Mr. K Lavanya Kumar	-		-	
12.	Dr. Sita Vanka	-	1	-	1
13.	Mr. Chandrasekhar Sripada **	-	1	-	1

* Mr. Ravi Chachra resigned from the Board of Directors w.e.f 12th February, 2019
** Mr. Chandrasekhar Sripada was appointed on the Board of Directors w.e.f 12th February, 2019
# Includes number of companies in which they are Chairman.

Mr. Nrupender Rao and Mr. Aditya are related to each other and none of the other Directors of the Company are, inter-se, related to each other.

For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Mr. Subhash Kishan Kandrapu, Company Secretary in practice has certified that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority. The certificate is given as Annexure - L.

4. Independent Directors:

The Company has complied with the definition of Independence as per the Clauses of the Listing Regulations and according to the Provisions of Section 149(6) Companies Act, 2013. The Company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

(a) Training of Independent Directors:

Whenever new Non-executive and Independent Directors are inducted in the Board, they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy. The terms of appointment of Independent Directors has been placed on the Company's website at http://www.pennarindia.com/pdf/Investor_presentation/terms-of-appointment-of-independent directors.pdf

(b) **Familiarisation programmes for Board Members**

The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Updates on relevant statutory changes are circulated to the Directors. The details of familiarisation programmes for Independent Directors are available in the website of the company at http://www.pennarindia.com/pdf/details-familiarization-programmes-imparted.pdf

(c) **Performance Evaluation of non-executive and Independent Directors:**

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

(d) **Separate Meeting of the Independent Directors:**

The Independent Directors held a Meeting on 12th February, 2019, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

i) Reviewed the performance of non-independent directors and the Board as a whole;

ii) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

iii) Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

5. Audit Committee

(a) **Brief description of the terms of reference**

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter alia, performs the following functions:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing and examining with management the quarterly financial results before submission to the Board;
- Reviewing and examining with management the annual financial statements before submission to the Board and the auditors' report thereon;
- Review management discussion and analysis of financial condition and results of operations;
- Scrutiny of inter-corporate loans and investments made by the Company;
- Reviewing with management the annual financial statements as well as investments made by the unlisted subsidiary companies;
- Reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- Approving the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- Recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;

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- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Discussing with Statutory Auditors, before the commencement of audit, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- Reviewing with management, Statutory Auditors and Internal Auditor, the adequacy of internal control systems;
- Recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- Reviewing the adequacy of internal audit function and discussing the significant findings with Internal Auditor and reviewing the progress of corrective actions on such issues;
- Evaluating internal financial controls and risk management systems;
- Valuating undertaking or assets of the Company, wherever it is necessary;
- Reviewing the functioning of the Whistle Blowing mechanism;

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed. The Committee is governed by the Terms of Reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. The Audit Committee also reviews the functioning of the Code of Business Principles and Whistle Blower Policy of the Company and cases reported thereunder. The recommendations of Audit Committee are duly approved and accepted by the Board.

(b) Composition, name of members and chairperson

The Committee comprises of the following:

1. Mr. B Kamalakar Rao - Chairman (Independent Non-Executive Director)
2. Mr. C Parthasarathy - Member (Independent Non-Executive Director)
3. Mr. Varun Chawla - Member (Independent Non-Executive Director)
4. Mr. Aditya Rao - Member (Non-Independent Executive)
5. Dr. Sita Vanka - Member (Independent Non-Executive Director)
6. Mr. Eric James Brown - Member (Non-Executive Director Non-Independent)

(c) Meetings and attendance during the year

During the year under review, the Committee met 4 times on 18th May, 2018, 13th August, 2018, 12th November, 2018 and 11th February, 2019. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	4	2
2.	Mr. C Parthasarathy	4	3
3.	Mr. Varun Chawla	4	2
4.	Mr. Aditya Rao	4	4
5.	Dr Sita Vanka	4	2
6.	Mr. Eric James Brown	4	4

Company Secretary is the Secretary to the Audit Committee. All the members are financially literate and possess the requisite financial / business acumen to specifically look into the internal controls and audit procedures.

M/s. Deloitte Haskins & Sells LLP., Statutory Auditors, M/s. R Krishna & Associates., Internal Auditors and Mr. Krishna Prasad, Chief Financial Officer of the Company are invited to attend the Audit Committee meetings and the Company Secretary acts as the Secretary of the Committee. The Chairman of the Board will attend the meetings as he deems appropriate. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board. The Chairman of the Audit Committee was present at the last Annual General Meeting.

The Committee periodically interacts with the Auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies etc.,

6. Nomination and Remuneration Committee

(a) Brief description of terms of reference

In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee should comprise of at least three Directors; all of whom should be Non-Executive Directors. At least half of the Committee members should be Independent with an Independent Director acting as the Chairman of the Committee. Pursuant to provisions of Regulation 19(2) of Listing Regulations the Executive Chairman of the Company was appointed as member of the Committee.

The terms of reference of Nomination and Remuneration Committee Inter alia includes:

- Determine/ recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine/ recommend the criteria for qualifications, positive attributes and independence of Director;
- Identify candidates who are qualified to become Directors and who may be appointed in the Management Committee and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole;

(b) Composition, name of members and chairperson

The Nomination and Remuneration Committee of the Company consists of 4 Non-Executive Independent Directors, 1 Executive Chairman and 1 Managing Director of the Company.

1. Mr. B Kamalakar Rao	-	Chairman (Independent Non-Executive Director)
2. Mr. C Parthasarathy	-	Member (Independent Non-Executive Director)
3. Mr. Varun Chawla	-	Member (Independent Non-Executive Director)
4. Mr. Nrupender Rao	-	Member (Chairman - Executive)
5. Mr. Aditya Narsing Rao	-	Member (Vice Chairman)*
6. Mr. Chandrasekhar Sripada	-	Member (Independent Non-Executive Director)**

* Mr Aditya Narsing Rao was appointed as a Member at the Board Meeting held on 12th February, 2019, the Board of Directors passed a resolution by circulation on 6th May, 2019 w.r.t withdrawal of

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Membership of Mr. Aditya Rao pursuant to Regulation 19 of SEBI (LODR) Regulations, 2015.

** Mr. Chandrasekhar Sripada was appointed as Member on 12th February, 2019.

(c) Meetings and attendance during the year

During the year the Committee had 4 meetings on 18th May, 2018,13th August, 2018, 12th November, 2018 and 12th February, 2019. On 4th June, 2018 Circular resolution was passed w.r.t revision in remuneration of Mr. K Lavanya Kumar. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	4	2
2.	Mr. C Parthasarathy	4	4
3.	Mr. Varun Chawla	4	3
4.	Mr. Nrupender Rao	4	1
5.	Mr. Aditya Narsing Rao*	1	NA
6.	Mr. Chandrasekhar Sripada **	1	NA

* Mr Aditya Narsing Rao was appointed as a Member at the Board Meeting held on 12th February, 2019, the Board of Directors passed a resolution by circulation on 6th May, 2019 w.r.t withdrawal of Membership of Mr. Aditya Rao pursuant to Regulation 19 of SEBI (LODR) Regulations, 2015.

** Mr. Chandrasekhar Sripada was appointed as a Member on 12th February, 2019.

(d) Performance Evaluation of Board, Committees, Individual Directors and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder and provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committees. The evaluation took into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance the Company and its stakeholders. It was observed that the Board played a vital role in formulation and monitoring of policies.

The evaluation in respect of the committees took into consideration inputs received from the Directors, covering various aspects of the Committees functioning such as, the amount of responsibility delegated by the Board to each of the committees is appropriate, the committees take effective and proactive measures to perform its functions, the reporting by each of the Committees to the Board is sufficient. It was observed that the Board had constituted sufficient committees wherever required with well-defined terms of reference whose composition was in compliance with the legal requirement and their performance reviewed periodically. It was found that the Committees gave effective suggestion and recommendation to the Board.

The evaluation of individual director was made taking into consideration inputs received from the Directors, covering various aspects such as the directors understand their duties, responsibilities, qualifications, disqualifications and liabilities as a director, the directors are familiar with the Company's vision, policies, values and code of conduct, they have adequate knowledge of the Company's key operations, financial condition, key developments and abreast with the latest developments and factors affecting the business of the Company and the sector as a whole. It was observed that the directors understood the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board, attended all Board/Committee Meetings well prepared and participated in the meetings constructively by providing inputs and suggestions to the Management/Board in areas of their domain expertise.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at a separate meeting held on 12th February, 2019. The evaluation also assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties. A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. The Chairman and the Non-Independent Directors discharged their responsibilities in an effective manner.

The Board evaluated the performance of Independent Directors considering various parameters such as their familiarity with the Company's vision, policies, values, code of conduct, their attendance at Board and Committee Meetings, whether they participate in the meetings constructively by providing inputs and provide suggestions to the Management/Board in areas of domain expertise, whether they seek clarifications by raising appropriate issues on the presentations made by the Management/reports placed before the Board, Practice Confidentiality, whether the director is a team player and considers the views of the other members, Engages with the senior management personnel as and when required, understands the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board. The directors took advantage of opportunity to upgrade skills by regularly attending familiarization programmes. All the Directors have discharged their responsibilities in an effective manner.

(e) Remuneration policy:

The Company has formulated a Remuneration Policy. It is in consonance with the existing industry practice and also with provisions of the Companies Act, 2013. Following are the objectives covered in the policy:

* Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria.
* Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions.
* Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration.
* Review the performance of the Board of Directors and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

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(f) At present, all the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. The actuals of remuneration paid to all the Director's for 2018-19 is given below:

Amount in ₹ Lakhs

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	1,20,00,000	-	46,80,000	-	1,66,80,000
Mr. Ravi Chachra*	Non-Executive Director	-	-	-	1,10,000	1,10,000
Mr. P V Rao	Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy	Independent Non-Executive Director	-	-	-	1,60,000	1,60,000
Mr. B Kamalakar Rao	Independent Non-Executive Director	-	-	-	1,40,000	1,40,000
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	-	-
Mr. Eric James Brown	Non-Executive Director	-	-	-	-	-
Mr. Vishal Sood	Non-Executive Director	-	-	-	-	-
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	1,40,000	1,40,000
Mr. Aditya Rao	Vice-Chairman & Managing Director	1,02,00,000	-	17,16,000	-	1,19,16,000
Mr. K Lavanya Kumar**	Executive Director	60,00,000	-	12,00,000	-	72,00,000
Dr. Sita Vanka	Independent Non-Executive Director	-	-	-	1,20,000	1,20,000
Mr Chandrasekhar Sripada ***	Independent Non-Executive Director	-	-	-	1,00,000	1,00,000

* Mr. Ravi Chachra resigned from the Board of Directors w.e.f 12th February, 2019

** Mr. K Lavanya Kumar was re-designated as Executive/Whole Time Director at the meeting of Board of Directors held on 18th May, 2018.

*** Mr. Chandrasekhar Sripada was appointed on the Board of Directors w.e.f 12th February, 2019

All the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. However the Criteria of making payments to non-executive directors is available on the website of the Company viz., www.pennarindia.com

(g) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2019:

Name of the Director	Designation	No. of Shares held
Mr. Ravi Chachra*	Independent Non-Executive Director	-
Mr. C Parthasarathy	Independent Non-Executive Director	-
Mr. P V Rao	Non-Executive Director	36,920
Mr. B Kamalakar Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. Eric James Brown	Non-Executive Director	-
Mr. Vishal Sood	Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka	Independent Non-Executive Director	-
Mr. Chandrasekhar Sripada **	Independent Non-Executive Director	-

* Mr. Ravi Chachra resigned from the Board of Directors w.e.f 12th February, 2019

** Mr. Chandrasekhar Sripada was appointed on the Board of Directors w.e.f 12th February, 2019

7. Stakeholders Relationship Committee:

The role of Stakeholders' Relationship Committee is as follows:

- Consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- Ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- Evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- Provide guidance and make recommendations to improve investor service levels for the investors.

a) Brief description of terms of reference
The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also function in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

b) Name of Non-Executive Director heading the Committee:
The Committee functions under the Chairmanship of Mr. B Kamalakar Rao, a Non-Executive Independent Director.
Other members include Mr. Aditya Rao, Vice- Chairman & Managing Director and Mr. Varun Chawla, Non-Executive Independent Director.

c) Name and designation of Compliance Officer: Mr. Mirza Mohammed Ali Baig, Company Secretary.

d) Number of complaints received from shareholders: During the period under review, the Company has received and resolved 63 complaints and there were no pending complaints as at the year end.

e) Number of pending share transfers and complaints: Nil

f) In order to facilitate faster redressal of investor's grievance's the Company has created an exclusive email ID 'mirza.baig@pennarindia.com' Investors and shareholders may lodge their query / complaints addressed to the email ID which would be attended immediately.

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g) Details of meetings and attendance by the members:
During the year the Committee met four times on 17th May, 2018, 13th August, 2018, 12th November, 2018, and 11th February, 2019.

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	4	2
2.	Mr. Varun Chawla	4	2
3.	Mr. Aditya Rao	4	4

8. Corporate Social Responsibility (CSR):

(a) Brief description of terms of reference

The Committee formulate and recommend to the Board, a CSR Policy and recommend the amount of expenditure to be incurred on CSR activities. Committee framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitor CSR policy from time to time.

(b) Composition, name of members and chairperson

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 2 Executive Directors of the Company.

1. Mr. B Kamalakar Rao - Chairman (Independent Non-Executive Director)
2. Mr. Varun Chawla - Member (Independent Non-Executive Director)
3. Mr. Nrupender Rao - Member (Chairman - Executive)
4. Mr. Aditya Rao - Member (Vice-Chairman & Managing Director)

(c) Meetings and attendance during the year

During the year the Committee had one meeting i.e., on 17th May, 2018. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	1	0
2.	Mr. Varun Chawla	1	1
3.	Mr. Nrupender Rao	1	0
4.	Mr. Aditya Rao	1	1

9. Subsidiary Companies

The Company does not have any material unlisted Indian subsidiary in terms of Regulation 24 of the Listing Regulations. The Minutes of the Meetings of Board of Directors of all the subsidiary companies are periodically placed before the Board of Directors of the Company. The Policy on Material Subsidiary is available on the website of the Company at www.pennarindia.com.

10. General body meetings:

(a) Details of the location and time of the General meetings

Date	Year	Type	Venue	Time
15th December, 2018	2017-18	Court Convened Meeting of Equity Shareholders	Radisson, Hyderabad	2:30 P.M.
14th December, 2018	2017-18	Court Convened Meeting of Unsecured Creditors	Radisson, Hyderabad	2:30 P.M.
28th September, 2018	2017-18	Annual General Meeting	Radisson, Hyderabad	11:00 A.M
28th September, 2017	2016-17	Annual General Meeting	Radisson, Hyderabad	11:00 A.M
30th September, 2016	2015-16	Annual General Meeting	Radisson, Hyderabad	11:30 A.M

(b) Special resolutions

All resolutions moved at the last Annual General Meeting were passed accordingly by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM/EGM held on	Whether special resolution passed	Summary of the resolution
15th December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
14th December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
28th September, 2018	Yes	1. Re-Appoint Mr. Nrupender Rao as Chairman. 2. Re-Appoint Mr K Lavanya Kumar as Executive Director. 3. Approve material related party transactions. 4. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 5. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.
28th September, 2017	Yes	1. Designate Mr. Ravi Chachra as Independent Director. 2. Re-Appoint Mr. Nrupender Rao as Chairman. 3. Re-Appoint Mr Aditya Rao as Vice-Chairman and Managing Director. 4. Re-Appoint Mr K Lavanya Kumar as Executive Director. 5. Approve material related party transactions.
30th September, 2016	Yes	1. Approval of material related party transactions. 2. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 3. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.

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11. Disclosures:

a) Related Party Transactions:

No transaction of material nature that may have potential conflict with the interests of company at large was entered in to by the Company with the related parties.The transactions with the related parties are disclosed in notes to accounts in the Annual Report.

b) Disclosure of Accounting Treatment:

The Company has followed the applicable accounting standards in the preparation of its financial statements.

c) Details of non-compliance etc.:

There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years.

d) Whistle Blower Policy:

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: http://www.pennarindia.com/vigil-mechanism.html

e) Risk Management:

The Board regularly discusses the significant business risks identified by the Management and the mitigation process being taken. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. At present the company has not identified any element of risk which may threaten the existence of the company.

f) Code of Conduct:

The Company has adopted the Code of Conduct which is applicable to the members of the Board and senior management of the Company. The Code of Conduct is available on the Company's website at the link: http://www.pennarindia.com/code-of-conduct.html

g) Policy on Prevention of Insider Trading:

The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of the Company during the notified "Trading Window" period.

h) Proceeds from public issues, rights issues, preferential issues etc.,:

During the financial year ended 31st March, 2019, there were no proceeds from public issues, rights issues, preferential issues, among others.

i) Management Discussion & Analysis is annexed to the Directors' Report and forms part of the Annual Report.

j) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause: The Company has complied with all the mandatory requirements of the Clauses of the Listing Regulations.

k) Policy for determining 'material' subsidiaries is disclosed at www.pennarindia.com In terms of the Listing Agreement, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

l) Web link where policy on dealing with related party transactions: The Board has approved a policy for related party transactions which has been uploaded on the Company's website at http://www.pennarindia.com/policy-related-party-transactions.html.

m) Disclosure of Commodity price risks and Commodity hedging Activities: Not Applicable

12. The requirements of Corporate Governance Report of sub-paras (2)-(10) of Part C to Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are complied with.

13. The details of compliance of all discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are as under:

a. **The Board:** The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman. We also ensure that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company.

b. **Shareholder Rights:** The Company publishes its results on its website at the link http://www.pennarindia.com/un-audited-financial-results.html which is accessible to the public at large. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having wide national circulation and also in a Telugu newspaper having wide circulation in Telangana. Hence, half-yearly results are not sent to the shareholders individually.

c. **Modified opinion(s) in audit report:** During the period under review, there is no audit qualification in Company's financial statements. The Company continues to adopt best practices to ensure unmodified audit opinion in its audit report.

d. **Separate posts of Chairman and CEO:** The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman and Mr. Aditya Rao as Vice-Chairman and Managing Director.

e. **Reporting of Internal Auditor:** The Internal auditors are invited to the meetings of the Audit Committee wherein they report to the Audit Committee.

Annexure - C

14. Disclosures

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

Website Disclosures: The information regarding Details of business of the Company, Terms and conditions of appointment of Independent Directors, Composition of various Committees of Board of Directors, Code of Conduct for Board of Directors and Senior Management Personnel, Details of establishment of vigil mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party Transactions, Details of familiarization programmes imparted to Independent Directors, Policy for determination of materiality of events, Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances, Email address for grievance redressal and other relevant details, Financial results, Shareholding pattern has been disseminated on the website of the Company at www.pennarindia.com

15. Disclosures with respect to demat suspense account/ unclaimed suspense account-

5,38,794 Shares are in Investor Education Protection fund. (IEPF).

16. Means of communication

(a) The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.

(b) The Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standards' in English and in 'Nava Telangana' regional language dailies (Telugu) within 48 hours of the conclusion of the Board meeting.

(c) The Company's website www.pennarindia.com contains a separate dedicated section "Investors" where latest information for shareholders is available. The quarterly/half yearly/ annual financial results of the Company are simultaneously posted on the website. The Company's website also displays official news releases related to the activities of the Company.

(d) Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2018-19 there were no complaints.

(e) BSE Corporate Compliance & Listing Centre (the 'Listing Centre'): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on the Listing Centre.

(f) National Electronic Application Processing System ('NEAPS'): National Stock Exchange announced a web based application system NEAPS for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on NEAPS.

Annexure - C

17. General Shareholders Information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	30th September, 2019 at 10:00 A.M. at Radisson Hi-Tech City, Gachibowli, Hyderabad – 32
2.	Financial calendar (Tentative schedule)	Financial year : 1st April, 2019 to 31st March, 2020. First Quarter Results within 45 days from the end of quarter. Half yearly Quarter Results within 45 days from the end of quarter. Third Quarter Results within 45 days from the end of quarter. Results for the year ending 31st March, 2020. Within 60 days of the end of Financial Year. Annual general meeting for the year 2019-20 : In accordance with Companies Act, 2013 and amendment if any.
3	Date of book Closure	20.09.2019 - 21.09.2019 (both days inclusive)
4	Dividend payment due	-
5	Listing on stock Exchanges	1. The Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Mumbai – 400001 2. The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
6	Stock Code	BSE: Equity- 513228; NSE EQUITY:PENIND;
7	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, SenapatiBapatMarg, Lower Parel Mumbai – 400013 2. Central Depository Services (India) Ltd 25th Floor, Marathon Futurex, NM Joshi Marg, Lower Parel (East), Mumbai – 400013
8	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, Tel.No: +91 40 40061623 E-mail ID corporatecommunications@pennarindia.com
9	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. Karvy Fintech Private Limited (Formerly Karvy Computershare Pvt. Ltd.) Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500032, Phone: 040 67161524 E-mail: einward.ris@karvy.com/rajeev.kr@karvy.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.
10	Share transfer System	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Registrar.

Annexure - C

Sl. No.	Particulars	Description
11	Nomination Facility	Section 72 of the Companies Act 2013, provides the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail of this facility, especially investors holding securities in single name. The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.
12	Details of all credit ratings obtained by the Company along with any revisions thereto during the year 2018-19, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.	The company's long term bank facilities credit rating by 'CARE' CARE A; Positive and short term bank facilities CARE A1. The 'Positive' outlook reflects PIL's continuous endeavour to diversify its product portfolio with investments in high margin segments and expected introduction of new range of products resulting in expansion of scale of operation. This along with optimization of the capital expenditure and operational expenditure associated with requirements of expanding business would drive improvement in credit profile.

The Company has paid Listing fees for the year 2019-20 to all the aforesaid Stock Exchanges.

18. Distribution of shareholding as on 31st March, 2019 was as under:

Sr. No	Category	No. of Cases	% to Cases	Shares	% to Shares
1	1 - 5000	45,943	97.23	2,26,96,474	18.86
2	5001 - 10000	709	1.50	52,64,454	4.37
3	10001 - 20000	306	0.65	44,12,734	3.67
4	20001 - 30000	93	0.20	23,53,024	1.96
5	30001 - 40000	50	0.11	17,60,991	1.46
6	40001 - 50000	40	0.08	18,87,527	1.57
7	50001 -100000	52	0.11	37,55,538	3.12
8	100001 >	58	0.12	7,82,18,772	64.99
Total		**47,251**	**100**	**12,03,49,514**	**100**

Annexure - C

Shareholding Pattern as on 31st March, 2019 was as under:

Sr. No	Category	No of Cases	Total Shares	% of Cases
1	RESIDENT INDIVIDUALS	44,636	4,09,16,649	34.00
2	PROMOTERS	11	2,20,79,629	18.35
3	PROMOTER COMPANIES	2	2,09,94,311	17.44
4	FOREIGN PORTFOLIO – CORP	3	1,25,77,273	10.45
5	MUTUAL FUNDS	4	86,90,304	7.22
6	BODIES CORPORATES	513	51,88,373	4.31
7	NON RESIDENT INDIANS	652	25,88,341	2.15
8	ALTERNATIVE INVESTMENT FUND	2	22,42,096	1.86
9	H U F	1,058	19,90,722	1.65
10	NON RESIDENT INDIAN NON REPATRIABLE	285	10,07,051	0.84
11	I E P F	1	5,38,794	0.45
12	PROMOTERS & DIRECTORS RELATIVE	6	7,45,757	0.62
13	INDIAN FINANCIAL INSTITUTIONS	1	4,20,703	0.35
14	BANKS	7	1,57,718	0.13
15	NBFC	5	1,19,682	0.10
16	CLEARING MEMBERS	57	83,780	0.07
17	TRUSTS	5	8,071	0.01
18	NATIONALISED BANKS	2	160	0.00
19	ICICI	1	100	0.00
Total		**47,251**	**12,03,49,514**	**100**

19. Dematerialisation of shares and liquidity:

(a) **Equity shares:** The Company's equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE932A01024. 99.12% of equity shares are held in dematerialised form as on 31st March, 2019.

(b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.: During the financial year 2018-19, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

Annexure - C

20. Plant locations:

a)	Patancheru unit	:	IDA, Patancheru, Medak (Dist.), T.S.
b)	Isnapur unit	:	Isnapur Village, Medak (Dist.), T.S.
c)	Tarapur unit	:	MIDC, Tarapur, Maharashtra
d)	Chennai unit	:	Kannigaipair Village, ThiruvelloreDist, T.N.
e)	Hosur unit	:	SIDCO Industrial Estate, Hosur, T.N.
f)	Velchal unit	:	Survey 24, 27 to 38 Velchal (v), Mominpet Vikarabad District,Telangana - 501202
g)	PEBS unit	:	Chandapur Village, Sadasivpet Mandal, Medak (Dist)
h)	PEL unit	:	186/A & 188/A, IDA Mallapur, RR (Dist) - 500 076

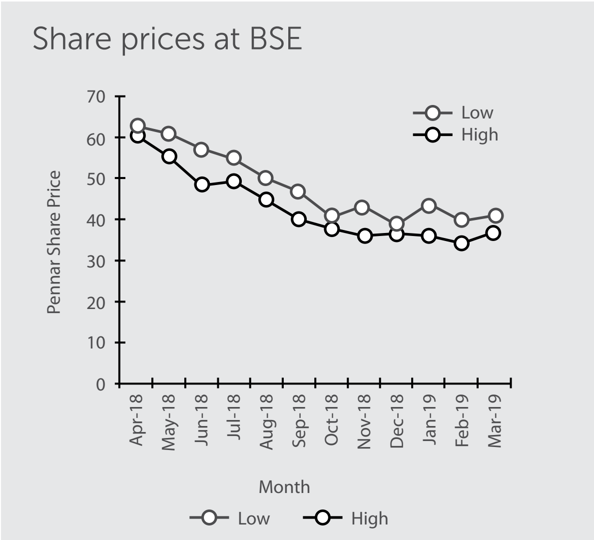
21. Market price data:

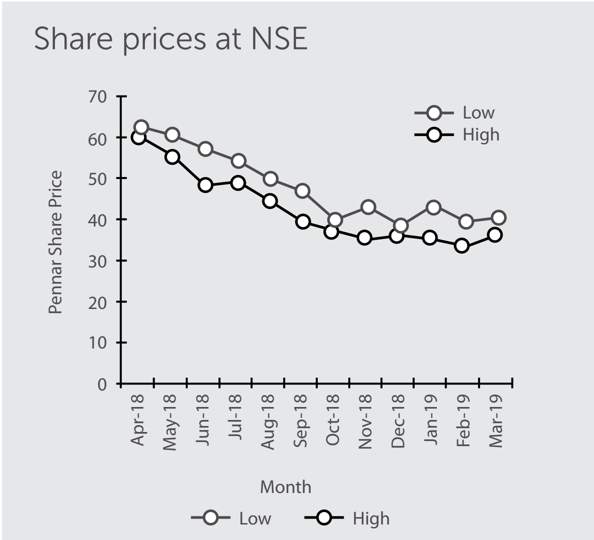
The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited. Monthly high and low quotations and volume of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2018-19 were as follows:

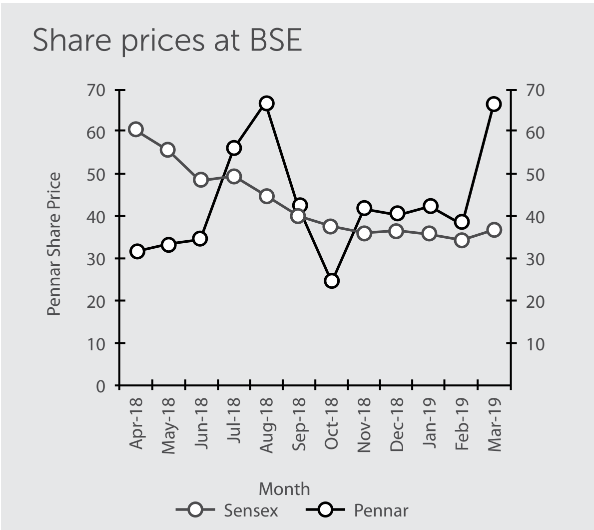
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2018	62.65	49.60	1370650	62.80	49.60	6782398
May, 2018	60.85	51.50	1153835	60.70	50.50	5966354
June, 2018	57.00	47.70	930411	57.10	48.00	4945573
July, 2018	54.50	41.10	1196517	54.35	41.40	5650949
August, 2018	50.00	43.70	652312	50.40	43.50	3474277
September, 2018	46.80	38.15	722778	47.30	38.05	5330616
October, 2018	40.35	34.00	412207	40.45	35.15	2738841
November, 2018	43.10	35.90	458608	43.30	35.10	2888110
December, 2018	38.60	34.50	366054	37.80	34.30	2133417
January, 2019	43.60	35.00	840648	43.40	34.75	6602011
February, 2019	39.50	29.80	399670	36.65	29.90	2057235
March, 2019	40.55	34.00	406506	40.60	34.05	3062188

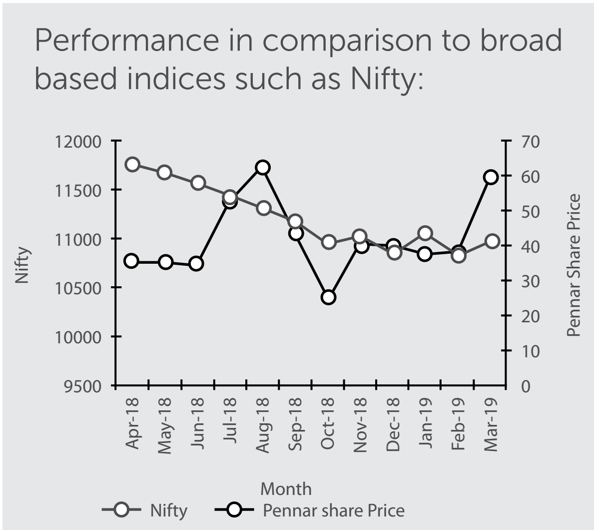
Annexure - C

(Source: www.bseindia.com & www.nseindia.com)









Annexure - C

22. Unclaimed Dividend Amounts:

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend for the following years, which remain unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

Members who have not so far encashed their dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to the Company's Registrar and Transfer Agents, M/s. Karvy Fintech Private Limited, immediately. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Members are also advised to update their correspondence address in their demat accounts in case of their holdings in electronic form or inform their latest correspondence address to the Registrars in case of holdings in physical form. Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows.

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2019	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2011-2012	25.07.2012	10,88,929.13	24.08.2012	31.08.2012	31.08.2019
2012-2013	08.08.2013	11,3,409.54	07.09.2013	14.09.2013	14.09.2020

23. Share Transfer System

The transactions of shares held in Demat and Physical for are handled by the Company's Depository registrar, M/s. Karvy Fintech Private Limited.

Particulars	2018-2019	2017-2018
Shares Transferred	11,716	3194
Total No. of shares as on 31st March, 2019	12,03,49,514	12,03,49,214
% on Share Capital	0.009	0.002

24) Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSIL and the total number of shares in physical form.

25) Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L27109TG1975PLC001919.

26) Managing Director Certification:

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director Certification is provided in the Annual Report.

27) Green Initiative in the Corporate Governance:

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

28) Declaration of Code of Conduct:

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 11th February, 2015, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website. We here by confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2019.

for Pennar Industries Limited

Aditya Rao
Vice-Chairman and Managing Director
DIN 01037343

Annexure - D

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Pennar Industries Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated November 08, 2018.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditor's of Pennar Industries Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad, August 12, 2019
UDIN: 19201193AAAACB1952

Annexure - E

Annual Report on CSR Activities

1. CSR Policy:

Pursuant to section 135 of the Companies Act, 2013 (the act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) framed thereunder it was a mandatory commitment for a corporate to contribute and operate in an economically, socially and environmentally sustainable manner and also establish a Corporate Social Responsibility Policy and a committee track the transactions relating to CSR initiatives.

Accordingly, henceforth, it is a continuing commitment for a company to contribute to economic development of the society at large. CSR, therefore, is not a mere philanthropic activity but also comprises of activities that require a company to integrate social, environmental and ethical concerns into the company's vision and mission through such activities.

The detailed policy as per the regulations has been duly established and the same is uploaded on the website of the company at the link: http://www.pennarindia.com/csr-policy.html.

A Foundation to undertake the CSR activities have been formed namely Pennar Foundation. The brief details of the activities identified by the company directly are enlisted below:

a. Eradicating poverty, hunger and malnutrition;
b. Better hygiene and sanitation;
c. Adequate and potable water supply;
d. Better education facilities and infrastructure to students of schools;
e. Shelters for people;
f. Promotion of education;
g. Promotion of Health;
h. Plantation of trees and their protection.

2. Composition:

The composition of the CSR committee is as hereunder:

Mr. B Kamalaker Rao - Chairman (Non-Executive Independent Director)
Mr. Varun Chawla - Member (Non-Executive Independent Director)
Mr. Nrupender Rao - Member (Executive Chairman)
Mr. Aditya Rao - Member (Vice-Chairman and Managing Director)

The Members of the CSR committee are eminent professionals and financially literate.

3. Average net profits of the Company for the last three Financials Years.

Amount in ₹ Lakhs

Financial Years	2017-18	2016-17	2015-16	Average Net Profit for the last three years
Net Profits	8,910	7,507	9,468	8,629

Annexure - E

4. Prescribed CSR Expenditure:

2% of Average net profits i.e. ₹ 173 Lakhs.

5. Details of CSR during the financial year:

a) Total Amount spent during the Financial Year 2018-19: ₹ 60.16 Lakhs.

b) Amount unspent, if any. : ₹ 112.41 Lakhs.

c) Manner in which the amount spent during the financial year: Attached as Annexure to the report.

6. During the year under review, Company has spent an amount of ₹ 60.16 lakhs instead of ₹ 172.57 lakhs (i.e 2% of the average net profits). The Company could not spend the balance amount as it could not identify the right project.

7. Responsibility Statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR objective and Policy of the Company.

for Pennar Industries Limited

Aditya Rao	B Kamalaker Rao
Vice-Chairman & Managing Director	Chairman CSR Committee

Annexure to the Annual Report on CSR

Sl. No.	CSR project or Activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise (₹ in Lakhs)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2018- 2019 (₹ in Lakhs)	Amount Spent Direct or through Implementing Agency
1.	Vidya Volunteers, Fee Reimbursements and Childrens Parks	Promotion of Education	Through out Telanagana State	0.75	0.75	15.35	Direct
2.	Shelter for People (FY 14-15) Tree Guards Plantation (FY 15-16) Construction of Community Hall (FY 16-17 & FY 17-18)	Rural Development Project	Isnapur Village (FY 14-15), Through out the state (FY 15-16) Hyderabad (16-17), Telangana State			116.75	Direct (FY 14-15) District Collector Medak (FY 15-16) Direct (FY 16-17) Direct (FY 17-18)
3.	Help for disable persons	Promotion of Health	Patancheru Telanagana State	-	-	0.10	Direct
4.	Midday Meals and Other rural development activities	Rural Development Project	Through out Telanagana State		-	40.28	Direct
5.	Donations to Orphanages	Eradicating Poverty	Hyderabad Telanagana State	-	-	0.20	Direct
6.	Donations to Charitable Trusts	Eradicating Poverty	Hyderabad Telanagana State	24.91	24.91	27.58	Direct
7.	Welfare Activities through Pennar Foundation	Eradicating Poverty	Hyderabad Telanagana State	34.50	34.50	106.25	Pennar Foundation
	Total			60.16	60.16	306.50	

for Pennar Industries Limited

Aditya Rao
Vice-Chairman & Managing Director

B Kamalaker Rao
Chairman CSR Committee

Annexure - F

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
M/s. PENNAR INDUSTRIES LIMITED
CIN: L27109API975PLC00l9I9
Floor No. 3, DHFLVC Silicon Towers,
Kondapur, Hyderabad-500084
Telangana India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. PENNAR INDUSTRIES LIMITED (herein after called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company' s Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year commencing from 1st April, 2018 and ended 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 and made available to me, according to the provisions of:

i The Companies Act, 2013 (the Act) and the rules made there under;

ii The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (iii) The Securities and Exchange Board of India (Registrars loan Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

   (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Other laws applicable specifically to the Company namely:

i. Environmental Laws:

(a) The Environment (Protection) Act, 1986;
(b) The Water (Prevention and Control of Pollution) Act, 1974
(c) The Water (Prevention and Control of Pollution) Cess Act, 1977
(d) The Air (Prevention and Control of Pollution) Act, 1981
(e) The Petroleum Act, 1934 & Explosion Act, 1884
(f) The Civil Supplies Act
(g) Indian Broilers Act, 1923

ii. Labour Related Regulations

(a) The Factories Act, 1948
(b) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
(c) The Contract Labour (Regulation and Abolition) Act, 1970
(d) The Employees' State Insurance Act, 1948
(e) The Industrial Employment (Standing Orders) Act, 1946
(f) The Payment of Bonus Act, 1965
(g) The Payment of Gratuity Act, 1972
(h) The Minimum Wages Act, 1948
(i) The Payment of Wages Act, 1936
(j) The Trade Unions Act, 1926
(k) The Employment Exchange CNV Act, 1959 & Rules
(l) The Industrial Disputes Act, 1947
(m) Labour welfare fund Act 1987 & Rules
(n) Maternity Benefits Act, 196I
(o) Child Labour (Prohibition and Abolition) Act, 1986
(p) Apprentices Act, 1961

iii. Miscellaneous Regulations

(a) Shops and Establishments Act
(b) Approvals from Local Authorities

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines mentioned above herein.

I further report that, there were no events/actions in pursuance of:

(i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
(iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 requiring compliance thereof by the Company during the audit period.

Annexure - F

I further report that, the compliance by the Company of applicable finance laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subjected to review by statutory financial audit and other designated professionals.

In Further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of the meeting.

(c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous mid no dissenting views have been recorded

I further report that, based on the review of the compliance reports and the certificates of Company Secretary/ Managing Director taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

I report further that, during the audit period there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Place: Hyderabad
Date: August 12, 2019

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545

Annexure - F

This report is to be read with our letter of even date, which is annexed as "Annexure - A" and forms an integral part of this report.

"Annexure - A"

To
The Members
M/s. PENNAR INDUSTRIES LIMITED
CIN: L27109APl975PLC001919
Floor No. 3, DHFLVC Silicon Towers,
Kondapur, Hyderabad-500084
Telangana India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of M/s. PENNAR INDUSTRIES LIMITED (" the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness or financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs, of the Company.

Place: Hyderabad
Date: August 12, 2019

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545

Annexure - G

Conservation of Energy, Technology Absorption, and foreign exchange Earning and Outgo etc:

Information on conservation of energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under section 134 of the companies act, 2013 read with companies (accounts) Rules, 2014 are provided hereunder:

(A)	**Conservation of Energy:**	
I.	The steps taken or impact on conservation of energy	• We replaced 237 no's of Metal halide lamp fittings with LED fittings. • Used 40 No's of Energy Efficient IE2 Motor for Newly Installed Equipment. • Replaced 40W tube light fittings with 20W LED tube light fittings. • Creating awareness among employees about energy saving
II.	The steps taken by the company for utilizing alternate sources of energy	NIL
III.	The capital investment on energy conservation equipment;	₹ 52,50,000/- (750 No's of New LED light Fittings Installed.)
(B)	**Technology absorption:**	
I.	The efforts made towards technology absorption	4-Hi Rolling Mill Up gradation with latest Drives and Controls, Mechanical Presses are Replaced with SPMs, APFC Panels Installed.
II.	The benefits derived like product improvement, cost reduction, product development or import substitution.	Conservation of Energy, Power quality, and Reduced Power cost. Improved quality and Productivity
III.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) a. The details of technology imported b. The year of import: c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Nil
IV.	The expenditure incurred on research and development	Nil
(C)	**Foreign exchange earnings and outgo**	Total Foreign Exchange earnings: ₹ 7,222 Lakhs Total Foreign Exchange Outgo: ₹ 5,655 Lakhs

Annexure - H

Form No. MGT-9
Extract of Annual Return

As on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

i)	Corporate Identification Number (CIN)	L27109TG1975PLC001919
ii)	Registration Date	08.08.1975
iii)	Name of the Company	M/s. Pennar Industries Limited
iv)	Category/Sub Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	Floor No.: 3, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana - 500084
vi)	Whether Listed Company	Yes listed on NSE and BSE Stock Exchanges.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Tel: +91 40 67161700 Fax: +91 40 23114087

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main product/service	NIC code of Product/service	% to total turnover of the company
1.	Diversified Engineering	24105	69.4%
2.	Custom designed building solutions & auxiliaries	28112	27.0%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Pennar Global Inc. Registered office: 1013 Centre Road, Suite 403S Street , Willington City, Delaware State , Zip Code – 19805,USA.	-	Subsidiary	100%	2(87)
2.	Enertech Pennar Defense and Engineering Systems Private Limited Registered Office: 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084	U74999TG2018PTC123704	Subsidiary	51%	2(87)

IV. Shareholding pattern (Equity Share Capital Breakup as Percentage of total Equity)

The Shareholding pattern is attached hereunder as Attachment - A.

Annexure - H

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	23,770	2,304	NIL	26,074
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	-	-	NA	-
Total (i+ii+iii)	23,770	2,304	-	26,074
Change in Indebtedness during the financial year	-	-	-	-
* Additions	20,726	-	NIL	20,726
* Reductions	1,510	258	NIL	1,768
Net Change	19,216	258	0	18,958
Indebtedness at the end of the financial year				
i. Principal amount	42,986	2,046	NIL	45,032
ii. Interest due but not paid			NA	
iii. Interest accrued but not due			NA	
Total (i+ii+iii)	**42,986**	**2,046**	**0**	**45,032**

VI. Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

₹ Lakhs

Sl No.	Particulars of Remuneration	Nrupender Rao	Aditya Rao	K Lavanya Kumar	Total Amount
		Chairman	Managing Director	Executive Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	167	119	72	358
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify				
5.	Others	-	-	-	-
	Total	167	119	72	358

B) Remuneration to other directors

Amount in ₹

Sl No.	Particulars of Remuneration	Name of the Directors						Total Amount
		B Kamalaker Rao	Varun Chawla	Sita Vanka	Ravi Chachra	C Parthasarathy	Chandrasekhar Sripada	
1.	Independent Directors * Fee for attending board committee meetings * Commission * Others, please specify	1,40,000	1,40,000	1,20,000	1,10,000	1,60,000	1,00,000	7,70,000
	Total (1)	**1,40,000**	**1,40,000**	**1,20,000**	**1,10,000**	**1,60,000**	**1,00,000**	**7,70,000**
2.	Others Non-Executive Directors							
	* Fee for attending board committee meetings	-	-	-	-	-	-	-
	* Commission	-	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-			-	
	Total (1+2)	**1,40,000**	**1,40,000**	**1,20,000**	**1,10,000**	**1,60,000**	**1,00,000**	**7,70,000**

C) Remuneration to Key Managerial Personnel other than MD/ MANAGER/ WTD

Amount in ₹ Lakhs

Sl No.	Particulars of Remuneration	J S Krishna Prasad	Mirza Mohammed Ali Baig	Total Amount
		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	48	13	61
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	48	13	61

Annexure - H

VII. Penalties / Punishment/ Compounding of Offences

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. Company					
Penalty					
Punishment			Nil		
Compounding					
B. Directors					
Penalty					
Punishment			Nil		
Compounding					
C. Other Officers in Default					
Penalty					
Punishment			Nil		
Compounding					

Annexure-A to Annexure-H

(i) Shareholding Pattern (Equity Share Capital Breakup as % to Equity)

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 30/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual / HUF	2,27,61,386	-	2,27,61,386	18.91	2,25,26,486	-	2,25,26,486	18.72	-0.20
(b)	Central Government/ State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Bodies Corporate	2,09,94,311	-	2,09,94,311	17.44	2,09,94,311	-	2,09,94,311	17.44	0.00
(d)	Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	16,500	-	16,500	0.01	2,98,900	-	2,98,900	0.25	0.23
	Sub-Total A(1) :	4,37,72,197	-	4,37,72,197	36.37	4,38,19,697	-	4,38,19,697	36.41	0.04
(2)	FOREIGN									

Annexure - H

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 30/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	0.00	-	-	-	0.00	0.00
(b)	Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Institutions	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(2):	-	-	-	0.00	-	-	-	0.00	0.00
	Total A=A(1)+A(2)	4,37,72,197	-	4,37,72,197	36.37	4,38,19,697	-	4,38,19,697	36.41	0.04
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	1,08,00,017	-	1,08,00,017	8.97	1,09,32,400	-	1,09,32,400	9.08	0.11
(b)	Financial Institutions / Banks	2,53,719	1,750	2,55,469	0.21	5,76,931	1,750	5,78,681	0.48	0.27
(c)	Central Government / State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
(f)	Foreign Institutional Investors	1,43,88,919	-	1,43,88,919	11.96	1,25,77,273	-	1,25,77,273	10.45	-1.51
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(1):	2,54,42,655	1,750	2,54,44,405	21.14	2,40,86,604	1,750	2,40,88,354	20.02	-1.13
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	56,35,331	8,956	56,44,287	4.69	52,99,199	8,856	53,08,055	4.41	-0.28
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	2,82,30,185	10,64,168	2,92,94,353	24.34	2,85,45,505	9,67,896	2,95,13,401	24.52	0.18
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1,15,84,636	44,000	1,16,28,636	9.66	1,33,49,970	44,000	1,33,93,970	11.13	1.47

Annexure - H

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 30/03/2019				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c)	Others									
	CLEARING MEMBERS	3,65,816	-	3,65,816	0.30	83,780	-	83,780	0.07	-0.23
	I E P F	5,38,794	-	5,38,794	0.45	5,38,794	-	5,38,794	0.45	0.00
	NON RESIDENT INDIANS	25,79,657	41,685	26,21,342	2.18	25,50,171	38,170	25,88,341	2.15	-0.03
	NRI NON-REPATRIATION	10,31,507	-	10,31,507	0.86	10,07,051	-	10,07,051	0.84	-0.02
	TRUSTS	8,177	-	8,177	0.01	8,071	-	8,071	0.01	0.00
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(2):	4,99,74,103	11,58,809	5,11,32,912	42.49	5,13,82,541	10,58,922	5,24,41,463	43.57	1.09
	Total B=B(1)+B(2):	7,54,16,758	11,60,559	7,65,77,317	63.63	7,54,69,145	10,60,672	7,65,29,817	63.59	-0.04
	Total (A+B):	11,91,88,955	11,60,559	12,03,49,514	100.00	11,92,88,842	10,60,672	12,03,49,514	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	-	-	0.00	-	-	-	0.00	0.00
	GRAND TOTAL (A+B+C) :	11,91,88,955	11,60,559	12,03,49,514	100.00	11,92,88,842	10,60,672	12,03,49,514	100.00	

Annexure - H

(ii) Shareholding of Promoters

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Slno	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Opening Balance	PENNAR HOLDINGS PRIVATE LIMITED	2,09,94,311	17.44	31/03/2018			2,09,94,311	17.44
	Closing Balance				30/03/2019			2,09,94,311	17.44
2	Opening Balance	J NRUPENDER RAO	50,97,863	4.24	31/03/2018			50,97,863	4.24
	Closing Balance				30/03/2019			50,97,863	4.24
3	Opening Balance	ADITYA NARSING RAO	49,79,008	4.14	31/03/2018			49,79,008	4.14
	Purchase				28/09/2018	47,500	Purchase	50,26,508	4.18
	Closing Balance				30/03/2019			50,26,508	4.18
4	Opening Balance	J RAJYALAKSHMI	48,91,000	4.06	31/03/2018			48,91,000	4.06
	Closing Balance				30/03/2019			48,91,000	4.06
5	Opening Balance	JAYANTHI PULJAL	20,77,500	1.73	31/03/2018			20,77,500	1.73
	Closing Balance				30/03/2019			20,77,500	1.73
6	Opening Balance	KALPANA PULJAL	17,50,081	1.45	31/03/2018			17,50,081	1.45
	Closing Balance				30/03/2019			17,50,081	1.45
7	Opening Balance	BHAVANA PULJAL	16,94,017	1.41	31/03/2018			16,94,017	1.41
	Closing Balance				30/03/2019			16,94,017	1.41
8	Opening Balance	J. AVANTI RAO	15,37,060	1.28	31/03/2018			15,37,060	1.28
	Closing Balance				30/03/2019			15,37,060	1.28
9	Opening Balance	SUMATHA DEVI KONDAPALLY	2,34,900	0.20	31/03/2018			2,34,900	0.20
	Transmission				22/02/2019	-2,34,900	Transmission	-	0.00
	Closing Balance				30/03/2019			-	0.00
10	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	-	0.00	31/03/2018			-	0.00
	Transmission				22/02/2019	2,34,900	Transmission	2,34,900	0.20

Annexure - H

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Slno	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
	Closing Balance				30/03/2019			2,34,900	0.20
11	Opening Balance	Y REKHA RAO	1,59,057	0.13	31/03/2018			1,59,057	0.13
	Closing Balance				30/03/2019			1,59,057	0.13
12	Opening Balance	Y MURALIDHAR RAO	1,10,400	0.09	31/03/2018			1,10,400	0.09
	Closing Balance				30/03/2019			1,10,400	0.09
13	Opening Balance	KONDAPALLI LAKSHMAN RAO	95,200	0.08	31/03/2018			95,200	0.08
	Closing Balance				30/03/2019			95,200	0.08
14	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	31/03/2018			82,200	0.07
	Closing Balance				30/03/2019			82,200	0.07
15	Opening Balance	KONDAPALLY SANDHYA	69,600	0.06	31/03/2018			69,600	0.06
	Closing Balance				30/03/2019			69,600	0.06

(iii) Change in Promoters Shareholding (Specify if there is no change)

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Slno	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Opening Balance	ADITYA NARSING RAO	49,79,008	4.14	31/03/2018			49,79,008	4.14
	Purchase				28/09/2018	47,500	Purchase	50,26,508	4.18

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Slno	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
	Closing Balance				30/03/2019			50,26,508	4.18
2	Opening Balance	SUMATHA DEVI KONDAPALLY	2,34,900	0.20	31/03/2018			2,34,900	0.20
	Transmission				22/02/2019	-2,34,900	Transmission	-	0.00
	Closing Balance				30/03/2019			-	0.00
3	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	-	0.00	31/03/2018			-	0.00
	Transmission				22/02/2019	2,34,900	Transmission	2,34,900	0.20
	Closing Balance				30/03/2019			2,34,900	0.20

(iv) Shareholding Pattern of Top ten Shareholders other than Directors, Promoters and Holders of ADR & GDR

				Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl. No.	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	FPI	Opening Balance	SAIF INDIA IV FII HOLDINGS LIMITED	1,21,38,080	10.09	31/03/2018			1,21,38,080	10.09
		Closing Balance				30/03/2019			1,21,38,080	10.09
2	MUT	Opening Balance	FRANKLIN INDIA SMALLER COMPANIES FUND	94,53,413	7.85	31/03/2018			94,53,413	7.85
		Sale				06/04/2018	-4,99,003	Transfer	89,54,410	7.44
		Sale				13/04/2018	-2,26,075	Transfer	87,28,335	7.25
		Sale				20/04/2018	-38,981	Transfer	86,89,354	7.22
		Closing Balance				30/03/2019			86,89,354	7.22
3	PUB	Opening Balance	VINOD HASHMATRAI PUNWANI	1,50,000	0.12	31/03/2018			1,50,000	0.12
		Sale				04/05/2018	-20,000	Transfer	1,30,000	0.11
		Purchase				29/06/2018	30,000	Transfer	1,60,000	0.13
		Purchase				13/07/2018	13,622	Transfer	1,73,622	0.14
		Purchase				20/07/2018	76,378	Transfer	2,50,000	0.21
		Purchase				10/08/2018	1,51,250	Transfer	4,01,250	0.33
		Purchase				07/09/2018	51,126	Transfer	4,52,376	0.38
		Purchase				28/09/2018	1,00,321	Transfer	5,52,697	0.46
		Purchase				05/10/2018	45,489	Transfer	5,98,186	0.50
		Purchase				12/10/2018	1,52,144	Transfer	7,50,330	0.62
		Purchase				09/11/2018	1,09,995	Transfer	8,60,325	0.71
		Purchase				16/11/2018	42,500	Transfer	9,02,825	0.75
		Purchase				07/12/2018	1,37,530	Transfer	10,40,355	0.86
		Purchase				21/12/2018	56,568	Transfer	10,96,923	0.91
		Purchase				04/01/2019	1,44,000	Transfer	12,40,923	1.03
		Purchase				25/01/2019	1,70,000	Transfer	14,10,923	1.17
		Purchase				08/02/2019	97,603	Transfer	15,08,526	1.25
		Purchase				22/02/2019	1,50,050	Transfer	16,58,576	1.38
		Purchase				01/03/2019	52,000	Transfer	17,10,576	1.42
		Purchase				15/03/2019	2,50,000	Transfer	19,60,576	1.63

Annexure - H

				Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl. No.	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
		Purchase				22/03/2019	20,000	Transfer	19,80,576	1.65
		Purchase				29/03/2019	20,000	Transfer	20,00,576	1.66
		Closing Balance				30/03/2019			20,00,576	1.66
4	FPI	Opening Balance	CLSA GLOBAL MARKETS PTE. LTD.	17,28,981	1.44	31/03/2018			17,28,981	1.44
		Purchase				20/04/2018	1,20,711	Transfer	18,49,692	1.54
		Purchase				27/04/2018	2,56,868	Transfer	21,06,560	1.75
		Purchase				04/05/2018	5,44,671	Transfer	26,51,231	2.20
		Purchase				11/05/2018	30	Transfer	26,51,261	2.20
		Purchase				29/06/2018	2,63,137	Transfer	29,14,398	2.42
		Sale				31/08/2018	-1,08,670	Transfer	28,05,728	2.33
		Sale				07/09/2018	-55,813	Transfer	27,49,915	2.28
		Sale				14/09/2018	-88,296	Transfer	26,61,619	2.21
		Sale				21/09/2018	-1,92,546	Transfer	24,69,073	2.05
		Sale				28/09/2018	-35,220	Transfer	24,33,853	2.02
		Sale				05/10/2018	-740	Transfer	24,33,113	2.02
		Sale				19/10/2018	-58,299	Transfer	23,74,814	1.97
		Sale				26/10/2018	-1,01,981	Transfer	22,72,833	1.89
		Sale				02/11/2018	-91,111	Transfer	21,81,722	1.81
		Sale				09/11/2018	-1,10,190	Transfer	20,71,532	1.72
		Sale				16/11/2018	-67,885	Transfer	20,03,647	1.66
		Sale				23/11/2018	-70,994	Transfer	19,32,653	1.61
		Sale				30/11/2018	-2,12,224	Transfer	17,20,429	1.43
		Sale				07/12/2018	-95,387	Transfer	16,25,042	1.35
		Sale				14/12/2018	-1,44,876	Transfer	14,80,166	1.23
		Sale				21/12/2018	-1,98,498	Transfer	12,81,668	1.06
		Sale				28/12/2018	-1,59,053	Transfer	11,22,615	0.93
		Sale				31/12/2018	-42,351	Transfer	10,80,264	0.90
		Sale				04/01/2019	-71,623	Transfer	10,08,641	0.84
		Sale				11/01/2019	-5,97,728	Transfer	4,10,913	0.34
		Sale				18/01/2019	-1,32,630	Transfer	2,78,283	0.23
		Sale				25/01/2019	-1,36,360	Transfer	1,41,923	0.12
		Sale				01/02/2019	-79,204	Transfer	62,719	0.05
		Sale				08/02/2019	-1,524	Transfer	61,195	0.05
		Sale				15/02/2019	-61,195	Transfer	-	0.00
		Closing Balance				30/03/2019			-	0.00
5	AIF	Opening Balance	ASHMORE INDIA OPPORTUNITIES FUND	13,45,654	1.12	31/03/2018			13,45,654	1.12
		Purchase				01/06/2018	1,19,744	Transfer	14,65,398	1.22
		Purchase				08/06/2018	37,767	Transfer	15,03,165	1.25
		Purchase				11/01/2019	28,482	Transfer	15,31,647	1.27
		Purchase				18/01/2019	26,000	Transfer	15,57,647	1.29
		Purchase				25/01/2019	60,000	Transfer	16,17,647	1.34
		Purchase				01/03/2019	9,449	Transfer	16,27,096	1.35
		Closing Balance				30/03/2019			16,27,096	1.35
6	LTD	Opening Balance	SOUTHEND SECURITIES PRIVATE LIMITED	1,19,500	0.10	31/03/2018			1,19,500	0.10
		Purchase				18/05/2018	9,300	Transfer	1,28,800	0.11
		Purchase				27/07/2018	11,200	Transfer	1,40,000	0.12
		Purchase				03/08/2018	67,400	Transfer	2,07,400	0.17
		Purchase				10/08/2018	26,600	Transfer	2,34,000	0.19
		Purchase				24/08/2018	43,400	Transfer	2,77,400	0.23
		Purchase				31/08/2018	24,500	Transfer	3,01,900	0.25

Annexure - H

				Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl. No.	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
		Purchase				07/09/2018	39,100	Transfer	3,41,000	0.28
		Purchase				21/09/2018	11,200	Transfer	3,52,200	0.29
		Purchase				28/09/2018	2,23,800	Transfer	5,76,000	0.48
		Purchase				05/10/2018	13,200	Transfer	5,89,200	0.49
		Purchase				12/10/2018	48,000	Transfer	6,37,200	0.53
		Purchase				26/10/2018	13,700	Transfer	6,50,900	0.54
		Purchase				16/11/2018	25,000	Transfer	6,75,900	0.56
		Purchase				14/12/2018	27,000	Transfer	7,02,900	0.58
		Purchase				21/12/2018	27,500	Transfer	7,30,400	0.61
		Purchase				11/01/2019	33,250	Transfer	7,63,650	0.63
		Purchase				08/02/2019	34,350	Transfer	7,98,000	0.66
		Purchase				15/02/2019	28,000	Transfer	8,26,000	0.69
		Purchase				01/03/2019	50,500	Transfer	8,76,500	0.73
		Purchase				15/03/2019	29,000	Transfer	9,05,500	0.75
		Closing Balance				30/03/2019			9,05,500	0.75
7	LTD	Opening Balance	ARUNA FINECAP PVT LTD	1,86,000	0.15	31/03/2018			1,86,000	0.15
		Sale				20/04/2018	-37,500	Transfer	1,48,500	0.12
		Purchase				18/05/2018	37,000	Transfer	1,85,500	0.15
		Purchase				06/07/2018	25,000	Transfer	2,10,500	0.17
		Purchase				13/07/2018	17,400	Transfer	2,27,900	0.19
		Purchase				20/07/2018	23,650	Transfer	2,51,550	0.21
		Purchase				27/07/2018	1,800	Transfer	2,53,350	0.21
		Purchase				28/09/2018	96,000	Transfer	3,49,350	0.29
		Purchase				05/10/2018	64,500	Transfer	4,13,850	0.34
		Purchase				12/10/2018	13,100	Transfer	4,26,950	0.35
		Purchase				19/10/2018	12,600	Transfer	4,39,550	0.37
		Purchase				26/10/2018	13,000	Transfer	4,52,550	0.38
		Purchase				16/11/2018	13,150	Transfer	4,65,700	0.39
		Purchase				30/11/2018	38,500	Transfer	5,04,200	0.42
		Purchase				07/12/2018	27,500	Transfer	5,31,700	0.44
		Purchase				28/12/2018	34,000	Transfer	5,65,700	0.47
		Purchase				04/01/2019	40,000	Transfer	6,05,700	0.50
		Purchase				25/01/2019	33,300	Transfer	6,39,000	0.53
		Purchase				01/02/2019	40,500	Transfer	6,79,500	0.56
		Purchase				22/02/2019	10,000	Transfer	6,89,500	0.57
		Purchase				01/03/2019	38,500	Transfer	7,28,000	0.60
		Closing Balance				30/03/2019			7,28,000	0.60
8	AIF	Opening Balance	MICRO STRATEGIES FUND	-	0.00	31/03/2018			-	0.00
		Purchase				21/12/2018	10,000	Transfer	10,000	0.01
		Purchase				28/12/2018	40,000	Transfer	50,000	0.04
		Purchase				31/12/2018	10,000	Transfer	60,000	0.05
		Purchase				04/01/2019	40,000	Transfer	1,00,000	0.08
		Purchase				11/01/2019	50,000	Transfer	1,50,000	0.12
		Purchase				18/01/2019	1,60,000	Transfer	3,10,000	0.26
		Purchase				25/01/2019	25,000	Transfer	3,35,000	0.28
		Purchase				01/02/2019	25,000	Transfer	3,60,000	0.30
		Purchase				08/02/2019	25,000	Transfer	3,85,000	0.32
		Purchase				15/02/2019	25,000	Transfer	4,10,000	0.34
		Purchase				22/02/2019	25,000	Transfer	4,35,000	0.36
		Purchase				01/03/2019	25,000	Transfer	4,60,000	0.38
		Purchase				08/03/2019	30,000	Transfer	4,90,000	0.41
		Purchase				15/03/2019	50,000	Transfer	5,40,000	0.45
		Purchase				22/03/2019	40,000	Transfer	5,80,000	0.48
		Purchase				29/03/2019	35,000	Transfer	6,15,000	0.51
		Closing Balance				30/03/2019			6,15,000	0.51

Annexure - H

				Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Sl. No.	Category	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
9	PUB	Opening Balance	PELLURU ANASUYA	5,95,095	0.49	31/03/2018			5,95,095	0.49
		Closing Balance				30/03/2019			5,95,095	0.49
10	PUB	Opening Balance	ROHINTON SOLI SCREWVALA	5,61,386	0.47	31/03/2018			5,61,386	0.47
		Closing Balance				30/03/2019			5,61,386	0.47

(v) Shareholding of Directors and Key Management Personnel

			Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
Slno	Type	Name of the Share Holder	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Opening Balance	J NRUPENDER RAO	50,97,863	4.24	31/03/2018			50,97,863	4.24
	Closing Balance				30/03/2019			50,97,863	4.24
2	Opening Balance	ADITYA NARSING RAO	49,79,008	4.14	31/03/2018			49,79,008	4.14
	Purchase				28/09/2018	47,500	Purchase	50,26,508	4.18
	Closing Balance				30/03/2019			50,26,508	4.18
3	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	31/03/2018			82,200	0.07
	Closing Balance				30/03/2019			82,200	0.07
4	Opening Balance	POTLURI VENKATESWARA RAO	21,920	0.02	31/03/2018			21,920	0.02
	Closing Balance				30/03/2019	15,000	Purchase	36,920	0.03
5	Opening Balance	JAMMULAMADAKA SRINIVASA KRISHNA PRASAD	789	0.00	31/03/2018			789	0.00
	Closing Balance				30/03/2019			789	0.00
6	Opening Balance	MIRZA MOHAMMED ALI BAIG	-	0.00	31/03/2018			-	0.00
	Closing Balance				30/03/2019			-	0.00
7	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	-	0.00	31/03/2018			-	0.00
	Transmission				22/02/2019	2,34,900	Transmission	2,34,900	0.20
	Closing Balance				30/03/2019			2,34,900	0.20

PARTICULARS OF EMPLOYEES

(a) The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Amount in ₹ Lakhs

Sl No.	Name of the Director	Designation	Remuneration paid in 2018-19	Remuneration paid in 2017-18	Increase in remuneration from previous year	Ratio/median of employee remuneration (2018-19)
1.	Mr. Nrupender Rao	Chairman	167	238	0	NA
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	119	188	0	NA
3.	Mr K Lavanya Kumar	Executive Director	72	59	13	23.08
4.	Mr. J S Krishna Prasad	Chief Financial Officer	48	41	7	17.35
5.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	13	10	3	4.90

(iii) The percentage increase in the median remuneration of employees in the financial year: Nil, as the median employee joined in June-2018.

(iv) The number of permanent employees on the rolls of company: 2,663

(v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

(a) The average annual increase for the Financial Year 2018-19 in salaries of employees was 13.29%
(b) The increase in managerial remuneration for the Financial Year 2018-19 was Nil for Mr. Nrupender Rao and Mr. Aditya and other KMP remuneration was increased as per the terms of agreement with the respective KMP of the Company.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms remuneration is as per the remuneration policy of the Company.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Annexure - J

Managing Director Declaration

I, Aditya Rao, Vice-Chairman and Managing Director do hereby declare that pursuant to the provisions of Schedule V of the SEBI LODR Regulations, 2015 all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31st March, 2019.

for Pennar Industries Limited

Place: Hyderabad
Date: August 12, 2019

Aditya Rao
Vice-Chairman & Managing Director

Annexure - K

Managing Director and Chief Financial Officer Certification pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
M/s. Pennar Industries Limited

Sub: Certificate pursuant to Regulation 17 (8) of the SEBI LODR Regulations, 2015

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2019 and to the best of our knowledge and belief:
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

4. We have indicated to the Auditors and the Audit Committee:
   (i) that there are no significant changes in internal control over financial reporting during the year;
   (ii) that there are no significant changes in accounting policies during the year; and
   (iii) that there are no instances of significant fraud of which we have become aware.

for Pennar Industries Limited

Date: 12.08.2019	**J S Krishna Prasad**	**Aditya Rao**
Place: Hyderabad	**Chief Financial Officer**	**Vice-Chairman and Managing Director**

Annexure - L

To
The Members of
M/s. PENNAR INDUSTRIES LIMITED
Hyderabad

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015
I, Subhash Kishan Kandrapu, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of PENNAR INDUSTRIES LIMITED (CIN: L27109TG1975PLC001919) having its Registered Office at Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad-500084 Telangana India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2019.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2019:

S.No	Name of the Director	Designation
1.	Mr. Joginapally Venkata Nrupender Rao	Executive Chairman
2.	Mr. Aditya Narsing Rao	Vice-Chairman & Managing Director
3.	Mr. Lavanya Kumar Rao Kondapally	Executive Director
4.	Mr. Eric James Brown	Non-Executive Director
5.	Mr. Vishal Satinder Sood	Non-Executive Director
6.	Mr Potluri Venkateswara Rao	Non-Executive Director
7.	Mr. Manish Mahendra Sabharwal	Non-Executive Independent Director
8.	Mr. Comandur Parthasarathy	Non-Executive Independent Director
9.	Mr. Bandari Kamalaker Rao	Non-Executive Independent Director
10.	Mr. Varun Chawla	Non-Executive Independent Director
11.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director
12.	Ms. Sita Vanka	Non-Executive Independent Director

Place: Hyderabad
Date: August 12, 2019

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545

Independent Auditor’s Report

To The Members of Pennar Industries Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Pennar Industries Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the standalone financial statements”), in which are incorporated the financial statements of erstwhile entities Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) (“transferor companies”), consequent to their amalgamation into the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors referred to in the Other Matters section below in respect of the transferor companies, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 2.12 of the standalone financial statements. The Company recognizes revenue from sale of goods based on the terms and conditions of transactions which varies with different customers. For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.	Principal audit procedures performed We obtained an understanding of the revenue recognition process and tested the company's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of samples of customer contracts. Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements
- represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of erstwhile entities Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) ("transferor companies") (refer note 35 of standalone financial statements) included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹64,639 lakhs as at March 31, 2019 and total revenue of ₹67,379 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements of transferor companies have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the transferor companies and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the transferor companies, is based solely on the report of such other auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter with respect to our reliance on the work done and the report of the other auditors ("component auditors").

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements, referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   ii. The Company did not have any long-term Contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 27, 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pennar Industries Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting of the erstwhile entities Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL)("transferor companies"), consequent to their amalgamation into the Company, audited by other auditors, referred to in 'other matters' section below.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of transferor companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Annexure "A" to the Independent Auditor's Report

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on internal financial controls system over financial reporting of the transferor companies referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to transferor companies (refer note 35 of standalone financial statements) which are companies incorporated in India, is based on the corresponding reports of other auditors of such companies incorporated in India.

Our opinion is not modified in respect of this matter.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 27, 2019

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. The Company is in the process of reconciling the book records and the physical verification report. The management has informed that discrepancies, if any, arising between the assets verified and the book records would be dealt with in the period in which such reconciliation is completed.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed on property provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the company based on the confirmations received by us from the lenders. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at the balance sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any outstanding unclaimed deposits as at March 31, 2019 and therefore, reporting under clause (v) of the Order is not applicable.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Service Tax, Entry Tax and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹in lakhs)
The Central Excise Act, 1994	Excise Duty	Customs Excise and Service Tax Appellate Tribunal , Hyderabad	2010 - 2017	151.73
The Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal , Hyderabad	2004-2005 to 2007-08	4.39
			2008-09 to 2011-12	6.86
			2014-15	8.10
AP Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	High Court of Judicature at Hyderabad for the State of Telangana	2005-06 to 2007-2008	158.22
			2012-2013	3.22
			2013-2014	12.19
Value added Tax	VAT	Commercial Tax Office	2013-15	**576.07**

There are no dues of Income-tax and Customs Duty, as on March 31, 2019 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

ix. In our opinion and according to the information and explanations given to us, the moneys raised by way of initial public offer have been applied by the Company during the year for the purposes for which they were obtained other than temporary deployment pending application of such proceeds. Further, the term loan amounting to ₹300 lakhs obtained during the year has not been utilised as at the March 31, 2019. The Company has not raised any money by way of further public offering (including debt instruments).

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

Annexure “B” to the Independent Auditor’s Report

xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 27, 2019

Balance Sheet

As At March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	Particulars	Note	As at March 31,2019	As at March 31,2018*
I	ASSETS			
1	**Non-current assets**			
	Property, plant and equipment	3	43,991	32,751
	Capital work-in-progress		11,769	2,726
	Other intangible assets	4	1,353	1,434
	Financial assets			
	(a) Investments	5	264	263
	(b) Trade receivables	10	937	258
	(c) Other financial assets	7	816	711
	Income tax assets (net)	17(f)	1,041	845
	Other non-current assets	8	1,282	1,552
	Total Non-current assets		61,453	40,540
2	**Current assets**			
	Inventories	9	43,647	43,091
	Financial assets			
	(a) Investments	5	5,211	6,933
	(b) Trade receivables	10	46,063	40,341
	(c) Cash and cash equivalents	11	1,320	3,171
	(d) Bank balances other than cash and cash equivalents	12	2,321	1,706
	(e) Loans	6	1,954	1,999
	(f) Other financial assets	7	3,031	3,216
	Other current assets	8	8,760	10,264
	Total Current assets		112,307	110,721
	Total assets (1+2)		173,760	151,261
II	EQUITY AND LIABILITIES			
1	EQUITY			
	Equity share capital	13	7,618	7,618
	Other equity	14	58,881	52,787
	Total Equity		66,499	60,405
	LIABILITIES			
2	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	15	10,031	10,083
	(b) Other financial liabilities	20	512	467
	Provisions	16	862	541
	Deferred tax liabilities (net)	17(d)	2,680	2,376
	Other non-current liabilities	18	604	786
	Total Non-current liabilities		14,689	14,253
3	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	15	31,258	23,544
	(b) Trade payables	19		
	Total outstanding dues to micro enterprises and small enterprises		455	369
	Total outstanding dues of other than micro enterprises and small enterprises		44,329	36,814
	(c) Other financial liabilities	20	5,655	2,252
	Current tax liabilities (net)	17(f)	1,560	2,486
	Provisions	16	850	1,000
	Other current liabilities	18	8,465	10,138
	Total Current liabilities		92,572	76,603
	Total Liabilities (2+3)		107,261	90,856
	Total Equity and Liabilities (1+2+3)		173,760	151,261
	*Refer note 35			
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Statement of Profit and Loss

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31,2018*
I.	INCOME			
	Revenue from operations	21	211,612	178,017
	Other income	22	2,603	1,725
	Total income		214,215	179,742
II.	EXPENSES			
	Cost of materials consumed		124,545	109,526
	Purchase of traded goods		5,135	3,095
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(865)	(4,265)
	Excise duty		-	3,035
	Employee benefits expense	24	14,913	12,190
	Finance costs	25	7,511	6,166
	Depreciation and amortisation expense	26	2,787	2,289
	Other expenses	27	50,838	35,896
	Total expenses		204,864	167,932
III.	Profit before exceptional item and tax (I - II)		9,351	11,810
IV.	Exceptional item	28	-	2,129
V.	Profit before tax (III - IV)		9,351	13,939
VI.	Tax expense:	17(a)		
	Current tax		2,477	3,907
	Deferred tax		470	727
			2,947	4,634
VII.	Profit for the year (V - VI)		6,404	9,305
VIII.	Other comprehensive income			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurements of the net defined benefit liability	16(c)	(475)	(67)
	- Income tax relating to above items	17(b)	165	23
	Total other comprehensive loss		(310)	(44)
IX.	Total comprehensive income for the year (VII + VIII)		6,094	9,261
X.	Earning per equity share (face value of ₹5 each)			
	Basic and Diluted (₹)	30	4.20	6.11
	*Refer note 35			
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

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Executive Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Cash Flow Statement

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2019		For the year ended March 31,2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		9,351		13,939
Adjustments for :				
Depreciation and amortisation expense	2,787		2,289	
Loss on sale of plant and equipment (net)	140		19	
Finance costs	7,511		6,166	
Interest income	(737)		(646)	
Dividend income from investments	-		(26)	
Liabilities no longer required written back	(429)		(449)	
Gain on mutual funds	(355)		(272)	
Gain on sale of non-current investment	-		(2,129)	
Provision for doubtful debts (net)	18		66	
Operating profit before working capital changes		18,286		18,957
Changes in operating assets and liabilities:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(6,419)		(5,157)	
Other financial assets	145		1,079	
Inventories	(556)		(3,222)	
Other non-financial assets	1,405		(364)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	7,601		(9,111)	
Other financial liabilities	1,815		427	
Other non-financial liabilities	(1,899)		228	
Provisions	350		70	
Cash generated from operations		20,728		2,907
Net income taxes paid		(3,599)		(2,800)
Net cash flow (used in) / generated by operating activities (A)		17,129		107
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of plant and equipment	(22,712)		(11,858)	
Proceeds from sale of plant and equipment	190		46	
Proceeds from sale of non-current investments	-		5,148	
Investment in non-current investments	(1)		(261)	
Investment in current investment	2,077		(3,088)	

Cash Flow Statement

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2019		For the year ended March 31,2018	
Net movement in Inter corporate deposits	-		(1,166)	
Balances not considered as cash and cash equivalents	(624)		(765)	
Interest received	717		714	
Dividend income from investments	-		26	
Net cash flow used in investing activities (B)		(20,353)		(11,204)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	1,164		8,597	
Repayment of long-term borrowings	-		(5,048)	
Net movement in working capital loans	7,714		10,946	
Finance costs paid	(7,505)		(5,869)	
Net cash flow from / (used in) financing activities (C)		1,373		8,626
Net increase in cash and cash equivalents (A+B+C)		(1,851)		(2,471)
Cash and cash equivalents at the beginning of the year		3,171		4,326
Cash and cash equivalents acquired on acquisition (Refer Note 35)		-		1,316
Cash and cash equivalents at the end of the year*		1,320		3,171
***Cash and cash equivalents comprises of: (Refer note 11)**				
Cash on hand		-		-
Balances with Banks				
- in current accounts		1,086		513
- in deposit accounts		234		2,658
		1,320		3,171

See accompanying notes forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Statement of changes in equity

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2017	120,349,514	6,017
Shares issued on account of business combination (Refer note 35)	32,007,717	1,601
Balance as at March 31, 2018	152,357,231	7,618
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	152,357,231	7,618

B. Other equity

Particulars	Reserves and surplus							
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings	Items of other comprehensive income	Total other equity
Balance as at April 01, 2017	-	5,011	1,254	6	1,185	21,769	(69)	29,156
Effect of common control business combination (Refer note 35)	386	7,611	18	-	-	6,349	5	14,369
Profit for the year	-	-	-	-	-	9,306	-	9,306
Remeasurement of net defined benefit liability (net of tax ₹23)	-	-	-	-	-		(44)	(44)
Balance as at March 31, 2018	386	12,622	1,272	6	1,185	37,424	(108)	52,787
Profit for the year	-	-	-	-	-	6,404	-	6,404
Remeasurement of net defined benefit liability (net of tax ₹165)	-	-	-	-	-	-	(310)	(310)
Balance as at March 31, 2019	386	12,622	1,272	6	1,185	43,828	(418)	58,881

See accompanying notes forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number: 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

JS Krishna Prasad
Chief Financial Officer

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

1. Corporate information:

Pennar Industries Limited ('the Company) is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defense installations, amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, EPC contract and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

2. Significant accounting policies

2.1 Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of lnd AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Items requiring significant estimate	Assumption and estimation uncertainty
Useful lives of property, plant and equipment	The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return of plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for doubtful receivables	The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
Estimation of net realizable value of inventories	Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories in the Company makes an estimate of future selling prices, and costs necessary to make the sale.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2.3 Inventories:

Inventories are valued at lower of cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads.

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete by the Company.

Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realizable value after providing for obsolescence and other losses (if any).

2.4 Foreign currency translation:

In preparing the financial statements of the Company, transaction in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.5 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set of against future income tax liability and such benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

2.7 Leases:

As a Lessee:

At the inception of each lease, the lease arrangement is classified as either a finance lease or an Operating lease, based on the substance of the lease arrangement.

Operating leases:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Lessor’s expected inflationary cost increases.

As a lessor:

Operating lease:

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Finance lease:

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.8 Earnings per share:

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period

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Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'

2.10 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalized to the respective block of assets. A corresponding provision is created for the said costs.

The capitalized asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.11 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Revenue:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 "Revenue Recognition", Ind AS 11 "Construction Contracts" and related interpretations.

Sale of products and Services:

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, 'Revenue', Revenue from operations for the year ended March 31, 2018 includes Excise duty up to June 30, 2017. Revenue from operations of earlier periods included Excise duty which is now subsumed in GST.

Income from supply of Pre- Engineered Buildings/ steel structural:

Revenue from supply of Pre-Engineered Building (PEB)/ steel structurals are recognized as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Government grants, subsidies and export incentives:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Income from sales tax and power incentives are recognized on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

2.13 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2.14 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land.

Depreciation on Property, Plant and Equipment commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	20
Factory Equipment (Electricals)	10-20
Office Equipment	3-5
Furniture & Fixtures	10
Computers	3-6
Vehicles	8
Intangible Assets	10-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

Assets costing less than ₹5,000 each are fully depreciated in the year of capitalization.

2.15 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ERP and others) allocated/amortized over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.16 De-recognition of Tangible and Intangible assets

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2.17 Impairment of Tangible and Intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.18 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carryforward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

2.19 Financial instruments

a. Derivative financial instruments:

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

2.20 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.21 Impairment of assets

a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment Intangible assets, are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Non-current Investments:

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.22 Government Grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.23 Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting

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Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of adoption on the financial statements.

Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

3. Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018
Carrying amounts of:		
Freehold land	911	993
Leasehold Improvements	27	31
Buildings	18,691	12,193
Plant and equipment	19,573	16,168
Electrical equipment	4,149	2,815
Computers	120	111
Office equipment	92	73
Furniture and fixtures	183	156
Vehicles	245	211
Total	43,991	32,751
Capital works-in-progress (Refer note (a) below)	11,769	2,726
Total	55,760	35,477

Notes:
a. Capital work in progress includes borrowing cost of ₹173 lakhs (March 31, 2018 - ₹77 lakhs) capitalised during the year.
b. Refer Note 15(a) for details of charge created on assets.

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
I. Cost										
Balance as at April 01, 2017	745	-	7,995	23,898	2,987	323	355	172	168	36,643
Effect of Common control Business Combination (Refer note 35)	222	45	3,750	2,524	85	205	20	124	91	7,066
Additions	26	-	3,426	4,830	1,586	82	40	37	147	10,174
Disposals	-	-	-	(1,015)	(15)	(69)	-	(46)	(98)	(1,243)
Balance as at March 31, 2018	993	45	15,171	30,237	4,643	541	415	287	308	52,640
Additions	10	-	7,104	5,118	1,556	89	58	69	88	14,092
Disposals	(92)	-	-	(221)	-	(199)	(330)	-	(24)	(866)
Balance as at March 31, 2019	911	45	22,275	35,134	6,199	431	143	356	372	65,866
II. Accumulated depreciation										
Balance as at April 01, 2017	-	-	2,365	13,305	1,681	292	303	68	83	18,097
Effect of Common control Business Combination (Refer note 35)	-	9	171	389	15	119	9	59	40	811
Depreciation for the year	-	5	442	1,390	147	80	30	38	27	2,159
Disposals	-	-	-	(1,015)	(15)	(61)	-	(34)	(53)	(1,178)
Balance as at March 31, 2018	-	14	2,978	14,069	1,828	430	342	131	97	19,889
Depreciation for the year	-	4	606	1,623	222	72	27	42	35	2,631
Disposals	-	-	-	(131)	-	(191)	(318)	-	(5)	(645)
Balance as at March 31, 2019	-	18	3,584	15,561	2,050	311	51	173	127	21,875

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

4. Other intangible assets

Particulars	As at March 31, 2019	As at March 31, 2018
Carrying amount of:		
Computer software	369	361
Software licence	127	162
Other intangible assets	857	911
Total Other intangible assets	1,353	1,434

Particulars	Computer software	Software licence	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2017	299	-	1,126	1,425
Effect of Common control Business Combination (Refer note 35)	266	205	-	471
Additions	18	22	-	40
Disposals	-	-	-	-
Balance as at March 31, 2018	583	227	1,126	1,936
Additions	184	-	-	184
Disposals	(262)	-	-	(262)
Balance as at March 31, 2019	505	227	1,126	1,858
II. Accumulated amortisation				
Balance as at April 01, 2017	149	-	162	311
Effect of Common control Business Combination (Refer note 35)	32	30	-	62
Amortisation for the year	41	35	53	129
Disposals	-	-	-	-
Balance as at March 31, 2018	222	65	215	502
Amortisation for the year	67	35	54	156
Disposals	(153)	-	-	(153)
Balance as at March 31, 2019	136	100	269	505

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

5. Investments

Particulars	Face Value per share	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount
A. Investments - Non-current					
Unquoted:					
Equity instruments of subsidiary companies (carried at cost)					
Pennar Global Inc., USA	USD 0.01 each	40,000,000	261	40,000,000	261
Enertech Pennar Defense and Engineering Systems Private Limited	₹10 each	5,100	1	-	-
			262		261
Investment carried at fair value through OCI (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹1000 each	200	2	200	2
Total Non-current investments			264		263
B. Investments - Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			4,892		6,933
Investments in secured, non-convertible debentures			319		-
Total Current investments			5,211		6,933

Note:
Details of investments - Current (quoted)

Particulars	As at March 31, 2019 No. of units	As at March 31, 2019 Amount	As at March 31, 2018 No. of units	As at March 31, 2018 Amount
Investments in Mutual Funds*				
UTI - Treasury Advantage Fund - Institutional Plan - Growth	8,518	220	94,809	2,271
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	6,166	22	6,166	21
ABSL Money Manager Fund Gr-Direct	59,617	150	-	-
ABSL Liquid Fund Gr-Direct	116,598	350	-	-
Birla Sun Life Savings Fund-US	26,911	100	-	-
ICICI Prudential Liquid Mutual Fund -Direct Plan	217,462	601	49,990	50

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(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	As at March 31, 2019 No. of units	As at March 31, 2019 Amount	As at March 31, 2018 No. of units	As at March 31, 2018 Amount
Axis Treasury Advantage Fund	-	-	5,321	105
Axis Bank Liquid Fund Daily Dividend	-	-	10,514	105
Axis Liquid Fund	-	-	13,278	256
Kotak Floater - Short Term - D	-	-	19,881	567
Kotak Low Duration Fund	-	-	620	14
Kotak Liquid Fund	-	-	24,463	862
HDFC Liquid Fund	13,607	500	826,603	314
Franklin India Liquid Fund	8,944	250	-	-
JM High Liquidity fund-Direct-Growth	978,000	501	-	-
UTI-Liquid Cash Plan-Direct Plan	22,458	687	17,605	501
Reliance Medium Term Fund -UST	-	-	1,459,248	543
Reliance Liquid Fund- Treasury plan	20,447	933	1,181	50
Reliance Monthly Interval Fund- Direct plan	-	-	2,174,577	502
L&T Floating Rate Fund-Direct Plan	-	-	3,115,063	545
L&T Liquid Fund-Direct Plan	-	-	1,050	25
DSP Blackrock Liquid Mutual Fund	936	25	-	-
Principal Low Duration fund-Direct Plan	-	-	7,068	202
IDFC Cash Fund	4,434	101	-	-
Religare Invesco Liquidity Fund	9,728	250	-	-
Yes Liquid Fund-DP	9,904	101	-	-
Tata Liquid Fund-Direct Plan	3,433	101	-	-
		4,892		6,933
Investments in Debentures				
Indian Clearing Corporation Limited	30	319		-
		5,211		6,933

* The market value of quoted investment is equal to its carrying value.

6. Loans (unsecured, considered good)

Particulars	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Loans to related parties (Refer note 34)	100	529
Inter-corporate deposits	1,854	1,470
	1,954	1,999

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

7. Other financials assets (unsecured, considered good)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current:		
Deposits	736	631
Sales tax claims receivable	80	80
Total other non-current financial assets	816	711
Current:		
Interest accrued on deposits	110	90
Unbilled revenue	793	1,443
Incentive receivable	506	506
Security Deposits	1,329	109
Receivable against sale of non-current investments (Refer note 28)	184	994
Others	109	74
Total other current financial assets	3,031	3,216
Total other financial assets	3,847	3,927

8. Other assets (unsecured, considered good) :

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	1,183	1,552
Prepayment of lease hold land	91	-
Others	8	-
Total other non-current assets	1,282	1,552
Current:		
Advances recoverable in kind or for value to be received	2,993	6,090
Prepaid expenses	502	533
Others*	5,265	3,641
Total other current assets	8,760	10,264
Total other assets	10,042	11,816

*includes balances with government authorities ₹5,194 (March 31, 2018: ₹3,641).

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

9. Inventories (at lower of cost or net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	9,105	9,692
Raw materials in-transit	20	18
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Stores and spares	5,225	4,949
Scrap	632	504
Total	43,647	43,091

Note:
Refer Note 15(a) for details of charge created on assets.

10. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Unsecured, considered good	937	258
	937	258
Current		
Unsecured, considered good*	46,063	40,341
Credit impaired	4,924	4,906
	50,987	45,247
Less: Allowance for doubtful receivables (Refer note (b) below)	4,924	4,906
	46,063	40,341
Total	47,000	40,599

* Includes dues from related parties (Refer note 34)

Notes:

a. **Trade receivables includes retention money aggregating to ₹5,752 lakhs (March 31, 2018: ₹3,958 lakhs).**

b. **Expected credit loss (ECL):**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2019	46,112	5,812	(4,924)	47,000
As at March 31, 2018	39,695	5,810	(4,906)	40,599

The movement in the allowance for Credit loss:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	4,906	4,840
Impairment losses recognised on receivables	18	66
Balance at the end of the year	4,924	4,906

c. Of the trade receivables balance as at March 31, 2019 of ₹3,853 Lakhs (as at March 31, 2018: ₹4,886 Lakhs) is due from Hindustan Dorr Oliver Limited and ₹2,966 Lakhs (as at March 31, 2018: ₹2,710 Lakhs) is due from Integral Coach Factory, the Company's Largest customer. There are no other customers who represent more than 5% of total balance of trade receivables.

11 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	-	-
Balances with banks		
in current accounts	1,086	513
in deposit accounts	234	2,658
Total	1,320	3,171

12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
a) Earmarked balances with banks		
-in preference shares redemption accounts	74	74
-in unclaimed dividend accounts	22	31
- in Margin money deposits*	887	669
- in deposit accounts (maturity greater than 12 months)	1,338	932
Total	2,321	1,706

* Margin money deposits has been provided as a security to SBI for the Cash Credit and other short term loan facilities availed by the Company from the SBI and it also includes earmarked balance of ₹200 lakhs the purpose of OTS proposal of purchasing Makro Casting Company which is located in Vijayawada and the same is earmarked on March 28, 2019 for 30 days. The balance deposits are towards margin money given for letter of credit and bank guarantees.

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

13. Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
Equity shares		
30,20,00,000 fully paid equity shares of ₹5 each	15,100	15,100
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹5 each	2,000	2,000
	17,600	17,600
Issued, subscribed and paid-up capital:		
Equity shares		
15,23,57,231 fully paid equity shares of ₹5 each (Refer note 35)	7,618	7,618
Total	7,618	7,618

In terms of the Scheme of Amalgamation of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with Pennar Industries Limited (PIL), 23 equity shares of the Company of face value of ₹5 each (aggregating 2,79,09,458 equity shares of ₹5 each) have been allotted to the equity shareholders of erstwhile PEBS for every 13 equity shares of face value of ₹10 each held by them in PEBS. Further, 1 equity share of the Company of face value of ₹5 each (aggregating 40,98,259 equity shares of ₹5 each) have been allotted to the equity shareholders of erstwhile PEL for every 1 equity share of face of ₹10 each held by them in PEL. The equity shares issued have been considered as a part of "Equity" and considered for the purpose of calculation of earnings per share (refer note 35).

Notes:

a. **Reconciliation of the number of shares outstanding:**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	152,357,231	120,349,514
Add: Shares issued on account of business combination (Refer note 35)	-	32,007,717
Balance	152,357,231	152,357,231

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

b. Details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2019		As at March 31, 2018	
Particulars	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
Fully paid up equity shares:				
Pennar Holdings Private Limited	20,994,311	13.78%	20,994,311	13.78%
Saif India IV FII Holdings Limited	12,138,080	7.97%	12,138,080	7.97%
Franklin India Smaller Companies Fund	8,689,354	5.70%	9,453,413	6.20%

c. Rights, preferences and restrictions attached to each class of shares:

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

Preference Shares: The Company has two classes of cumulative redeemable preference shares having face value of ₹100 each and ₹5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company.

d. The company has not issued bonus shares during the period of five years immediately preceding the reporting date.

e. Refer Note 15(c) for details of shares pledged.

14. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Capital reserve		
Opening balance	386	-
Add: Effect of common control business combination (Refer note 35)	-	386
Closing Balance	386	386
(b) Securities premium account		
Opening balance	12,622	5,011
Add: Effect of common control business combination (Refer note 35)	-	7,611
Closing Balance	12,622	12,622

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars		As at March 31, 2019	As at March 31, 2018
(c)	General reserve		
	Opening balance	1,272	1,254
	Add: Effect of common control business combination (Refer note 35)	-	18
	Closing Balance	1,272	1,272
(d)	Profit on forfeiture of shares	6	6
(e)	Capital redemption reserve	1,185	1,185
(f)	Retained earnings		
	Opening balance	37,424	21,769
	Add: Effect of common control business combination (Refer note 35)	-	6,349
	Add: Profit for the year	6,404	9,306
	Closing Balance	43,828	37,424
(g)	Items of other comprehensive income		
	Opening balance	(108)	(69)
	Add: Effect of common control business combination (Refer note 35)	-	5
	Add: Remeasurement of defined benefit obligation (net of taxes)	(310)	(44)
	Closing Balance	(418)	(108)
Total		58,881	52,787

Nature of reserves:

(a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(e) **Capital redemption reserve**

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) **Retained earnings**

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

(g) **Other comprehensive income**

This reserve represents the cumulative gains and losses arising on changes in actuarial assumptions recognised on the defined benefit plan.

15. Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	8,859	7,025
- From non banking financial companies	105	48
	8,964	7,073
Unsecured- at amortised cost		
Others	-	1,750
Unsecured - at fair value		
Sales tax deferment loan (Refer note (b) below)	1,067	1,260
	10,031	10,083
Current		
Loans repayable on demand from banks- Secured - at amortised cost (Refer note (c) below)		
(i) Cash credits	11,103	12,897
(ii) Working capital demand loans	19,337	9,920
(iii) Bills of exchange	818	727
	31,258	23,544
Total Borrowings	41,289	33,627

* Current maturities of non-current borrowings have been disclosed under the head "Other current financial liabilities".-

Notes:

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Rate of Interest
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹312.50 each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	3,750	5,000	"9.9% to 10.3% p.a"
Yes Bank Limited	16 equal quarterly instalments of ₹250 each, after a moratorium period of 1 year, Commencing from Feb '2019	First charge on all the fixed assets of the Chennai Plant and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	4,000	3,750	3,500	9.95% to 10.4% p.a
ICICI Bank Limited	16 equal quarterly instalments of ₹225.25 each, after a moratorium period of 1 year, Commencing from March '2020	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	3,604	3,604	-	9.75% to 10.15% p.a
YES Bank Limited	60 equal monthly instalments	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	59	-	8.77%
Bandhan Bank	24 equal quarterly instalments of ₹12.50 each commencing from December 2019	Secured by movable assets of the PV Solar Module manufacturing unit of the Company created out of the term loan at Sadashivpet and personal guarantee of Mr. Aditya Rao (Vice-Chairman & Managing Director).	300	300	-	10.70%
HDFC Bank Limited	Foreclosed during the FY 2018-19.	First charge by way of hypothecation of the vehicle for which the loan was taken.	21	-	15	9.66%
Total			12,991	11,463	8,515	

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Rate of Interest
From Non Banking Financial Institutions:						
Kotak Mahindra Prime Limited	60 equal monthly instalments of ₹0.54 each and ₹0.47 each	First charge by way of hypothecation of the vehicles for which the loan was taken.	48	-	2	10.07%
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹0.30 each	First charge by way of hypothecation of the vehicles for which the loan was taken.	14	12	14	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹12.50 each commencing from September 2018	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	212	-	10.25% to 10.75% p.a
Volkswagen Finance Limited	84 equal monthly instalments of ₹0.78 each	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	41	46	8.50%
Total			411	265	62	

(b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹2,486 from the Commercial tax department. Out of this, amount aggregating ₹182 paid during earlier year and an amount of ₹258 paid in the financial year 2018-19 an amount of ₹375 Payable in the financial year 2019-20 which is classified under the head "Other financial liabilities". Further ₹604 (As at March 31, 2018 - ₹786) considered under Unearned government grant has been classified under the head "Other Non-current liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹in lakhs
2019-20	375
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	**2,046**

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State Bank of India, Axis Bank, Yes Bank and ICICI Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium and pledge of 61,50,000 shares of ₹10 each of Erstwhile Subsidiary, Pennar Engineered Building Systems Limited held by Pennar Industries Limited, and For SBI, Exclusive pledge of 7,50,000 shares of ₹5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N. Rao (Vice - Chairman and Managing Director). These borrowings carried interest rate of 8.5% to 10.85% (March 31, 2018: 9.60% to 12% per annum).

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2019	As at March 31, 2018
Aditya Narsing Rao (Vice Chairman and Managing Director)	70,376	52,521

16. Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Provision for gratuity (Refer note c (i) below)	255	38
Provision for compensated absences	441	404
Asset retirement obligation	166	99
	862	541
Current		
Provision for gratuity (Refer note c (i) below)	380	149
Provision for compensated absences	354	63
Provision for loss on onerous contracts (Refer note(a) below)	20	449
Others	96	339
	850	1,000
Total Provisions	1,712	1,541

Note:

(a) **Movement in provision for loss on onerous contracts:**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	449	-
Add: Effect of common control business combination (Refer note 35)	-	898
Add: Provision made during the year	11	296
Less: Provision reversed during the year	(440)	(745)
Carrying amount as at year end	20	449

Post Retirement Employee Benefits

(b) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense towards contribution to provident fund and employee state insurance for the year are aggregating to ₹581 lakhs (March 31, 2018: ₹503 lakhs) and is included under contribution to provident and other funds.

(c) Post retirement benefit - Defined benefit

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(i) Gratuity (funded):

	Particulars	2018–19	2017–18
i)	**Change in Defined Benefit Obligation (DBO) during the year:**		
	Present Value of DBO at the beginning of the year	1,287	1,009
	Interest cost	89	65
	Current service cost	147	117
	Past service cost	-	54
	Actuarial loss on obligation	535	117
	Benefits paid	(97)	(75)
	Present Value of DBO at the end of the year	1,961	1,287
ii)	**Changes in the Fair Value of Plan Asset during the year**		
	Fair value of Plan Assets at the beginning of the year	1,100	846
	Return on Plan Assets	60	50
	Interest Income	87	69
	Contributions paid	176	210
	Benefits paid	(97)	(75)
	Fair value of Plan Assets at the end of the year	1,326	1,100
iii)	**Amount Recognized in Balance Sheet**		
	Present Value of DBO of the year	1,961	1,287
	Fair value of Plan Assets at the end of the year	1,326	1,100
	Net Asset/(Liability) recognized in the balance sheet	(635)	(187)
	- Non Current	(255)	(38)
	- Current	(380)	(149)

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	2018–19	2017–18
iv) Components of employer expense		
Current service cost	147	117
Past service cost	-	54
Interest income on net defined benefit obligation	2	(4)
Expense recognised in Statement of Profit and Loss	149	167
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	275	(67)
Actuarial loss due to experience on Defined Benefit Obligation	260	184
Return on Plan Assets excluding Interest Income	(60)	(50)
Remeasurements recognised in other comprehensive income	475	67
Total defined benefit cost recognised	624	234

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2019	Valuation as at March 31, 2018
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	6.94%-7.61%	7.46%-7.68%
Rate of increase in compensation	5%-8%	1%-8%
Expected average remaining service	4.89-13.44	5.80-16.88
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 1%-14%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	1,878
	(-1%)	2,041
Salary Escalation rate	1%	2,031
	(-1%)	1,885

Estimate of expected benefit payout (in absolute terms i.e undiscounted)

Particulars	Gratuity
Within 1 year	380
1-2 year	325
2-3 year	283
3-4 year	260
4-5 year	235
5-10 year	718

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(ii) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the company is given below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2019	Valuation as at March 31, 2018
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	6.94%- 7.61%	7.46%-7.68%
Rate of increase in compensation	5%-8%	1%-8%
Expected average remaining service	4.89-13.43	5.80-16.35
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 1%-14%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

17. Income taxes

a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	2,518	3,907
Deferred tax	470	727
Tax pertaining to earlier years	(41)	-
	2,947	4,634

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Tax effect on actuarial losses on defined benefit obligations	165	23
	165	23
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	165	23
Items that may be reclassified to profit or loss	-	-

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

c. **Reconciliation of effective tax rate**

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2019 and March 31, 2018.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting Profit before tax	9,351	13,939
Tax expense at statutory tax rate of 34.94% (2018: 34.61%)	3,268	4,824
Adjustments:		
Effect of income that is exempt from tax	-	(123)
Effect of expenses that are not deductible in determining taxable profit	61	41
Effect of change in tax rate	(34)	(13)
Adjustments in respect of income-tax for earlier years	(41)	-
Others	(307)	(95)
Tax expense reported in Statement of Profit and loss.	2,947	4,634
Effective tax rate	31.52%	33.24%

The difference between the tax rate enacted in India and the effective tax rate of the company is majorly because of items that are never taxable or deductible.

d. **Deferred tax liabilities (net)**

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	(2,484)	(2,185)
Deferred tax liabilities	5,164	4,561
	2,680	2,376

e. **Movement in deferred tax assets and liabilities:**

2018-19	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4,520	647	-	5,167
Assets				
Provision for employee benefits	(215)	(205)	(165)	(585)
Provision for doubtful debts	(1,714)	(7)	-	(1,721)
Provision for loss on onerous contracts	(157)	150	-	(7)
Provision for Contract Assets	-	(79)		(79)
Provision for dismantling cost	-	(58)		(58)
Others	(58)	21	-	(37)
Total	2,376	470	(165)	2,680

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2017-18	Opening Balance	Effect of common control business combination (Refer Note 35)	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to					
Liabilities					
Property, plant and equipment and Intangible assets	3,115	754	651	-	4,520
Assets					-
Provision for employee benefits	(76)	(93)	(23)	(23)	(215)
Provision for doubtful debts	(567)	(1,108)	(39)	-	(1,714)
Provision for loss on onerous contracts	-	(157)	-	-	(157)
Others	(56)	(140)	138	-	(58)
Total	2,416	(744)	727	(23)	2,376

f. **Income tax assets and liabilities**

The following is the analysis of income tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax assets [net of provisions]	1,041	845
Income tax liabilities [net of advance tax]	(1,560)	(2,486)
	(519)	(1,641)

18. Other Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Unearned government grants (Refer note 15(b))	604	786
Current		
Advances from customers	5,149	4,906
Unearned revenue	2,719	4,600
Statutory liabilities	597	632
	8,465	10,138
Total Other Liabilities	9,069	10,924

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

19. Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Acceptances	18,870	16,525
Other than Acceptances	25,914	20,658
Total	44,784	37,183
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	455	369
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	44,329	36,814

*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 31

**Includes amount payable to related parties. Refer note 34

20. Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Retention money payable	512	467
	512	467
Current		
Current maturities from long term borrowings (Refer note 15)		
From banks and Non Banking Financial Companies (NBFC's)	2,764	1,483
Sales tax deferment loan	375	258
Unclaimed dividends	22	31
Preference share capital payable	74	74
Security Deposits	79	80
Interest accrued but not due on borrowings	178	172
Payables on purchase of fixed assets	392	154
Other Payables	1,771	-
	5,655	2,252
Total financial liabilities	6,167	2,719

21. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue From operations		
- Sale of products	145,337	120,886
- Revenue from contracts	54,145	48,445
- Sale of services	3,578	2,750
- Other Operating Revenue		
- Scrap Sales	8,552	5,936
Total	211,612	178,017

Reconciliation of revenue recognised with the contracted price is as follows:

Contract price	52,688	44,980
Adjustments for:		
Unearned revenue	1,881	2,022
Unbilled revenue	(650)	1,443
Unbilled revenue (loss allowance)	226	-
Revenue from contracts	54,145	48,445

Revenue from operations include ₹22,291 Lakhs (March 31, 2018: ₹14,616 Lakhs) made to Integral Coach Factory, which arose from sales to the Company's largest customer. There are no other single customers contributing 10% or more to the Company's revenue.

22. Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income earned on financial assets		
- Bank deposits	130	496
- Other interest income	607	161
Dividend income on current investments	-	-
Net gain arising from financial instruments designated as fair value through Profit and Loss	355	220
Reversal of provisions on onerous contracts (Net)	429	449
Liabilities no longer required written back	522	-
Others	560	399
Total	2,603	1,725

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

23. Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock of inventories		
Work-in-progress	17,626	8,114
Finished goods	10,302	3,876
Scrap	504	146
Effect of common control business combination (Refer note 35)		
Work-in-progress	-	3,510
Finished goods	-	8,467
Scrap	-	54
	28,432	24,167
Closing stock of inventories		
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Scrap	632	504
	29,297	28,432
Decrease / (increase) in inventories of finished goods and work-in-progress	(865)	(4,265)

24. Employee benefits expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	13,254	10,702
Contribution to provident and other funds	766	795
Staff welfare expenses	893	693
Total	14,913	12,190

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

25. Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest:		
Term loans	803	730
Working capital demand loans	2,733	2,858
Others	3	-
Bill discounting charges	2,338	1,961
Other bank charges	1,529	617
Interest expense on delayed payment of income tax	105	-
Total	7,511	6,166

26. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on Property, plant and equipment (Refer note 3)	2,631	2,159
Amortisation of intangible assets (Refer note 4)	156	130
Total	2,787	2,289

27. Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Job work and processing charges	6,920	3,647
Sub-contract expenses	3,425	2,837
Erection expenses	4,896	5,244
Stores and spares consumed	16,791	10,456
Power and fuel	2,436	2,094
Repairs and maintenance		
- Plant and equipment	322	305
- Buildings	138	149
- Others	189	120
Rent	718	565
Carriage and freight	5,874	5,534
Payment to Auditors (Refer note (a) below)	62	60
Loss on sale of plant and equipment	140	19
Foreign Exchange Fluctuation	197	5

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Expenditure for Corporate social responsibility (Refer note (b) below)	60	93
Bad debts written off	1,994	-
Provision for doubtful debtors	18	66
Provision for unbilled revenue	226	-
Advances written off	553	-
Miscellaneous expenses	5,879	4,702
Total	50,838	35,896

Notes:

a. Payments to Auditors

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit fee	26	25
Limited review	5	4
Other services	3	2
Total	34	31

Above excludes payments to other auditors - of erstwhile Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) :

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit fee	17	17
Tax audit fee	-	1
Limited review	9	9
Other services	1	1
Out of pocket expenses	1	1
Total	28	29

Note: Amounts given above excludes Goods and Services tax/ Service tax

b. Corporate social responsibility

The Company contributes towards Corporate Social Responsibility (CSR) activities as per the provisions of per Section 135 of the Companies Act, 2013. The Company constituted sub committee of Board and approved CSR policy. As per the said policy, Company has incurred ₹60 (March 31, 2018 - ₹93).

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

c. **Leases**

The Company has certain operating leases for office facilities under cancellable as well as non-cancellable operating lease agreements. The operating lease arrangements, are renewable on a periodic basis and the lease term ranges from 12 months to 120 months from their respective dates of inception. Some of these lease agreements have price escalation clauses. Future lease payments on the long term non-cancellable operating leases as per the lease agreements are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Due within one year	344	311
Due later than one year and not later than five years	413	283
Due later than five years	-	84
	757	678

28. Exceptional Item

During the previous financial year 2017-18, the Company divested its stake in Pennar Renewables Private Limited, to Greenko Solar Energy Private Limited (Greenko Solar). The resultant profit on sale of investment amounting to ₹2,129 has been recognised under exceptional item. An amount of ₹184 is receivable as at March 31, 2019 (receivable as on March 31, 2018 ₹994) from Greenko Solar pertaining to such sale proceeds.

29. Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 "Revenue", Ind AS 11 "Construction Contracts" and related interpretations.

The Company has adopted Ind AS 115 using the modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11.

Management reviewed and assessed the Company's existing policy for recognising the revenue at April 01, 2018 and concluded that, apart from more extensive disclosures for the Company's revenue transactions, the initial application of Ind AS 115 has had no significant impact on the Company's statement of financial position as at March 31, 2019 and its statement of profit or loss and other comprehensive income for the year then ended. Consequently, there were no adjustments as at April 01, 2018.

30. Earnings per share

Particulars	As at March 31, 2019	As at March 31, 2018
Profit after tax	6,404	9,305
Weighted average number of equity shares	152,357,231	152,357,231
Nominal value per share	5	5
Basic and Diluted earnings per Equity Share	4.20	6.11

Refer note 13

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

31. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	455	369
Interest	8	122
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	122	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	21	37
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	8	122
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

32. Financial Instruments

a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, investment in mutual funds and Inter-corporate deposits given.

The table below summarises the total equity, net debt and net debt to equity ratio of the Company.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
Equity share capital	7,618	7,618
Other equity	58,881	52,787
Total Equity (A)	66,499	60,405
Non-current borrowings	10,031	10,083
Short term borrowings	31,258	23,544
Current maturities of long-term borrowings	3,139	1,741
Gross Debt	44,428	35,368
Less: Inter-corporate deposits	(1,954)	(1,999)
Less: Current investments	(5,211)	(6,933)
Less: Cash and cash equivalents	(1,320)	(3,171)
Less: Other balances with banks	(2,321)	(1,706)
Net debt (B)	33,622	21,559
Net debt to equity (B/A)	0.51	0.36
Interest Coverage Ratio	2.24	3.26

b. Financial instruments by category

	Carrying value as at	
Particulars	March 31, 2019	March 31, 2018
Financial assets		
Measured at amortised cost		
Other financial assets	3,847	3,927
Loans	1,954	1,999
Trade receivables	47,000	40,599
Cash and cash equivalents	1,320	3,171
Other bank balances	2,321	1,706
Non-current investments	262	261
Total financial assets measured at amortised cost (A)	56,704	51,663
Measured at fair value through profit and loss		
Investments in mutual funds	4,892	6,933
Investments in secured, non-convertible debentures	319	-
Non-current investments	2	2
Total financial assets at fair value through profit and Loss (B)	5,213	6,935
Financial assets at Fair value through other comprehensive income (C)	-	-
Total Financial Assets (A+B+C)	61,917	58,598
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings (including current maturities)	11,728	10,306
Short-term borrowings	31,258	23,544
Trade payables	44,784	37,183
Other financial liabilities	3,028	978
Total financial liabilities carried at amortised cost(A)	90,798	72,011

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Carrying value as at March 31, 2019	Carrying value as at March 31, 2018
Measured at fair value through Profit and Loss		
Sales tax deferment loan	1,442	1,518
Financial liabilities at fair value through Profit and Loss (B)	1,442	1,518
Financial liabilities at Fair value through other comprehensive income (C)	-	-
Total Financial Liabilities (A+B+C)	92,240	73,529

The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

c. **Financial risk management**

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

The management policies aims to mitigate the following risks arising from the financial instruments

1. Market Risk
2. Credit Risk
3. Liquidity Risk

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivatives for speculative purposes.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company generates sufficient cash flow for operations, which together with the available cash & cash equivalents and short term investments provide liquidity in the short term and long term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short term, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Foreign Exchange Risk

The Company's functional currency is Indian National Rupees (INR). The company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Fluctuation in exchange rates affects the company's revenue from export markets and the cost of imports, primarily in relation to capital goods.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of reporting period as follows:

Currency exposure as at March 31, 2019

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Total (INR)
Trade receivables	1,860	9	-	1,869
Advances to vendors	39	65	-	104
Trade payables	(34)	-	-	(34)
Advances from customers	(14)	-	(2)	(16)
Total	1,851	74	(2)	1,923

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Currency exposure as at March 31, 2018

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	852	40	892
Trade payables	(259)	-	(259)
Total	593	40	633

Unhedged foreign currency exposure :
Amounts receivable/ payable in foreign currency

	As at March 31, 2019		
Particulars	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)
Trade receivables	26.90	0.12	-
Advances to vendors	0.57	0.83	-
Trade payables	(0.49)	-	-
Advances from customers	(0.20)	-	(0.04)

Amounts receivable/ payable in foreign currency

	As at March 31, 2019	
Particulars	USD (In Lakhs)	Euro (In Lakhs)
Trade Receivables	13	0.49
Trade Payables	(4)	-

Sensitivity analysis:

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

	Impact on profit and loss	
Particulars	March 31, 2019	March 31, 2018
Strengthening	0.37	0.26
Weakening	(0.37)	(0.26)

Commodity price risk

The Company's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The company manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the company are principally denominated in rupees with mix of fixed and floating rates of interest. The company has exposure to interest rate risk, arising principally on changes in base lending rates. The company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by company by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

Working Capital position

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets	112,307	110,721
Current liabilities	(92,572)	(76,603)
Working capital	19,735	34,118

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2019	March 31, 2018
1% increase in interest rate	(197)	(341)
1% decrease in interest rate	197	341

Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the company can be required to pay.

(i) Liquidity exposure as at March 31, 2019

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	2,764	9,816	215	12,795
Short-term Borrowings	31,258	-	-	31,258
Trade payables	44,784	-	-	44,784
Other financial liabilities	2,891	512	-	3,403
	81,697	10,328	215	92,240

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(ii) **Liquidity exposure as at March 31, 2018**

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	1,483	9,533	550	11,566
Short-term Borrowings	23,544	-	-	23,544
Trade payables	37,183	-	-	37,183
Other financial liabilities	769	467	-	1,236
	62,979	10,000	550	73,529

Refer note 15 for the details of collateral security against the above mentioned banking facilities.

d. **Fair value hierarchy**

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2018.

(i) **Level wise disclosure of Financial instruments as at March 31, 2019 that are measured at fair value**

	Fair value measurements at reporting date using			
Particulars	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	5,211	5,211	-	-
Financial liabilities				
Sales tax deferment loan	1,067	-	-	1,067

(ii) **Level wise disclosure of Financial instruments as at March 31, 2018 that are measured at fair value**

	Fair value measurements at reporting date using			
Particulars	Total	Level 1	Level 2	Level 3
Financial assets	2	-	-	2
Non current- Investments	6,933	6,933	-	-
Current- Investments				
Financial liabilities	1,260	-	-	1,260
Sales tax deferment loan				

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(iii) Level wise disclosure of Financial instruments as at March 31, 2019 that are not measured at fair value (but fair value disclosures are required)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	262	-	262	-
Trade receivables	47,000	-	47,000	-
Cash and cash equivalents	1,320	-	1,320	-
Bank balances other than cash and cash equivalents	2,321	-	2,321	-
Loans	1,954	-	1,954	-
Other financial assets	3,847	-	3,847	-
Financial liabilities				
Borrowings	40,222	-	40,222	-
Trade payables	44,784	-	44,784	-
Other financial liabilities	6,167	-	6,167	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2018 that are not measured at fair value (but fair value disclosures are required)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	261	-	261	-
Trade receivables	40,599	-	40,599	-
Cash and cash equivalents	3,171	-	3,171	-
Bank balances other than cash and cash equivalents	1,706	-	1,706	-
Loans	1,999	-	1,999	-
Other financial assets	3,927	-	3,927	-
Financial liabilities				
Borrowings	32,367	-	32,367	-
Trade payables	37,183	-	37,183	-
Other financial liabilities	2,719	-	2,719	-

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

33. Contingent Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	826	219
ii) Excise duty and service tax	477	452
ii) Good and Services Tax Act	69	-
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	31,400	32,300
c) Financial guarantee given by banks on behalf of the company	2,997	1,520
Total	35,769	34,491

Note:

On February 28, 2019,the Honourable Supreme Court of India has delivered a judgement clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis the judgement, the company has recomputed its liability towards PF for the month of March 2019 and has made a provision in the books of account. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgement retrospectively. Based on such legal advice, the management believes that it is impractical at this stage to reliably measure the impact (if any). Necessary adjustments, if any, will be made as more clarity emerges on the subject.

34. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2019	March 31, 2018
Enertech Pennar Defense and Engineering Systems Private Limited	Subsidiary Company	India	51%	-
Pennar Global Inc.	Subsidiary Company	USA	100%	100%
Pennar Renewables Private Limited (Refer note 28)	Subsidiary Company	India	-	-
Details of other related parties				
Pennar Holdings Private Limited	Promoter Company			
Pennar Foundation	Trust in which KMP's are trustees			
Joginapally Venkata Nrupender Rao	Executive Chairman			
Aditya Narsing Rao	Vice Chairman and Managing Director			
Lavanya Kumar Rao Kondapally	Executive Director			

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of goods and services		
Pennar Global Inc.	6,463	1,492
Enertech Pennar Defense and Engineering Systems Private Limited	102	-
	6,565	1,492
Purchase of goods and services		
Pennar Global Inc.	52	35
Pennar Renewables Private Limited	-	12
	52	47
Intercorporate deposits given to:		
Enertech Pennar Defence and Engineering Private Limited	100	-
Pennar Renewables Private Limited	-	200
Intercorporate deposits refunded by:		
Pennar Renewables Private Limited	-	500
Interest income on intercorporate deposits given:		
Pennar Renewables Private Limited	-	56
Paid towards corporate social responsibility		
Pennar Foundation	36	-
Investment in Pennar Global Inc.	-	261
Investment in Enertech Pennar Defense and Engineering Systems Private Limited	1	-
Disposal of Pennar Renewable Private Limited	-	4,013
	137	5,030
Director's remuneration		
Joginapally Venkata Nrupender Rao	120	203
Aditya Narsing Rao	102	169
Lavanya Kumar Rao Kondapally	60	50
	282	422
Provident Fund, Superannuation & Other Perquisites		
Joginapally Venkata Nrupender Rao	47	35
Aditya Narsing Rao	17	19
Lavanya Kumar Rao Kondapally	12	9
	76	63

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(iii) Balances with related parties:

Particulars	As at March 31, 2019	As at March 31, 2018
Trade payables		
Pennar Global Inc.	6	126
Pennar Renewables Private Limited	-	346
Total	6	472
Trade receivables		
Enertech Pennar Defence and Engineering Private Limited	25	-
Pennar Global Inc.	1,547	707
Total	1,572	707
Investment in subsidiary companies		
Enertech Pennar Defence and Engineering Private Limited	1	-
Pennar Global Inc.	261	261
Total	262	261
Intercorporate deposits receivable		
Enertech Pennar Defence and Engineering Private Limited	100	-
Pennar Renewables Private Limited	-	529
Total	100	529
Managerial Commission payable	-	431

Post–employment benefits and other long–term benefits have been disclosed based on actual payment made on retirement/resignation of services, but does not includes provision made on actuarial basis as the same is not available at an employee level.

35. The National Company Law Tribunal vide its order dated May 8, 2019 approved the Scheme of Amalgamation (‘the Scheme’) amongst the Company, Pennar Engineered Building Systems Limited (‘PEBS’) and Pennar Enviro Limited (‘PEL’), subsidiaries of the Company and to make the Scheme effective, the Company was required to file the same with Registrar of Companies (ROC). Accordingly, the Company filed the Scheme on May 23, 2019 with the ROC. The financial results of the Company for the years ended March 31, 2019 and March 31, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. The surplus of the value of the net assets acquired over the face value of the equity shares issued by the Company pursuant to the amalgamation and carrying amount of investments in the equity shares of the aforementioned subsidiaries to the extent held by the Company has been adjusted to ‘capital reserve account’ in the financial statements of the Company.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements i.e., April 1, 2017 and consequently, the amounts for the preceding periods include the results of the aforementioned business acquired.

Details of the summarised values of assets and liabilities of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) as acquired and the treatment of the difference between the net assets acquired over face value of equity shares issued is as under:

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Property, plant and equipment	6,118	137	6,255
Capital work-in-progress	111	246	357
Other intangible assets	409	-	409
Other non-current financial assets	-	8	8
Other non-current assets	31	229	260
Current tax assets (net)	24	-	24
Deferred tax asset (net)	840	-	840
Inventories	20,607	383	20,990
Investments	3,529	2	3,531
Trade receivables	8,568	6,383	14,951
Cash and cash equivalents	1,146	170	1,316
Bank balances other than cash and cash equivalents	392	135	527
Loans	2,246	-	2,246
Other current financial assets	3,337	455	3,792
Other current assets	6,049	15	6,064
Total Assets (A)	53,407	8,163	61,570
Other non-current financial liabilities	567	-	567
Deferred tax liabilities (net)	-	96	96
Borrowings	5,530	3,096	8,626
Trade payables	16,862	3,243	20,105
Other current financial liabilities	3,624	-	3,624
Current tax liabilities (net)	60	72	132
Provisions	1,254	21	1,275
Other current liabilities	8,330	569	8,899
Total Liabilities (B)	36,227	7,097	43,324
Net assets acquired (C) = (A) -(B)	17,180	1,066	18,246
Less: Consideration paid by the way of equity shares (Refer note 13(a))	1,396	205	1,601

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Less: Reserves acquired (E)			
i) Securities Premium	7,611	-	7,611
ii) General Reserve	-	18	18
iii) Retained Earnings	6,137	212	6,349
iv) Other Comprehensive income	5	-	5
Less: Investment in Subsidiary amalgamated(F)	1,849	427	2,276
Balance adjusted against Capital Reserves (G) = (C) -(D)-(E)-(F)	182	204	386

36. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for business purposes such as repayment/ prepayment of certain working capital facilities availed by the Company, financing the procurement of infrastructure, general corporate purposes and share issue expenses. As on March 31, 2019 an amount of ₹509 lakhs (March 31, 2018: ₹537 lakhs) are unutilized funds which have been temporarily invested in short term liquid scheme of mutual funds and in bank balances.

37. During the year 2015-16 the erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) approved the “Employee Stock Option Scheme 2014” for all eligible employees in pursuance of the special resolution approved by the shareholders in Extra Ordinary General Meeting held on 11 November 2014. Under the said scheme the number of options to be granted are 10,00,000 (31 March 2018: 10,00,000). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed. Each option holder entitled to apply for and be allotted one ordinary share of ₹10 each upon payment at the exercise price.

38. In accordance with Ind AS 108 “Operating segments”, segment information has been given in the consolidated financial statements of Pennar Industries Limited and therefore no separate disclosure on segment information is given in these financial statements.

39. These financial statements were approved by the Company’s Board of Directors on May 27, 2019.

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Place: Hyderabad
Date: May 27, 2019

Independent Auditor’s Report

To The Members of Pennar Industries Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Pennar Industries Limited** (”the Parent”) and its subsidiaries, (the Parent and its subsidiaries together referred to as ”the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as ”the consolidated financial statements”), in which are incorporated the financial statements of erstwhile entities Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) (”transferor companies”), consequent to their amalgamation into the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (”the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 2.13 of the consolidated financial statements. The Parent recognizes revenue from sale of goods based on the terms and conditions of transactions which varies with different customers. For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of the goods have been transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.	Principal audit procedures performed: We obtained an understanding of the revenue recognition process and tested the Parent's controls around the timely and accurate recording of sales transactions. We have obtained an understanding of samples of customer contracts. Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

Information Other than the Financial Statements and Auditor's Report Thereon

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the transferor companies, subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the transferor companies, subsidiaries is traced from their financial statements audited by other auditors.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve
- collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent/ Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the erstwhile entities PEBS and PIL included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of the transferor companies included in the standalone financial statements of the companies included in the Group whose financial statements reflect total assets of ₹64,639 lakhs as at March 31, 2019 and total revenue of ₹67,379 lakhs for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial statements of the transferor companies have been audited by other auditors whose reports have been furnished to us by the other auditors, and our opinion in so far as it relates to the amounts and disclosures included in respect of these erstwhile entities and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid erstwhile entities, is based solely on the report of such other auditors.

(b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹2,536 lakhs as at March 31, 2019, total revenues of ₹8,316 lakhs and net cash inflows amounting to ₹39 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the financial statements of the transferor companies, subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Company including the transferor companies, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies

Independent Auditor's Report

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent its subsidiary companies incorporated in India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 27, 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Pennar Industries Limited (hereinafter referred to as "the Company"), which includes internal financial controls over financial reporting of the erstwhile companies Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) ("transferor companies"), consequent to their amalgamation into the Company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company including the erstwhile entities PEBS and PEL which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of transferor Companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Company including the erstwhile entities PEBS and PEL, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to erstwhile entities PEBS and PEL, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 27, 2019

Consolidated Balance Sheet

As At March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	Particulars	Note	As at March 31,2019	As at March 31,2018
I	ASSETS			
1	**Non-current assets**			
	Property, plant and equipment	3	44,051	32,751
	Capital work-in-progress		11,769	2,726
	Other intangible assets	4	1,353	1,434
	Financial assets			
	(a) Investments	5	2	2
	(b) Trade receivables	10	937	258
	(c) Other financial assets	7	816	711
	Income tax assets (net)	17(f)	1,041	845
	Other non-current assets	8	1,282	1,552
	Total Non-current assets		61,251	40,279
2	**Current assets**			
	Inventories	9	43,855	43,263
	Financial assets			
	(a) Investments	5	5,211	6,933
	(b) Trade receivables	10	46,366	40,200
	(c) Cash and cash equivalents	11	1,516	3,287
	(d) Bank balances other than cash and cash equivalents	12	2,321	1,706
	(e) Loans	6	1,954	1,999
	(f) Other financial assets	7	3,076	3,218
	Other current assets	8	8,806	10,265
	Total Current assets		113,105	110,871
	Total assets (1+2)		174,356	151,150
II	EQUITY AND LIABILITIES			
1	EQUITY			
	Equity share capital	13	7,618	7,618
	Other equity	14	59,131	52,787
	Equity attributable to Shareholders of the Company		66,749	60,405
	Non-controlling interests		22	-
	Total Equity		66,771	60,405
	LIABILITIES			
2	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	15	10,031	10,083
	(b) Other financial liabilities	20	512	467
	Provisions	16	862	541
	Deferred tax liabilities (net)	17(d)	2,680	2,376
	Other non-current liabilities	18	604	786
	Total Non-current liabilities		14,689	14,253
3	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	15	31,291	23,556
	(b) Trade payables	19		
	Total outstanding dues to micro enterprises and small enterprises		455	369
	Total outstanding dues of other than micro enterprises and small enterprises		44,460	36,635
	(c) Other financial liabilities	20	5,655	2,252
	Current tax liabilities (net)	17(f)	1,560	2,486
	Provisions	16	919	1,000
	Other current liabilities	18	8,556	10,194
	Total Current liabilities		92,896	76,492
	Total Liabilities (2+3)		107,585	90,745
	Total Equity and Liabilities (1+2+3)		174,356	151,150
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Consolidated Statement of Profit and Loss

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31,2018
I.	INCOME			
	Revenue from operations	21	213,311	179,841
	Other income	22	2,674	1,589
	Total income		215,985	181,430
II.	EXPENSES			
	Cost of materials consumed		127,283	108,931
	Purchase of traded goods		5,135	3,095
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(865)	(4,265)
	Excise duty		-	3,035
	Employee benefits expense	24	15,293	12,276
	Finance costs	25	7,520	6,740
	Depreciation and amortisation expense	26	2,789	2,926
	Other expenses	27	49,148	36,179
	Total expenses		206,303	168,917
III.	Profit before exceptional item and tax (I - II)		9,682	12,513
IV.	Exceptional item	28	-	1,295
V.	Profit before tax (III - IV)		9,682	13,808
VI.	Tax expense:	17(a)		
	Current tax		2,546	4,016
	Deferred tax		470	743
			3,016	4,759
VII.	Profit for the year (V - VI)		6,666	9,049
	Profit for the year attributable to:			
	- Shareholders of the Company		6,644	8,938
	- Non-controlling interests		22	111
VIII.	Other comprehensive income			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurements of the net defined benefit liability	16(c)	(475)	(67)
	- Income tax relating to above items	17(b)	165	23
	Items that will be reclassified subsequently to profit or loss:			
	- Exchange differences in translation of foreign operations		10	-
	- Income tax relating to above items		-	-
	Total other comprehensive loss		(300)	(44)
	Other comprehensive income for the year attributable to:			
	- Shareholders of the Company		(300)	(44)
	- Non-controlling interests		-	-
IX.	Total comprehensive income for the year (VII + VIII)		6,366	9,005
	Total comprehensive income for the year attributable to:			
	- Shareholders of the Company		6,344	8,894
	- Non-controlling interests		22	111
X.	Earning per equity share (face value of ₹5 each)			
	Basic and Diluted (₹)	30	4.36	5.87
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

Place: Hyderabad
Date: May 27, 2019

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Consolidated Cash Flow Statement

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2019		For the year ended March 31,2018	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		9,682		13,808
Adjustments for :				
Depreciation and amortisation expense	2,789		2,926	
Loss on sale of plant and equipment, (net)	140		19	
Finance costs	7,518		6,740	
Interest income	(737)		(589)	
Dividend income from investments	-		(26)	
Liabilities no longer required written back	(429)		(8)	
Gain on sale of current investments	(355)		(127)	
Gain on sale of non-current investment	-		(1,295)	
Provision for doubtful debts, (net)	18		66	
Operating profit before working capital changes		18,626		21,514
Changes in operating assets and liabilities:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(6,828)		(6,407)	
Other financial assets	158		(3,367)	
Inventories	(580)		(3,396)	
Other non-financial assets	1,305		(127)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	7,881		(6,692)	
Other financial liabilities	1,932		2,047	
Other non-financial liabilities	(1,884)		(814)	
Provisions	350		189	
Cash generated from operations		20,960		2,947
Net income taxes paid		(3,599)		(3,197)
Net cash flow (used in) / generated by operating activities (A)		17,361		(250)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of plant and equipment	(22,777)		(10,125)	
Proceeds from sale of plant and equipment	190		46	
Proceeds from sale of non-current investments	-		5,148	
Net gain / (loss) on current investments	-		127	
Investment in non-current investments	(1)		-	

Consolidated Cash Flow Statement

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars		For the year ended March 31, 2019		For the year ended March 31,2018	
	Investment in current investment	2077		-	
	Balances not considered as cash and cash equivalents	(624)		278	
	Interest received	717		635	
	Dividend income from investments			26	
	Net cash flow used in investing activities (B)		(20,418)		(3,865)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Movement in non-current and current borrowings	1,064		7,940	
	Net movement in working capital loans	7,733		-	
	Proceeds from issue of share capital	1		-	
	Finance costs paid	(7,512)		(6,382)	
	Net cash flow from / (used in) financing activities (C)		1,286		1,558
	Net increase in cash and cash equivalents (A+B+C)		(1,771)		(2,557)
	Cash and cash equivalents at the beginning of the year		3,287		5,844
	Cash and cash equivalents at the end of the year		1,516		3,287
	Cash and cash equivalents comprises of: (refer note 11)				
	Cash on hand		1		-
	Balances with Banks				
	- in current accounts		1,248		598
	- in deposit accounts		267		2,689
			1,516		3,287
	See accompanying notes forming part of the financial statements				

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

Place: Hyderabad
Date: May 27, 2019

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Statement of changes in equity

For The Year Ended March 31, 2019

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2017	120,349,514	6,017
Shares issued on account of business combination (Refer note 35)	32,007,717	1,601
Balance as at March 31, 2018	152,357,231	7,618
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	152,357,231	7,618

B. Other equity

Particulars	Reserves and surplus								
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings	Items of other comprehensive income	Non-controlling Interests	Total other equity
Balance as at April 01, 2017	-	14,105	1,272	6	1,185	25,089	(64)	8,279	49,872
Effect of common control business combination (Refer note 35)	386	-	-	-	-	-	-	-	386
Acquisition of Non Controlling Interests	-	-	-	-	-	5,228	-	(7,215)	(1,987)
Profit for the year	-	-	-	-	-	8,938	-	111	9,049
Adjustment for disposal of a subsidiary (Refer note 28)	-	(1,483)	-	-	-	(1,831)	-	(1,175)	(4,489)
Remeasurement of net defined benefit liability (net of tax ₹23)	-	-	-	-	-	-	(44)	-	(44)
Balance as at March 31, 2018	386	12,622	1,272	6	1,185	37,424	(108)	-	52,787
Profit for the year	-	-	-	-	-	6,644	-	22	6,666
Remeasurement of net defined benefit liability (net of tax ₹165)	-	-	-	-	-	-	(310)	-	(310)
Exchange differences in translation of foreign operations	-	-	-	-	-	-	10	-	10
Balance as at March 31, 2019	386	12,622	1,272	6	1,185	44,068	(408)	22	59,153

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: May 27, 2019

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

JS Krishna Prasad
Chief Financial Officer

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

1. Corporate information:

Pennar Industries Limited ('the Company) is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defense installations, amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, EPC contract and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

These consolidated Financial statements relates to Pennar Industries Limited (hereinafter referred to as 'the company') and its subsidiaries (collectively hereinafter to as 'the group').

2. Significant accounting policies

2.1 Basis of preparation and presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of lnd AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Consolidation Procedure

The consolidated Financial statements have been prepared in accordance with principles laid down in Ind AS 110 on "consolidated financial statements", as notified vide Companies (Accounting standards) Rules, 2015 (as amended).

Subsidiaries

i. Subsidiaries are entities over which the Group has control and the control is achieved when group is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its:

- Power over the investee
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

ii. The Group combines the financial statements of the company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, Intra group transactions and the unrealised profits on stocks arising out of intra group transactions have been eliminated.

iii. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.

iv. The difference between the cost of investment in the subsidiaries, over the net of assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.

v. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

vi. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

vii. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the company. The excess of loss for the year over the non-controlling interest is adjusted in owner's interest.

viii. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the consolidated Balance sheet separate from liabilities and the equity of the Company's shareholders.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The group has following investments in subsidiaries:

	Principal Place of business and Country of Incorporation	Investee Relationship		Proportion of ownership interest	
Name of the Entity		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Enertech Pennar Defense and Engineering Systems Private Limited (From April 10, 2018)	India	Subsidiary	Subsidiary	51.00%	-
Pennar Global Inc. (From June 05, 2017)	USA	Subsidiary	Subsidiary	100%	70.00%
Pennar Engineered Building Systems Limited*	India	Subsidiary	Subsidiary	-	53.98%
Pennar Enviro Limited *	India	Subsidiary	Subsidiary	-	51.03%

* Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) have been amalgamated with the Parent company, Pennar Industries Limited pursuant to the Scheme of Amalgamation filed by the company and approved by The National Company Law Tribunal vide its order dated May 08, 2019.

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. This transaction does not have any impact on the consolidated profit before tax. (Refer Note 35).

Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interest are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent charges inequity.

2.3 Critical accounting judgements and key sources of estimation uncertainity

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

Key sources of estimation uncertainity

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Items requiring significant estimate	Assumption and estimation uncertainity
Useful lives of property, plant and equipment	The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return o plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for doubtful receivables	The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
Estimation of net realizable value of inventories	Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories in the Company makes an estimate of future selling prices, and costs necessary to make the sale.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2.4 Inventories:

Inventories are valued at lower of cost or net realisable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads.

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete by the Company.

Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realizable value after providing for obsolescence and other losses (if any).

2.5 Foreign currency translation:

In preparing the financial statements of the Company, transaction in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non Monentary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.6 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.7 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set of against future income tax liability and such benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

2.8 Leases:

As a lessee:

At the inception of each lease, the lease arrangement is classified as either a finance lease or an Operating lease, based on the substance of the lease arrangement.

Operating leases:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the Lessor’s expected inflationary cost increases.

As a lessor:

Operating lease:

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Finance lease:

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.9 Earnings per share:

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2.10 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'

2.11 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalized to the respective block of assets. A corresponding provision is created for the said costs.

The capitalized asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.12 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

2.13 Revenue:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government

Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 "Revenue Recognition", Ind AS 11 "Construction Contracts" and related interpretations.

Sale of products and Services:

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The Government of India introduced the Goods and Services Tax (GST) with effect from July 01, 2017. Accordingly, 'Revenue', Revenue from operations for the year ended March 31, 2018 includes Excise duty up to June 30, 2017. Revenue from operations of earlier periods included Excise duty which is now subsumed in GST.

Income from supply of Pre- Engineered Buildings/ steel structural:

Revenue from supply of Pre-Engineered Building (PEB)/ steel structurals are recognised as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Notes
Forming Part of the Financial Statements
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Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Government grants, subsidies and export incentives

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Income from sales tax and power incentives are recognised on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

2.14 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

2.15 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land.

Depreciation on Property, Plant and Equipment commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	20
Factory Equipment (Electricals)	10-20
Office Equipment	3-5
Furniture & Fixtures	10
Computers	3-6
Vehicles	8
Intangible Assets	10-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

Assets costing less than ₹5,000 each are fully depreciated in the year of capitalization.

2.16 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ERP and others) allocated/amortized over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.17 De-recognition of Tangible and Intangible assets

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

2.18 Impairment of Tangible and Intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

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Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.19 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognised in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders service.

2.20 Financial instruments

a. Derivative financial instruments:

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

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- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.21 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.22 Impairment of assets

a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

b Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment Intangible assets, intangible assets under development and preperty, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually.

if such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Non-current Investments:

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.23 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organization structure and internal reporting system.

2.24 Government Grants:

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.25 Recent accounting pronouncements

Standards issued but not yet effective:

Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of adoption on the financial statements.

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Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of this amendment on the financial statements.

3. Property, plant and equipment

Particulars	As at March 31, 2019	As at March 31, 2018
Carrying amounts of:		
Freehold land	911	993
Leasehold Improvements	28	32
Buildings	18,691	12,193
Plant and equipment	19,573	16,168
Electrical equipment	4,149	2,815
Computers	120	111
Office equipment	92	73
Furniture and fixtures	242	155
Vehicles	245	211
Total	44,051	32,751
Capital works-in-progress (Refer note (a) below)	11,769	2,726
Total	55,820	35,477

Notes:

a. Capital work in progress includes borrowing cost of ₹173 lakhs (March 31, 2018 - ₹77 lakhs) capitalised during the year.

b. Refer Note 15(a) for details of charge created on assets.

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
I. Cost										
Balance as at April 01, 2017	967	132	11,906	41,128	3,072	529	375	296	259	58,664
Additions	26	6	3,426	4,875	1,586	82	40	37	147	10,225
Disposals	-	-	-	(1,015)	(15)	(69)	-	(46)	(98)	(1,243)
Other adjustments	-	(93)	(161)	(14,751)	-	(1)	-	-	-	(15,006)
Balance as at March 31, 2018	993	45	15,171	30,237	4,643	541	415	287	308	52,640
Additions	10	-	7,104	5,118	1,556	89	58	130	88	14,153
Disposals	(92)	-	-	(221)	-	(199)	(330)	-	(24)	(866)
Balance as at March 31, 2019	911	45	22,275	35,134	6,199	431	143	417	372	65,927
II. Accumulated depreciation										
Balance as at April 01, 2017	-	13	2,541	14,379	1,696	411	312	127	123	19,602
Depreciation for the year	-	-	448	1,918	147	80	30	38	27	2,688
Disposals	-	-	-	(1,015)	(15)	(61)	-	(33)	(53)	(1,177)
Other adjustments	-	-	(11)	(1,213)	-	-	-	-	-	(1,224)
Balance as at March 31, 2018	-	13	2,978	14,069	1,828	430	342	132	97	19,889
Depreciation for the year	-	4	606	1,623	222	72	27	43	35	2,632
Disposals	-	-	-	(131)	-	(191)	(318)	-	(5)	(645)
Balance as at March 31, 2019	-	17	3,584	15,561	2,050	311	51	175	127	21,876

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

4. Other intangible assets

Particulars	As at March 31, 2019	As at March 31, 2018
Carrying amount of:		
Computer software	369	361
Software licence	127	162
Other intangible assets	857	911
Total Other intangible assets	1,353	1,434

Particulars	Computer software	Software licence	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2017	565	205	1,126	1,896
Additions	19	22	-	41
Disposals	-	-	-	-
Balance as at March 31, 2018	584	227	1,126	1,937
Additions	184	-	-	184
Disposals	(262)	-	-	(262)
Balance as at March 31, 2019	506	227	1,126	1,859
II. Accumulated amortisation				
Balance as at April 01, 2017	181	30	161	372
Amortisation for the year	42	35	54	131
Disposals	-	-	-	-
Balance as at March 31, 2018	223	65	215	503
Amortisation for the year	67	35	54	156
Disposals	(153)	-	-	(153)
Balance as at March 31, 2019	137	100	269	506
III. Carrying Value (I-II)				
Balance as at March 31, 2019	369	127	857	1,353
Balance as at April 01, 2018	361	162	911	1,434

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

5. Investments

Particulars	Face Value per share	As at March 31, 2019 No. of shares	As at March 31, 2019 Amount	As at March 31, 2018 No. of shares	As at March 31, 2018 Amount
A. Investments - Non-current					
Unquoted:					
Investment carried at fair value through OCI (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹1000 each	200	2	200	2
Total Non-current investments			2		2
B. Investments - Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			4,892		6,933
Investments in secured, non-convertible debentures			319		-
Total Current investments			5,211		6,933

Note:
Details of investments - Current (quoted)

Particulars	As at March 31, 2019 No. of units	As at March 31, 2019 Amount	As at March 31, 2018 No. of units	As at March 31, 2018 Amount
Investments in Mutual Funds*				
UTI - Treasury Advantage Fund - Institutional Plan - Growth	8,518	220	94,809	2,271
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	6,166	22	6,166	21
ABSL Money Manager Fund Gr-Direct	59,617	150	-	-
ABSL Liquid Fund Gr-Direct	116,598	350	-	-
Birla Sun Life Savings Fund-US	26,911	100	-	-
ICICI Prudential Liquid Mutual Fund -Direct Plan	217,462	601	49,990	50
Axis Treasury Advantage Fund	-	-	5,321	105
Axis Bank Liquid Fund Daily Dividend	-	-	10,514	105
Axis Liquid Fund	-	-	13,278	256
Kotak Floater - Short Term - D	-	-	19,881	567
Kotak Low Duration Fund	-	-	620	14
Kotak Liquid Fund	-	-	24,463	862
HDFC Liquid Fund	13,607	500	826,603	314

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	As at March 31, 2019 No. of units	As at March 31, 2019 Amount	As at March 31, 2018 No. of units	As at March 31, 2018 Amount
Franklin India Liquid Fund	8,944	250	-	-
JM High Liquidity fund-Direct-Growth	978,000	501	-	-
UTI-Liquid Cash Plan-Direct Plan	22,458	687	17,605	501
Reliance Medium Term Fund -UST	-	-	1,459,248	543
Reliance Liquid Fund- Treasury plan	20,447	933	1,181	50
Reliance Monthly Interval Fund- Direct plan	-	-	2,174,577	502
L&T Floating Rate Fund-Direct Plan	-	-	3,115,063	545
L&T Liquid Fund-Direct Plan	-	-	1,050	25
DSP Blackrock Liquid Mutual Fund	936	25	-	-
Principal Low Duration fund-Direct Plan	-	-	7,068	202
IDFC Cash Fund	4,434	101	-	-
Religare Invesco Liquidity Fund	9,728	250	-	-
Yes Liquid Fund-DP	9,904	101	-	-
Tata Liquid Fund-Direct Plan	3,433	101	-	-
		4,892		6,933
Investments in Debentures				
Indian Clearing Corporation Limited	30	319	-	-
		5,211		6,933

* The market value of quoted investment is equal to its carrying value.

6. Loans (unsecured, considered good)

Particulars	As at March 31, 2019	As at March 31, 2018
At amortised cost		
Inter-corporate deposits	1,954	1,999
	1,954	1,999

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

7. Other financials assets (unsecured, considered good)

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current:		
Deposits	736	423
Sales tax claims receivable	80	71
Others	-	217
Total other non-current financial assets	816	711
Current:		
Interest accrued on deposits	110	90
Unbilled revenue	793	1,547
Incentive receivable	506	506
Security Deposits	1,339	-
Receivable against sale of non-current investments (Refer note 28)	184	994
Others	144	81
Total other current financial assets	3,076	3,218
Total other financial assets	3,892	3,929

8. Other assets (Unsecured, considered good) :

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	1,183	1,552
Prepayment of lease hold land	91	-
Others	8	-
Total other non-current assets	1,282	1,552
Current:		
Advances recoverable in kind or for value to be received	3,032	3,929
Prepaid expenses	509	533
Others*	5,265	5,803
Total other current assets	8,806	10,265
Total other assets	10,088	11,817

*includes balances with government authorities ₹5,194 (March 31, 2018: ₹3,641).

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

9. Inventories (at lower of cost or net realisable value)

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials	9,313	9,692
Raw materials in-transit	20	18
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Stores and spares	5,225	5,121
Scrap	632	504
Total	43,855	43,263

Note:
Refer Note 15(a) for details of charge created on assets.

10. Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Non Current		
Unsecured, considered good	937	258
	937	258
Current		
Unsecured, considered good*	46,366	40,200
Credit impaired	4,924	4,906
	51,290	45,106
Less: Allowance for doubtful receivables (Refer note (b) below)	4,924	4,906
	46,366	40,200
Total	47,303	40,458

* Includes dues from related parties (Refer note 34)

Notes:

a. **Trade receivables includes retention money aggregating to ₹5,752 lakhs (March 31, 2018: ₹ 3,958 lakhs).**

b. **Expected credit loss (ECL):**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2019	46,415	5,812	(4,924)	47,303
As at March 31, 2018	39,554	5,810	(4,906)	40,458

The movement in the allowance for Credit loss:

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	4,906	4,840
Impairment losses recognised on receivables	18	66
Balance at the end of the year	4,924	4,906

c. Of the trade receivables balance as at March 31, 2019 of ₹3,853 Lakhs (as at March 31, 2018: ₹4,886 Lakhs) is due from Hindustan Dorr Oliver Limited and ₹2,966 Lakhs (as at March 31, 2018: ₹2,710 Lakhs) is due from Integral Coach Factory, the Company's largest customer. There are no other customers who represent more than 5% of total balance of trade receivables.

11 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	1	-
Balances with banks		
in current accounts	1,248	598
in deposit accounts	267	2,689
Total	1,516	3,287

12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
a) Earmarked balances with banks		
- in preference shares redemption accounts	74	74
- in unclaimed dividend accounts	22	31
- in Margin money deposits*	887	669
- in deposit accounts (maturity greater than 12 months)	1,338	932
Total	2,321	1,706

* Margin money deposits has been provided as a security to SBI for the Cash Credit and other short term loan facilities availed by the Company from the SBI and it also includes earmarked balance of ₹200 lakhs the purpose of OTS proposal of purchasing Makro Casting Company which is located in Vijayawada and the same is earmarked on March 28, 2019 for 30 days. The balance deposits are towards margin money given for letter of credit and bank guarantees.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

13. Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised share capital:		
Equity shares		
30,20,00,000 fully paid equity shares of ₹5 each	15,100	15,100
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹5 each	2,000	2,000
	17,600	17,600
Issued, subscribed and paid-up capital:		
Equity shares		
15,23,57,231 fully paid equity shares of ₹5 each	7,618	7,618
Total	7,618	7,618

In terms of the Scheme of Amalgamation of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with Pennar Industries Limited (PIL), 23 equity shares of the Company of face value of ₹5 each (aggregating 2,79,09,458 equity shares of ₹5 each) have been allotted to the equity shareholders of erstwhile PEBS for every 13 equity shares of face value of ₹10 each held by them in PEBS. Further, 1 equity share of the Company of face value of ₹5 each (aggregating 40,98,259 equity shares of ₹5 each) have been allotted to the equity shareholders of erstwhile PEL for every 1 equity share of face of ₹10 each held by them in PEL. The equity shares issued have been considered as a part of "Equity" and considered for the purpose of calculation of earnings per share (refer note 35).

Notes:

a. **Reconciliation of the number of shares outstanding:**

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	152,357,231	120,349,514
Add: Shares issued on account of business combination (Refer note 35)	-	32,007,717
Balance	152,357,231	152,357,231

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

b. Details of shares held by each shareholder holding more than 5% shares:

	As at March 31, 2019		As at March 31, 2018	
Particulars	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
Fully paid up equity shares:				
Pennar Holdings Private Limited	20,994,311	13.78%	20,994,311	13.78%
Saif India IV FII Holdings Limited	12,138,080	7.97%	12,138,080	7.97%
Franklin India Smaller Companies Fund	8,689,354	5.70%	9,453,413	6.20%

c. **Rights, preferences and restrictions attached to each class of shares:**

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

Preference Shares: The Company has two classes of cumulative redeemable preference shares having face value of ₹100 each and ₹5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company.

d. **The company has not issued bonus shares during the period of five years immediately preceding the reporting date.**

e. **Refer Note 15(c) for details of shares pledged.**

14. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Capital reserve		
Opening balance	386	-
Add: Effect of common control business combination (Refer note 35)	-	386
Closing Balance	386	386
(b) Securities premium account		
Opening balance	12,622	14,105
Less: Adjustment for disposal of a subsidiary	-	(1,483)
Closing Balance	12,622	12,622

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars		As at March 31, 2019	As at March 31, 2018
(c)	General reserve	1,272	1,272
(d)	Profit on forfeiture of shares	6	6
(e)	Capital redemption reserve	1,185	1,185
(f)	Retained earnings		
	Opening balance	37,424	25,089
	Add: Acquisition of Non Controlling Interests	-	5,228
	Less: Adjustment for disposal of a subsidiary		(1,831)
	Add: Profit for the year	6,644	8,938
	Closing Balance	44,068	37,424
(g)	Items of Other comprehensive income		
	Opening balance	(108)	(64)
	Add: Exchange differences in translation of foreign operations	10	-
	Add: Remeasurement of defined benefit obligation (net of taxes)	(310)	(44)
	Closing Balance	(408)	(108)
Total		59,131	52,787

Nature of reserves:

(a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(e) **Capital redemption reserve**

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) **Retained earnings**

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit

(g) **Other comprehensive income**

This reserve represents the cumulative gains and losses arising on changes in actuarial assumptions recognised on the defined benefit plan.

15. Borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	8,859	7,025
- From non banking financial companies	105	48
	8,964	7,073
Unsecured- at amortised cost		
Others	-	1,750
Unsecured - at fair value		
Sales tax deferment loan (Refer note (b) below)	1,067	1,260
	10,031	10,083
Current		
Loans repayable on demand from banks- Secured - at amortised cost (Refer note (c) below)		
(i) Cash credits	11,103	12,911
(ii) Working capital demand loans	19,370	9,918
(iii) Bills of exchange	818	727
	31,291	23,556
Total Borrowings	41,322	33,639

* Current maturities of non-current borrowings have been disclosed under the head "Other current financial liabilities".

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(a) Summary of borrowings arrangements

				Outstanding as at		
Particulars	Term of Repayments	Security	Borrowings availed	March 31, 2019	March 31, 2018	Rate of Interest
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹312.50 each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	3,750	5,000	9.9% to 10.3% p.a
Yes Bank Limited	16 equal quarterly instalments of ₹250 each, after a moratorium period of 1 year, Commencing from Feb '2019	First charge on all the fixed assets of the Chennai Plant and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	4,000	3,750	3,500	9.95% to 10.4% p.a
ICICI Bank Limited	16 equal quarterly instalments of ₹225.25 each, after a moratorium period of 1 year, Commencing from March '2020	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	3,604	3,604	-	9.75% to 10.15% p.a
YES Bank Limited	60 equal monthly instalments	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	59	-	8.77%
Bandhan Bank	24 equal quarterly instalments of ₹12.50 each commencing from December 2019	Secured by movable assets of the PV Solar Module manufacturing unit of the Company created out of the term loan at Sadashivpet and personal guarantee of Mr. Aditya Rao (Vice-Chairman & Managing Director).	300	300	-	10.70%
HDFC Bank Limited	Foreclosed during the FY 2018-19.	First charge by way of hypothecation of the vehicle for which the loan was taken.	21	-	15	9.66%
Total			12,991	11,463	8,515	

				Outstanding as at		
Particulars	Term of Repayments	Security	Borrowings availed	March 31, 2019	March 31, 2018	Rate of Interest
From Non Banking Financial Institutions:						
Kotak Mahindra Prime Limited	60 equal monthly instalments of ₹0.54 each and ₹0.47 each	First charge by way of hypothecation of the vehicles for which the loan was taken.	48	-	2	10.07%
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹0.30 each	First charge by way of hypothecation of the vehicles for which the loan was taken.	14	12	14	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹12.50 each commencing from September 2018	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	212	-	10.25% to 10.75% p.a
Volkswagen Finance Limited	84 equal monthly instalments of ₹0.78 each	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	41	46	8.50%
Total			411	265	62	

(b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹2,486 from the Commercial tax department. Out of this, amount aggregating ₹182 paid during earlier year and an amount of ₹258 paid in the financial year 2018-19 an amount of ₹375 Payable in the financial year 2019-20 which is classified under the head "Other financial liabilities". Further ₹604 (As at March 31, 2018 - ₹786) considered under Unearned government grant has been classified under the head "Other Non-current liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹in lakhs
2019-20	375
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	2,046

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State Bank of India, Axis Bank, Yes Bank and ICICI Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium and pledge of 61,50,000 shares of ₹10 each of Erstwhile Subsidiary, Pennar Engineered Building Systems Limited held by Pennar Industries Limited, and For SBI, Exclusive pledge of 7,50,000 shares of ₹5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N. Rao (Vice - Chairman and Managing Director). These borrowings carried interest rate of 8.5% to 10.85% (March 31, 2018: 9.60% to 12% per annum).

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2019	As at March 31, 2018
Aditya Narsing Rao (Vice Chairman and Managing Director)	70,376	52,521

16. Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Provision for gratuity (Refer note C (i) below)	255	38
Provision for compensated absences	441	404
Asset retirement obligation	166	99
	862	541
Current		
Provision for gratuity (Refer note C (i) below)	380	149
Provision for compensated absences	354	63
Provision for loss on onerous contracts (Refer note(a) below)	20	449
Others	165	339
	919	1,000
Total Provisions	1,781	1,541

Note:

(a) Movement in provision for loss on onerous contracts:

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	449	-
Add: Effect of common control business combination (Refer note 35)	-	898
Add: Provision made during the year	11	296
Less: Provision reversed during the year	(440)	(745)
Carrying amount as at year end	20	449

Post Retirement Employee Benefits

(b) **Post retirement benefit - Defined contribution**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense towards contribution to provident fund and employee state insurance for the year are aggregating to ₹581 lakhs (March 31, 2018: ₹503 lakhs) and is included under contribution to provident and other funds.

(c) **Post retirement benefit - Defined benefit**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(i) Gratuity (funded):

Particulars		2018–19	2017–18
i)	**Change in Defined Benefit Obligation (DBO) during the year:**		
	Present Value of DBO at the beginning of the year	1,287	1,009
	Interest cost	89	65
	Current service cost	147	117
	Past service cost	-	54
	Actuarial loss on obligation	535	117
	Benefits paid	(97)	(75)
	Present Value of DBO at the end of the year	1,961	1,287
ii)	**Changes in the Fair Value of Plan Asset during the year**		
	Fair value of Plan Assets at the beginning of the year	1,100	846
	Return on Plan Assets	60	50
	Interest Income	87	69
	Contributions paid	176	210
	Benefits paid	(97)	(75)
	Fair value of Plan Assets at the end of the year	1,326	1,100
iii)	**Amount Recognized in Balance Sheet**		
	Present Value of DBO of the year	1,961	1,287
	Fair value of Plan Assets at the end of the year	1,326	1,100
	Net Asset/(Liability) recognized in the balance sheet	(635)	(187)
	- Non Current	(255)	(38)
	- Current	(380)	(149)

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	2018–19	2017–18
iv) **Components of employer expense**		
Current service cost	147	117
Past service cost	-	54
Interest income on net defined benefit obligation	2	(4)
Expense recognised in Statement of Profit and Loss	149	167
v) **Remeasurement on the net defined benefit obligation**		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	275	(67)
Actuarial loss due to experience on Defined Benefit Obligation	260	184
Return on Plan Assets excluding Interest Income	(60)	(50)
Remeasurements recognised in other comprehensive income	475	67
Total defined benefit cost recognised	624	234

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2019	Valuation as at March 31, 2018
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	6.94%-7.61%	7.46%-7.68%
Rate of increase in compensation	5%-8%	1%-8%
Expected average remaining service	4.89-13.44	5.80-16.88
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 1%-14%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	1,878
	(-1%)	2,041
Salary Escalation rate	1%	2,031
	(-1%)	1,885

Estimate of expected benefit payout (in absolute terms i.e undiscounted)

Particulars	Gratuity
Within 1 year	380
1-2 year	325
2-3 year	283
3-4 year	260
4-5 year	235
5-10 year	718

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(ii) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the company is given below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2019	Valuation as at March 31, 2018
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	6.94%- 7.61%	7.46%-7.68%
Rate of increase in compensation	5%-8%	1%-8%
Expected average remaining service	4.89-13.43	5.80-16.35
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 1%-14%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

17. Income taxes

a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Current tax	2,587	4,016
Deferred tax	470	743
Tax pertaining to earlier years	(41)	-
	3,016	4,759

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Tax effect on actuarial losses on defined benefit obligations	165	23
	165	23
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	165	23
Items that may be reclassified to profit or loss	-	-

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2019 and March 31, 2018.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting Profit before tax	9,682	13,808
Tax expense at statutory tax rate of 34.94% (2018: 34.61%)	3,383	4,779
Adjustments:		
Effect of income that is exempt from tax	-	(123)
Effect of expenses that are not deductible in determining taxable profit	61	41
Effect of change in tax rate	(34)	(13)
Adjustments in respect of income-tax for earlier years	(41)	-
Others	(353)	75
Tax expense reported in Statement of Profit and loss.	3,016	4,759
Effective tax rate	31.15%	34.47%

The difference between the tax rate enacted in India and the effective tax rate of the company is majorly because of items that are never taxable or deductible.

d. Deferred tax liabilities (net)

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax assets	(2,484)	(2,185)
Deferred tax liabilities	5,164	4,561
	2,680	2,376

e. Movement in deferred tax assets and liabilities:

2018-19	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4,518	647	-	5,165
Assets				
Provision for employee benefits	(214)	(205)	(165)	(584)
Provision for doubtful debts	(1,714)	(7)	-	(1,721)
Provision for loss on onerous contracts	(157)	150	-	(7)

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

2018-19	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Provision for Contract Assets	-	(79)	-	(79)
Provision for dismantling cost	-	(58)	-	(58)
Others	(57)	21	-	(36)
Total	2,376	470	(165)	2,680

2017-18	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to				
Liabilities				
Property, plant and equipment and Intangible assets	3,869	649	-	4,518
Assets				
Provision for employee benefits	(168)	(23)	(23)	(214)
Provision for doubtful debts	(1,675)	(39)	-	(1,714)
Provision for loss on onerous contracts	(311)	154	-	(157)
Others	(43)	(14)	-	(57)
Total	1,672	727	(23)	2,376

f. **Income tax assets and liabilities**

The following is the analysis of income tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax assets [net of provisions]	1,041	845
Income tax liabilities [net of advance tax]	(1,560)	(2,486)
	(519)	(1,641)

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

18. Other Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Unearned government grants (Refer note 15(b))	604	786
Current		
Advances from customers	5,184	4,939
Unearned revenue	2,719	4,600
Statutory liabilities	623	655
Others	30	-
	8,556	10,194
Total Other Liabilities	9,160	10,980

19. Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Acceptances	18,870	16,525
Other than Acceptances	26,045	20,479
Total	44,915	37,004
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	455	369
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	44,460	36,635

*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 31

**Includes amount payable to related parties. Refer note 34

20. Other financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Retention money payable	512	467
	512	467
Current		
Current maturities from long term borrowings (Refer note 15)		
From banks and Non Banking Financial Companies (NBFC's)	2,764	1,483
Sales tax deferment loan	375	258
Unclaimed dividends	22	31
Preference share capital payable	74	74

Particulars	As at March 31, 2019	As at March 31, 2018
Security Deposits	79	80
Interest accrued but not due on borrowings	178	172
Payables on purchase of fixed assets	392	154
Other Payables	1,771	-
	5,655	2,252
Total financial liabilities	6,167	2,719

21. Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue From operations		
- Sale of products	149,067	123,459
- Revenue from contracts	51,932	47,696
- Sale of services	3,760	2,750
- Other Operating Revenue		
- Scrap Sales	8,552	5,936
Total	213,311	179,841

Reconciliation of revenue recognised with the contracted price is as follows:

Contract price	50,475	44,231
Adjustments for:		
Unearned revenue	1,881	2,022
Unbilled revenue	(650)	1,443
Unbilled revenue (loss allowance)	226	-
Revenue from contracts	51,932	47,696

Revenue from operations include ₹22,291 lakhs (March 31, 2018: ₹14,616 lakhs) made to Integral Coach Factory, which arose from sales to the Company's largest customer. There are no other single customers contributing 10% or more to the Company's revenue.

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

22. Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income earned on financial assets		
- Bank deposits	130	561
- Other interest income	607	28
Net gain arising from financial instruments designated as fair value through Profit and Loss	355	220
Reversal of provisions on onerous contracts (Net)	429	449
Liabilities no longer required written back	522	8
Others	631	323
Total	2,674	1,589

23. Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening stock of inventories		
Work-in-progress	17,626	11,625
Finished goods	10,302	12,342
Scrap	504	200
	28,432	24,167
Closing stock of inventories		
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Scrap	632	504
	29,297	28,432
Decrease / (increase) in inventories of finished goods and work-in-progress	(865)	(4,265)

24. Employee benefits expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries and wages	13,603	10,726
Contribution to provident and other funds	766	855
Staff welfare expenses	924	695
Total	15,293	12,276

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

25. Finance costs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest:		
Term loans	810	2,044
Working capital demand loans	2,733	2,179
Others	3	109
Bill discounting charges	2,338	1,961
Other bank charges	1,531	422
Interest expense on delayed payment of income tax	105	25
Total	7,520	6,740

26. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on Property, plant and equipment (Refer note 3)	2,633	2,795
Amortisation of intangible assets (Refer note 4)	156	131
Total	2,789	2,926

27. Other Expenses

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Job work and processing charges	8,188	7,026
Erection expenses	4,896	5,244
Stores and spares consumed	16,791	11,041
Power and fuel	2,436	2,094
Repairs and maintenance		
- Plant and equipment	322	380
- Buildings	138	208
- Others	189	46
Rent	740	604
Carriage and freight	5,890	4,409
Payment to Auditors (Refer note (a) below)	67	60
Loss on sale of plant and equipment	140	19
Foreign Exchange Fluctuation	197	5

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Expenditure for Corporate social responsibility (Refer note (b) below)	60	103
Bad debts written off	1,994	-
Provision for doubtful debtors	18	66
Provision for unbilled revenue	226	-
Advances written off	553	-
Miscellaneous expenses	6,303	4,874
Total	49,148	36,179

Notes:

a. Payments to Auditors of the Company

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Company		
Audit fee	26	25
Limited review	5	4
Other services	3	2
Total	34	31

Above excludes payments to other auditors - of erstwhile Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) and existing subsidiaries of the company. The details are given below:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Audit fee	19	17
Tax audit fee	1	1
Limited review	9	9
Other services	3	1
Out of pocket expenses	1	1
Total	33	29

Note: Amounts given above excludes Goods and Services Tax/ Service tax

b. Corporate social responsibility

The Company contributes towards Corporate Social Responsibility (CSR) activities as per the provisions of Section 135 of the Companies Act, 2013. The Company constituted sub committee of Board and approved CSR policy. As per the said policy, the Company has incurred ₹60 (March 31, 2018 - ₹103).

c. Leases

The Company has certain operating leases for office facilities under cancellable as well as non-cancellable operating lease agreements. The operating lease arrangements, are renewable on a periodic basis and the lease term ranges from 12 months to 120 months from their respective dates of inception. Some of these lease agreements have price escalation clauses. Future lease payments on the long term non-cancellable operating leases as per the lease agreements are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Due within one year	344	311
Due later than one year and not later than five years	413	283
Due later than five years	-	84
	757	678

28. Exceptional Item

During the previous year, the Parent Company entered into a definitive agreement with a third party for transfer of the entire shareholding it held in its subsidiary, Pennar Renewables Private Limited (PRPL). The closing conditions contained in the agreement were completed on January 01, 2018 and the accounting for divestment of stake in PRPL has been given effect as of that date. The sale of investment resulted in net gain of ₹2,129 lakhs. The gain of ₹1,295, which is net of adjustment of deconsolidation of ₹834 lakhs is presented as an exceptional item.

29. Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced Ind AS 18 "Revenue", Ind AS 11 "Construction Contracts" and related interpretations.

The Company has adopted Ind AS 115 using the modified retrospective approach. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1 April 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the profit or loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11.

Management reviewed and assessed the Company's existing policy for recognising the revenue at April 01, 2018 and concluded that, apart from more extensive disclosures for the Company's revenue transactions, the initial application of Ind AS 115 has had no significant impact on the Company's statement of financial position as at March 31, 2019 and its statement of profit or loss and other comprehensive income for the year then ended. Consequently, there were no adjustments as at April 01, 2018."

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

30. Earnings per share

Particulars	As at March 31, 2019	As at March 31, 2018
Profit after tax	6,644	8,938
Weighted average number of equity shares	152,357,231	152,357,231
Face value per share	5	5
Basic and Diluted earnings per Equity Share	4.36	5.87

Refer note 13

31. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	455	369
Interest	8	122
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	122	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	21	37
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	8	122
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

32. Financial Instruments

a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, investment in mutual funds and Inter-corporate deposits given.

The table below summarises the total equity, net debt and net debt to equity ratio of the Company.

Particulars	As at March 31, 2019	As at March 31, 2018
Equity share capital	7,618	7,618
Other equity	59,131	52,787
Total Equity (A)	66,749	60,405
Non-current borrowings	10,031	10,083
Short term borrowings	31,291	23,556
Current maturities of long-term borrowings	3,139	1,741
Gross Debt	44,461	35,380
Less: Inter-corporate deposits	(1,954)	(1,999)
Less: Current investments	(5,211)	(6,933)
Less: Cash and cash equivalents	(1,516)	(3,287)
Less: Other balances with banks	(2,321)	(1,706)
Net debt (B)	33,459	21,455
Net debt to equity (B/A)	0.50	0.36
Interest Coverage Ratio	2.29	3.05

b. **Financial instruments by category**

	Carrying value as at	
Particulars	March 31, 2019	March 31, 2018
Financial assets		
Measured at amortised cost		
Other financial assets	3,892	3,929
Loans	1,954	1,999
Trade receivables	47,303	40,458
Cash and cash equivalents	1,516	3,287
Other bank balances	2,321	1,706
Non-current investments	-	-
Total financial assets measured at amortised cost (A)	56,986	51,379

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Carrying value as at	
	March 31, 2019	March 31, 2018
Measured at fair value through profit and loss		
Investments in mutual funds	4,892	6,933
Investments in secured, non-convertible debentures	319	-
Non-current investments	2	2
Total financial assets at fair value through profit and Loss (B)	5,213	6,935
Financial assets at Fair value through other comprehensive income (C)	-	-
Total Financial Assets (A+B+C)	62,199	58,314
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings (including current maturities)	11,728	10,306
Short-term borrowings	31,291	23,556
Trade payables	44,915	37,004
Other financial liabilities	3,028	978
Total financial liabilities carried at amortised cost(A)	90,962	71,844
Measured at fair value through Profit and Loss		
Sales tax deferment loan	1,442	1,518
Financial liabilities at fair value through Profit and Loss (B)	1,442	1,518
Financial liabilities at Fair value through other comprehensive income (C)	-	-
Total Financial Liabilities (A+B+C)	92,404	73,362

The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

The management policies aims to mitigate the following risks arising from the financial instruments.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivatives for speculative purposes.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company generates sufficient cash flow for operations, which together with the available cash & cash equivalents and short term investments provide liquidity in the short term and long term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short term, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Foreign Exchange Risk

The Company's functional currency is Indian National Rupees (INR). The company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Fluctuation in exchange rates affects the company's revenue from export markets and the cost of imports, primarily in relation to capital goods.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of reporting period as follows:

Currency exposure as at March 31, 2019

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Total (INR)
Trade receivables	1,860	9	-	1,869
Advances to vendors	39	65	-	104
Trade payables	(34)	-	-	(34)
Advances from customers	(14)	-	(2)	(16)
Total	1,851	74	(2)	1,923

Currency exposure as at March 31, 2018

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	852	40	892
Trade payables	(259)	-	(259)
Total	593	40	633

Unhedged foreign currency exposure :

Amounts receivable/ payable in foreign currency

	As at March 31, 2019		
Particulars	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)
Trade receivables	26.90	0.12	-
Advances to vendors	0.57	0.83	-
Trade payables	(0.49)	-	-
Advances from customers	(0.20)	-	(0.04)

Amounts receivable/ payable in foreign currency

	As at March 31, 2018	
Particulars	USD (In Lakhs)	Euro (In Lakhs)
Trade Receivables	13	0.49
Trade Payables	(4)	-

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Sensitivity analysis:

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

Particulars	Impact on profit and loss	
	March 31, 2019	March 31, 2018
Strengthening	0.37	0.26
Weakening	(0.37)	(0.26)

Commodity price risk

The Company's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The company manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the company are principally denominated in rupees with mix of fixed and floating rates of interest. The company has exposure to interest rate risk, arising principally on changes in base lending rates. The company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by company by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

Working Capital position

Particulars	As at March 31, 2019	As at March 31, 2018
Current assets	113,105	110,871
Current liabilities	(92,896)	(76,492)
Working capital	20,209	34,379

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2019	March 31, 2018
1% increase in interest rate	(202)	(344)
1% decrease in interest rate	202	344

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the company can be required to pay.

(i) Liquidity exposure as at March 31, 2019

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	2,764	9,816	215	12,795
Short-term Borrowings	31,291	-	-	31,291
Trade payables	44,915	-	-	44,915
Other financial liabilities	2,891	512	-	3,403
	81,861	10,328	215	92,404

(ii) Liquidity exposure as at March 31, 2018

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	1,483	9,533	550	11,566
Short-term Borrowings	23,556	-	-	23,556
Trade payables	37,004	-	-	37,004
Other financial liabilities	769	467	-	1,236
	62,812	10,000	550	73,362

Refer note 15 for the details of collateral security against the above mentioned banking facilities.

d. Fair value hierarchy

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2018.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(i) Level wise disclosure of Financial instruments as at March 31, 2019 that are measured at fair value

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	5,211	5,211	-	-
Financial liabilities				
Sales tax deferment loan	1,067	-	-	1,067

(ii) Level wise disclosure of Financial instruments as at March 31, 2018 that are measured at fair value

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	6,933	6,933	-	-
Financial liabilities				
Sales tax deferment loan	1,260	-	-	1,260

(iii) Level wise disclosure of Financial instruments as at March 31, 2019 that are not measured at fair value (but fair value disclosures are required)

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	-	-	-	-
Trade receivables	47,303	-	47,303	-
Cash and cash equivalents	1,516	-	1,516	-
Bank balances other than cash and cash equivalents	2,321	-	2,321	-
Loans	1,954	-	1,954	-
Other financial assets	3,892	-	3,892	-
Financial liabilities				
Borrowings	40,255	-	40,255	-
Trade payables	44,915	-	44,915	-
Other financial liabilities	6,167	-	6,167	-

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

(iv) Level wise disclosure of Financial instruments as at March 31, 2018 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Level 1	Level 2	Level 3
	Fair value measurements at reporting date using			
Financial assets				
Non current- Investments	-	-	-	-
Trade receivables	40,458	-	40,458	-
Cash and cash equivalents	3,287	-	3,287	-
Bank balances other than cash and cash equivalents	1,706	-	1,706	-
Loans	1,999	-	1,999	-
Other financial assets	3,929	-	3,929	-
Financial liabilities				
Borrowings	32,379	-	32,379	-
Trade payables	37,004	-	37,004	-
Other financial liabilities	2,719	-	2,719	-

33. Contingent Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	826	219
ii) Excise duty and service tax	477	452
ii) Good and Services Tax Act	69	-
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	31,400	32,300
c) Financial guarantee given by banks on behalf of the company	2,997	758
Total	35,769	33,729

Note:

On February 28, 2019, the Honourable Supreme Court of India has delivered a judgement clarifying the principles that need to be applied in determining the components of salaries and wages on which Provident Fund (PF) contributions need to be made by establishments. Basis the judgement, the company has recomputed its liability towards PF for the month of March 2019 and has made a provision in the books of account. In respect of the earlier periods/years, the Company has been legally advised that there are numerous interpretative challenges on the application of the judgement retrospectively. Based on such legal advice, the management believes that it is impractical at this stage to reliably measure the impact (if any). Necessary adjustments, if any, will be made as more clarity emerges on the subject.

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

34. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) **List of related parties and nature of relationship:**

Details of related parties	Nature of Relationship
Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Executive Chairman
Aditya Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapally	Executive Director

(ii) **Details of transactions with related parties during the year:**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Paid towards corporate social responsibility		
Pennar Foundation	36	-
Director's remuneration		
Joginapally Venkata Nrupender Rao	120	203
Aditya Narsing Rao	102	169
Lavanya Kumar Rao Kondapally	60	50
	282	422
Provident Fund, Superannuation & Other Perquisites		
Joginapally Venkata Nrupender Rao	47	35
Aditya Narsing Rao	17	19
Lavanya Kumar Rao Kondapally	12	9
	76	63

(ii) **Balances with related parties:**

Particulars	As at March 31, 2019	As at March 31, 2018
Managerial Commission payable	-	431

Post–employment benefits and other long–term benefits have been disclosed based on actual payment made on retirement/resignation of services, but does not includes provision made on actuarial basis as the same is not available at an employee level.

35. The National Company Law Tribunal vide its order dated May 8, 2019 approved the Scheme of Amalgamation ('the Scheme') amongst the Company, Pennar Engineered Building Systems Limited ('PEBS') and Pennar Enviro Limited ('PEL'), subsidiaries of the Company and to make the Scheme effective, the Company was required to file the same with Registrar of Companies (ROC). Accordingly, the Company filed the Scheme on May 23, 2019 with the ROC. The financial results of the Company for the years ended March 31, 2019 and March 31, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities are reflected in the books of the Company at their respective carrying amounts. The surplus of the value of the net assets acquired over the face value of the equity shares issued by the Company pursuant to the amalgamation and carrying amount of investments in the equity shares of the aforementioned subsidiaries to the extent held by the Company has been adjusted to 'capital reserve account' in the financial statements of the Company.

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements i.e., April 1, 2017 and consequently, the amounts for the preceding periods include the results of the aforementioned business acquired.

Details of the summarised values of assets and liabilities of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) as acquired and the treatment of the difference between the net assets acquired over face value of equity shares issued is as under:

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Property, plant and equipment	6,118	137	6,255
Capital work-in-progress	111	246	357
Other intangible assets	409	-	409
Other non-current financial assets	-	8	8
Other non-current assets	31	229	260
Current tax assets (net)	24	-	24
Deferred tax asset (net)	840	-	840
Inventories	20,607	383	20,990
Investments	3,529	2	3,531
Trade receivables	8,568	6,383	14,951
Cash and cash equivalents	1,146	170	1,316
Bank balances other than cash and cash equivalents	392	135	527
Loans	2,246	-	2,246
Other current financial assets	3,337	455	3,792
Other current assets	6,049	15	6,064
Total Assets (A)	53,407	8,163	61,570
Other non-current financial liabilities	567	-	567
Deferred tax liabilities (net)	-	96	96
Borrowings	5,530	3,096	8,626
Trade payables	16,862	3,243	20,105
Other current financial liabilities	3,624	-	3,624
Current tax liabilities (net)	60	72	132
Provisions	1,254	21	1,275
Other current liabilities	8,330	569	8,899
Total Liabilities (B)	36,227	7,097	43,324

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Net assets acquired (C) = (A) -(B)	17,180	1,066	18,246
Less: Consideration paid by the way of equity shares (Refer note 13(a))	1,396	205	1,601
Less: Reserves acquired (E)			
i) Securities Premium	7,611.	-	7,611
ii) General Reserve	-	18	18
iii) Retained Earnings	6,137.	212	6,349
iv) Other Comprehensive income	5	-	5
Less: Investment in Subsidiary amalgamated(F)	1,849	427	2,276
Balance adjusted against Capital Reserves (G) = (C) -(D)-(E)-(F)	182	204	386

36. Segment Information

Segment information is presented for the consolidated financial statements as permitted under the Ind AS 108 - 'Operating segments'.

The Company is focused on two business segments: Diversified Engineering, Custom designed building solutions & auxiliaries. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Company's performance and allocation resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

A. Segment revenue and results

Particulars	Segment Revenue		Segment Profit	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Diversified Engineering	155,554	124,864	15,453	14,171
Custom designed building solutions & auxiliaries	75,695	65,136	4,538	9,303
Less : Inter segment revenue	(17,938)	(10,159)	-	-
Total	213,311	179,841	19,991	23,474
Depreciation and amortisation expense			(2,789)	(2,926)
Finance costs			(7,520)	(6,740)
Profit before tax			9,682	13,808
Tax expense			(3,016)	(4,759)
Profit after tax			6,666	9,049
Share of non-controlling interest			22	111
Profit for the year attributable to the shareholders of the Company			6,644	8,938

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

B. Segment assets and liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Segment assets		
Diversified Engineering	109,652	118,247
Custom designed building solutions & auxiliaries	64,704	57,701
Consolidated total assets	174,356	175,948
Segment liabilities		
Diversified Engineering	75,018	74,263
Custom designed building solutions & auxiliaries	32,567	37,029
Consolidated total liabilities	107,585	111,292

C. Geographical information

The geographical information analyses the Company's revenues and non-current assets held by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic market, regardless of where the goods were produced. However, there are no non-current assets held in other countries. Hence, disclosure in respect of non-current assets has not been made.

Revenue from external customers	Year ended March 31, 2019	Year ended March 31, 2018
India	203,190	175,590
Other countries	10,121	4,251
	213,311	179,841

37. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for business purposes such as repayment/ prepayment of certain working capital facilities availed by the Company, financing the procurement of infrastructure, general corporate purposes and share issue expenses. As on March 31, 2019 an amount of ₹509 lakhs (March 31, 2018: ₹537 lakhs) are unutilized funds which have been temporarily invested in short term liquid scheme of mutual funds and in bank balances.

Notes
Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

37A Summary of net assets and profit and loss:

	Name of the entity	Net Assets*				Share in Profit/ (Loss)				Share in other comprehensive income				Share in total comprehensive income			
		As % of consolidated net -assets	Amount	As % of consolidated net assets	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated profit/ (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
		March 31, 2019		March 31, 2018		March 31, 2019		March 31, 2018		March 31, 2019		]31, 2018 March		March 31, 2019		March 31, 2018	
A.	**Parent** **	99.59%	66,499.00	100.00%	60,405.00	96.07%	6,404.00	102.83%	9,305.00	103.33%	(310.00)	100.00%	(44.00)	95.73%	6,094.00	102.84%	9,261.00
B.	**Subsidiary incorporated in India**																
	Eneretch Pennar Defense and Engineering Systems Private Limited	0.07%	44.00	0.00%	-	0.66%	44.00	0.00%	-	0.00%	-	0.00%	-	0.69%	44.00	0.00%	-
	Pennar Renewables Private Limited	0.00%	-	0.00%	-	0.00%	-	6.38%	577.00	0.00%	-	0.00%	-	0.00%	-	6.41%	577.00
C.	**Subsidiary incorporated outside India**																
	Pennar Global Inc.	0.73%	489.00	0.42%	261.00	3.27%	218.00	0.01%	1.00	(3.03%)	10	-	-	3.58%	228.00	0.01%	1.00
	Total	100.39%	67,032.00	100.42%	60,666.00	100.00%	6,666.00	109.22%	9,883.00	100.00%	(300.00)	100.00%	(44.00)	100.00%	6,366.00	109.26%	9,839.00
	Consolidation adjustments	(0.39%)	(261.00)	(0.42%)	(261.00)	0.00%	-	(9.22%)	(834.00)	0.00%	-	-	-	0.00%	-	(9.26%)	(834.00)
	Net amount	100.00%	66,771.00	100.00%	60,405.00	100.00%	6,666.00	100.00%	9,049.00	100.00%	(300.00)	100.00%	(44.00)	100.00%	6,366.00	100.00%	9,005.00

* Net assets means total assets minus total liabilities excluding shareholders funds.

** The numbers of Parent includes the Net Assets, Share in Profit/(Loss), Share in OCI and Total OCI of erstwhile subsidiaries Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited(PEL). (Refer Note 35)

Note : The disclosure as above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions/profits/consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

Notes

Forming Part of the Financial Statements

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

38. During the year 2015-16 the erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) approved the "Employee Stock Option Scheme 2014" for all eligible employees in pursuance of the special resolution approved by the shareholders in Extra Ordinary General Meeting held on 11 November 2014. Under the said scheme the number of options to be granted are 10,00,000 (31 March 2018: 10,00,000). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed. Each option holder entitled to apply for and be allotted one ordinary share of ₹10 each upon payment at the exercise price.

39. These financial statements were approved by the Company's Board of Directors on May 27, 2019.

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Executive Director
(DIN: 01710629)

Place: Hyderabad
Date: May 27, 2019

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Notes

Pennar

Pennar Industies Limited

Registered Office: Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084
Tel No. 40 4006 1623, e-Mail ID : corporatecommunications@pennarindia.com
Website: www.pennarindia.com, Corporate Identification No. L27109TS1975PLC001919

ATTENDANCE SLIP

Please fill this attendance slip and hand it over at the entrance of the meeting. Only members or their proxies are entitled to be present at the meeting.

Regd. Folio No: ___________________________ No. of Shares held : ________________________
*DP. Id.: ________________________________ *Client Id :________________________________

I certify that I am a registered shareholder / Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 43rd Annual General Meeting held on Monday, the 30th September, 2019 at 10.00A.M at Radisson Hyderabad, HITECH City, Gachibowli, Hyderabad - 500 032.

Name of the Member/Proxy (in BLOCK Letters):	
Signature of the Shareholder/Proxy:	

Note :

i. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall

ii. ii. Electronic copy of the Annual Report along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.

iii. Physical copy of Annual Report along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

* Applicable for investors holding shares in electronic form.

Pennar

Pennar Industies Limited

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):	
Registered address:	
e-Mail ID:	
Folio No. /Client ID:	
DP ID:	

I/We, being the member (s) of ____, Shares of the above named Company, hereby appoint:

1.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
	Or failing him/her	
2.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
	Or failing him/her	
3.	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 43rd Annual General Meeting of the Company to be held on Monday, the 30th September, 2019 at 10.00 A.M. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032 or at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	No. of Equity Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
	ORDINARY BUSINESS			
1.	To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2019 together with the reports of the Board of directors and the auditors thereon.			
2.	To appoint a Director in the place of Mr. Eric James Brown (DIN: 07670880) who retires by rotation and being eligible offers himself for re-appointment as a Director.			

Item No.	Description	No. of Equity Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
3.	To appoint a Director in the place of Mr. P V Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment as a Director.			
	SPECIAL BUSINESS			
4.	To confirm the appointment of Mr. Chandrasekhar Sripada (DIN: 02813923) as Director.			
5.	To appoint Mr. Chandrasekhar Sripada (DIN: 02813923) as an Independent Director.			
6.	To confirm the appointment of Mrs. Bharati Jacob (DIN: 00174865) as Director.			
7.	To appoint Mrs. Bharati Jacob (DIN: 00174865) as an Independent Director.			
8.	To re-appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director.			
9.	To appoint Mr. P V Rao (DIN: 03157581) as Joint Managing Director, liable to retire by rotation.			
10.	To re-appoint Mr. B Kamalakar Rao (DIN: 00038686) as an Independent Director.			
11.	To re-appoint Mr. Manish Mahendra Sabharwal (DIN: 00969601) as an Independent Director.			
12.	To re-appoint Mr. Varun Chawla (DIN: 02097425) as an Independent Director.			
13.	To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2020.			
14.	To Create Charges.			
15.	To borrow in excess of paid-up capital and free reserves.			
16.	To alter the Articles of Association of the Company.			

Signed this ____________________day of____________________2019.

Signature of the Member Signature of the Proxy Holder(s)

Affixing
Revenue
Stamp

Note:

i. The proxy form should be signed across the stamp as per the specimen signature registered with the Company.
ii. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
iii. The proxy need not be a member of the Company.
*iv. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
v. Please complete all details including detail of member(s) in above box before submission.

Pennar

PENNAR INDUSTRIES LIMITED

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Telangana,
India - 500084
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