



**14. Brief Information about the Company**

14.1 Pennar Industries was incorporated on 08th August 1975. The company CIN is L27109TG1975PLC001919. Pennar Industries Limited is one of the leading engineering organizations in India well known for its expertise in providing engineered products & services. The company is engaged in the business of manufacturing precision engineering products such as precision tubes, railway wagons/coaches, sheet metal components, solar module mounting structures, hydraulic products, auto components, pre-engineered building systems, and water treatment plants.

14.2 The Equity Shares of Company are presently listed on BSE and NSE.

14.3 On consolidated basis, for the financial years ended March 31, 2017, March 31, 2018 and March 31, 2019, the Company recorded a total income of ₹1,71,969 Lakhs, ₹1,81,430 Lakhs, and ₹2,15,985 Lakhs respectively, and the profit after tax was recorded as ₹4,978 Lakhs, ₹9,049 Lakhs, and ₹6,666 Lakhs respectively.

**15. FINANCIAL INFORMATION ABOUT THE COMPANY**

15.1 The Company prepares its financial statements in accordance with Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder ("Ind AS"). Financial information on the basis of audited standalone financial statements of the Company for the last three financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and the unaudited standalone financial statements for the six (6) months ended September 30, 2019 provided hereunder

(₹ in Lakhs)

Particulars	Six months ended September 30, 2019	FY 19 (Merged)	FY 18 (Merged)	FY 17
	(Limited Review) (Unaudited) Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Revenue from Operations	1,11,405	2,11,612	1,78,017	1,06,950
Other Income	1,151	2,603	1,725	491
<b>Total Income</b>	<b>1,12,556</b>	<b>2,14,215</b>	<b>1,79,742</b>	<b>1,07,441</b>
Total Expense (Excluding Interest, Depreciation and Exceptional Items)	1,01,779	1,94,566	1,59,477	98,217
Finance Costs	4,253	7,511	6,166	3,503
Depreciation & Amortization	1,989	2,787	2,289	1,175
Exceptional Items	-	-	(2,129)	-
<b>Profit Before Tax</b>	<b>4,535</b>	<b>9,351</b>	<b>13,939</b>	<b>4,546</b>
Provision for Tax (including Deferred Tax)	556	2,947	4,634	1,691
<b>Profit After Tax</b>	<b>3,979</b>	<b>6,404</b>	<b>9,305</b>	<b>2,855</b>
Equity Share Capital	7,618	7,618	7,618	6,017
Other Equity	62,860	58,881	52,787	29,156
<b>Net Worth</b>	<b>70,478</b>	<b>66,499</b>	<b>60,405</b>	<b>35,173</b>
Total Debt*	45,113	44,428	35,368	13,582

\* Total Debt = Current Borrowings + Non-Current Borrowings + Current Portion of Long term borrowings

**Financial Ratios on standalone basis are as under:**

Particulars	September, 2019	FY 19 (Merged)	FY 18 (Merged)	FY 17
	(Limited Review) Unaudited Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Basic EPS (in ₹)	2.61	4.20	6.11	2.37
Diluted EPS (in ₹)	2.61	4.20	6.11	2.37
Debt Equity Ratio	0.64	0.67	0.59	0.39
Book Value (₹ per share)	46.26	43.65	39.65	29.23
Return on Net worth (in %)	5.65% (un-annualised)	9.63%	15.40%	8.12%

**Notes:**

- Basic EPS = Profit after tax / Weighted average number of equity shares outstanding
- Diluted EPS = Profit after tax / Weighted average number of equity shares outstanding
- Debt equity ratio = Total debt as defined above / Net worth
- Book value per share = (Equity share capital + Other Equity) / Total number of outstanding shares
- Return on net worth = Profit after tax / Net worth

15.2 The Company prepares its financial statements in accordance with Indian Accounting Standards prescribed under Section 133 of the Act, read with the relevant rules issued thereunder ("Ind AS"). Financial information on the basis of audited consolidated financial statements of the Company for the last three financial years ended March 31, 2019, March 31, 2018 and March 31, 2017 and the unaudited consolidated financial statements for the six (6) months ended September 30, 2019 provided hereunder.

(₹ in Millions)

Particulars	Six months ended September 30, 2019	FY 19	FY 18	FY 17
	(Limited Review) (Unaudited) Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Revenue from Operations	1,11,778	2,13,311	1,79,841	1,71,132
Other Income	1,215	2,674	1,589	837
<b>Total Income</b>	<b>1,12,993</b>	<b>2,15,985</b>	<b>1,81,430</b>	<b>1,71,969</b>
Total Expense (Excluding Interest, Depreciation and Exceptional Items)	1,02,163	1,95,994	1,59,251	1,55,720
Finance Costs	4,259	7,520	6,740	6,226
Depreciation & Amortization	1,992	2,789	2,926	2,539
Exceptional Items	-	-	(1,295)	-
<b>Profit Before Tax</b>	<b>4,579</b>	<b>9,682</b>	<b>13,808</b>	<b>7,484</b>
Provision for Tax (including Deferred Tax)	556	3,016	4,759	2,506
<b>Profit After Tax</b>	<b>4,103</b>	<b>6,666</b>	<b>9,049</b>	<b>4,978</b>
Equity Share Capital	7,618	7,618	7,618	6,017
Other Equity	63,133	59,131	52,787	41,593
<b>Net Worth</b>	<b>70,751</b>	<b>66,749</b>	<b>60,405</b>	<b>47,610</b>
Total Debt*	45,172	44,461	35,380	29,781

\* Total Debt = Current Borrowings + Non-Current Borrowings + Current Portion of Long term borrowings

**Financial Ratios on consolidated basis are as under:**

Particulars	September, 2019	FY 19	FY 18	FY 17
	(Limited Review) (Unaudited) Ind AS	(Audited) Ind AS	(Audited) Ind AS	(Audited) Ind AS
Basic EPS (in ₹)	2.63	4.36	5.87	4.14
Diluted EPS (in ₹)	2.63	4.36	5.87	4.14
Debt Equity Ratio	0.64	0.67	0.59	0.63
Book Value (₹ per share)	46.44	43.81	39.65	39.56
Return on Net worth (in %)	5.67% (un-annualised)	9.99%	14.98%	10.46%

**Note:**

- Basic EPS = Profit after tax / Weighted average number of equity shares outstanding
- Diluted EPS = Profit after tax / Weighted average number of equity shares outstanding
- Debt equity ratio = Total debt as defined above / Net worth
- Book value per share = (Equity share capital + Other Equity) / Total number of outstanding shares
- Return on net worth = Profit after tax / Net worth

15.3 The Company shall comply with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company hereby declares that it is in compliance with Sections 68, 69 and 70 of the Companies Act and the Companies (Share Capital and Debentures) Rules, 2014.

**16. DETAILS OF ESCROW ACCOUNT**

16.1 In accordance with Regulation 20 of the SEBI Buy-back Regulations, the Company has appointed Axis Bank Limited ("Escrow Agent"), as the Escrow Agent for Buy-back, and an escrow agreement has been entered into amongst the Company, Axis Capital Limited and Escrow Agent on November 13, 2019.

16.2 In accordance with the Escrow Agreement, the Company has opened an escrow account no. 919020085816061 titled "Pennar Industries Limited - Buyback - Escrow Account" ("Escrow Account") with the Escrow Agent and deposited therein cash aggregating to ₹100 Lakhs (Rupees One Hundred Lakhs only) ("Cash Escrow") and has procured a bank guarantee for ₹900 Lakhs (Rupees Nine Hundred Lakhs only) from Yes Bank Limited in favour of the Manager to the Buyback ("BG"). In accordance with the SEBI Buy-back Regulations, the Manager to the Buyback will be empowered to operate the Escrow Account. Bank guarantee is valid until (i) a period of 7.5 months from November 13, 2019; or (ii) expiry of a period of 30 days from the date of closure of the Buyback Offer or till the completion, of all obligations under the Buyback regulations, whichever is earlier. The security provided by the

Company for performance of its obligations under the SEBI Buy-back Regulations, consisting of the Cash Escrow and the BG, aggregates to ₹1,000 Lakhs (Rupees One Thousand Lakhs only).

16.3 If the Company is not able to complete the Buy-back equivalent to the Minimum Buy-back Size, except for the reasons mentioned in the SEBI Buy-back Regulations, the amount held in the Escrow Account (up to a maximum of 2.5% of the Maximum Buy-back Size), shall be liable to be forfeited and deposited in the Investor Protection and Education Fund of SEBI or as directed by SEBI in accordance with the SEBI Buy-back Regulations.

**17. LISTING DETAILS AND STOCK MARKET DATA**

17.1 The Equity Shares are currently listed and traded only on the BSE and NSE.

17.2 The high, low and average of closing market prices in preceding three (3) financial years and for the six (6) months preceding the date of publication of Public Announcement and the corresponding volumes on the NSE are as follows:

Year/Month ending	High (₹)	Date of High	No. of Equity Shares traded on date of high	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscals/ months (in number)
FY 2019	62.20	April 27, 2018	484,822	30.25	February 18, 2019	125,843	43.54	51,631,969
FY 2018	76.55	January 05, 2018	7,678,523	42.80	April 03, 2017	297,697	58.78	160,869,535
FY 2017	53.55	April 20, 2016	618,998	39.65	November 22, 2016	150,308	44.97	59,248,415
October, 2019	27.15	October 18, 2019	114,812	25.05	October 14, 2019	70,252	25.91	1,370,922
September, 2019	30.45	September 26, 2019	75,253	25.15	September 03, 2019	48,488	27.68	1,561,947
August, 2019	29.40	August 19, 2019	752,311	23.40	August 08, 2019	51,240	25.86	2,343,322
July, 2019	33.75	July 02, 2019	44,075	26.15	July 31, 2019	115,421	31.06	1,518,963
June, 2019	38.20	June 04, 2019	113,324	32.85	June 26, 2019	43,136	35.32	1,217,569
May, 2019	37.55	May 30, 2019	109,326	31.40	May 16, 2019	81,320	34.02	2,287,316

Source: NSE ([www.nseindia.com](http://www.nseindia.com))

17.3 The high, low and average of closing market prices in preceding three (3) financial years and for the six (6) months preceding the date of publication of Public Announcement and the corresponding volumes on the BSE are as follows:

Year/Month ending	High (₹)	Date of High	No. of Equity Shares traded on date of high	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Average price for the year (₹)	Total Volume of Equity Shares traded in the fiscals/ months (in number)
FY 2019	62.10	April 27, 2018	90,123	30.25	February 18, 2019	23,592	43.51	8,910,196
FY 2018	76.70	January 05, 2018	15,51,380	42.85	April 03, 2017	74,558	58.80	33,652,371
FY 2017	53.60	April 20, 2016	1,74,585	39.85	November 22, 2016	40,125	44.95	14,209,727
October, 2019	26.90	October 18, 2019	12,917	25.00	October 16, 2019	4,658	25.90	247,146
September, 2019	30.10	September 26, 2019	17,648	25.10	September 03, 2019	4,210	27.64	203,491
August, 2019	29.45	August 19, 2019	55,437	23.40	August 08, 2019	6,042	25.86	291,986
July, 2019	34.00	July 02, 2019	9,070	26.25	July 31, 2019	11,325	31.07	199,286
June, 2019	38.25	June 04, 2019	20,743	32.65	June 26, 2019	6,034	35.32	161,289
May, 2019	37.65	May 30, 2019	23,724	31.45	May 16, 2019	7,101	34.02	481,075

Source: BSE ([www.bseindia.com](http://www.bseindia.com))

17.4 The closing market price of the Equity Shares on the BSE and the NSE as on November 07, 2019, being the day on which notice of Board meeting to consider the proposal for the Buyback was filed at the Stock Exchanges, was ₹29.15 (Rupees Twenty Nine and Paise Fifteen Only) and ₹29.10 (Rupees Twenty Nine Rupees Paise Ten Only) respectively.

17.5 The closing market price of the Equity Shares on the BSE and the NSE as on November 11, 2019, being the working day prior to the day the Board approved the proposal for Buy-back, was ₹27.85 (Rupees Twenty Seven and Paise Eighty Five only).

17.6 The closing market price of the Equity Shares on the BSE and the NSE as on November 13, 2019, being the working day after the day of resolution of the Board approving the proposal for Buy-back, was ₹28.15 (Rupees Twenty Eight and Paise Fifteen only) and ₹28.30 (Rupees Twenty Eight and Paise Thirty only) respectively.

**18. PRESENT CAPITAL STRUCTURE AND SHAREHOLDING PATTERN**

18.1 The capital structure of the Company, as on the date of the Public Announcement and the proposed capital structure of the Company post completion of the Buy-back will be, as follows: The present capital structure of the Company is as follows:

(₹ in Lakhs)

Sr. No.	Particulars	Pre Buy-back
<b>1.</b>	<b>Authorized Share Capital:</b>	
	25,20,00,000 fully paid equity shares of ₹5/- each with voting rights	12,600
	Series A: 5,00,000 cumulative redeemable preference shares of ₹100/- each	500
	Series B: 4,00,00,000 cumulative redeemable preference shares of ₹5/- each	2,000
	<b>Total</b>	<b>15,100</b>
<b>2</b>	<b>Issued, Subscribed and Paid-up Equity Share Capital:</b>	
	15,23,57,231 fully paid equity shares of ₹5/- each with voting rights	7,617.86
	<b>Total</b>	<b>7,617.86</b>

18.2 Assuming full acceptance in the Buy-back, the capital structure of the Company post Buy-back would be as follows:

(₹ in Lakhs)

Sr. No.	Particulars	Post Buy-back
<b>1.</b>	<b>Authorized Share Capital:</b>	
	25,20,00,000 fully paid equity shares of ₹5/- each with voting rights	12,600
	Series A: 5,00,000 cumulative redeemable preference shares of ₹100/- each	500
	Series B: 4,00,00,000 cumulative redeemable preference shares of ₹5/- each	2,000
	<b>Total</b>	<b>15,100</b>
<b>2.</b>	<b>Issued, Subscribed and Paid-up Equity Share Capital#:</b>	
	14,34,68,343 Equity shares of ₹5/- each with voting rights	7,173.42
	<b>Total</b>	<b>7,173.42</b>

# Assuming the full acceptance of the Buy-back Size at the Maximum Buy-back Price. However, the post Buy-back issued, subscribed and paid-up capital may differ depending upon the actual number of Equity Shares bought back.

18.3 There are no partly paid-up or Equity Shares or calls in arrears as on the date of this Public Announcement.

18.4 There are no outstanding instruments convertible into shares.

18.5 The shareholding pattern of the Company pre Buy-back as on date of the Board meeting approving the Buy-back i.e. November 12, 2019 and the post Buy-back shareholding pattern assuming full acceptance, is as follows:

Category of Shareholder	Pre Buy-back		Post Buy-back*	
	Number of Shares	% to the existing Equity Share capital	Number of Shares	% to post Buy-back Equity Share capital
Promoters and promoter group	5,36,86,278	35.24	5,36,86,278	37.42
Foreign Investors (Including Non-Resident Indians, Flts, FPIs, Foreign Mutual Funds, Foreign Nationals)	1,87,34,501	12.30	8,97,82,065	62.58
Financial Institutions/Banks, Mutual Funds promoted by Banks/ Institutions	1,80,82,859	11.87		
Others (Public, Bodies Corporate, etc.)	6,18,53,593	40.59		
<b>Total</b>	<b>15,23,57,231</b>	<b>100.00</b>	<b>14,34,68,343</b>	<b>100.00</b>

\*Assuming response to the Buy-back is to the extent of 100% (full acceptance) from all the eligible shareholders of the Equity Shares at the Maximum Buy-Back Price.

18.6 There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Companies Act.

**19. MANAGEMENT DISCUSSION AND ANALYSIS ON THE LIKELY IMPACT OF THE BUY-BACK ON THE COMPANY**

19.1 The Buy-back is not likely to cause any material impact on the earnings of the Company, except a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back.

19.2 The Buy-back of Equity Shares will result in a reduction in share capital and consequently, is expected to be EPS accretive. The Company believes that the Buy-back will contribute to the overall enhancement of shareholders' value going forward. The amount required by the Company for the Buy-back (including the cost of financing the Buy-back and the transaction costs) will be invested out of the internal accruals of the Company. The Buy-back is not likely to cause any material impact on the earnings of the Company, except for a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back.

19.3 Pursuant to Regulation 16(ii) of the SEBI Buy-back Regulations, the Promoters are not entitled to participate under the Buy-back. The Buy-back of Equity Shares will not result in a change in control or otherwise affect the existing management structure of the Company.

19.4 Consequent to the Buy-back and based on the number of Equity Shares bought back from the shareholders excluding the promoters, the shareholding pattern of the Company would undergo a change, however public shareholding shall not fall below 25% of the total fully paid-up equity share capital of the Company.

19.5 As required under Section 68(2)(d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves post Buy-back.

19.6 Unless otherwise determined by the Board and the Buy-back committee, duly authorized by the Board, the Buy-back will be completed within a maximum period of six (6) months from the date of opening of the Buy-back. The Company shall not withdraw the Buy-back after this Public Announcement has been made.

19.7 Further, the Company shall not issue any equity shares or other securities including by way of bonus issue or convert any outstanding instruments into equity shares, till the expiry of the Buy-back Period in accordance with the Companies Act and the SEBI Buy-back Regulations. In compliance with the provisions of the Companies Act, the Company shall not raise further capital for a period of six (6) months from the expiry of the Buy-back period except by way of a bonus issue or in the discharge of subsisting obligations. Further, in accordance with the SEBI Buy-back Regulations, the Company shall not raise further capital for a period of one (1) year from the expiry of the Buy-back Period, except in discharge of its subsisting obligations.

19.8 Consequent to the Buy-back and based on the number of equity shares bought back by the Company from its shareholders as permitted under the SEBI Buy-back Regulations, the shareholding pattern of the Company would undergo a change.

**20. STATUTORY APPROVALS**

20.1 Pursuant to Sections 68, 69, 70 and other applicable provisions of the Companies Act and the Rules, if any, there under and the SEBI Buy-back Regulations, the Company has obtained the Board approval as mentioned above.

20.2 The Buy-back from each eligible shareholder of the Company is subject to all statutory consents and approvals as may be required by such shareholder under applicable laws and regulations. The shareholders shall be solely responsible for obtaining all such statutory consents and approvals (including, without limitation the approvals from the RBI, if any) as may be required by them in order to sell their equity shares to the Company pursuant to the Buy-back. Shareholders would be required to provide copies of all such consents and approvals obtained by them to the Company's Broker.

20.3 The Buy-back shall be subject to such necessary approvals as may be required and the Buy-back from overseas corporate bodies and other applicable categories, shall be subject to such approvals of the RBI, if any, under the Foreign Exchange Management Act, 1999.

20.4 To the best of the knowledge of the Company, no other statutory approvals are required by it for the Buy-back, as on the date of this Public Announcement. Subject to the obligation of the shareholders to obtain the consents and approvals necessary for transfer of their equity shares to the Company as set out in Paragraph 20.2 above, the Company shall obtain such statutory approvals as may be required, from time to time, if any, for completion of the Company's obligations in relation