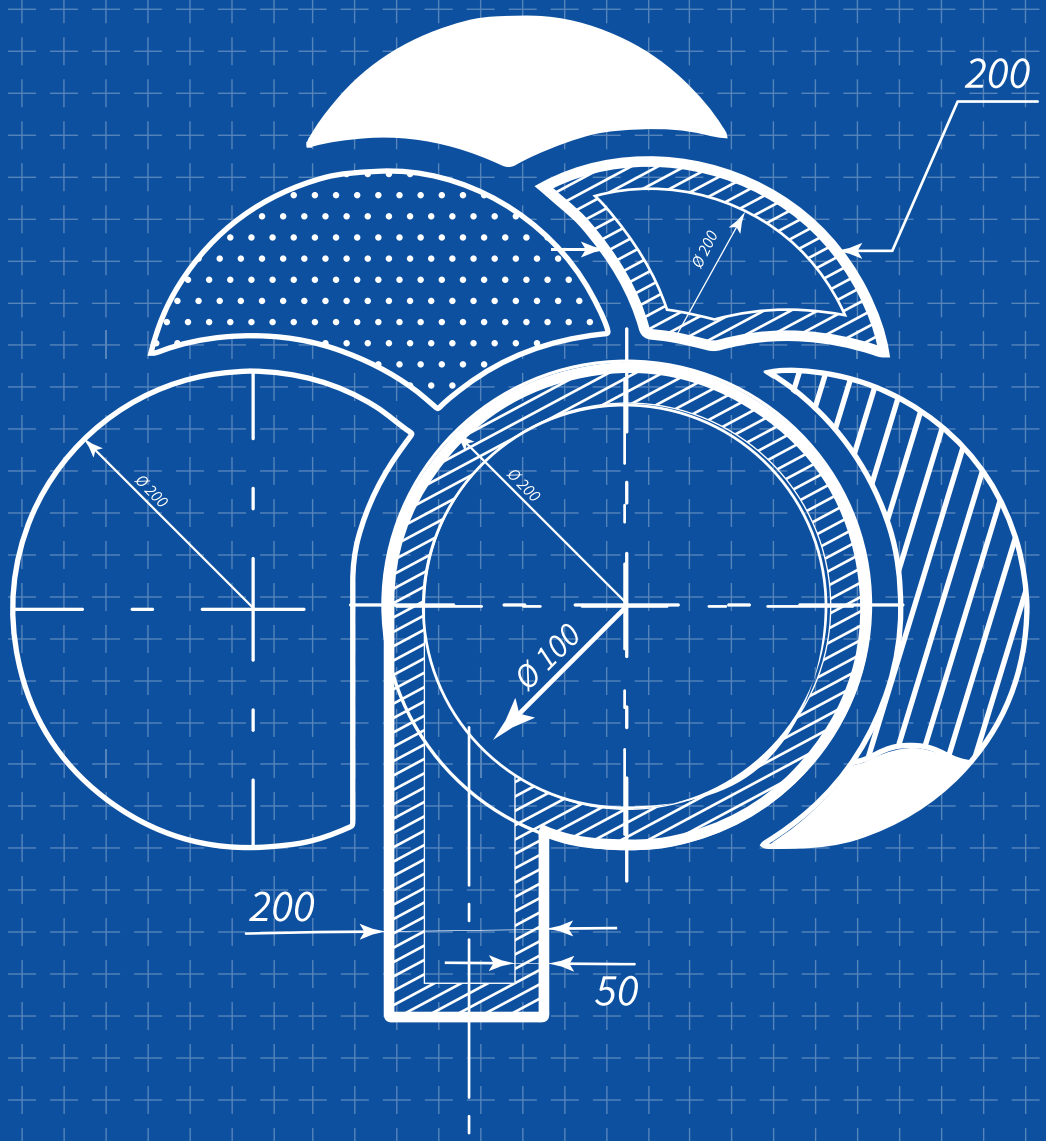


// ANNUAL REPORT 18

ENGINEERED FOR GROWTH

Pennar

Forward Looking Statement

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.

Consolidated Gross Revenue of PIL

Rs. 2,043 cr

Growth Rate of 19%

Products and Services

Steel

Industrial Components

Precision Tubes

Railway

Engineering Services

Sectors

Warehousing

Solar Power

Railways

Automobile

Global Reach

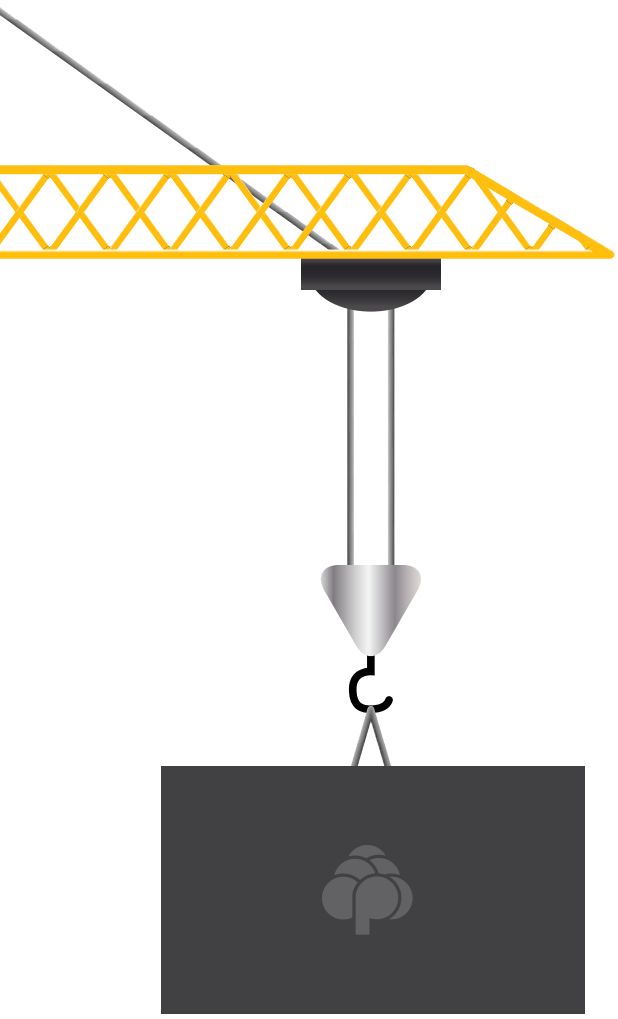
Annual Report 2017-2018

Contents

Engineered For Growth

True persistence is to be wrest in the face of any obstacle. At Pennar, we have consistently delivered growth, value and returns year after year by having the determination to believe in our vision and working towards achieving it.

Over the years, Pennar has toiled towards evolving as an organization by adopting core values such as innovation, integrity, commitment and loyalty. Adapting to these core values is essential to implement strategies and ensure a work environment that supports the company's objectives and inspires employees to new levels of productivity.



The four pillars of Pennar's success are – Increased Profitability, High Liquidity, Superior Product Quality, and Ever-Increasing Safety Standards. We believe, our core values are the driving factors that make our shareholders confident in our ability to excel and emerge as a holistic Engineering Organization with strong core competencies.

Pennar's business philosophy strives on capital efficiency and accelerated growth. This serves as a key differentiator for the organization and consciously adds value to all of its processes and stakeholders. The results are visible in our numbers - Profitable growth, Increased Revenues and Strengthened EBITDA margins.

Pennar's ROCE is a direct indicator of the balance the organization has managed to strike. Ramping up manufacturing capabilities, setting up new revenue lines, installing new assets – both capital and human, and doing all of the aforementioned while retaining a steady growth story.

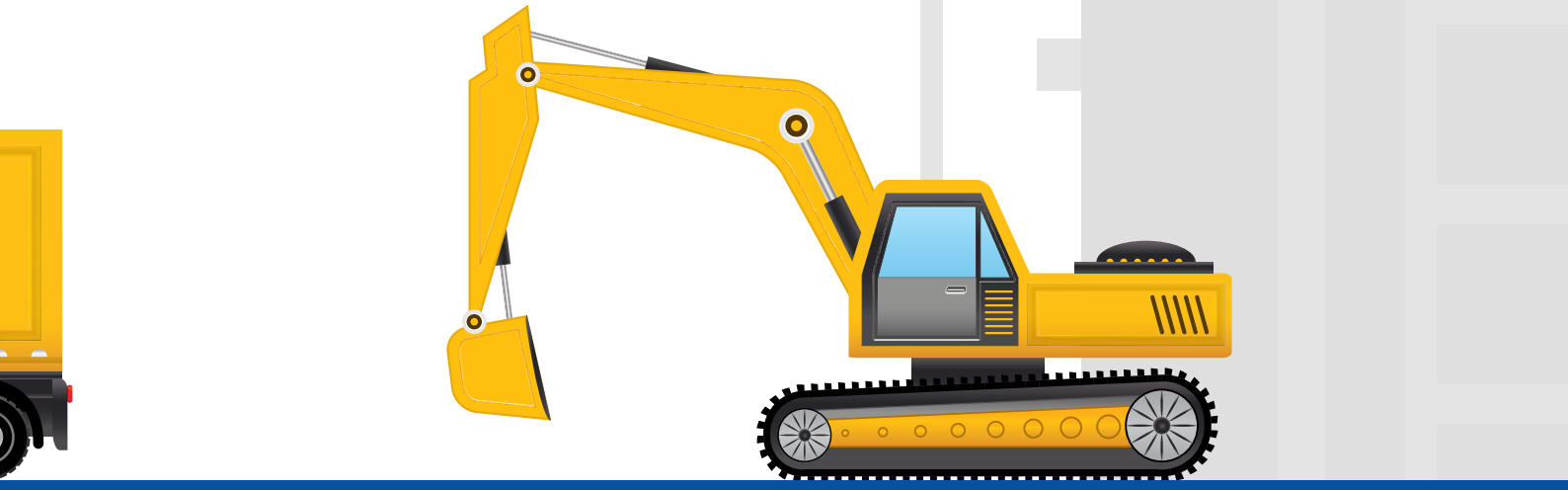
Passion, perseverance and motivation have driven Pennar to reach new heights of success.

Beyond Boundaries

The year 2017-18 exhibited immense growth in all business verticals and subsidiaries registered under the Pennar family. With a significant jump in market share and profitably, our organization has managed to reach new statures of success.
This year, marks a year of significance as Pennar has reached the apogee of industrial revolution. Pennar Industries recently established its largest plant at Velchal. Equipped with state-of-the-art equipment, the Velchal facility serves as a hub for talent and technology to converge and emerge with new products, business lines and proves promises to be a greater value addition for the company's ever-loyal customer base.

By setting up the Velchal unit and amassing capacities in other factories, Pennar sprucely created a launch pad for itself and for all of its stakeholders – internal and external – and swiftly grew into pioneering the Indian engineering space and the global engineering market. This step forward has opened new arrays to attain higher profitability, improve capital investments and achieve adroit human capital.

Value Engineering has always been perceived as the crux of Pennar's approach by its employees and stakeholders. It has enabled the company to withstand the vicissitudes of tide and time. The years to come will witness Pennar's Value Engineering philosophy and grit to achieve new territories in this space.



Corporate Identity

Accelerated Growth. Innovative Engineering Products.

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.

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.

Subsidiaries

- **Pennar Engineered Building Systems Limited**
- **Pennar Enviro Limited**
- **Pennar Global Inc.**

Pennar Industries Limited

Steel

Tubes

Industrial Components

Railway

Engineering Services

Foremost In Diversity, Growth And Magnitude.

Legacy

Established in 1988, Pennar is headed by Mr. Nrupender Rao (Chairman), Mr. Aditya Rao (Vice Chairman and Managing Director) and is managed by experienced professionals

Clientele

Prominent customers from diverse sectors such as infrastructure, automobiles, power, general engineering, construction etc.

Quality

Bestowed with ISO 9001:2008 and ISO/TS 16949:2008 certifications for an unwavering emphasis on quality

Subsidiaries

Pennar Engineered Building Systems works on the design, manufacture, supply and installation of pre-engineered steel buildings and building components.

Pennar Enviro Limited operates in the field of waste water treatment and fuel additives, among others.

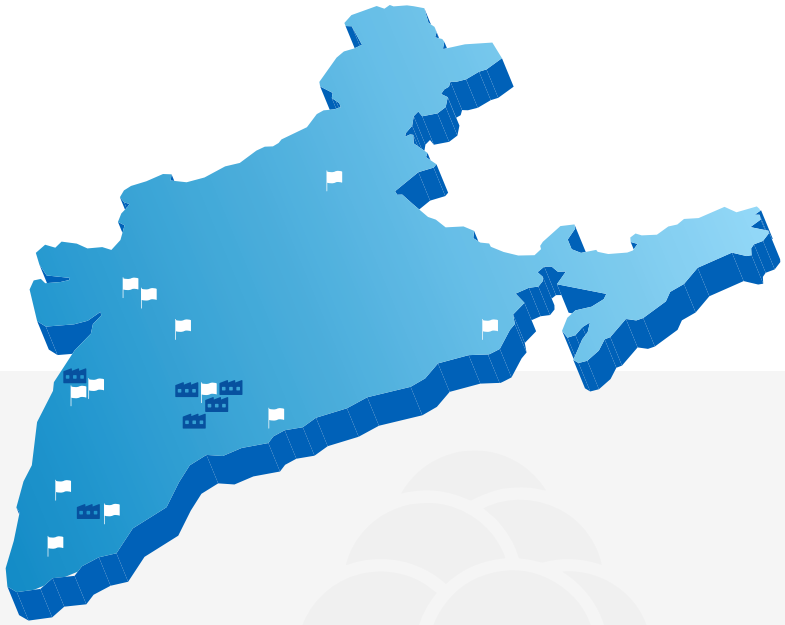
Pennar Global Inc. Provides comprehensive unmatched Engineering and Detailing Services

Location

Head-quartered in Hyderabad, Telengana with Pan-India manufacturing locations in Patancheru, Isnapur, Sadashivpet, Mallapur, Velchal (Telengana) and Chennai, Tarapur (Maharashtra).

Listing

Shares listed and traded actively on the Bombay and National Stock Exchanges



Manufacturing Plants

Sales Office

Clientele

The year 2017-18 exhibited immense growth in all business verticals and subsidiaries registered under the Pennar family. With a significant jump in market share and profitably our organization has managed to reach new statures of success.

This year, marks a year of significance as Pennar has reached the apogee of industrial revolution. Pennar Industries recently established its largest plant at Velchal. Equipped with state-of-the-art equipment, the Velchal facility serves as a hub for talent and technology to converge and emerge with new products, business lines and proves to be the greatest value addition to the company's ever-loyal customer base.

ADITYA BIRLA
VOLVO
TATA
L&T
Mahindra
HONDA
Godrej
RENAULT NISSAN
Audi
amazon
Hindustan Unilever Limited
P&G
Reliance
BOEING
MRF
TOYOTA
ITC Limited
ACC
IOT Globally Entrepreneurial
BOSCH
Ambuja Cement
Dr.Reddy's
Mylan
ABB
SHIMIZU CORPORATION SHMZ

Grit And Innovation: Our Way Forward

The Chairman's address in the Annual Report provides an opportunity to apprise regarding the growth and profitability of Pennar.

"I will be addressing each Business Units' (BUs) specific performance bestowing Pennar's growth and details pertaining the growing share revenue of the organization. The final part of the address will be dedicated to addressing our Vision to evolve into a strong diversified engineering company and our expected growth trajectory for the next few years."

We have surpassed all previous records and have hit new heights in terms of sales and operating profit in the consolidated entity Pennar Industries during the financial year 2017-2018. We achieved Total gross revenue of Rs.2,043 crores and EBITDA of Rs.221.79 crores.

Our EBITDA margin for the year is 12.43%. We achieved a cash profit of Rs.107.01 Crores during this financial year.

The revenue and profitability consolidates the performance of four BUs and three subsidiaries.

Business Units

- **Railways**
  Rail Wagons & Coaches
- **Industrial Components**
  General Engineering and Automotive components
- **Precision Tubes**
  Electro Resistance Welded and Cold Drawn Welded tubes
- **Steel Products**
  Cold Rolled Steel Strips, Formed sections & Solar MMS Components

We achieved a total gross revenue of Rs.2,043cr and EBITDA of Rs.221.7cr.

Our EBITDA margin for the year is 12.43%. We achieved a cash profit of Rs.107.01 Crores during this financial year.

Subsidiaries

- **Pennar Engineered Building Systems Limited (PEBS)**
  Custom Designed Building Systems and Solar MMS systems
- **Pennar Enviro Limited (PEL)**
  Process Engineering Plants and Specialty Additives manufacturing
- **Pennar Global Inc. (PGI)**

The Railways vertical is expected to grow aggressively. We are increasing capacity at our Chennai and Hyderabad plants. The capacity increase includes new capabilities in laser welding and cutting, expansion of current capabilities and setup up a SS tube production line for railway interiors.

The Solar vertical has enhanced due to growth in India's grid connected solar power capacity. Around 7000MW of solar capacity was added to India's energy grid in this financial year. We provide Module Mounting System (MMS) components to our customers who are primarily Solar players. With new capacities added at our Patancheru and Isnapur plants we expect this vertical to continue showing promising results. The implementation of GST however has removed one specific advantage that Pennar had in terms of the ability to pass on MODVAT excise credit on the sale of MMS. Prior to the implementation of GST the excise duty levied on Solar MMS products was zero and the current GST applicable rate is 18%. Nevertheless, I believe our strong manufacturing capabilities and our ability to deliver scale in solar MMS component supplies will ensure that our revenues from this vertical will touch new heights.

Our Tubes division provides precision engineered ERW and CDW tubes majorly in India. The division has succeeded in adding new capacities and scaling revenue. For the last financial year the division recorded revenues of Rs. 212 Cr, a growth of 37.24%. We intend to continue building capacity in this vertical in ERW as well as downstream CDW capacity. The company has expanded into international business. In the next financial year we will commence production on our new stainless steel tube line. A combination of capacity expansion in ERW/CDW, investments in stainless steel tube and international markets will allow us to double our revenue over the next few years.

The Industrial Components BU services the automotive and general engineering sectors. We manufacture a range of

pressed components and hydraulic systems. While this BU has not seen much growth in the past financial year we are hopeful that it will allow us to bring in higher growth.

The Steel Business unit comprises of cold rolling and roll forming operations. This year, we added special grade cold rolling. In the current financial year, these additional capacities will result in substantial improvements in revenue and profitability.

Pennar Engineered Building Systems (PEBS) is a subsidiary of Pennar Industries, providing custom designed building solutions in India and the US. The subsidiary has been one of our most successful initiatives since its inception and has quickly grown to achieve gross revenue of Rs.601.05 Crores, representing ~35% of Pennar Industries' consolidated revenue and has rapidly expanded the structural engineering services which services metal building and structural fabrication companies. With GST implementation, sectors such as warehousing, building construction and the capital goods sectors are expected to grow strongly over the next few years, PEBS has cohesive capabilities to take advantage of these opportunities. We expect some of this volatility in prices – with the consequent effect on our margins – to persist in this financial year. However, the subsidiary has a strong order book, very low leverage and new growth initiatives that will ensure growth in the next few financial years.

Pennar Enviro(PEL) provides water treatment and other process industry solutions including design, procurement, manufacturing and site execution. The company has grown rapidly over the past few years and has recorded gross revenue of Rs.121.21 crores for this financial year. With in a range of

technologies including desalination, effluent treatment and recycling, demineralization and instrumentation, PEL is well placed to continue to grow revenue and profitability over the next few years

Our vision at Pennar is to continually invest in capability and capacity expansions. We are constantly on the lookout for growth opportunities and once we reach market share of 10% for increasing addressable market size. These investments have to meet certain boundary conditions such as an ROCE of over 20% and an EBITDA margin.

We have identified several projects in this financial year that gives growth in our overall revenue and profitability. In this financial year, we look at completion of the following projects:

- Tubes ERW and CDW Expansion.
- Hot dip galvanizing and strip galvanizing.
- Heavy fabrication facilities.
- Light gauge building system.

Since all these projects are at an EBITDA margin, which is higher than our current margins, they will – once implemented – boost the overall margin of the company. Pennar Industries is a diversified engineering firm that has a large addressable market. Our low debt levels combined with our ability to invest and grow shows returns over the next few years. I am glad to have had your backing and look forward to your continued assistance and support.

Nrupender Rao

Chairman

Reaching New Horizons

It is my pleasure to address you in the Annual Report of Pennar Industries for the financial year ended as on March 2018. I would like to take this moment to speak about our performance for the year and what we have in store for the years to come.

Our growth is evident from our performance over the course of last year. The financial year 2017-2018 saw us achieve the highest ever sales in Pennar's history. We have clocked Rs.2,043cr in terms of gross revenue. Our cash profit grew by 85.2% over the last year, which is a result of our focus shift to value added products. Our PAT grew from 28.55cr to 54.29cr, which is a 90% increase in one year. These numbers are proof to believe that Pennar is growing in terms of top line with unwavering focus on bottom line.

Net sales increase in consolidated is around 15% from INR 1,550cr to INR 1,784cr. The EBITDA has increased by 36% and that is before the exceptional entries, which have shot up to INR 221cr.

Pennar Industries as a standalone entity consists of the following entities:

- **Railways**
  Rail Wagons & Coaches
- **Industrial Components**
  General Engineering and Automotive components
- **Precision Tubes**
  ERW and CDW Tubes
- **Steel Products**
  Cold Rolled Steel Strips, Formed sections & Solar MMS Components

Pennar also has Three subsidiaries

- **Pennar Engineered Building Systems Limited (PEBS)**
- **Pennar Enviro Limited (PEL)**
- **Pennar Global Inc. (PGI)**

Consolidated gross revenue increased around 19% from INR 1,718cr to INR 2,043cr.

The EBITDA has increased by 36% and that is before the exceptional entries, which have shot up to INR 221cr.

Business Unit Performance

The Railways vertical has exhibited high growth in revenue in the past three financial years. The Railways vertical consists of our Coaches and Wagon Components business. We have seen a growth of 74.8% in railways. We have invested significant capEx in railways in terms of both capacity addition and product diversification, benefits of which I am sure will be evident in years to come.

The Industrial Components business unit met our growth expectations last year and has overcome the market stagnancy. In the FY ended March 2018 the division touched INR 72cr from INR 58cr in terms of revenue. We have seen a 25% growth in consolidated

The Engineered Tubes business vertical has continued to expand rapidly. During FY 2017-18, we focused our growth trajectory and our capital and manpower resources, on growing the cold drawn welded tubes (CDW) business while treating the electro resistance welded tubes (ERW) business as feeder for further market share growth in CDW. This approach reaped positive results and has shown a tremendous increase from INR 155cr to INR 212cr which is a 37% jump in terms of revenue.
CRSS is a very competitive and low margin business where we compete with large integrated steel manufacturers for the most part. We have been able to increase our market share this financial year and we have turned profitable as our investments paid off. We have invested into capability building for Special Grade CRSS during FY 2016-17, adding a new range of alloy steel products to our profile.

CRFS has a range of products servicing the automotive, construction and engineering sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. We are looking at growing our sheet piling products and also automotive formed sections business.

While we do not expect rapid growth in the Steel Products business unit, we are confident our special grade CR sales should result in significant growth in revenue and EBITDA. Over the medium term, this business unit will have moderate growth in line with the general growth in the infrastructure, automotive and process engineering sectors in India.

Steel BU is our largest Business Unit with various revenue generating engines such as CRFS, CRSS, Solar etc. We have a process in place that continually monitor our business verticals to identify slow growing businesses. We have a process that adds new product lines to supplement these businesses. Light Gauge building systems, Retail, etc are such initiatives with this in place, we are confident that all our business units are poised for sustainable rapid long term growth.

Sales in standalone solar MMS are also recorded in the Railways Business Unit. With India's grid connected photo-voltaic plants market set to expand for the next few years at a rapid pace, we are extremely confident that this business vertical will continue to scale in revenue and profitability. We have improved our market share by a significant size this year.

Our subsidiary Pennar Engineered Building Systems Limited (PEBS) continues to perform well and the financial year ended March 2018 saw the company continue to record high growth in EBITDA and profitability. The revenue touched 601.5cr last financial year and is expected to grow substantially this year.

Pennar Enviro Limited (PEL) is the second subsidiary and operating vertical at Pennar Industries Limited. The company has scaled well over the past five years recording sales of INR 122cr in the financial year ending March 2018. This company has been expanded to a global platform with a strong marketing and business operations team.

Pennar Global Inc. (PGI) has been incorporated to tap new markets and expand beyond national boundaries. The main focus here is to improve profit margins by providing the best engineered products and services in many parts of the world and to tap into unchartered territories. Headquartered in Houston, Texas we are thoroughly growing and expanding to deliver unparalleled customer service and support while improving engineering capabilities.

Pennar's Future

We have had a successful financial year where we were able to exceed the goals we had set the previous year and have exceeded expectations in every other area. We have strengthened in terms of management and diversity and are making progress towards our billion dollar vision.

We successfully sold Pennar Renewables for a healthy profit margin. Going forward we want to evolve into a niche, highly profitable product line & service provider

In tems of Capital Expenditure, we have a process in place which will ensure that resources are deployed effectively and profitably. We also have a system which will measure the efficiency. Our capital spend for the year ended 2018 is 97 Crore. The results of this spent shall be evident in the coming year

All the business units under Pennar have shown tremendous growth and we expect all the BU's to reach their set revenue goals in the years to come. We have not only been able to expand our national reach but also have managed to go global. Going forward we will focus on the global growth as much as Pan India..

Growth is never by mere chance, it is a result of forces working together. Motivation is one of the catalyzing ingredients for every success of ours. We at Pennar believe we are where we are today because we believed in our goals and we worked together as a team to achieve those goals constantly.

Aditya Rao

Vice Chairman & Managing Director

Management Excellence

Developing skills is as important as training. A large effort is needed to create a skilled workforce with the potential to grow and prosper. Our workforce is the strongest because we embrace diversity to the fullest, and that means opening doors of opportunity to every individual who can work towards fulfilling the Pennar dream

Pennar has always risen and prospered because of the approach it takes towards growth and development. Employee attitudes which help drive growth and change, technology utilization to its maximum capabilities, financial expertise to invest proficiently, marketing consistency to expand reach and global expansion to increase market share are certain measures we have taken to reach the pinnacle of success. These measures have resulted in high employee retention, improved employee commitment and consequently higher throughput.

FY 2017-18 has seen incredible growth in all Business Units with each BU head working endlessly towards improving revenues. The year has been well spent in improving capabilities in terms of workforce, technology, management and investments. This endeavor resulted in better employment engagement and has presented a remarkably positive impact on the work force. We have also encouraged high-potential individuals to cross-train across verticals, this we have strategically done in order to make them multidisciplinary. The idea is to enable individuals to apply the experience and expertise gained into another field so that they add more value. This initiative also has been presenting promising results.

Employees are a company's greatest asset – they are your competitive advantage. You want to attract and retain the best; provide them with encouragement, stimulus, and make them feel that they are an integral part of the company's mission

With a strong 2300+ workforce and 700+ staff members, we have the lowest attrition in the market. Our Employment Recognition Scheme has done wonders in making this honor possible. Half yearly appraisals, monthly notes, quarterly employee training have helped align the employee towards the right direction and motivate them to work diligently.

We have healthy relationships with our labor forces that have played an important part in maintaining and improving the company's goodwill. We have recognized unions and have made committees to address the problems of the workforce. For example, we have made committees for different aspects like Canteen committee, Garden Committee, Scrap Disposal Committee, House Keeping etc., where we have encourages and involved workers to solve problems of fellow workers.

We have taken extensive measures in training our staff under the Employment Induction Program and invite several motivational speakers regularly to conduct classes. Utmost importance is given to employee safety and we maintain the highest safety standards on our premises. Imparting regular safety training sessions.

Corporate Social Responsibility has always been one of our biggest initiatives. We have adopted several village schools to provide safe drinking water, nutrition, toilets, books, school furniture, and contributing towards salaries of computer teachers. Pennar believes in education and the dream of education to one and all is why we have adopted schools wherever we have built our factories.

Lavanya Kumar

Wholetime Director

Exponential Growth

Operational excellence paves way to business transformations. It sets the organization on the right path to achieve excellence

The ultimate goal for any organization is to attain greater profitability with optimized operational expenses. Pennar has been able to grow many folds due to its business philosophy of being at the forefront in not only just identifying the scope for converting the traditionally low-margin products into high-margin products, but also executing these value-adding projects to fruition.

Pennar has touched new heights and has become a prominent player in the market. 60%-70% of the Delhi metros have Pennar's components in them. We hit a target 400cr in revenue this financial year and we believe the only way is forward here on.

The solar business has been growing exponentially. We have optimized the process to a point where the steel being used to produce one megawatt was 170 Mt to begin with and now we have reached an all-time low of 30 Mts.

Such growth in multiple arrays has been possible because we have become a turnkey vertical and now we are a part of every EPC project right from the start, that is, Design, Manufacture and Commission.

Servicing the Indian Railways sector, we have steadily grown from strength to strength. The sector places an increased emphasis on modern manufacturing technology - the sector's demand for rapid product turn-around continues to remain high. High-Speed Technology, technology that requires low weight and high strength composites, is a mandatory requirement to meet this demand, and Pennar continues to move in unison with this demand.

The Operations team places an immense onus on Safety. A dedicated Safety cell comprising of a strong Safety Management Team that relentlessly infuses a culture of safety and adherence to global standards has ensured that the company continues to operate with minimum incidents. We mandate safety orientations for anyone visiting our facilities during which they are made aware of Pennar's mode of functioning and the onus we place on ensuring safe operations. Safety is a journey, and we will continue to take proactive measures to get closer and closer to our Zero-Incident objective.

Dayasagar Rao

Executive Vice President, Operations & Railways BU

Permanence. Perseverance. Persistence.

Success is no accident. It is hard work, perseverance, learning and most of all being prepared to face any challenges that come your way

Pennar's steel products business unit has always faced tough challenges in the market. Our well thought after investments proved fruitful in helping us deliver consistent results. We have projected a sale of 1250 tons per month on special grade for the first quarter, giving us a gross revenue of 11 cr per month and we consistently reached our targets.

We intend to upgrade our machinery and improve manufacturing capacity in the near future. This step will help us reach higher tonnage per month. Our CRCA division has shown plausible growth in terms of volumes and margins.

In the special grades field we have notable customers and vendors loyal to our products. Such consistent growth has helped us reach a 242cr revenue.

We have started various retail outlets in AP in order to concentrate more on the retail segment. We will be selling all the items required for building construction, from domestic construction to skyscrapers, we want to capture the market at its fullest.

We have a bright future ahead for the Steel Products BU. The Velchal unit is equipped in such a way that it can produce Solar, Auto and CRFS products under one roof. The decision to move towards a sustainable growth business model will show faster and more promising results. CRCA is one division we will continuously focus on for increasing the volumes in special grades.

Speakers Note

With the new manufacturing unit at Velchal, we have established further forward integration in terms of Strip Galvanizing and Hot Dip Galvanizing – new business lines that have given a steep boost to the Steel BU's topline. We are positive about a definite growth in revenue for strip galvanizing products. Through these facilities, we will be adding a double-digit revenue growth through new revenue lines catering to the existing customer base.

Our team is committed to work hard and we want to work towards contributing to the Pennar vision and take charge of the market. As a part of the Pennar family we want to see our CEO's vision come true.

Y Narasimha Rao

President, Steel Products BU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An Innovation Led Approach

The potential gains when you maximize your efficiency can be astronomical, "In my ten years at Pennar, the tube business has shown tremendous growth. As more capacity is being added, our flexibility in terms of customer service has increased. We have mastered the art of optimum utilization of resources and have increased our product range."

Our Journey

We grew by 31% in terms of value and 21% in terms of volume this financial year. As our CDW division is the most dominant player in this business unit, we are looking at significant growth this coming year. The current investment for the CDW division is 10cr in order to make latest advancements in the plant. We added 600 tones to our volumes making another 5cr in revenue. We have fairly covered the business plan we had for this financial year. With our new advancements made in the plant we will be touching 1500T plus/month in terms of volume.

Our Mindset for a better tomorrow

We have doubled our capacity in the domestic market with the support of our marketing team. We will be expanding our capacity at a different location that is Velchal. Our new Green Field Project, which help us increase our volumes, will turn our revenue to 550cr in the next coming years. We have become one of the strongest players in the domestic market, giving us a pricing advantage with customers.

The Global Vision

There has been tremendous growth for our business unit in the export market. It was my vision to see, this unit become a global player. With orders running at full volume till January, we expect 12% of our revenue to come from CDW exports. We have 15 new customers onboard from all over the globe (North America, Europe, Australia, and Africa). While our current revenue is touching 300 cr with this enlargement we hope to reach much higher targets in coming years.

With a change in the taxation policies in the United States (25% imposed on account of Section 232 & more Anti- dumping duty for China), India has an advantage with CDW in the auto and export industry. The Velchal plant will help us meet the demand in the market and we will be working aggressively towards higher number in terms of production and revenue

Achievements

- Created a proficient management team that has led us to higher growth and revenue
- Increased output with efficacious planning
- Maintained unerring timelines and set adept policies

Speakers Note

Right from its inception, the core philosophy of the tubes business unit was to work simultaneously towards building clientele as well as setting up new reforms. So by the time the plant is ready so is your clientele and you have not wasted any time or investment. Having more demand keeps us protected even at the toughest times in the market. Carefully planning for a sustainable growth is vital for any business.

Bhoopal Reddy

Vice President, Tubes Division BU

Strengthening Capabilities

Manufacturing is more than just producing volumes and putting parts together. It's all about making ideas work, applying world best practices and perfect engineering to create world class products.

Our business is into making such products work for our customers. The agenda behind hiring me was to make Pennar's Industrial Components' BU an engineering excellence company. Being the only division in Pennar which is into precision engineering components, this journey has been a roller coaster ride.

As this BU makes high critical components, it is crucial for us to strengthen our capabilities such as people, processes and systems. These components are pivotal to determine the quality, capacity, delivery and math needed to sustain the business. As the Japanese saying goes, fall seven times, get up eight, we have seen the fall only to stand up. We saw progress and growth once we put ourselves out of our comfort zone and strived to work harder. We took stretched targets, tremendous customer focus, new business models, all of which defined how our BU vertical would improve going forward.

Our Glorious Future

To expand further we are now 4 verticals. In all these verticals, we see a substantial growth in the years to come.

The four verticals are:

- Deep drawn components
- Hydraulic products
- Precision sub assembly
- Precision engineered components

We want to attain our vision by setting up new processes, exploring business opportunities and maximizing our optimization of resources. An ambitious target we've set ourselves is a conscious upgrade in the value chain of our existing businesses – moving from Tier-1 to OEM supplier. We will be consciously moving towards manufacturing of sub-assembly products, stepping up from component manufacturing. In the 2- wheeler automotive sector, we are determined to upgrade towards manufacturing of frames. This jump has been possible with immense improvements in manpower, technology and process improvements.

Shiva Kumar

Vice President,
Industrial Components BU

Strategy And Sustenance

Alignment of business strategy and risk appetite should minimize the firm's exposure to large and unexpected losses. In addition, the firm's risk management capabilities need to commensurate with the risks it expects to take

Pennar is a holistic engineering organization that has always been customer and investor centric. Having said this, it is important for us to minimize any risk Pennar takes. This can be achieved by widening our approach and reducing the dependency on any one particular segment. We are not only enhancing the current investments but are also introducing a new array of capital investments.

Today, we manufacture products that require meticulous engineering in the value chain, in line with Pennar's Value Engineering philosophy. We have retained our core expertise but have moved well beyond mere processing of steel. Our wide product and project portfolio and a loyal customer base willing to invest time and money in our capabilities, serve as ready evidence of Pennar's transition.

We are anticipating a substantial increase in topline and bottom-line growth of Pennar Industries. With improved working capital and structured cash flow cycles, the decision making process has improved ten folds.

Our CAPEX is designed to suit not just our business style but also our parameters for growth. Today we have increased Capital Efficiency – 70% of CAPEX investment has been towards promoting forward integration, without taking a considerable hit on our balance sheet. With staunch payment terms in place, both at sale and purchase level, I am glad to say we have always enjoyed good liquidity. ROCE has been traditionally high, and this year in spite of major CAPEX investments the ROCE persists, strong as ever. All the money invested is thoroughly justified and has been done so to source maximum returns as quickly as possible. As a company, we have never struggled for liquidity and this we owe to the good financial discipline which we have been following.

The key factor helping us have a sustainable growth is that we aren't solely dependent on one product or one vertical to grow and improve. All our BU's have unique revenue streams and investments and are servicing all over the world. This minimizes the high volatility in the market.

We grew around 40% last year and now that percentage has increased due to better investments and financial management and making sure every opportunity has been looked into. We are having optimum levels of cash management controls and our 100% concentration is on risk mitigation and giving sustainable growth to the investors.

Krishna Prasad

CFO, Pennar Industrial Ltd.

Inspiring Innovation

Science is about knowing, engineering is about design, processes, and sustenance.

Having worked for Pennar for the last two years, I have witnessed our incredible potential in various Engineering verticals resulting in variety of products to diverse customers. The Engineering services segment is vast and the opportunities are ample.

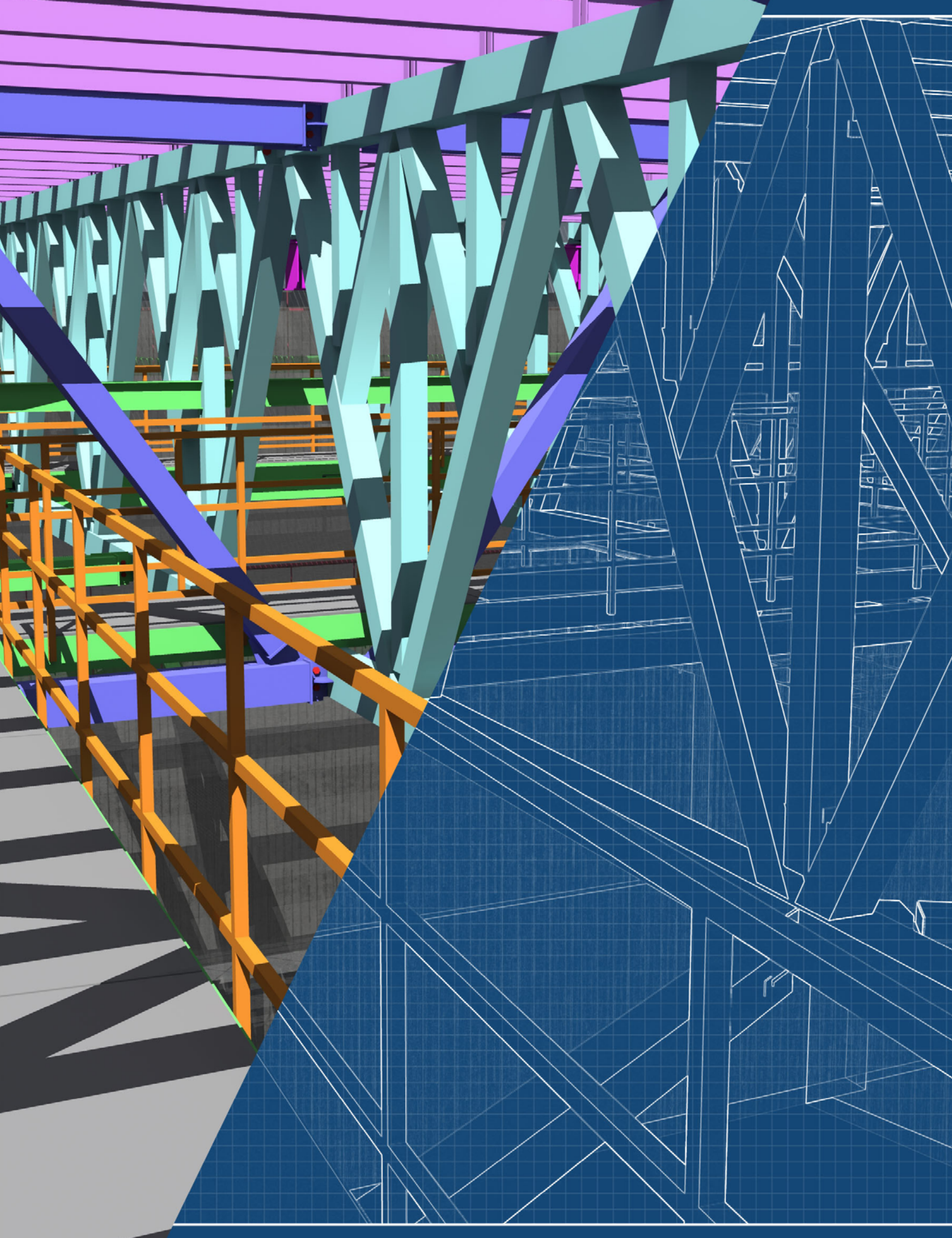
At Pennar we are diving deep into this area and have taken up projects in various fields where complete engineering and manufacturing is involved. We have undertaken design and development of mechanical, hydraulic and electrical systems for land and air defense. In the automotive sector, we have designed and developed prototype products for the new vehicles. We have also rendered Engineering Services for customers in Power, Steel, Agriculture, Railway and off high way machinery.

Pennar has strong capabilities to ensure the services are rendered on time with Quality. We deploy advanced non-contact Laser inspection technology and host of design software in our product development practice. We believe domain knowledge plays an important role in ensuring understanding customer needs and in rendering error free work. We have expert consultants with years of experience in the industry guiding us every step along the way.

With such a strong foundation laid out for us, we are excited to work and focus on achieving our dreams. One can bank on Pennar's end to end services because of its experience and ability to deliver top-notch results.

D Murali Krishnan

CEO, Engineering Services



Awards & Accolades

2018

CIDC AWARD
Best Professionally Managed Company

2017

IEI EXCELLENCE AWARD

*Awards secured by PEBS Pennar -
A subsidiary of Pennar Industries Limited

Business Competencies

Pennar Industries has paved way to a futuristic business model that will multiply revenues and competencies.

INTEGRATED

Over the years, Pennar has created an integrated business model, offering engineering design with products that offer clients comprehensive cutting edge solutions.

EVOLVING

The Company strategically ventured into servicing high end sectors like aerospace and nuclear power, shedding its tag of being primarily a general engineering products player.

WIDESPREAD

The Company's seven manufacturing units are located close to key downstream users, making it possible to service clients with ease.

BALANCED

The Company is present in fast- growing sectors like infrastructure, real estate, railways, warehouses, automobile, power and general engineering.

VALUE ADDED

The Company is engaged in the design and manufacture of value-added products thus emerging as the preferred choice for customers.

PRUDENT

Pennar restricted its long term debt-to-equity ratio to bare minimum, envisaging the financial strength of the Company.

RANGE

The Company created a portfolio comprising more than 1500+ products, derisking itself from an overt dependence on any single product or sector.

QUALITY CONSCIOUS

The Company's units have been certified with ISO 9001:2008 and ISO/TS 16949:2008 because of their unwavering focus on quality excellence.

Standalone

Pennar's Impact

Pennar Industries has progressed to a business model that is likely to generate multi-year growth irrespective of industry trough and crests.

90%

EPS FY 18 = 4.51
EPS FY 17 = 2.37
with a growth rate 90%

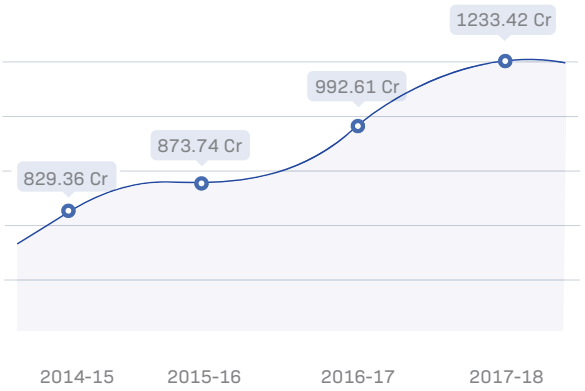
REVENUES (cr)

RATIONALE

To measure our ability to understand the demand trends across the globe,supply chain efficiency as well as product acceptance.

PERFORMANCE

Pennar reported a **CAGR growth of 10.43%** in the last three years leading to 2017-18.



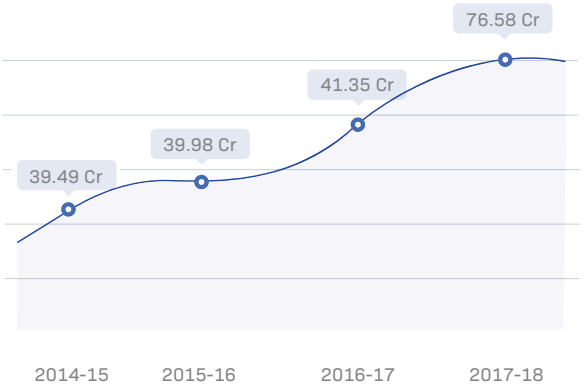
CASH PROFIT (cr)

RATIONALE

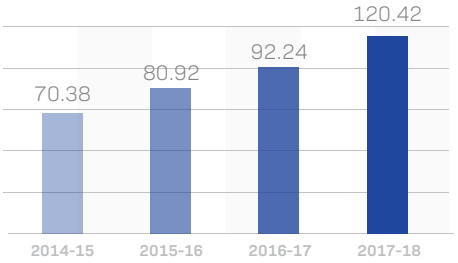
To gauge accruals available at Pennar's disposal from captive resources for onward investment.

PERFORMANCE

The Company's cash profit reported a **18.01% CAGR growth** in the three years leading to 2017-18.



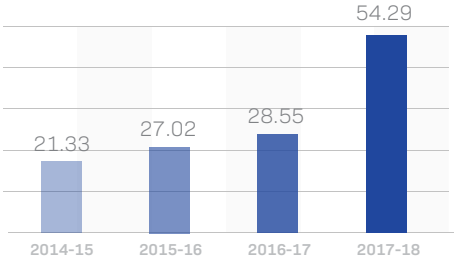
EBITDA (cr)



Rationale: To measure our operating profit and get an idea regarding the financial health of Pennar.

Performance: EBITDA reported a CAGR growth of 14.37% in the last three years leading to 2017 -18.

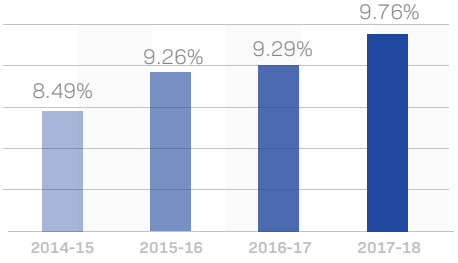
PROFIT AFTER TAX (cr)



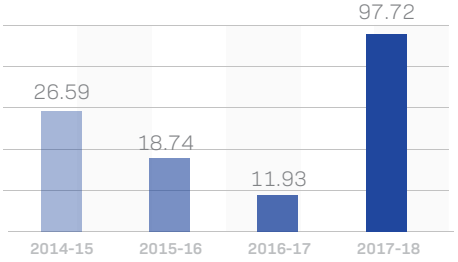
Rationale: To measure our operating profit and get an idea regarding the financial health of Pennar.

Performance: EBITDA reported a CAGR growth of 26.31% in the last three years leading to 2017-18.

EBITDA MARGINS (%)

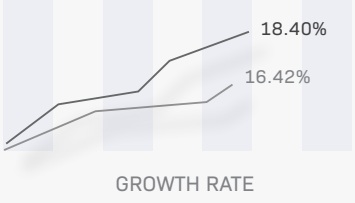


ANNUAL CAPEX (cr)

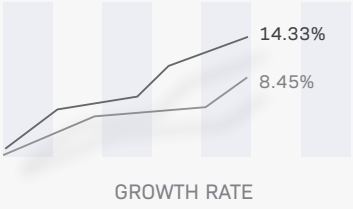


MEASURING THROUGH RETURNS

RETURN ON CAPITAL EMPLOYED (ROCE)



RETURN ON EQUITY (ROE)



FY 17-18 FY 16-17

2017-18
Financial Performance

Rs in Crores

	Standalone				Consolidated			
	FY 17-18	FY 16-17	UOM	Growth	FY 17-18	FY 16-17	UOM	Growth
Revenue (Rs in Crores)	1,233.42	992.61	%	24.26%	1783.95	1549.57	%	15.13%
Cash Profit (Rs in crores)	76.58	41.35	%	85.20%	107.01	58.57	%	82.70%
EBITDA Margin%	9.76%	9.29%	Basis points	47	12.43%	10.49%	Basis points	195
EBITDA (Rupee, crore)	120.42	92.24	%	30.55%	221.79	162.49	%	36.49%
PAT margin%	4.40%	2.88%	Basis points	153	3.94%	2.23%	Basis points	171
PAT (Rupee, crore)	54.29	28.55	%	90.16%	70.32	34.56	%	103.47%
EPS (Rupee)	4.51	2.37	Rupees	2.14	7.52	4.14	Rupees	3.38
Annual Capex (Rupee, crore)	97.72	11.93	%	719.11%	143.25	28.96	%	394.65%

Return On Capital Employed (ROCE) (Standalone): FY 17-18 is 18.40%, FY 16-17 is 16.42%

Return On Equity (ROE) (Standalone): FY 17-18 is 14.33%, FY 16-17 is 8.45%

Particulars	**y-o-y (Rs in Crores)**					
Sales	**FY18**		**FY17**		**EBITDA**	**EBITDA %**
Business Units	**Revenue**	**Proportion of Revenue**	**Revenue**	**Proportion of Revenue**	**FY18**	**FY18**
Steel Products	652.51	53%	563.58	57%	44.64	6.84%
Tubes	212.97	17%	155.18	16%	18.16	8.53%
Industrial Components	72.44	6%	58.06	6%	9.82	13.56%
Railways	248.52	20%	180.47	18%	47.78	19.23%

*Total excludes scrap sales worth Rs.33.9 crore in FY 2016-2017 and Rs.46.98 crore in FY 2017-2018

Segment-Wise Business Review

PENNAR SERVICES DIVERSE SECTORS LIKE INFRASTRUCTURE, AUTOMOBILES, ENERGY, GENERAL ENGINEERING

The Company's business is divided into four strategic units – steel products, railways, tubes and industrial components. The Company's manufacturing units (five) are located across India and all the manufacturing facilities are certified with relevant accreditations. The plants comprise modern equipment like laser cutting, plasma cutting, transfer presses and CNC machines.

Steel

Tubes

Industrial Components

Railway

OVERVIEW

35+
Years of Industry Experience

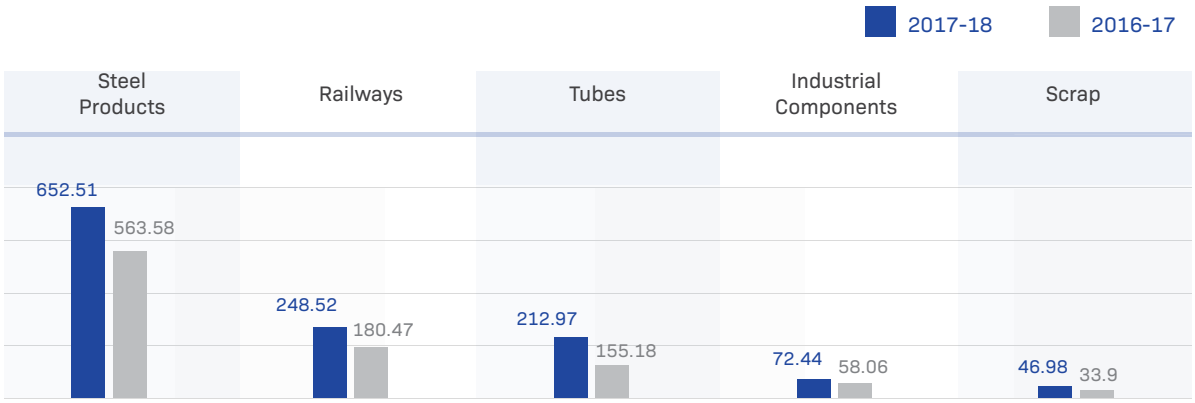
1,500+
Product portfolio

3,000+
Tools & Dies

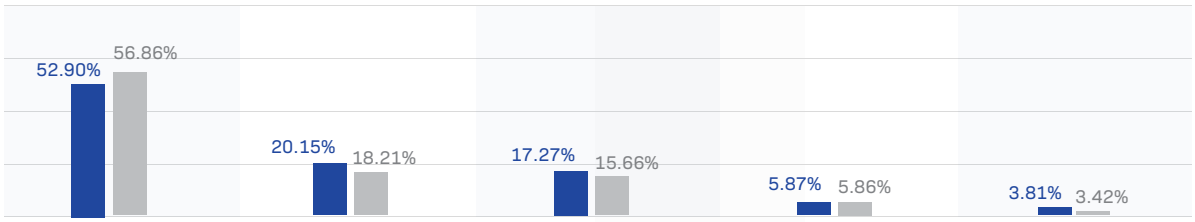
2,500+
Employee base

600+
Customer base

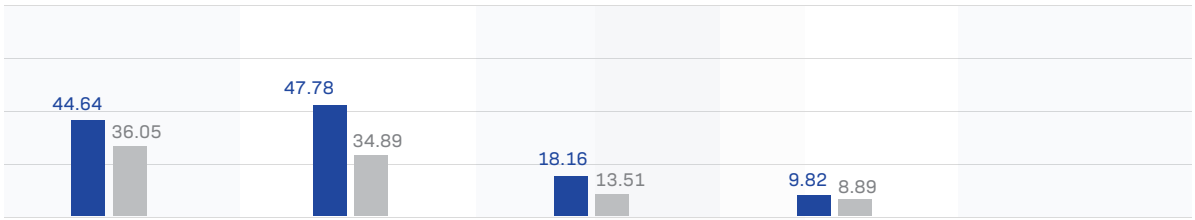
Pennar's Evolving Business Mix



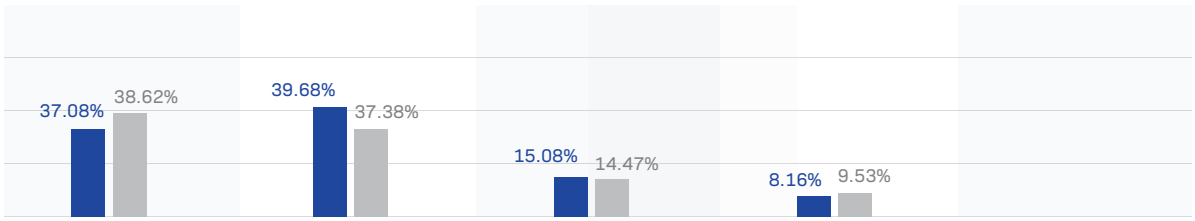
SEGMENTAL REVENUES (cr)



VALUE ADDED PROPORTION OF REVENUES (%)



EBITDA



SEGMENTAL EBITDA AS A PROPORTION OF EBITDA (%)

Pennar's Presence: Right Sectors, Right Time

RAILWAYS

RS.1,31,000 cr

Proposed outlay for FY2017-18 which is an increase of 8% over previous year

RS.5,000 cr

Estimated appropriation to the DRF in FY2017-18

SOLAR POWER

12.3 GW

Present day solar power generating capacity (gigawatts) in India

100 GW

Targeted solar power generating capacity (gigawatts) by 2022

WAREHOUSING

839 MMSF

Cumulative warehouse space demand over next four years (million sft)

35 MMT

Agri-warehouse capacity to be developed by 2017 (million metric tonnes)

AUTOMOBILE

9.23 %

Annual growth rate of the Indian passenger car market (%)

USD 113 bn

Projected Indian auto component market valuation by 2020 (USD billion)

Management Discussion & Analysis

A. International Perspective

The World Bank in its most recent "Doing Business 2018" Annual Report India is ranked 100 among 190 countries.

The International Monetary Fund (IMF) projected a growth rate of 7.3% in 2018 and 7.5% in 2019 for India as against 6.7% in 2017, making it the fastest growing country among major economies.

As per World Economic Forum's Global Competitiveness report, India is ranked at 40 among other countries, the position stabilizes this year after its big leap forward of the previous two years. The score improves across most pillars of competitiveness, particularly infrastructure (66th, up two), higher education and training (75th, up six), and technological readiness (107th, up three), reflecting recent public and private investments in these areas.

B. Indian Economic Overview

The GDP grew at 6.3 per cent in the second quarter of 2017-18 and is expected to grow at 7.2-7.5 per cent in the second half of 2017-18. Growth for 2018-19 is forecasted at 7.4 per cent by the International Monetary Fund (IMF).

Fiscal deficit target for 2018-19 is set at 3.3 per cent of the GDP. Fiscal deficit for 2017-18 is revised to Rs 5.95 lakh crore (US$ 93.54 billion) at 3.5 per cent of the GDP.

Infrastructure

Investments in excess of Rs 50 lakh crore (US$ 786.02 billion) are required in the country's infrastructure to increase the growth of GDP and connect and integrate country's transport network.

Budgetary allocation for infrastructure is set at Rs 5.97 lakh crore (US$ 93.85 billion) for 2018-19. All-time high allocations have been made to the rail and road sectors.

Under the Smart Cities Mission, projects worth Rs 2,350 crore (369.43 million) have been completed and projects worth 20,852 crore (US$ 3.82 billion) are under progress. A total of 99 cities have been selected under the mission with an outlay of Rs 2.04 lakh crore (US$ 32.07 billion).

Railways

Capital expenditure in the railways sector for 2018-19 is set at Rs 148,528 crore (US$ 23.35 billion). 12000 wagons, 5160 coaches and around 700 locomotives will be procured during 2018-19. Redevelopment of 600 major railway stations will be taken up.

Manufacturing Sector

A vibrant manufacturing sector is a must for a vibrant economy and budget 2018 provides the Finance Ministry with a unique opportunity to further push for reforms and boost the manufacturing sector. In the past the government has stated that it wants and expects 25% of the India's GDP to come from the Manufacturing sector by the year 2022, up from the current 16%. Also under the PM Narendra Modi's Make in India scheme the government expects that the manufacturing sector will create 10 crore jobs by 2020. Although in India the manufacturing sector has grown over the years yet the growth has been slower when compared to the rivals in the neighbourhood.

The first and foremost necessity of the manufacturing sector is the Budget, the Finance Ministry should take steps to revive demand.

By 2020, it is expected that India will become the fifth largest manufacturing hub in the world. For India's manufacturing sector to compete and outshine the likes of China much work will be required by the government in the Budget 2018-19.

Expectations of the Manufacturing Sector from Budget 2018

Budget 2018-19 is the government's last full budget. To provide relief and the required impetus to the corporate and the manufacturing sector, the government can announce some big ticket announcements in the budget.

According to sources, a rate cut in the MAT (Minimum Alternative Tax) and Corporate Tax are being considered. Experts believe that the corporate tax rates may be reduced to 25 percent; also Special Economic Zones may get relief from MAT. Many players are also expecting relief from Dividend Distribution Tax (DDT) and cess.

The first and foremost necessity of the manufacturing sector is that in the Budget the Finance Ministry should take steps to revive demand. The manufacturing sector is both struggling with excessive capacity and is also inhibited to add extra capacity due to slow demand. Thus improving the confidence and purchasing power of the consumer but steps such as reduction in personal income tax rates can help put extra cash in the pockets of the consumers and thus enhance demand.

Another expectation of the industry from the government is to continue and add anti-dumping duties of certain goods from China to protect the local manufacturing industry. Cut in GST rates and import duty on equipments used in the manufacturing units will also help reduce manufacturing cost thus help cut product prices and boost demand.

How Budget 2018 can boost the Manufacturing Sector: One of the concerns with regards to the manufacturing sector has been that even though the sector has been able to clock decent growth rates but the growth has been jobless. Although big manufacturing plants and increase in FDI in manufacturing sector is welcome but a special focus in Budget 2018 should be given to small and medium sized enterprise (SMEs) as they are the real job creators.

Government should ensure that manufacturing units that are employment intrinsic, export oriented manufacturing units and new-age hi-tech manufacturing should have simpler setup process and easy access to credit facilities. Certain manufacturing segments such as that of electronics and semiconductors manufacturing should be offered incentives and tax breaks just as their software development counterparts. Consistency in long-term policy formulation, steps to bring the unorganized manufacturing sector under the organized one and increase in public spending and capital investment will also help provide impetus to the manufacturing sector. Government schemes such as MUDRA, skill development, push for Digital economy, nationwide road-building program, further improvement in power supply especially in the rural areas and building of 10 million homes for the underprivileged under the Housing for All scheme can also be used to boost the manufacturing sector.

Solar Power

The Indian budget announced a series of measures in Budget 2017-18 to promote clean energy, access to power and energy security, that will result in 20 gigawatts (GW) of solar capacity addition, higher spending on rural electrification, two new strategic oil reserves and lower import duty on liquefied natural gas (LNG) and items used in making solar cells and panels.
The budget advocated for electrification of 18,452 villages identified in 2015 will be achieved by 1 March 2018, for which Rs4,814 crore will be spent in the next financial year, a 43%jump from what is estimated to have spent this fiscal. Of this, so far, close to 12,000 villages have been electrified.

The Budget announced setting up of 20 GW of solar power capacity and feeding 7,000 railway stations with solar power, giving a major impetus to the shift to clean energy. Over the last two years, the share of solar power in the county's energy mix has been gradually increasing, while that of thermal power has been declining. As on 31 December, thermal power capacity accounts for 69% of the country's 310 gigawatt (GW) power generation capacity, while solar power account for 2.7%.

C. Company's Strategy

The Company has dedicated its success to it's founding principles which are increased profitability, high liquidity, superior product quality and ever increasing safety standards. The company's mission is to leverage modern infrastructure with it's decade wide experience to provide high quality and cost effective products to it's customers. The Company also proactively maintains close associations with its share holders, suppliers, customers and employees to pledge high economic returns with a vision to evolve into a globally reputed diverse and innovative engineering company.

D. Results of Operations and the State of Company's Affairs:

The Company has recorded the highest ever consolidated net sales at Rs 1768.06 crores. This achievement is attributed to the company's new products and it's ability to increase new customer base. All the business units are profitable and showed growth over previous year. Following table highlights the EBITDA%.

Particulars	y-o-y (Rs in Crores)					
Sales	FY18		FY17		EBITDA	EBITDA %
Business Unit	Revenue	Proportion of Revenue	Revenue	Proportion of Revenue	FY18	FY18
Steel Products	652.51	53%	563.58	57%	44.64	6.84%
Tubes	212.97	17%	155.18	16%	18.16	8.53%
Industrial Components	72.44	6%	58.06	6%	9.82	13.56%
Railways	248.52	20%	180.47	18%	47.78	19.23%
Scrap	46.98	4%	33.9	3%		
Total Standalone	1233.42	100%	991.19	100%	120.40	9.8%

Also the Company on July 30, 2017 had invested to cater its products and services in the United States of India.

In the Year 2017-2018 exhibited immense growth in all business verticals and subsidiaries registered under the Company's family.

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.

The following table highlights of funds amongst the various sectors

CSR projector activity identified/ sector	Prescribed amount	Spent amount(2018)	Spent Amount (2017)
Construction of Community Hall	21.77	21.77	29.35
Welfare Activities through Pennar Foundation	19.20	19.20	4.00
Midday Meals and Other rural development activities	0	0	10.6
	40.97	40.97	43.95

CSR Details	FY 18	FY 17
2% Average Profits	89.26	69.31
Amount Spent	40.97	43.95
Amount Unspent	48.29	25.36

Risk Management

Risk is integral to every business transaction. Hence it is critical to balance risk and returns in order to maximize 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

Risk Mitigation 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

Risk Mitigation 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.

Risk Mitigation 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

Risk Mitigation Over the years, 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

Risk Mitigation The Company enjoyed a bare minimum debt-equity ratio for long-term loans and a healthy interest cover.

Subsidiary 01

Pennar Engineered Building Systems Limited

Overview

Pennar Engineered Building Systems Limited (PEBS Pennar) was set up in 2008 with a vision to emerge as a leader in the pre-engineered buildings and structural steel industry space. The Company is engaged in designing, fabricating and installing pre-engineered steel buildings, supplying structural steel and components for manufacturing industries, warehouses, aircraft hangars, commercial buildings, high-rises, metro stations, stadiums and power plants, among others. The Company is also engaged in designing, fabricating and installing solar module mounting structures, telecom transmission towers and cold- form buildings for low-cost housing projects, among others.

The Company's clientele includes UltraTech, L&T, HCC, P&G, Godrej, Dr. Reddy's Laboratories, ABB, JSW, Schwing Stetter, Honda, Toyota, Ambuja Cement, Bharat Biotech, My Home Industries, Schneider Electric, Reliance, IOT Infra, Volvo, Toyotsu, Jayabheri, ACC, Schindler, Audi, Hindustan Unilever and MRF Tyres among others.

Outlook

At PEBS, FY 2018 is expected to be one of the strongest, resulting out of a robust order book translating into attractive topline growth.

- Seamless integration of Engineering and Design capabilities will lead to conversion of current outsourcing orders into in-house manufacturing, reducing project costs and ramping up bottomline growth
- Solar to continue its strong growth – in-house capabilities developed specific to solar requirements will ensure the same
- Increased focus on High Rise Steel Building – both commercial as well as residential, and on Cold Form structures for low-cost housing project, among others
- Expansion into US market providing for engineering services paving way for additional revenue line

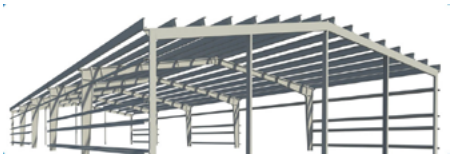
Highlights 2017-18

- Reported a gross revenue of Rs.601.5 crore; EBITDA of Rs.45.59 crore; PAT of Rs.15.8 crore
- Executing a 20 storey high-rise commercial steel building comprising.
- Successfully executed solar power projects in excess of 300 MW
- Finished the year under review with an order book of Rs.353 crore

Portfolio

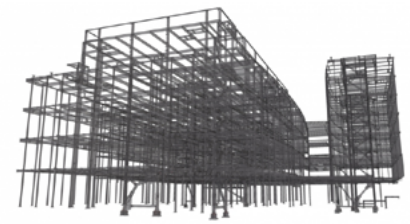
Pre-engineered Buildings

- Custom designed and fabricated, available in large multi-dimensional spans.
- Enhanced speed, flexibility and resistance against meteorological vagaries.



Structural & High Rise Steel

- Comprising steel and cement plants, multi-level car parking, high-rise buildings and telecom towers.
- In-house designing, manufacturing and installing capabilities.

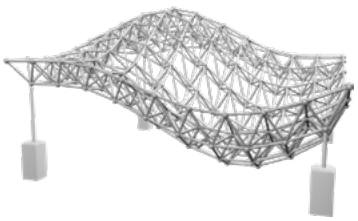


Solar Module Mounting Structures

- Designing, supplying and erecting module mounting structures for solar plants.
- Applications in solar photovoltaic plants, solar canal tops, solar rooftops, solar thermal plants and solar car parks.

Designing & Engineering services

- Developing integrated and comprehensive engineering design solutions.
- In-house team comprising 235 experienced engineers.
- Engineering services outsourcing agreement with a leading US-based entity.



Growth And Development

Success demands a high level of logistical and organizational competence. One of the best uses of your time is to increase your competence in your key result areas

PEBS was started in 2008 with a vision of achieving the highest engineering services standards in the market. After building our very own plant at Sadashampet, we started acquiring the right kind of talent, technology and engineering design to make this Business Unit a very big success. PEBS being mainly into the design, fabrication and delivery of structural steel, had started commercial production in January, 2010. The current revenue for this BU is at 605cr for the financial year 2017-18. Since we went public, we increased our product portfolio and expanded our range of services. The international expansion of providing design services to American companies helped us reach our global standards. The dive into producing solar energy has also helped the revenue stream grow tremendously.

Change is the only thing that is constant and one of the most important things to help one grow We want to ensure we bring in change into our business models and evolve along with the evolving market. It is essential to have new revenue streams to ensure the business sustains even the most unstable market conditions.

Going forward we want to grow each vertical under PEBS to touch a revenue target of 750cr the coming financial year. We have given ourselves a 1000cr target which we will achieve in the coming three years. We have a strong brilliant team that has been the biggest contributor for this growth. We are able to execute complex projects like large span buildings. We are looking forward to grow and surpass new challenges in the market to achieve our goals.

P V Rao

Managing Director, PEBS

Subsidiary 02

Our Way Forward

Pennar Enviro, a subsidiary of Pennar Industries Ltd has two main streams under it – Water & Waste Water treatment Solutions and Performance Chemicals .

Pennar Enviro provides turnkey solutions in the area of Water Treatment Plants (WTPs), Sewage Treatment Plants (STPs), Effluent Treatment Plants (ETPs), Effluent Recycling Plants (ERPs), Zero Liquid Discharge Plants (ZLDPs) , Sea Water Desalination. etc. using various advanced and environment friendly technologies in Industrial l Segment.

In performance chemicals, Pennar Enviro Limited has an extensive range of high performance chemicals under the brand name of "PENNTREAT" for treatment of Boiler Water, Cooling Water, Raw and Effluent Water, Reverse Osmosis application along with range of fuel additives.

Being mostly focused in domestic market, last year we clocked a turnover of 122cr. Going forward , we will be working on the South East Asian Market (Philippines, Indonesia, Malaysia ,Thailand, Myanmar) and Africa. We started standardizing water treatment plants which will be pre-engineered & skid mounted with short delivery cycles to meet customer requirements in Urban , Realty segments along with MSME industrial segment .

We started Dealer Initiative, where we map high potential areas and identify where our reach is low and work on building our brand there. We call it the high potential low reach strategy. We are working towards making a strong network of 38 dealers all over India and this network will help us to reach the high potential pockets where we are not currently present. We will be using this dealer network to take our performance chemical business along with standard plants to a large base of potential customers .

We have our own manufacturing facility for the chemicals business and are mechanizing/automating the process with precise control and instrumentation implementation. We are upgrading our laboratory with the latest modern instrumentation.

In Water& Waste Water Treatment EPC domain :

We have in house process & proposal engineering, detailed engineering, supported by procurement, project management, Construction & Commissioning teams delivering seamless EPC solutions to customers.

Going forward we will be a significant player with double digit market share in water & waste water treatment and performance chemicals.

K Chakravarthy
CEO of Pennar Enviro Ltd

Highlights 2017-18

- Reported a Gross Revenue of Rs. 121.21 Crore.
- EBITDA of Rs. 38.37 Crore; PAT of Rs. 22.96 Crore
- Executing sewage treatment plants using latest MBR technology.
- Standard Plants and dealer appointment initiatives will be growth drivers.

Subsidiary 03

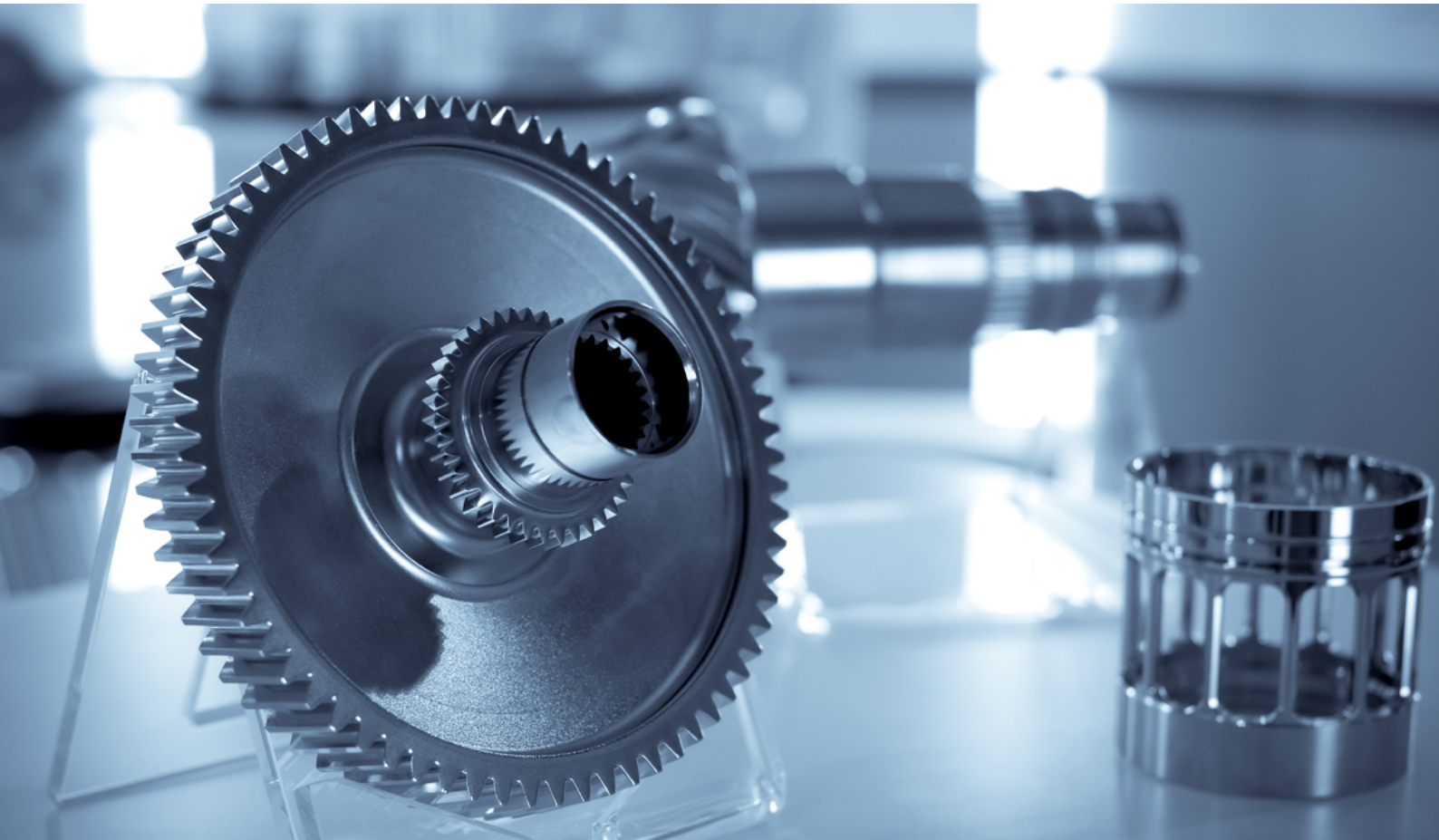
Pennar Global

For an organization to evolve, constant branching out and expansion is essential. We believe globalization is not just about changing relations between the nation-state and the international system. It is to cut across received categories, creating myriad multilayered intersections, overlapping playing fields, and skilled workforce performing across boundaries. People are at once rooted, local producers and global consumers, and are continually remaking those identities.

Established in 2017, Pennar Global is headquartered in Houston, Texas with a clientele spanning across the United States. It has been growing and expanding with core business and providing engineering services by developing proficient manufacturing and engineering capabilities. PGI's current customer base includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Growth areas will focus on Industrial Manufacturing, Security Barriers, Solar and 3D modeling for the automotive, and building sectors.

PGI's vision is to become a globally reputed engineered metal products company. This will be accomplished through producing high quality products, best-in-class customer service, innovation, reduced cycle times and on-time delivery of our products and services.

The engineering services group by PGI provides analysis and design, detailing, shop and permit drawings, erection drawings and bills of material. Utilizing the latest MBS, Autodesk, STAAD Pro and Tekla 3D modeling software they are able to provide a complete BIM compatible engineered package for class A structural buildings, pre-engineered metal buildings, hybrid buildings, metal building components, bridges, platforms, towers and other related steel projects.

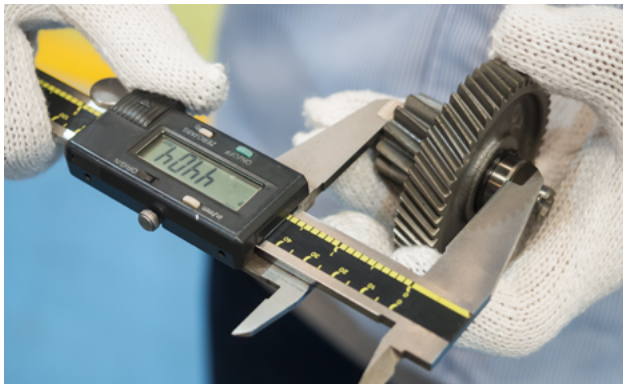


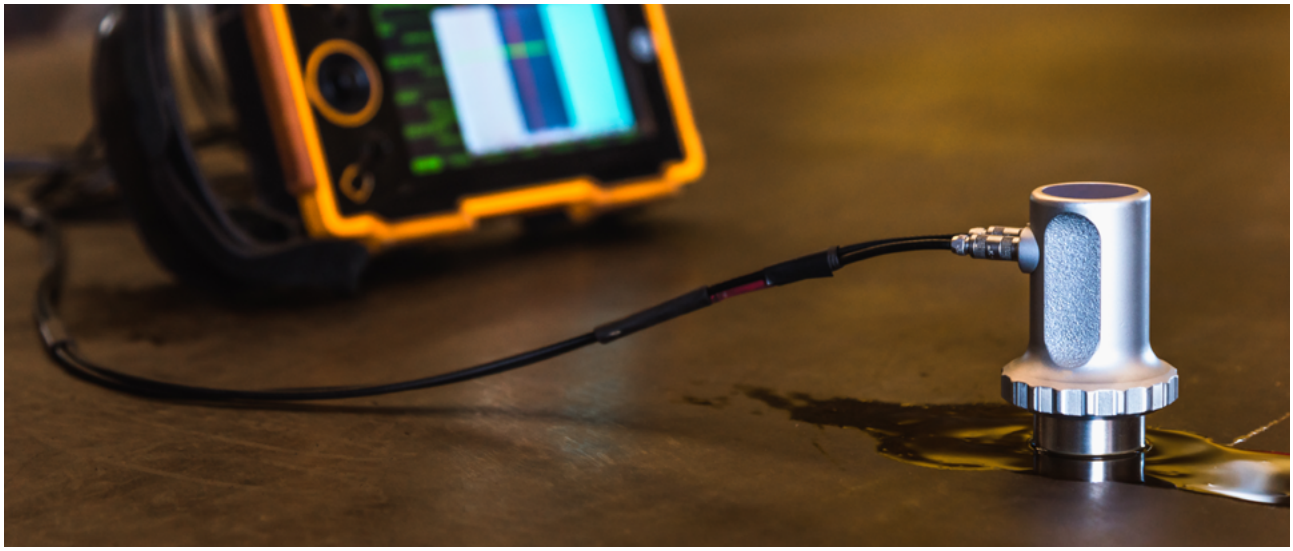
Human Resources

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 behavioral 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.

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.





NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Friday, the 28th day of September, 2018 at 11:00 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 statements (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2018 together with the reports of the Board of directors and the auditors thereon.

2. To appoint a Director in the place of Mr. Vishal Sood (DIN: 01780814) who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint a Director in the place of Mr. Nrupender Rao (DIN: 00089922) who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

4. To confirm the appointment of Mr. Eric James Brown (DIN: 07670880) 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. Eric James Brown, who was appointed as an Additional Non-Executive Non-Independent Director by the Board of Directors with effect from 10.11.2017 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. Eric James Brown as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation."

5. To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman, 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. Nrupender Rao (DIN: 00089922) as Chairman of the Company for a period of two year with effect from 14th August, 2018 to 13th August, 2020, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 13th August, 2018, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be Rs. 6,00,000/- per month.

ii. Special salary shall be Rs. 4,00,000/- per month.

iii. Perquisites and Allowances shall be Rs. 3,90,000/- per month.

iv. In addition to the above minimum remuneration, commission not exceeding 1.5% of the net profits of the company, computed according to the provisions of the Companies Act, 2013.

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, leave travel concession for self and family, club fees, contribution to any statutory fund including superannuation 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. Nrupender Rao.

In addition to the above, company car with driver and fuel, company's contribution to Provident Fund and Gratuity, communication facilities, medical and accident insurance will not be treated as perquisites.

"RESOLVED FURTHER THAT so long as Mr. Nrupender Rao (DIN: 00089922) functions as the Chairman 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."

6. To re-appoint Mr. K Lavanya Kumar (DIN: 01710629) as Executive 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. K Lavanya Kumar (DIN: 01710629) as Executive Director of the Company for a period of two year with effect from 4th June, 2018 to 3rd June, 2020, on such remuneration and terms & conditions as approved by the Remuneration Committee at its circular resolution dated 4th June, 2018, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be Rs. 3,00,000 per month.
ii. Special salary shall be Rs. 2,00,000/- per month.
iii. Perquisites and Allowances shall be Rs. 1,00,000 per month.
iv. In addition to the above minimum remuneration, commission not exceeding 0.5% of the net profits of the company, computed according to the provisions of the Companies Act, 2013.

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, society charges and property tax, medical reimbursement, contribution to any statutory fund including superannuation 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. K Lavanya Kumar.

In addition to the above, company car with driver, fuel and maintenance, company's contribution to Provident Fund and Gratuity, communication facilities, medical and accident insurance, club fees, servants' salaries, leave travel concession for self and family will not be treated as perquisites.

"RESOLVED FURTHER THAT so long as Mr. K Lavanya Kumar (DIN: 01710629) functions as the Executive 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."

7. To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2019 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, 2019, and also to ratify the remuneration of Rs. 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."

8. To approve material related party transaction and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Listing Regulations (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions as entered by the company for the Financial Year 2017-18 of a value of Rs. 5,839 Lakhs and transactions to be entered for Financial Year 2018-19 of a value of Rs.12,000 Lakhs as per details as set out under item no. 9 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

9. 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 30th day of September, 2016 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 Intuitions, Companies Body Corporate and others', Corporate Grantees 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 Rs. 1,000 crores (Rupees One Thousand 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."

10. 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 30th day of September, 2016 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 Rs. 1,000 crores (Rupees One Thousand 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."

By Order of the Board
for Pennar Industries Limited

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

Place : Hyderabad
Date : 14.08.2018

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, 2018 to 21st September, 2018, 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 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 2018 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 2018 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 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.

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 25th September, 2018 @ 10:00 A.M. to 27th September, 2018 @ 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 20th September, 2018, 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 Computershare 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 /FIs/FIIs/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 Appointment of Mr. Eric James Brown as Non-Executive Non-Independent Director

Mr. Eric James Brown was appointed as Additional Non-Executive Director of the Company at its meeting held on 10th November, 2017, 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 a Director would be of immense benefit to the company. The Names of companies in which Mr. Eric James Brown 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. Eric James Brown has over 30 years of experience in M&A activities, strategic planning and implementing global IT solutions throughout the Americas, Asia Pacific, Europe and Middle Eastern regions. He is well versed about construction and Engineering market.

Currently, Mr. Eric James Brown is the President and Chief Executive Officer of Pennar Global, Inc., Headquartered in Houston, Texas and is a Joint Venture between Pennar Industries Limited and Pennar Engineered Building Systems Limited.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Eric James Brown 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 Rs. 1,00,000/- proposing the candidature of Mr. Eric James Brown for the office of director.

The Board recommends the resolution set out at item no. 4 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Eric James Brown, to whom the resolution relates, is interested or concerned in the resolution.

Item # 5 Appointment of Mr. Nrupender Rao as an Executive Chairman

The members of the Company at their Annual General Meeting held on 30th September, 2017 had approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the company for a period of two years commencing from 10.11.2016.

The Board of Directors at its meeting held on 14.08.2018 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the Company for a period of two years commencing from 14.08.2018 to 13.08.2020 including payment of remuneration.

Mr. Nrupender Rao has been guiding the company in its strategic, decision making policies and financial restructuring.

Names of companies in which Mr. Nrupender 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.

Since, Mr. Nrupender Rao has attained the age of 70 years; approval of the members for his re-appointment is sought by a special resolution as required under Section 196(3) of the Companies Act, 2013.

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. Nrupender Rao as an Executive Chairman.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 5 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao and Mr. Aditya Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

Item # 6 Appointment of Mr. K Lavanya Kumar as Executive director

The members of the Company at their Annual General Meeting held on 28th September, 2017 had approved the terms of appointment of Mr. K Lavanya Kumar as Whole-Time Director of the company for the period commencing from 10.11.2016 to 09.11.2018.

The Board of Directors passed a resolution by circulation on 05.06.2018 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. K Lavanya Kumar as Executive Director of the Company for a period of two years commencing from 04.06.2018 to 03.06.2020 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 4th June, 2018 to 3rd June, 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. K Lavanya Kumar 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.

Mr. K Lavanya Kumar has been handling the day to day operations with respect to Legal, Human Resource, Personnel, Government Relations and Public Relations.

Names of companies in which Mr. K Lavanya Kumar 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. K Lavanya Kumar as Executive Director.

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

Item # 7 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2019

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, 2019 at a remuneration of Rs. 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. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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 # 8 Approval of material related party transactions

During the Financial Year 2017-18, your Company has entered into certain business transactions with M/s. Pennar Engineered Building Systems Limited (PEBS), a Subsidiary Company, which is a "Related Party" as defined under Section 2 (76) of the Companies Act, 2013. The Company is also proposed to enter into certain business transactions with PEBS during Financial Year 2018-19. These transactions are worth Rs. 5,840 Lakhs for Financial Year 2017-18 and estimated at Rs.12,000 Lakhs for Financial Year 2018-19. The details of such transactions are given below:-

Transaction during 2017-18:

Sl. No	Name of the related party	Salient features of the transaction	Nature of Transactions	Amount of Transaction (Rs. In lakhs)
1.	Pennar Engineered Building Systems Limited (subsidiary of Pennar Industries Limited)	As per the sale/purchase orders entered into between the Company and PEBS	Purchase of Material	5,840
			Sale of Goods	
			Other Services Rendered	
			Other Services Received	

Transaction during 2018-19:

Sl. No	Name of the related party	Salient features of the transaction	Nature of Transactions	Amount of Transaction (Rs. In lakhs)
1.	Pennar Engineered Building Systems Limited (subsidiary of Pennar Industries Limited)	As per the sale/purchase orders entered into between the Company and PEBS	Purchase of Material Sale of Goods Other Services Rendered Other Services Received	12,000

Item # 9 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 Rs. 1000 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 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 # 10 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 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. 10 has been proposed to increase the limits of borrowing to Rs. 1000 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.

By Order of the Board
for Pennar Industries Limited

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

Place : Hyderabad
Date : 14.08.2018

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, 2018	Chairman of the Committee of other companies on which he is a director as on 31st March, 2018	Member of the Committee of other companies on which he is a director as on 31st March, 2018	No of Shares held by them in the Company as on 31st March, 2018
Joginapally Venkata Nrupender Rao	23.06.1945	23.09.1995	B.Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering, Purdue University, USA	Experience in the various field of Management	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Holdings Private Limited	Nil	M/s. Pennar Engineered Building Systems Limited	50,97,863 Equity Shares of Rs. 5/- each.
Vishal Sood	23.02.1972	31.01.2012	BE in Computer Science from Gujarat University and a MBA from IIM Ahmedabad	Experience in field of Management	M/s. Speciality Restaurants Limited M/s. Saif Advisors Private Limited M/s. Manpasand Beverages Private Limited M/s. Zooropa Foods Private Limited M/s. Lightfoot Consulting Private Limited M/s. Senco Gold Limited M/s. KDDL Limited M/s. Emtex Engineering Private Limited	Nil	Nil	Nil
Eric James Brown	21.11.1957	10.11.2017	Graduate from University of Hawaii	Experience in field of Management	M/s. Pennar Engineered Building Systems Limited	Nil	M/s. Pennar Engineered Building Systems Limited	Nil
Lavanya Kumar Rao Kondapally	19.02.1959	07.05.2014	Graduated in Law from Kakatiya University	Experience in the areas of law, construction, corporate affairs and liaising with statutory authorities	Nil	Nil	Nil	82,200 Equity Shares of Rs. 5/- each.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 42nd Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2018.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2018 is summarized below:

Rs. in Lakhs

Particulars	Consolidated		Standalone	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	1,79,841	1,71,132	1,24,864	1,06,950
Operating profit (PBIDT)	22,179	16,249	12,042	9,224
Profit before tax (PBT)	13,808	7,484	8,154	4,546
Income Tax and Deferred Tax	4,759	2,506	2,725	1,691
Profit after tax (PAT)	9,049	4,978	5,429	2,855
Other Comprehensive income	(44)	(64)	(5)	(69)
Total Comprehensive income for the year	9,005	4,914	5,424	2,786
Net profit attributable to Owners of the company	7,004	3,394	5,424	2,786
Profit brought forward from previous year	25,875	22,481	21,700	18,914
Surplus available for appropriation	32,879	25,875	27,124	21,700
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
Transfer to Capital Redemption Reserve	32,879	25,875	27,124	21,700

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

Your company has recorded highest ever consolidated gross sale at Rs. 2,043 Crores and highest ever EBIDTA at Rs. 221.8 Crores. Pennar has recorded consolidated net profit of Rs.70.3 crores. Your company's new products and ability to increase new customer base has helped in achieving this. All the business units of the company are profitable and showed growth over previous year.

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 three subsidiaries of the company as on 31st March, 2018.

a. M/s. Pennar Engineered Building Systems Limited

b. M/s. Pennar Enviro Limited

c. M/s. Pennar Global INC, USA

The performance of the subsidiaries is as hereunder:

(a) M/s. Pennar Engineered Building Systems Limited (PEBSL)

Your company's subsidiary, M/s. Pennar Engineered Building Systems Limited, is one of the leading custom designed building systems solutions providers in India with gross sales of Rs. 601.05 Crores and EBIDTA of Rs. 45.59 crores. PEBSL has recorded a net profit of Rs. 15.80 crores.

(b) M/s. Pennar Enviro Limited (PEL)

Your company's subsidiary, M/s. Pennar Enviro Limited, has recorded gross sales of Rs. 121.21 crores and EBIDTA of Rs. 38.37 crores. PEL has recorded a net profit of Rs. 22.96 crores.

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

During the year your company has invested USD 280,000 in M/s. Pennar Global, Inc. to cater its products and services in United States of America. Pursuant to the aforesaid investment M/s. Pennar Global INC become subsidiary of the Company.

Sale of Subsidiary viz., M/s. Pennar Renewables Private Limited

During the year your company sold its entire stake in Pennar Renewables Private Limited to Greenko Solar Energy Private Limited.

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, 2018.

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.

Liquidity:

Your company has undertaken number of steps to maintain strong liquidity levels. The consolidated net debt level is at Rs.235.56 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.

Mr. Vishal Sood, and Mr. Nrupender Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

The Board of Directors appointed Mr. Eric James Brown as Additional Non-Executive Director of the Company at its Meeting held on 10th November, 2017. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

The Board of Directors changed the designation of Mr. K Lavanya Kumar as Executive Director of the Company at its meeting held on 18th May, 2018. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

The Board of Directors reappointed Mr. Nrupender Rao as Executive Chairman of the Company at its meeting held on 14th August, 2018. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

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:

Six 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 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') was approved by the Board of Directors of the Company on 10 November 2017.

Subsequently, observation letters providing no objections were received by the Company from BSE Limited and the National Stock Exchange of India Limited on 26 April 2018.

Your company is in the process of compiling the documents and completing the other requirements to file the Scheme with the Hyderabad bench of the National Company Law Tribunal ('NCLT') to obtain necessary direction from NCLT with regard to meetings of shareholders and creditors.

Directors Responsibility Statement:

Your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2018, 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, 2018 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, 2017 was reviewed by the Audit Committee at its meeting held on 12th August, 2017 and has been filed with Registrar of Companies on 23rd October, 2017. The Board of Directors at its meeting held on 14th August, 2017 appointed M/s. Shaik & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2018. The Cost Audit for the year ended 31st March 2018 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 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 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 and the Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) 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:

99.04% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2018 and balance 0.96% is in physical form.

Managing Director Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Vice-Chairman & Managing Director certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith as Annexure-J.

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.throughout the year under review.

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 **Nrupender Rao**
Date : 14.08.2018 **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

1	Name of Subsidiary	Pennar Engineered Building Systems Limited	Pennar Enviro Limited	Pennar Global INC (Foreign Subsidiary)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	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	USD (65.25)
4	Share Capital	3,427	837	261
5	Reserves & Surplus	15,294	2,527	0
6	Total Assets	51,513	10,809	861
7	Total Liabilities	32,792	7,445	600
8	Investments	4,719	2	0
9	Turnover	51,998	10,841	1,481
10	Profit Before Taxation	2,396	3,390	0
11	Provision for Taxation	816	1,093	0
12	Profit after Taxation	1,580	2,297	0
13	Proposed Dividend	NIL	NIL	NIL
14	% of Shareholding	53.98%	51.03%	70.00%

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.	Pennar Renewables Private Limited has been sold during the year.

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 2017-18

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 Engineered Building Systems Limited (Subsidiary Company) 2. Pennar Enviro Limited (Subsidiary Company) 3. Pennar Global Inc(Subsidiary Company). 4. Pennar Renewables Private Limited [Formerly New Era Enviro Ventures (Karimnagar) Private Limited] (Subsidiary Company)[Sold during the year].
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 2017 to March 2018
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	18.05.2017; 14.08.2017; 10.11.2017; 12.02.2018
f	Amount paid as advances, if any	-

By Order of the Board
for Pennar Industries Limited

Nrupender Rao
Chairman

ANNEXURE - C

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, 2018, have been made by the Directors.

(a) Composition and Category of Directors as of 31st March, 2018 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 6 times during the financial year from 1st April, 2017 to 31st March, 2018. The dates on which the meetings were held are as follows: 18th May, 2017, 14th August, 2017, 10th November, 2017, 10th November, 2017, 12th February, 2018 and 12th March, 2018.

(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, 2017
1.	Mr. Nrupender Rao	Executive Chairman	6	5	Yes
2.	Mr. Ravi Chachra	Non-Executive Director	6	5	No
3.	Mr. P V Rao	Non-Executive Director	6	6	Yes
4.	Mr. C Parthasarathy	Independent Non-Executive Director	6	3	No
5.	Mr. B Kamalaker Rao	Independent Non-Executive Director	6	6	Yes
6.	Mr. Manish Sabharwal	Independent Non-Executive Director	6	5	No
7.	Mr. Eric James Brown *	Non-Executive Director	3	2	No
8.	Mr. Vishal Sood	Non-Executive Director	6	4	No

9.	Mr. Varun Chawla	Independent Non-Executive Director	6	2	No
10.	Mr. Aditya Rao	Vice-Chairman & Managing Director	6	6	Yes
11.	Mr. K Lavanya Kumar **	Whole-Time Director	6	3	Yes
12.	Dr. Sita Vanka	Independent Non-Executive Director	6	4	No

* Mr. Eric James Brow was appointed on the Board of Directors w.e.f 10th November, 2017

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

(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	-	3	-	1
4.	Mr. C Parthasarathy	5	9	3	2
5.	Mr. B Kamalaker Rao	1	2	3	-
6.	Mr. Manish Sabharwal	-	2	-	1
7.	Mr. Eric James Brown *	-	1	-	1
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

* Mr. Eric James Brown was appointed on Board of Directors w.e.f 10th November, 2017

includes number of companies in which they are Chairman.

Mr. Nrupender Rao and Mr. Aditya are inter-se related. (Mr. Aditya Rao is son of Mr. Nrupender Rao)

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.

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, 2018, 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;
- 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;
- reviewing the financial statements, in particular, the investments made by the unlisted subsidiaries;
- recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding 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 Kamalaker 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)*

* Dr. Sita Vanka and Mr. Eric James Brown was appointed as the Members of the Audit Committee at the Meeting of the Board of Directors held on 12th February, 2018.

(c) Meetings and attendance during the year

During the year under review, the Committee met 5 times on 17th May, 2017,12th August, 2017, 9th November, 2017, 9th November, 2017 and 10th February, 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 Kamalaker Rao	5	5
2.	Mr. C Parthasarathy	5	4
3.	Mr.Varun Chawla	5	2
4.	Mr. Aditya Rao	5	5

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 role of Nomination and Remuneration Committee is as follows:

- 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 3 Non-Executive Independent Directors and 1 Executive Chairman of the Company.

1. Mr. B Kamalaker 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)

(c) Meetings and attendance during the year

During the year the Committee had 2 meetings ie., on 12th August, 2017 and 9th November, 2017. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalaker Rao	2	2
2.	Mr. C Parthasarathy	2	1
3.	Mr. Varun Chawla	2	1
4.	Mr. Nrupender Rao	2	1

(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, 2018. 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.

(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

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites (Rs.)	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	120,00,000	83,09,587	34,68,351	-	237,77,938
Mr. Ravi Chachra	Non-Executive Director				20,000	20,000
Mr. P V Rao	Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy	Independent Non-Executive Director	-	-	-	40,000	40,000
Mr. B Kamalaker Rao	Independent Non-Executive Director	-	-	-	1,05,000	1,05,000
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	-	-	-	35,000	35,000
Mr. Aditya Rao	Vice-Chairman & Managing Director	114,00,000	55,39,724	18,70,458	-	188,10,182
Mr. K Lavanya Kumar **	Whole-Time Director	50,40,000	-	8,79,330	-	59,19,330
Dr. Sita Vanka	Independent Non-Executive Director	-	-	-	40,000	40,000

* Mr. Eric James Brown was appointed on the Board of Directors w.e.f 10th November, 2017
** Mr. K Lavanya Kumar was re-designated as Executive Director at the meeting of Board of Directors held on 18th May, 2018.

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 2018

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	21,920
Mr. B Kamalaker Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. Eric James Brown *	Mr. Eric James Brown *	-
Mr. Vishal Sood	Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka	Independent Non-Executive Director	-

* Mr. Eric James Brown was appointed on the Board of Directors w.e.f 10th November, 2017

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 Kamalaker 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 87 complaints and there were no pending complaints as at the year end.

e) Number of pending share transfers and complaints: Nil

f) Details of meetings and attendance by the members:

During the year the Committee met four times on 17th May, 2017, 12th August, 2017, 9th November, 2017; and 10th February, 2018.

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalaker Rao	4	4
2.	Mr.VarunChawla	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 Kamalaker 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, 2017. The details of attendance are given below:

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

9. General body meetings:

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

Date	Year	Type	Venue	Time
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
30th September, 2015	2014-15	Annual General Meeting	Radisson, Hyderabad	10:00 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
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 Whole-Time 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.
30th September, 2015	Yes	1. Appointment of Mr. Nrupender Rao as Executive Chairman. 2. Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director 3. Appointment of Mr. K Lavanya Kumar as Whole-Time Director. 4. Approval of material related party transactions. 5. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 6. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.

10. 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, 2018, 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, the Board of Directors has formulated a policy for determining material subsidiaries and the Policy is available on the website of the Company at http://www.pennarindia.com/policy-determining-material.html.

(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: 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.

11. 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.

12. 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.

13. 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

14. Disclosures with respect to demat suspense account/ unclaimed suspense account
5,38,794 Shares are in Investor Education Protection fund. (IEPF).

15. 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 2017-18 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.

16. General Shareholders Information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	28th September, 2018 at 11:00 A.M. at Radisson Hi-Tech City, Gachi-bowli, Hyderabad - 32
2.	Financial calendar (Tentative schedule)	Financial Year : 1st April, 2018 to 31st March, 2019 Board meetings for approval of quarterly results: 1st Quarter ended on 30th June, 2018: within 45 days from the close of quarter. 2nd Quarter ended on 30th September, 2018: within 45 days from the close of quarter. 3rd Quarter ended on 31st December, 2018: within 45 days from the close of quarter. Annual results for financial year ended 31st March, 2019 (audited): Within 60 days of the close of financial year. Annual general meeting for the year 2018-19 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	20.09.2018 - 21.09.2018 (both days inclusive)
4.	Dividend payment due	-
5.	Listing on stock Exchanges	The Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Mumbai – 400001 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 PhirozeJeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
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 Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500032, Phone: 040 67161524 E-mail: mailmanager@karvy.com/ksreddy@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 arenormally processed within a period of 15 days from the date oflodging, 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.

The Company has paid Listing fees for the year 2018-19 to all the aforesaid Stock Exchanges.

17. Distribution of shareholding as on 31st March, 2018 was as under:

Sl. No.	Category	No Of Share Holders	% to Shareholders	Shares	% to Shares
1	1 - 5000	45388	97.0929	22615355	18.7914
2	5001 - 10000	705	1.5081	5307132	4.4098
3	10001 - 20000	331	0.7081	4828732	4.0123
4	20001 - 30000	107	0.2289	2686244	2.232
5	30001 - 40000	49	0.1048	1775393	1.4752
6	40001 - 50000	40	0.0856	1881363	1.5632
7	50001 - 100000	71	0.1519	5020472	4.1716
8	100001 >	56	0.1198	76234823	63.3445
Total		**46747**	**100**	**120349514**	**100**

Shareholding Pattern as on 31st March, 2018 was as under:

Sl. No.	Category	No of Cases	Total Shares	% of Cases
1	RESIDENT INDIVIDUALS	44041	38996463	32.4027
2	PROMOTERS	11	22079629	18.3463
3	PROMOTER COMPANIES	2	20994311	17.4445
4	FOREIGN PORTFOLIO INVESTORS	6	14388919	11.9559
5	MUTUAL FUNDS	5	9454363	9454363
6	BODIES CORPORATES	615	5570318	4.6285
7	NON RESIDENT INDIANS	692	2621342	2.1781
8	H U F	1002	1926526	1.6008
9	ALTERNATIVE INVESTMENT FUND	1	1345654	1.1181
10	NON RESIDENT INDIAN NON REPATRIABLE	262	1031507	0.8571
11	I E P F	1	538794	0.4477
12	PROMOTERS & DIRECTORS RELATIVE	4	446857	0.3713
13	CLEARING MEMBERS	78	365816	0.304
14	PROMOTER GROUP	1	234900	0.1952
15	INDIAN FINANCIAL INSTITUTIONS	1	207390	0.1723
16	NBFC	8	73969	0.0615
17	BANKS	7	47819	0.0397
18	PROMOTER GROUP	1	16500	0.0137
19	TRUSTS	6	8177	0.0068
20	NATIONALISED BANKS	2	160	0.0001
21	ICICI	1	100	0.0001
Total		**46747**	**120349514**	**100.00**

18. 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. 99.04% of equity shares are held in dematerialised form as on 31st March, 2018.

(b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.: During the financial year 2017-18, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

19. 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.

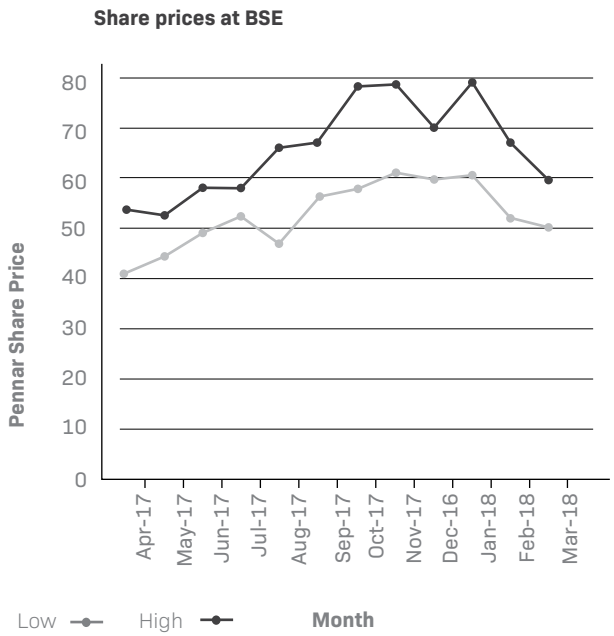
f) Velchal unit : Survey 24, 27 to 38 Venchal (v), Mominpet Vikarabad District,Telangana - 501202

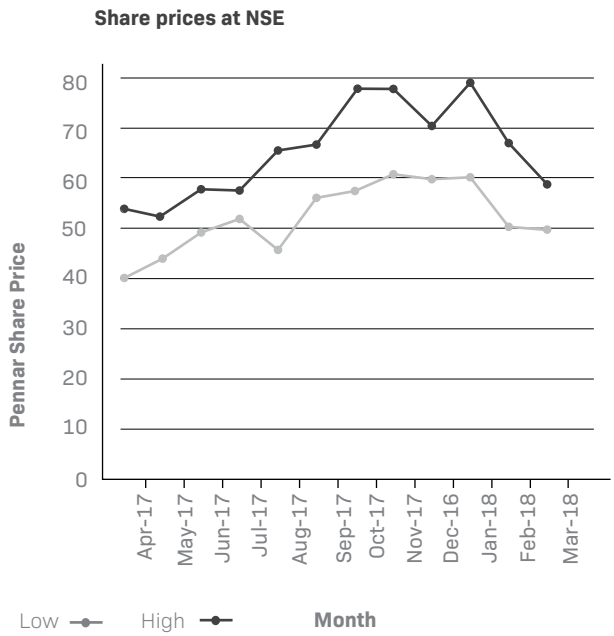
20. Market price data:

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 2017-18 were as follows:

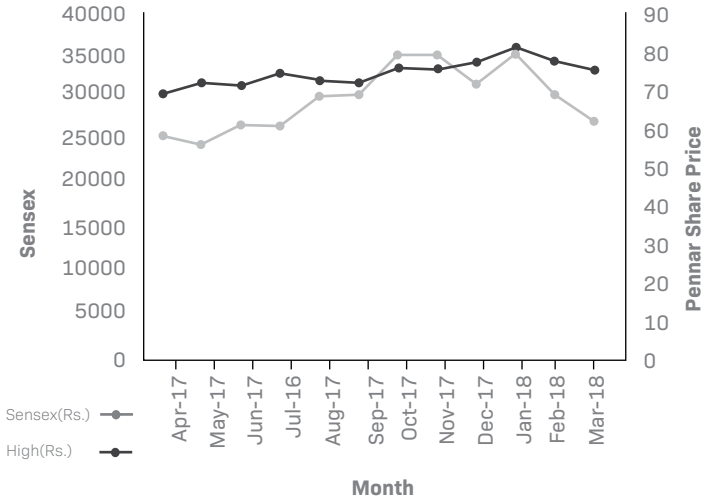
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2017	54.7	40.85	30,30,982	54.6	40.55	1,12,56,909
May, 2017	52.5	44.85	19,38,429	52.5	44.8	85,93,869
June, 2017	58	49	38,47,404	58	48.95	2,35,74,702
July, 2017	57.9	52.3	22,63,204	57.75	52.15	1,11,22,459
August, 2017	66.5	46.85	41,28,481	66.35	46.7	1,86,45,924
September, 2017	67	56.25	23,82,582	67	56.2	1,04,74,683
October, 2017	78.2	57.25	33,05,187	78.25	57.4	1,63,71,518
November, 2017	78.6	61	35,24,095	78.2	61.1	1,59,00,852
December, 2017	70	59.65	14,34,685	70.75	59	71,58,338
January, 2018	79	60.5	46,92,439	79.45	60	2,24,96,863
February, 2018	67	52	19,07,340	67.3	50.1	88,58,343
March, 2018	59	50.1	11,97,543	59	50	64,15,075

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



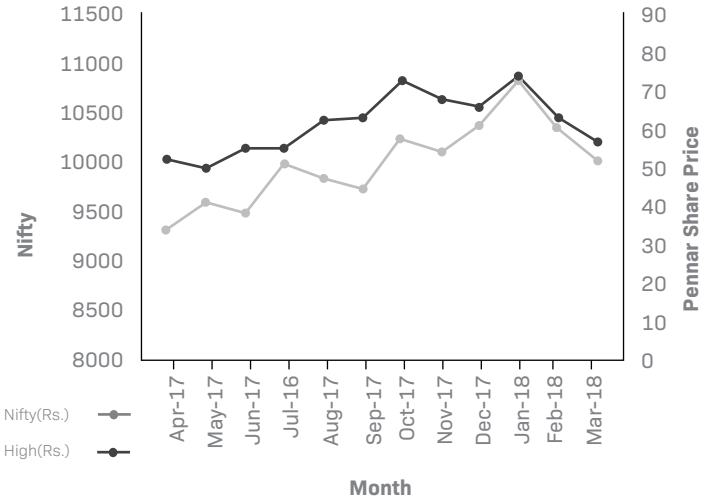


Performance in comparison to broad based indices such as BSE Sensex:



Comparison is done between the Share price- High and Sensex index close price

Performance in comparison to broad based indices such as Nifty:



Comparison is done between the Share price- High and Nifty index close price

21. 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 Computershare 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 31.03.2018	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2010-2011	16.09.2011	8,36,131.45	15.10.2011	22.10.2011	22.10.2018
2011-2012	25.07.2012	10,95,562.80	23.08.2012	30.08.2012	30.08.2019
2012-2013	08.08.2013	11,46,041.61	07.09.2013	14.09.2013	14.09.2020

22. Share Transfer System

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

Particulars	2017-2018	2016-2017
Shares Transferred	3,194	2,663
Total No. of shares as on 31st March, 2018	12,03,49,214	12,03,49,514
% on Share Capital	0.002	0.002

23) 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.

24) Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L27109AP1975PLC001919.

25) Managing Director Certification:

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

26) 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.

27) 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, 2018.

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 October 24, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors 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, 2018, 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 (the 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 March 31, 2018.

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)

Place : Hyderabad

Date : 14.08.2018

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 Rs. Lakhs

Financial Years	2016-17	2015-16	2014-15	Average Net Profit for the last three years
Net Profits	5197	4530	3662	4463

4. Prescribed CSR Expenditure:

2% of Average net profits i.e. Rs. 89.26 lakhs.

5. Details of CSR during the financial year:

a) Total Amount spent during the Financial Year: Rs. 40.97 Lakhs.

b) Amount unspent, if any. : Rs. 48.29 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 Rs. 40.97 lakhs instead of Rs.89.26 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
Vice-Chairman & Managing Director

B Kamalaker Rao
Chairman CSR Committee

ANNEXURE - F

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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: L27109AP1975PLC001919
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 (hereinafter 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, 2017 and ended 31st March, 2018, 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, 2018 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 to an 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, 1961
(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 EmployeeBenefits) Regulations, 2014
requiring compliance thereof by the Company during the audit period.

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.

I 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 and 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, **CS. Subhash Kishan Kandrapu**

Date: 14th August, 2018 **ACS: 32743, CP: 17545**

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: L27109AP1975PLC001919

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 of 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, **CS. Subhash Kishan Kandrapu**

Date: 14th August, 2018 **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 150 No's of 400 watt Metal halide lamps with LED lights. ▪ Ensured driven 4 LED lights in the new equipment & Bay lighting etc ▪ Achieved one lakh units reduction per month from TSSPDCL through Roof Top Solar Plants ▪ Creating awareness among employees about energy saving.
II. The steps taken by the company for utilizing alternate sources of energy	The company installed Roof Top Solar Plant to an extent of 1MW with in the year and achieved reduction of one lakh units from TSSPDCL in every month.
III. The capital investment on energy conservation equipment;	NIL
(B) Technology absorption: I. The efforts made towards technology absorption	Automation of Rail Coach preparation and spot welding of the Roof & Archer
II. The benefits derived like product improvement, cost reduction, product development or import substitution.	The benefits derived are: ▪ Improved quality and productivity ▪ Conservation of energy & reduced power cost
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: Rs. 1,669 Lakhs Total Foreign Exchange Outgo: Rs. 1,479 Lakhs

ANNEXURE - H

FORM NO. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2017

[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:

1	Corporate Identification Number (CIN)	L27109AP1975PLC001919
2	Registration Date	08.08.1975
3	Name of the Company	M/s. Pennar Industries Limited
4	Category/Sub Category of the Company	Public Company/Limited by Shares
5	Address of the Registered office and contact details	Floor No.: 3, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana - 500084
6	Whether Listed Company	Yes listed on NSE and BSE Stock Exchanges.
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Tel: +91 40 67161524 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	Manufacture of hot-rolled and cold-rolled products of steel	24105	78.9%
2	Manufacture of Tubes	24106	17.3%

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	M/s. Pennar Engineered Building Systems Limited 9th Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	U45400AP2008PLC057182	Subsidiary	53.98	2(87)
2	M/s. Pennar Enviro Limited 186/A, IDA, Mallapur, Hyderabad - 500 076	U74900TG2008PLC058171	Subsidiary	51.03	2(87)
3	M/s. Pennar Renewables Private Limited[formerly M/s. New Era EnviroVentures(Karimnagar) Private Limited] (Up to Dec 31, 2017) 9th Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	U40108TG2013PTC089133	Subsidiary	80.69	2(87)
4	Pennar Global Inc. Registered office: 1013 Centre Road, Suite 403S Street , Willington City, Delaware State , Zip Code – 19805, USA. (From June 05, 2017)	-	Subsidiary	70.00	2(87)

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

The Shareholding pattern is attached hereunder as Attachment - A.

V. Indebtedness:

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

Rs. in Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	12,226	2,304	NIL	14,530
ii. Interest due but not paid			NA	
iii. Interest accrued but not due			NA	
Total (i+ii+iii)	**12,226**	**2,304**	**-**	**14,530**
Change in Indebtedness during the financial year				
* Additions	14,785		NIL	14,785
* Reductions	3,241		NIL	3,241
Net Change	11,544		-	11,544
Indebtedness at the end of the financial year				
i. Principal amount	23,770	2,304	NIL	26,074
ii. Interest due but not paid			NIL	
iii. Interest accrued but not due			NIL	
Total (i+ii+iii)	**23,770**	**2,304**	**-**	**26,074**

VI. Remuneration of Directors and Key Managerial Personnel:

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

Rs. in Lakhs

Sl. No.	Particulars of Remuneration	Nrupender Rao	Aditya Rao	K Lavanya Kumar	Total Amount
		Chairman	Managing Director	Whole-Time Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	155 - -	133 - -	59 - -	347 -
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission - as % of profit - others, specify	83	55 -	- -	138
5	Others	-	-	-	-
	Total	238	188	59	485

B) Remuneration to other directors

Rs. in Lakhs

Sl No.	Particulars of Remuneration	Name of the Directors					Total Amount
		B Kamalaker Rao	Varun Chawla	Sita Vanka	Ravi Chachra	C Parthasarathy	
1	Independent Directors * Fee for attending board committee meetings * Commission * Others, please specify	1,05,000 - -	35,000 - -	40,000 - -		40,000 - -	2,20,000
	Total (1)	**1,05,000**	**35,000**	**40,000**		**40,000**	**2,20,000**
2	Others Non-Executive Directors * Fee for attending board committee meetings * Commission * Others, please specify	- - -	- - -	- - -	20,000- -	- - -	20,000- -
	Total (2)	**-**	**-**	**-**	**20,000**	**-**	**20,000**
	Total (1+2)	**1,05,000**	**35,000**	**40,000**	**20,000**	**40,000**	**2,40,000**

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

Rs. 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 (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	41 - -	10 - -	51 - -
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	- -	- -	- -
5	Others, please specify	-	-	-
	Total	**41**	**10**	**51**

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 Compounding	NIL				
B. Directors					
Penalty Punishment Compounding	NIL				
C. Other Officers in Default					
Penalty Punishment Compounding	NIL				

Annexure-A to Annexure-H

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

CATE-GORY CODE	CATEGORY OF SHARE-HOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% 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	2,28,03,129	-	2,28,03,129	18.95	2,27,61,386	-	2,27,61,386	18.91	0.03
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2,09,53,811	-	2,09,53,811	17.41	2,09,94,311	-	2,09,94,311	17.44	-0.03
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	16,500	-	16,500	0.01	-0.01
	Sub-Total A(1) :	**4,37,56,940**	**-**	**4,37,56,940**	**36.36**	**4,37,72,197**	**-**	**4,37,72,197**	**36.37**	**-0.01**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**4,37,56,940**	**-**	**4,37,56,940**	**36.36**	**4,37,72,197**	**-**	**4,37,72,197**	**36.37**	**-0.01**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	78,90,304	-	78,90,304	6.56	1,08,00,017	-	1,08,00,017	8.97	-2.42
(b)	Financial Institutions / Banks	1,33,154	2,450	1,35,604	0.11	2,53,719	1,750	2,55,469	0.21	-0.10
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	1,31,98,693	-	1,31,98,693	10.97	1,43,88,919	-	1,43,88,919	11.96	-0.99
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**2,12,22,151**	**2,450**	**2,12,24,601**	**17.64**	**2,54,42,655**	**1,750**	**2,54,44,405**	**21.14**	**-3.51**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	49,45,393	23,972	49,69,365	4.13	56,35,331	8,956	56,44,287	4.69	-0.56
(b)	Individuals									

CATE-GORY CODE	CATEGORY OF SHARE-HOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% 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)
	(i) Individuals holding nominal share capital upto Rs.1 lakh	2,34,69,449	15,62,939	2,50,32,388	20.80	2,82,30,185	10,64,168	2,92,94,353	24.34	-3.54
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	1,51,10,815	44,000	1,51,54,815	12.59	1,15,84,636	44,000	1,16,28,636	9.66	2.93
(c)	Others									
	CLEARING MEMBERS	1,60,118	-	1,60,118	0.13	3,65,816	-	3,65,816	0.30	-0.17
	FOREIGN BODIES	70,90,157	-	70,90,157	5.89	-	-	-	-	5.89
	IEPF	-	-	-	-	5,38,794	-	5,38,794	0.45	-0.45
	NON RESIDENT INDIANS	21,84,746	99,993	22,84,739	1.90	25,79,657	41,685	26,21,342	2.18	-0.28
	NRI NON-REPATRI-ATION	6,66,550	-	6,66,550	0.55	10,31,507	-	10,31,507	0.86	-0.30
	TRUSTS	9,841	-	9,841	0.01	8,177	-	8,177	0.01	0.00
(d)	**Qualified Foreign Investor**	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**5,36,37,069**	**17,30,904**	**5,53,67,973**	**46.01**	**4,99,74,103**	**11,58,809**	**5,11,32,912**	**42.49**	**3.52**
	Total B=B(1)+B(2) :	7,48,59,220	17,33,354	7,65,92,574	63.64	7,54,16,758	11,60,559	7,65,77,317	63.63	0.01
	Total (A+B) :	11,86,16,160	17,33,354	12,03,49,514	100.00	11,91,88,955	11,60,559	12,03,49,514	100.00	-0.00
(C)	Shares held by custo-dians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Pro-moter Group									
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**11,86,16,160**	**17,33,354**	**12,03,49,514**	**100.00**	**11,91,88,955**	**11,60,559**	**12,03,49,514**	**100.00**	

(ii) Shareholding of Promoters :

Sl. No	Type	Name of the Share Holder	Shareholding at the begginning of the Year				Cumulative Shareholding during the Year		
			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	2,09,53,811	17.41	31/03/2017			2,09,53,811	17.41
	Purchase				30/06/2017	27,000	Transfer	2,09,80,811	17.43
	Purchase				07/07/2017	13,500	Transfer	2,09,94,311	17.44
	Closing Balance				31/03/2018			2,09,94,311	17.44
2	Opening Balance	NRUPENDER RAO	50,97,863	4.24	31/03/2017			50,97,863	4.24
	Closing Balance				31/03/2018			50,97,863	4.24
3	Opening Balance	ADITYA NARSING RAO	49,62,508	4.12	31/03/2017			49,62,508	4.12
	Purchase				27/10/2017	3,500	Transfer	49,66,008	4.13
	Purchase				19/01/2018	5,000	Transfer	49,71,008	4.13
	Purchase				23/02/2018	8,000	Transfer	49,79,008	4.14
	Closing Balance				31/03/2018			49,79,008	4.14
4	Opening Balance	J. RAJYALAKSHMI	48,91,000	4.06	31/03/2017			48,91,000	4.06
	Closing Balance				31/03/2018			48,91,000	4.06
5	Opening Balance	JAYANTHI PULJAL	20,77,500	1.73	31/03/2017			20,77,500	1.73
	Closing Balance				31/03/2018			20,77,500	1.73
6	Opening Balance	KALPANA PULJAL	17,50,081	1.45	31/03/2017			17,50,081	1.45
	Closing Balance				31/03/2018			17,50,081	1.45
7	Opening Balance	BHAVANA PULJAL	16,94,017	1.41	31/03/2017			16,94,017	1.41
	Closing Balance				31/03/2018			16,94,017	1.41
8	Opening Balance	J. AVANTI RAO	15,37,060	1.28	31/03/2017			15,37,060	1.28
	Closing Balance				31/03/2018			15,37,060	1.28
9	Opening Balance	KONDAPALLI SUMATHA DEVI	2,42,900	0.20	31/03/2017			2,42,900	0.20
	Purchase				16/02/2018	2,34,900	Transfer	4,77,800	0.40
	Sale				16/02/2018	-2,42,900	Transfer	2,34,900	0.20
	Closing Balance				31/03/2018			2,34,900	0.20
10	Opening Balance	Y REKHA RAO	1,92,800	0.16	31/03/2017			1,92,800	0.16
	Sale				09/06/2017	-5,000	Transfer	1,87,800	0.16
	Sale				16/06/2017	-10,243	Transfer	1,77,557	0.15
	Sale				23/06/2017	-10,000	Transfer	1,67,557	0.14
	Sale				27/10/2017	-3,500	Transfer	1,64,057	0.14
	Sale				12/01/2018	-5,000	Transfer	1,59,057	0.13
	Closing Balance				31/03/2018			1,59,057	0.13
11	Opening Balance	Y MURALIDHAR RAO	1,10,400	0.09	31/03/2017			1,10,400	0.09
	Closing Balance				31/03/2018			1,10,400	0.09
12	Opening Balance	KONDAPALLI LAKSHMAN RAO	95,200	0.08	31/03/2017			95,200	0.08

Sl. No	Type	Name of the Share Holder	Shareholding at the begginning of the Year				Cumulative Shareholding during the Year		
			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				31/03/2018			95,200	0.08
13	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	31/03/2017			82,200	0.07
	Closing Balance				31/03/2018			82,200	0.07
14	Opening Balance	KONDAPALLY SANDHYA	69,600	0.06	31/03/2017			69,600	0.06
	Closing Balance				31/03/2018			69,600	0.06
13	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	31/03/2017			82,200	0.07
	Closing Balance				31/03/2018			82,200	0.07
14	Opening Balance	KONDAPALLY SANDHYA	69,600	0.06	31/03/2017			69,600	0.06
	Closing Balance				31/03/2018			69,600	0.06

(iii) CHANGE IN PROMOTERS'S SHAREHOLDING (SPECIFY IF THERE IS NO CHANGES)

Sl. No.	Type	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Opening Balance - 31/03/2017	Pennar Holdings Private Limited	2,09,53,811	17.41		
	Purchase - 30/06/2017				27,000	0.02
	Purchase - 07/07/2017				13,500	0.01
	Closing Balance - 31/03/2018				2,09,94,311	17.44
2	Opening Balance - 31/03/2017	Aditya Rao	49,62,508	4.12		0.00
	Purchase - 27/10/2017				3,500	0.00
	Purchase - 19/01/2018				5,000	0.00
	Purchase - 23/02/2018				8,000	0.01
	Closing Balance - 31/03/2018				49,79,008	4.14
3	Opening Balance - 31/03/2017	Kondapalli Sumatha Devi	2,42,900	0.20		0.00
	Purchase - 16/02/2018				2,34,900	0.20
	Sale - 16/02/2018				-2,42,900	-0.20
	Closing Balance - 31/03/2018				2,34,900	0.20
4	Opening Balance - 31/03/2017	Y Rekha Rao	1,92,800	0.16		0.00
	Sale - 09/06/2017				-5,000	0.00
	Sale - 16/06/2017				-10,243	-0.01
	Sale - 23/06/2017				-10,000	-0.01
	Sale - 27/10/2017				-3,500	0.00
	Sale - 12/01/2018				-5,000	0.00
	Closing Balance - 31/03/2018				1,59,057	0.13

(IV) Shareholding Pattern of Top ten shareholders other than directors, Promoters and Holders of ADR & GDR

Sl. No.	Date	Type	Name of the Share Holder	Shareholding at the beg-ginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the com-pany	No of Shares	% of total shares of the company
1	31/03/2017	Opening Balance	SAIF INDIA IV FII HOLDINGS LIMITED	1,21,38,080	10.09	1,21,38,080	10.09
	31/03/2018	Closing Balance				1,21,38,080	10.09
2	31/03/2017	Opening Balance	FRANKLIN INDIA SMALLER COMPANIES FU ND	78,89,354	6.56	78,89,354	6.56
	16/06/2017	Purchase		30,00,000	2.49	1,08,89,354	9.05
	28/07/2017	Purchase		2,47,257	0.21	1,11,36,611	9.25
	04/08/2017	Purchase		3,81,885	0.32	1,15,18,496	9.57
	11/08/2017	Purchase		1,70,858	0.14	1,16,89,354	9.71
	27/10/2017	Sale		3,00,000	0.25	1,13,89,354	9.46
	10/11/2017	Sale		3,53,801	0.29	1,10,35,553	9.17
	01/12/2017	Sale		46,199	0.04	1,09,89,354	9.13
	05/01/2018	Sale		3,61,000	0.30	1,06,28,354	8.83
	12/01/2018	Sale		10,55,476	0.88	95,72,878	7.95
	16/02/2018	Sale		83,524	0.07	94,89,354	7.88
	30/03/2018	Sale		35,941	0.03	94,53,413	7.85
	31/03/2018	Closing Balance				94,53,413	7.85
3	31/03/2017	Opening Balance	EIGHT CAPITAL MASTER FUND, LTD.	70,90,157	5.89	70,90,157	5.89
	21/04/2017	Sale		27,423	0.02	70,62,734	5.87
	28/04/2017	Sale		35,028	0.03	70,27,706	5.84
	05/05/2017	Sale		1,21,346	0.10	69,06,360	5.74
	12/05/2017	Sale		1,81,503	0.15	67,24,857	5.59
	19/05/2017	Sale		4,77,598	0.40	62,47,259	5.19
	26/05/2017	Sale		85,769	0.07	61,61,490	5.12
	02/06/2017	Sale		1,61,600	0.13	59,99,890	4.99
	09/06/2017	Sale		36,72,560	3.05	23,27,330	1.93
	16/06/2017	Sale		12,28,816	1.02	10,98,514	0.91
	23/06/2017	Sale		10,01,251	0.83	97,263	0.08
	30/06/2017	Sale		97,263	0.08	-	0.00
	31/03/2018	Closing Balance				-	0.00
4	31/03/2017	Opening Balance	ANASUYA PELLURU	15,12,544	1.26	15,12,544	1.26
	07/04/2017	Sale		17,449	0.01	14,95,095	1.24
	21/04/2017	Purchase		1,27,207	0.11	16,22,302	1.35
	21/04/2017	Sale		3,00,000	0.25	13,22,302	1.10
	05/05/2017	Sale		82,006	0.07	12,40,296	1.03
	02/06/2017	Sale		22,680	0.02	12,17,616	1.01
	09/06/2017	Purchase		10,166	0.01	12,27,782	1.02
	09/06/2017	Sale		3,00,000	0.25	9,27,782	0.77
	16/06/2017	Sale		5,000	0.00	9,22,782	0.77
	07/07/2017	Sale		10,000	0.01	9,12,782	0.76
	04/08/2017	Sale		16,692	0.01	8,96,090	0.74
	18/08/2017	Purchase		69,337	0.06	9,65,427	0.80

Sl. No.	Date	Type	Name of the Share Holder	Shareholding at the beg-ginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the com-pany	No of Shares	% of total shares of the company
	18/08/2017	Sale		2,00,000	0.17	7,65,427	0.64
	25/08/2017	Sale		46,308	0.04	7,19,119	0.60
	01/09/2017	Sale		24,024	0.02	6,95,095	0.58
	08/09/2017	Purchase		28,050	0.02	7,23,145	0.60
	08/09/2017	Sale		1,00,000	0.08	6,23,145	0.52
	20/10/2017	Sale		19,050	0.02	6,04,095	0.50
	27/10/2017	Sale		9,000	0.01	5,95,095	0.49
	31/03/2018	Closing Balance				5,95,095	0.49
5	31/03/2017	Opening Balance	ROHINTON SOLI SCREWVALA	8,63,826	0.72	8,63,826	0.72
	02/03/2018	Sale		55,800	0.05	8,08,026	0.67
	09/03/2018	Sale		2,46,640	0.20	5,61,386	0.47
	31/03/2018	Closing Balance				5,61,386	0.47
6	31/03/2017	Opening Balance	CHINTHIREDDY ANANTHA REDDY	7,63,801	0.63	7,63,801	0.63
	07/04/2017	Sale		10,000	0.01	7,53,801	0.63
	14/04/2017	Sale		700	0.00	7,53,101	0.63
	21/04/2017	Sale		31,061	0.03	7,22,040	0.60
	09/06/2017	Sale		60,000	0.05	6,62,040	0.55
	16/06/2017	Sale		20,000	0.02	6,42,040	0.53
	14/07/2017	Sale		5,000	0.00	6,37,040	0.53
	18/08/2017	Sale		30,000	0.02	6,07,040	0.50
	25/08/2017	Sale		15,000	0.01	5,92,040	0.49
	01/09/2017	Sale		54,523	0.05	5,37,517	0.45
	08/09/2017	Sale		10,000	0.01	5,27,517	0.44
	27/10/2017	Sale		18,631	0.02	5,08,886	0.42
	10/11/2017	Sale		20,000	0.02	4,88,886	0.41
	31/03/2018	Closing Balance				4,83,886	0.40
7	31/03/2017	Opening Balance	MOHUR INVESTMENT & CONSULTANCY P LTD	6,00,000	0.50	6,00,000	0.50
	21/04/2017	Sale		1,00,000	0.08	5,00,000	0.42
	05/05/2017	Purchase		1,00,000	0.08	6,00,000	0.50
	19/05/2017	Sale		50,000	0.04	5,50,000	0.46
	02/06/2017	Sale		50,000	0.04	5,00,000	0.42
	04/08/2017	Purchase		5,00,000	0.42	10,00,000	0.83
	04/08/2017	Sale		5,00,000	0.42	5,00,000	0.42
	31/03/2018	Closing Balance				5,00,000	0.42
8	31/03/2017	Opening Balance	ZEN SECURITIES LTD	5,70,917	0.47	5,70,917	0.47
	07/04/2017	Purchase		14,670	0.01	5,85,587	0.49
	07/04/2017	Sale		4,601	0.00	5,80,986	0.48
	14/04/2017	Purchase		480	0.00	5,81,466	0.48
	14/04/2017	Sale		16,524	0.01	5,64,942	0.47
	21/04/2017	Purchase		6,725	0.01	5,71,667	0.48
	21/04/2017	Sale		15,485	0.01	5,56,182	0.46
	28/04/2017	Purchase		12,301	0.01	5,68,483	0.47
	28/04/2017	Sale		165	0.00	5,68,318	0.47

Sl. No.	Date	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	05/05/2017	Purchase		3,011	0.00	5,71,329	0.47
	05/05/2017	Sale		10,631	0.01	5,60,698	0.47
	12/05/2017	Purchase		5,980	0.00	5,66,678	0.47
	12/05/2017	Sale		6,575	0.01	5,60,103	0.47
	19/05/2017	Purchase		1,500	0.00	5,61,603	0.47
	19/05/2017	Sale		8,542	0.01	5,53,061	0.46
	26/05/2017	Purchase		919	0.00	5,53,980	0.46
	26/05/2017	Sale		5,507	0.00	5,48,473	0.46
	02/06/2017	Purchase		16,190	0.01	5,64,663	0.47
	02/06/2017	Sale		633	0.00	5,64,030	0.47
	09/06/2017	Purchase		3,544	0.00	5,67,574	0.47
	09/06/2017	Sale		6,929	0.01	5,60,645	0.47
	16/06/2017	Purchase		2,000	0.00	5,62,645	0.47
	16/06/2017	Sale		24,151	0.02	5,38,494	0.45
	23/06/2017	Purchase		20,928	0.02	5,59,422	0.46
	30/06/2017	Purchase		3,723	0.00	5,63,145	0.47
	30/06/2017	Sale		2,581	0.00	5,60,564	0.47
	07/07/2017	Purchase		19,759	0.02	5,80,323	0.48
	14/07/2017	Purchase		11,881	0.01	5,92,204	0.49
	14/07/2017	Sale		150	0.00	5,92,054	0.49
	21/07/2017	Purchase		9,675	0.01	6,01,729	0.50
	21/07/2017	Sale		17,287	0.01	5,84,442	0.49
	28/07/2017	Purchase		6,544	0.01	5,90,986	0.49
	28/07/2017	Sale		7,441	0.01	5,83,545	0.48
	04/08/2017	Purchase		235	0.00	5,83,780	0.49
	04/08/2017	Sale		3,697	0.00	5,80,083	0.48
	11/08/2017	Purchase		7,690	0.01	5,87,773	0.49
	11/08/2017	Sale		8,646	0.01	5,79,127	0.48
	18/08/2017	Purchase		17,557	0.01	5,96,684	0.50
	18/08/2017	Sale		15,878	0.01	5,80,806	0.48
	25/08/2017	Sale		28,882	0.02	5,51,924	0.46
	01/09/2017	Sale		10,817	0.01	5,41,107	0.45
	08/09/2017	Purchase		14,347	0.01	5,55,454	0.46
	08/09/2017	Sale		2,452	0.00	5,53,002	0.46
	15/09/2017	Sale		29,743	0.02	5,23,259	0.43
	06/10/2017	Purchase		4,650	0.00	5,27,909	0.44
	06/10/2017	Sale		4,405	0.00	5,23,504	0.43
	13/10/2017	Purchase		44,062	0.04	5,67,566	0.47
	13/10/2017	Sale		7,650	0.01	5,59,916	0.47
	20/10/2017	Sale		21,198	0.02	5,38,718	0.45
	27/10/2017	Purchase		5,391	0.00	5,44,109	0.45
	27/10/2017	Sale		34,678	0.03	5,09,431	0.42
	31/10/2017	Purchase		2,874	0.00	5,12,305	0.43

Sl. No.	Date	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	31/10/2017	Sale		525	0.00	5,11,780	0.43
	03/11/2017	Purchase		2,148	0.00	5,13,928	0.43
	03/11/2017	Sale		3,115	0.00	5,10,813	0.42
	10/11/2017	Purchase		8,503	0.01	5,19,316	0.43
	10/11/2017	Sale		1,885	0.00	5,17,431	0.43
	17/11/2017	Purchase		10,147	0.01	5,27,578	0.44
	24/11/2017	Purchase		7,402	0.01	5,34,980	0.44
	01/12/2017	Purchase		6,932	0.01	5,41,912	0.45
	01/12/2017	Sale		5,390	0.00	5,36,522	0.45
	08/12/2017	Purchase		11,930	0.01	5,48,452	0.46
	08/12/2017	Sale		11,332	0.01	5,37,120	0.45
	15/12/2017	Purchase		1,782	0.00	5,38,902	0.45
	15/12/2017	Sale		14,225	0.01	5,24,677	0.44
	22/12/2017	Purchase		7,130	0.01	5,31,807	0.44
	22/12/2017	Sale		1,747	0.00	5,30,060	0.44
	29/12/2017	Purchase		24,360	0.02	5,54,420	0.46
	30/12/2017	Purchase		11,333	0.01	5,65,753	0.47
	30/12/2017	Sale		11,867	0.01	5,53,886	0.46
	05/01/2018	Purchase		35,386	0.03	5,89,272	0.49
	12/01/2018	Purchase		45,890	0.04	6,35,162	0.53
	12/01/2018	Sale		16,187	0.01	6,18,975	0.51
	19/01/2018	Sale		6,198	0.01	6,12,777	0.51
	26/01/2018	Purchase		6,626	0.01	6,19,403	0.51
	26/01/2018	Sale		2,304	0.00	6,17,099	0.51
	02/02/2018	Purchase		248	0.00	6,17,347	0.51
	02/02/2018	Sale		13,764	0.01	6,03,583	0.50
	09/02/2018	Purchase		1,116	0.00	6,04,699	0.50
	09/02/2018	Sale		607	0.00	6,04,092	0.50
	16/02/2018	Purchase		49,767	0.04	6,53,859	0.54
	16/02/2018	Sale		72,378	0.06	5,81,481	0.48
	23/02/2018	Purchase		10,567	0.01	5,92,048	0.49
	23/02/2018	Sale		1,04,933	0.09	4,87,115	0.40
	02/03/2018	Sale		28,015	0.02	4,59,100	0.38
	09/03/2018	Purchase		1,776	0.00	4,60,876	0.38
	09/03/2018	Sale		65,100	0.05	3,95,776	0.33
	16/03/2018	Purchase		60,810	0.05	4,56,586	0.38
	16/03/2018	Sale		1,03,090	0.09	3,53,496	0.29
	23/03/2018	Sale		84,298	0.07	2,69,198	0.22
	30/03/2018	Purchase		1,72,395	0.14	4,41,593	0.37
	30/03/2018	Sale		1,56,651	0.13	2,84,942	0.24
	31/03/2018	Closing Balance - 31/03/2018				2,84,942	0.24

Sl. No.	Date	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
9		Opening Balance - 31/03/2017	EIGHT CAPITAL INDIA (M) LIMITED	5,38,347	0.45	5,38,347	0.45
	30/06/2017	Sale		2,28,793	0.19	3,09,554	0.26
	07/07/2017	Sale		3,09,554	0.26	-	0.00
	31/03/2018	Closing Balance - 31/03/2018				-	0.00
10		Opening Balance - 31/03/2017	ASHA MUKUL AGRAWAL	5,00,000	0.42	5,00,000	0.42
	05/05/2017	Sale		90,611	0.08	4,09,389	0.34
	12/05/2017	Sale		1,09,820	0.09	2,99,569	0.25
	19/05/2017	Sale		1,99,569	0.17	1,00,000	0.08
	02/06/2017	Sale		1,00,000	0.08	-	0.00
	31/03/2018	Closing Balance - 31/03/2018				-	0.00

(v) Shareholding of Directors and Key Management Personnel:

Sl No.	Name of the Promoter Shareholders Key Management Personnel	Share holding at the beginning of the year		Cumulative Share holding at the end of the year	
		No. of Shares held	% of total shares of the company	No. of Shares held	% of total shares of the company
1	ADITYA NARSING RAO				
	a) At the Beginning of the year	49,62,508	4.12	49,62,508	4.12
	b) Change during the year - Purchase	-		16,500	
	c) At the end of the year	49,62,508	4.12	49,79,008	4.14
2	NRUPENDER RAO				
	a) At the Beginning of the year	50,97,863	4.24	50,97,863	4.24
	b) Change during the year	-		-	
	b) At the end of the year	50,97,863	4.24	50,97,863	4.24
3	KONDAPALLY LAVANYA KUMAR RAO				
	a) Athe Beginning of the year	82,200	0.07	82,200	0.07
	b) Change during the year				
	c) At the end of the year	82,200	0.07	82,200	0.07
4	JAMMULAMADAKA SRINIVASA KRISHNA PRASAD				
	a) Athe Beginning of the year	789	0.00	789	0.00
	b) Change during the year				
	c) At the end of the year	789	0.00	789	0.00
5	MIRZA MOHAMMED ALI BAIG				
	a) Athe Beginning of the year	0	0.00	0	0.00
	b) Change during the year	0	0.00	0	0.00
	c) At the end of the year			0	0

ANNEXURE - I

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;

Rs. in Lakhs

Sl No.	Name of the Director	Designation	Remuneration paid in 2016-17	Remuneration paid in 2015-16	Increase in remuneration from previous year	Ratio/median of employee remuneration (2016-17)
1.	Mr. Nrupender Rao	Chairman	238	216	22	86.82
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	188	150	38	68.68
3.	Mr K Lavanya Kumar	Whole-Time Director	59	43	16	21.61
4.	Mr. J S Krishna Prasad	Chief Financial Officer	41	26	15	14.90
5.	Mr. Mirza Mohammed Ali Baig	Company Secretary& Compliance Officer	10	7	3	3.75

(iii) The percentage increase in the median remuneration of employees in the financial year: 17.90%

(iv) The number of permanent employees on the rolls of company: 1705

(v) The explanation on the relationship between average increase in remuneration and company performance:

The increase in employee remuneration is based on the performance of the individuals and Business units coupled with the company performance. During the current financial year (2017-18) the company has recorded a growth of 90.16% in Profit after tax, compared to last financial year (2016-17). However, the employee remuneration and the performance of the company cannot be directly co-related as it is not practical considering the factors involved.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2017-18 (Rs.in lakhs)	536
Revenue (Rs. in lakhs)	1,25,462
Remuneration of KMPs (as % of revenue)	0.43%
Profit before Tax (PBT) (Rs. in lakhs)	8,154
Remuneration of KMP (as % of PBT)	7%

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31.03.2018	31.03.2017
Market Capitalization of the Company (in Rs. Lakhs)	60,596	49,283
Closing Price at the National Stock Exchange Ltd. (in Rs.)	50.35	40.95
Price Earnings Ratio as at the closing date (MPS/EPS)	11.16	17.26

Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	31.03.2018	31.05.1988	Change
Market Price (NSE)	50.35	10 (*)	503.50%

* The face value of the equity share was split from Rs. 10/- to Rs. 5/- each.

(viii) 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 2017-18 in salaries of employees was 1.63%

(b) The increase in managerial remuneration for the Financial Year 2017-18was18.60%

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

Particulars	Name & Designation				
	Nrupender Rao	Aditya Rao	K Lavanya Kumar	J S Krishna Prasad	Mirza Mohammed Ali Baig
	Chairman	Managing Director	Whole-Time Director	Chief Financial Officer	Company Secretary
Remuneration in FY 2017-18 (Rs. in lakhs)	238	188	59	41	10
Revenue (Rs. in lakhs)	1,25,462				
Remuneration as % of revenue	0.19%	0.15%	0.05%	0.03%	0.01%
Profit before Tax (PBT) (Rs. in lakhs)	8,154				
Remuneration (as % of PBT)	2.92%	2.31%	0.72%	0.50%	0.12%

(x) The key parameters for any variable component of remuneration availed by the directors: Except commission there is no other variable component of remuneration availed by the Directors.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None.

(xii) 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.

Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Employed throughout the Financial Year and in receipt of remuneration aggregating Rs. 60,00,000 or more:

Sl No.	Name	Designation	Age	Qualification	Remuneration in Rs. Lacs
1	Mr. Nrupender Rao	Executive Chairman	74	B. Tech (IIT, Kharagpur), M.S, Operations Research & Industrial Engineering, Purdue University, USA	238
2	Mr. Aditya Rao	Vice-Chairman & Managing Director	37	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	188

ANNEXURE - J

MANAGING DIRECTOR CERTIFICATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSUREREQUIREMENTS) REGULATIONS, 2015

To,

The Board of Directors

M/s. Pennar Industries Limited

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2018 and to the best of ourknowledge and belief:

(i) these statements do not contain any materiallyuntrue 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 withexisting 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:14.08.2018

Place: Hyderabad

Aditya Rao

Vice-Chairman & Managing Director

DIN No. 01307343

Financial Statments

Deloitte Haskins & Sells LLP

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
Hyderabad - 500 081
Telangana, India

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INDEPENDENT AUDITOR'S REPORT
To The Members of Pennar Industries Limited
Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **PENNAR INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

Deloitte
Haskins & Sells LLP

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters
The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated May 18, 2017 and May 20, 2016 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements
1. As required by Section 143(3) of the Act, based on our audit we report 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.

   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 books of account.

Deloitte
Haskins & Sells LLP

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 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 Ind AS 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 18, 2018

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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, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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 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 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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, 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, 2018, 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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 18, 2018

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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) Some of the property, plant and equipment were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noted on such verification.

(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 and buildings 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.

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, 2018 and therefore, reporting under clause (v) of the Order is not applicable.

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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, Sales Tax, Service Tax, Customs Duty, Value Added Tax, 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, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Service Tax, and Entry Tax which have not been deposited as on March 31, 2018 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, 1944	Excise Duty	Commissioner	2007-08	79.93
			2007-08 to 2011-12	63.34
The Finance Act, 1994	Service Tax	Assistant Commissioner	2006-07	0.79
			2012-13 to 2015-16	140.55
			2014-15 to 2015-16	1.32
		Joint Commissioner	2005-06 to 2007-08	79.56
			2008-09 to 2010-11	4.39
		Additional Commissioner	2008-09 to 2010-11	19.87
		Deputy Commissioner	2012-13 to 2013-14	2.07
		Superintendent	2014-15	0.67
			2015-16 to 2017-18	3.66
		Commissioner	2013-14	4.71
		Tribunal	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	2005-06 to 2007-08	218.65

There are no dues of Income-tax, Customs Duty, Goods & Services Tax and Sales Tax as on March 31, 2018 on account of disputes.

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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. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

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.

xi. In our opinion and according to the information and explanations given to us, the Company has 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 18, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
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Telangana, India

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENNAR INDUSTRIES LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **PENNAR INDUSTRIES LIMITED** (hereinafter referred to as "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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 on separate financial statements of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018 and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 63,181 lakhs as at March 31, 2018, total revenues of ₹ 66,192 lakhs and net cash outflows amounting to ₹ 854 lakhs for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above 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 reports of the other auditors.

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(b) The comparative financial information of the Group for the year ended March 31, 2017, the related transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended March 31, 2017 and March 31, 2016 dated May 18, 2017 and May 20, 2016 respectively expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries incorporated in India, referred in the Other Matters paragraph 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and 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 Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 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 incorporated in India, is disqualified as on March 31, 2018 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 and 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, for the reasons stated therein.

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(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. The Group has made provision in the consolidated Ind AS financial statement, 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 Company and 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 18, 2018

Deloitte
Haskins & Sells LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (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, 2018, we have audited the internal financial controls over financial reporting of **PENNAR INDUSTRIES LIMITED** (hereinafter referred to as "the Company") and its subsidiary companies, as of that date.

Management's Responsibility for Internal Financial Controls
The respective Board of Directors of the Company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria 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 (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 and its subsidiary companies, which are 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.

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We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are 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 and its subsidiary companies.

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 the other auditors referred to in the Other Matters paragraph below, the Company and its subsidiary companies, which are incorporate 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, 2018, 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.

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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 two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies.

Our opinion is not modified in respect of the above 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 18, 2018

Pennar Industries Limited - Balance Sheet as at March 31, 2018 (All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	3	26,698	18,546	18,474
Capital work-in-progress		1,945	818	20
Other intangible assets	4	1,070	1,114	1,177
Financial assets				
(a) Investments	5	2,460	6,290	7,231
(b) Other financial assets	6	488	506	499
Income tax assets (net)	16(f)	513	425	285
Other non-current assets	7	1,386	1,214	478
Total Non-current assets (1)		**34,560**	**28,913**	**28,164**
Current assets				
Inventories	8	21,509	18,878	16,475
Financial assets				
(a) Investments	5	2,292	-	-
(b) Trade receivables	9	31,298	22,734	21,849
(c) Cash and cash equivalents	10	2,624	4,326	5,199
(d) Other bank balances	11	1,144	478	440
(e) Other financial assets	6	1,036	143	96
Other current assets	7	6,877	6,282	4,971
Total Current assets (2)		**66,780**	**52,841**	**49,030**
Total assets (1+2)		**1,01,340**	**81,754**	**77,194**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	12	6,017	6,017	6,017
Other equity	13	34,580	29,156	26,370
Total Equity (1)		**40,597**	**35,173**	**32,387**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
- Borrowings	14	8,326	6,861	7,466
Provisions	15	218	149	121
Deferred tax liabilities (net)	16(d)	2,967	2,416	2,347
Other non-current liabilities	17	786	948	1,094
Total Non-current liabilities (2)		**12,297**	**10,374**	**11,028**
Current liabilities				
Financial liabilities				
(a) Borrowings	14	15,223	6,500	9,651
(b) Trade payables	18	27,214	27,244	21,007
(c) Other financial liabilities	19	2,006	416	1,406
Income tax liabilities (net)	16(f)	1,600	1,189	692
Provisions	15	104	70	62
Other current liabilities	17	2,299	788	961
Total Current liabilities (3)		**48,446**	**36,207**	**33,779**
Total Liabilities (2+3)		**60,743**	**46,581**	**44,807**
Total Equity and Liabilities (1+2+3)		**1,01,340**	**81,754**	**77,194**
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1 & 2			

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

Place: Hyderabad
Date: May 18, 2018

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Pennar Industries Limited
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars		Note	For the year ended March 31, 2018	For the year ended March 31, 2017
I.	**INCOME**			
	Revenue from operations	20	1,24,864	1,06,950
	Other income	21	598	491
	Total income		**1,25,462**	**1,07,441**
II.	**EXPENSES**			
	Cost of materials consumed	22	79,005	65,803
	Purchase of traded goods		3,095	5,708
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	949	(3,617)
	Excise duty on sale of goods	36	2,121	8,180
	Employee benefits expense	24	7,105	6,193
	Finance costs	25	4,342	3,503
	Depreciation and amortisation expense	26	1,675	1,175
	Other expenses	27	21,145	15,950
	Total expenses		**1,19,437**	**1,02,895**
III.	**Profit before exceptional item and tax (I - II)**		**6,025**	**4,546**
IV.	Exceptional item	28	2,129	-
V.	**Profit before tax (III - IV)**		**8,154**	**4,546**
VI.	**Tax expense**	**16(a)**		
	Current tax		2,171	1,586
	Deferred tax		554	105
			2,725	**1,691**
VII.	**Profit for the year (V - VI)**		**5,429**	**2,855**
VIII.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurements of the net defined benefit liability		(8)	(105)
	- Income tax relating to items that will not be reclassified to profit or loss		3	36
	Total other comprehensive loss		**(5)**	**(69)**
IX.	**Total comprehensive income for the year (VII - VIII)**		**5,424**	**2,786**
X.	**Earning per equity share (par value of ₹ 5 each)**			
	Basic and Diluted (₹)	30	4.51	2.37
	Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1 & 2		

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 18, 2018

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Pennar Industries Limited
Cash Flow Statement for the year ended March 31, 2018

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		**8,154**		**4,546**
Adjustments for :				
Depreciation and amortisation expense	1,675		1,175	
Loss on sale of plant and equipment, (net)	2		(1)	
Finance costs	3,980		3,279	
Interest income	(463)		(439)	
Gain on Mutual Funds	(52)		-	
Gain on sale of non-current investment	(2,129)		-	
Provision for doubtful debts, (net)	66		361	
Operating profit before working capital changes		**11,233**		**8,921**
Changes in operating assets and liabilities:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(8,630)		(1,246)	
Other financial assets	18		(7)	
Inventories	(2,631)		(2,403)	
Other non-financial assets	(595)		(1,311)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(30)		6,237	
Other financial liabilities	1,511		(173)	
Provisions	95		(69)	
Cash generated from operations		**971**		**9,949**
Net income taxes paid		(1,848)		(1,229)
Net cash flow (used in) / generated by operating activities (A)		**(877)**		**8,720**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of plant and equipment	11,008		2,986	
Proceeds from sale of plant and equipment	6		9	
Proceeds from sale of non-current investments	5,148		941	
Investment in non-current investments	183		-	
Investment in current investment	2,240		-	
Balances not considered as cash and cash equivalents	688		25	
Interest received	258		248	
Net cash flow used in investing activities (B)		**(8,707)**		**(1,813)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	8,578		5,708	
Repayment of long-term borrowings	(5,757)		(7,202)	
Net movement in working capital loans	8,723		(3,151)	

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
Finance costs paid	(3,662)		(3,135)	
Net cash flow from / (used in) financing activities (C)		**7,882**		**(7,780)**
Net increase in cash and cash equivalents (A+B+C)		**(1,702)**		**(873)**
Cash and cash equivalents at the beginning of the year		4,326		5,199
Cash and cash equivalents at the end of the year*		**2,624**		**4,326**
***Cash and cash equivalents comprises of: (refer note 10)**				
Cash on hand		-		4
Balances with Banks				
- in current accounts		17		322
- in deposit accounts		2,607		4,000
		2,624		**4,326**

Accompanying notes form an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan

Partner

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Place: Hyderabad

Date: May 18, 2018

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Pennar Industries Limited
Statement of changes in equity for the year ended March 31, 2018

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	Amount
Balance as at April 01, 2016	6,017
Changes in equity share capital during the year	-
Balance as at March 31, 2017	**6,017**
Changes in equity share capital during the year	-
Balance as at March 31, 2018	**6,017**

B. Other equity

Particulars	Reserves and surplus					Items of other comprehensive income	Total other equity
	Capital redemption reserve	Profit on forfeiture of shares	Securities premium account	General reserve	Retained earnings	Remeasurement of the net defined benefit liability	
Balance as at April 01, 2016	**1,185**	**6**	**5,011**	**1,254**	**18,914**	**-**	**26,370**
Profit for the year	-	-	-	-	2,855	-	2,855
Remeasurement of net defined benefit liability (net of tax ₹ 36) (Refer note 17)	-	-	-	-	-	(69)	(69)
Balance as at March 31, 2017	**1,185**	**6**	**5,011**	**1,254**	**21,769**	**(69)**	**29,156**
Profit for the year	-	-	-	-	5,429	-	5,429
Remeasurement of net defined benefit liability (net of tax ₹ 3) (Refer note 17)	-	-	-	-	-	(5)	(5)
Balance as at March 31, 2018	**1,185**	**6**	**5,011**	**1,254**	**27,198**	**(74)**	**34,580**

Accompanying notes form an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 18, 2018

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

1. Corporate information:

Pennar industries Limited ('the Company') is a public limited 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 Tamilnadu, Tarapur in Maharashtra. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. Significant accounting policies

2.1 Statement of compliance:

The Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2017, along with relevant amended rules issued thereafter and other relevant provisions of the Act, as applicable.

These are the Company's first Ind AS Financial Statements and the date of transition to Ind AS has been considered to be April 1, 2016.

The financial statement up to the year ended March 31, 2017, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Company. Previous period figures in the Financial Statements have been re-casted to Ind AS.

Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's position, financial performance and cash flows.

2.2 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 Ind 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.V

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.

2.3 Use of estimates:

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expenditure for the periods presented.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates - estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the financial statements in the period in which results are known and, if material, are disclosed in the financial statements.

In particular, 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:

- Useful lives of property, plant and equipment and intangible assets
- Assets and obligations relating to employee benefits
- Evaluation of recoverability of deferred tax assets
- Financial instruments
- Provisions and contingencies

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.

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.

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to lakhs).

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 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.

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. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.9 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.

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.

2.10 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.

2.11 Revenue:
Sale of Goods and Services :
Revenue is recognized at the fair value of consideration received or receivable when the significant risk and rewards of goods ownership of goods have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied after deducting discounts, rebates and taxes and duties collected on behalf of third parties and is net of GST and other duties which the company pays as principal.

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.

2.12 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.

2.13 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)	20
office Equipment	5
Furniture & Fixtures	10
Computers	3
Vehicles	8
Intangible Assets	20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

2.14 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.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.15 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.

2.16 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.

2.17 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.

2.18 Financial instruments

A. initial recognition:

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

B. Subsequent measurement:

a. Non-derivative financial instruments:

- **Financial assets carried at amortised cost:** A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Financial assets at fair value through profit or loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.
- **Financial liabilities:** Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.
- **Investment in subsidiaries:** investment in subsidiaries is carried at cost in the separate financial statements

b. Effective interest method:

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

c. 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.

d. 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.

e. 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.

- 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.

2.19 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.

2.20 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.

2.21 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.

2.22 Recent accounting pronouncements

Standards issued but not yet effective:

In March 2018, The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 notifying Ind AS 115 Revenue From Contracts with Customers and amendments to ind AS 21 - The Effects of changes in Foreign Exchange Rates, applicable for annual periods beginning on or after April 01, 2018.

Ind AS 115 - Revenue from Contracts with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard IND AS 18 - Revenue, ins AS 11 ~ Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the five step approach as defined in this standard.

Under this standard, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The company is evaluating the impact of this amendment on its Financial Statements.

Ind AS 21 - The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.
The company is evaluating the impact of this amendment on its Financial Statements.

Pennar Industries Limited
Notes forming part of the financial statements
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3. Property, plant and equipment

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Carrying amounts of:			-
Freehold land	771	745	745
Buildings	8,757	5,630	5,236
Plant and equipment	14,043	10,593	10,825
Electrical equipment	2,760	1,306	1,347
Computers	49	31	40
Office equipment	65	52	77
Furniture and fixtures	117	104	121
Vehicles	136	85	83
Total	**26,698**	**18,546**	**18,474**

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Freehold Land (Refer note below)	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
I. Cost									
Balance as at April 01, 2016	**745**	**7,364**	**23,502**	**2,941**	**467**	**386**	**221**	**160**	**35,786**
Additions	-	631	469	48	13	6	2	24	1,193
Disposals/adjustments/write offs	-	-	(73)	(2)	(157)	(37)	(51)	(16)	(336)
Balance as at March 31, 2017	**745**	**7,995**	**23,898**	**2,987**	**323**	**355**	**172**	**168**	**36,643**
Additions	26	3,426	4,550	1,585	47	36	33	69	9,772
Disposals/adjustments/write offs	-	-	(1,015)	(15)	(68)	-	-	(27)	(1,125)
Balance as at March 31, 2018	**771**	**11,421**	**27,433**	**4,557**	**302**	**391**	**205**	**210**	**45,290**
II. Accumulated depreciation									
Balance as at April 01, 2016	**-**	**2,128**	**12,677**	**1,594**	**427**	**309**	**100**	**77**	**17,312**
Depreciation for the year	-	237	700	89	21	30	18	18	1,113
Disposals/adjustments/write offs	-	-	(72)	(2)	(156)	(36)	(50)	(12)	(328)
Balance as at March 31, 2017	**-**	**2,365**	**13,305**	**1,681**	**292**	**303**	**68**	**83**	**18,097**
Depreciation for the year	-	299	1,100	131	21	23	20	18	1,612
Disposals/adjustments/write offs	-	-	-1,015	-15	-60	-	-	-27	-1,117
Balance as at March 31, 2018	**-**	**2,664**	**13,390**	**1,797**	**253**	**326**	**88**	**74**	**18,592**
III. Carrying value (I-II)									
Balance as at March 31, 2018	**771**	**8,757**	**14,043**	**2,760**	**49**	**65**	**117**	**136**	**26,698**
Balance as at March 31, 2017	**745**	**5,630**	**10,593**	**1,306**	**31**	**52**	**104**	**85**	**18,546**
Balance as at April 01, 2016	**745**	**5,236**	**10,825**	**1,347**	**40**	**77**	**121**	**83**	**18,474**

Note:

Land given on lease to subsidiary companies ₹ 110 (As at March 31, 2017 - ₹ 110; As at April 01, 2016 ₹ 110).

Pennar Industries Limited
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4. Other intangible assets

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Carrying amount of:			
Computer software	159	150	159
Other intangible assets	911	964	1,018
Total Other intangible assets	**1,070**	**1,114**	**1,177**

Movement in the carrying amount of intangible assets is as below:

Particulars	Computer software	Other intangible assets	Total
I. Cost			
Balance as at April 01, 2016	**299**	**1,126**	**1,425**
Additions	-	-	-
Disposals/adjustments/write offs	-	-	-
Balance as at March 31, 2017	**299**	**1,126**	**1,425**
Additions	19	-	19
Disposals/adjustments/write offs	-	-	-
Balance as at March 31, 2018	**318**	**1,126**	**1,444**
II. Accumulated amortisation			
Balance as at April 01, 2016	**140**	**108**	**248**
Amortisation for the year	9	54	63
Disposals/adjustments/write offs	-	-	-
Balance as at March 31, 2017	**149**	**162**	**311**
Amortisation for the year	10	53	63
Disposals/adjustments/write offs	-	-	-
Balance as at March 31, 2018	**159**	**215**	**374**
III. Carrying Value (I-II)			
Balance as at March 31, 2018	**159**	**911**	**1,070**
Balance as at March 31, 2017	**150**	**964**	**1,114**
Balance as at April 01, 2016	**159**	**1,018**	**1,177**

Pennar Industries Limited
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5. Investments

Particulars	Face Value per share	As at March 31,2018		As at March 31, 2017		As at April 01, 2016	
		No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
A. Investments - Non-current							
Equity instruments of subsidiary company (carried at cost)							
Quoted:							
Pennar Engineered Building Systems Limited, India (Refer note (i) below)	₹ 10 each	1,85,00,000	1,850	1,85,00,000	1,850	1,85,00,000	1,850
Unquoted:							
Pennar Enviro Limited, India	₹ 10 each	42,70,000	427	42,70,000	427	42,70,000	427
Pennar Renewables Private Limited, India (Refer note 28)	₹ 10 each	-	-	40,34,546	4,013	49,80,932	4,954
Pennar Global Inc., USA	USD 0.01 each	2,80,00,000	183	-	-	-	-
Total Non-current investments			**2,460**		**6,290**		**7,231**
B. Investments - Current (quoted)							
Investment carried at fair value through profit and loss							
Investments in mutual funds (Refer note (ii) below)			2,292		-		-
Total Current investments			**2,292**		**-**		**-**

Notes:

(i) Out of the total equity shares held by the Company, 61,50,000 (March 31, 2017: 61,50,000 and April 01, 2016: 61,50,000) equity shares (24.60%) of the total equity shares capital of Pennar Engineered Building Systems limited (PEBS), have been pledged against the working capital demand loans obtained by PEBS.

(ii) Details of investments - Current (quoted)

Particulars	Face Value per share	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		No. of units	Amount	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds*							
i) UTI - Treasury Advantage Fund - Institutional Plan - Growth		94,809	2,271	-	-	-	-
ii) Aditya Birla Sun Life Savings Fund - Regular Plan - Growth		6,166	21	-	-	-	-
Total			**2,292**		**-**		**-**

* The market value of quoted investment is equal to its carrying value.

Pennar Industries Limited
Notes forming part of the financial statements

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6. Other financials assets (unsecured, considered good)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current:			
Deposits	416	379	317
Balances with government authorities	72	127	182
Total other non-current financial assets	**488**	**506**	**499**
Current:			
Interest receivable	42	143	96
Receivable against sale of non-current investments (Refer note 28)	994	-	-
Total other current financial assets	**1,036**	**143**	**96**
Total other financial assets	**1,524**	**649**	**595**

7. Other assets (Unsecured, considered good) :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-current			
Capital advances (Refer note 34)	1,386	1,214	478
Total other non-current assets	**1,386**	**1,214**	**478**
Current:			
Advances for raw material	1,043	1,051	70
Advances to related parties (Refer note 34)	1,749	1,750	3,310
Balances with government authorities	3,598	2,083	771
Sales tax incentive receivable	-	-	133
Prepaid expenses	363	336	169
Other advances	124	1,062	518
Total other current assets	**6,877**	**6,282**	**4,971**
Total other assets	**8,263**	**7,496**	**5,449**

8. Inventories (at lower of cost or net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials	5,666	3,129	4,058
Work-in-progress	7,162	8,114	5,923
Finished goods	3,739	3,876	2,437
Stores and spares	4,656	3,613	3,898
Scrap	286	146	159
Total	**21,509**	**18,878**	**16,475**

9. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good*	31,298	22,734	21,849
Doubtful	1,703	1,637	1,276
	33,001	24,371	23,125
Less: Expected credit loss allowance (Refer note (b) below)	(1,703)	(1,637)	(1,276)
Total	**31,298**	**22,734**	**21,849**

* Includes dues from related parties (Refer note 34)

Notes:

a. Trade receivables includes retention money aggregating to ₹ 946 (March 31, 2017: ₹ Nil and April 01, 2016: ₹ Nil).

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	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Within the credit period	15,196	10,572	15,031
1-150 days past due	14,964	11,704	6,115
151-365 days past due	1,132	202	121
366 - 730 days past due	248	264	324
731 - 1,095 days past due	127	260	550
More than 1,095 days past due	1,334	1,369	984
Total	**33,001**	**24,371**	**23,125**

Movement of impairment allowance for doubtful debts

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at beginning of the year	1,637	1,276
Provision based on expected credit loss	66	361
Reversal of provision for doubtful debts	-	-
Balance at the end of the year	**1,703**	**1,637**

10. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Cash on hand	-	4	5
Balances with banks			
in current accounts	17	322	184
in deposit accounts	2,607	4,000	5,010
Total	**2,624**	**4,326**	**5,199**

Note:

During the current year, the Company provided a collateral security in the form of fixed deposits aggregating ₹ 2,500 towards the bills discounted facility availed by Pennar Engineered Building Systems Limited (subsidiary) from Axis Bank Limited. No such collaterals were given as at March 31, 2017 and as at April 01, 2016.

11. Other bank balances

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current accounts			
Preference shares redemption accounts	74	75	50
Unclaimed dividend accounts	31	52	64
Margin money deposits	539	351	326
Deposit accounts (maturity greater than 12 months)	500	-	-
Total	**1,144**	**478**	**440**

12. Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised share capital:			
Equity shares			
15,00,00,000 equity shares of ₹ 5 each	7,500	7,500	7,500
Preference Shares:			
Series - A: 5,00,000 cumulative redeemable preference shares of ₹ 100 each	500	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹ 5 each	2,000	2,000	2,000
	10,000	**10,000**	**10,000**
Issued, subscribed and paid-up capital:			
Equity shares			
12,03,49,514 equity shares of ₹ 5 each	6,017	6,017	6,017
Total	**6,017**	**6,017**	**6,017**

Notes:

a. Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	12,03,49,514	12,03,49,514
Add: Movement during the year	-	-
Balance	**12,03,49,514**	**12,03,49,514**

b. Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No of shares held	% holding of equity shares	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	2,09,94,311	17.44%	2,09,53,811	17.41%	2,09,53,811	17.41%
Saif India IV FII Holdings Limited	1,21,38,080	10.09%	1,21,38,080	10.09%	1,21,38,080	10.09%
Franklin India Smaller Companies Fund	94,53,413	7.85%	78,89,354	6.56%	-	-
Eight Capital Master Fund Limited	-	-	70,90,157	5.89%	70,90,157	5.89%

c. Rights, preferences and restrictions attached to 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.

13. Other equity

Other equity consist of the following:

Particulars	As at March31, 2018	As at March 31, 2017
(a) Capital redemption reserve	1,185	1,185
(b) Profit on forfeiture of shares	6	6
(c) Securities premium account	5,011	5,011
(d) General reserve	1,254	1,254
(e) Retained earnings		
Opening balance	21,769	18,914
Add: Profit for the year	5,429	2,855
Closing Balance	27,198	21,769
(f) Items of Other comprehensive income		
Opening balance	(69)	-
Add: Remeasurement of defined benefit obligation (net of taxes)	(5)	(69)
Closing Balance	(74)	(69)
Total	**34,580**	**29,156**

Nature of reserves:

(a) Capital redemption reserve

Reserve is created for redemption of preference shares.

(b) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

(c) Securities premium account

Amounts received on issue of shares in excess of the par value recognised under securities premium account.

(d) General reserve

General reserve is created from time to time by appropriation of profits from retained earnings.

(e) Retained earnings

Retained earnings comprises of prior years' undistributed earnings after taxes along with current year profit.

(f) Other comprehensive income

This reserve represents the actuarial gain/(loss) recognised on the defined benefit plan.

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14. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Term Loans- Secured - at amortised cost (Refer note (a) below)			
- From banks	7,025	5,498	6,243
- From non banking financial companies	41	7	13
	7,066	5,505	6,256
Unsecured - at fair value			
Sales tax deferment loan (Refer note (b) below)	1,260	1,356	1,210
	8,326	6,861	7,466
Current			
Loans repayable on demand from banks- Secured - at amortised cost (Refer note (c) below)			
(i) Cash credits	9,977	2,000	5,151
(ii) Working capital demand loans	4,519	4,500	4,500
(iii) Bills of exchange	727	-	-
	15,223	**6,500**	**9,651**
Total Borrowings	**23,549**	**13,361**	**17,117**

* Current maturities of non-current borrowings have been disclosed under the head "Other current financial liabilities".

Notes:

(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at			Rate of Interest
				March 31, 2018	March 31, 2017	April 01, 2016	
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	5,000	5,000	-	9.9% p.a.
Axis Bank Limited	Foreclosed during FY 2016 - 17"	First charge on all immovable properties and second charge on all the current assets, both present and future and personal guarantee from Nrupender Rao, (Chairman).	4,500	-	-	2,181	12.25% p.a.
State Bank of India	"Foreclosed during FY 2017 - 18"	First charge on all immovable properties of the company located at Velchal Plant, both present and future and personal guarantee from Aditya N Rao, (Vice Chairman & Managing Director).	3,300	-	690	-	10.75% p.a.

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at			Rate of Interest
				March 31, 2018	March 31, 2017	April 01, 2016	
Yes Bank Limited	16 equal quarterly instalments of ₹ 218.75 each, after a moratorium period of 1 year.	First charge on all the fixed assets of the Chennai Plant and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	3,500	3,500	-	-	9.55% p.a.
IFCI Bank Limited	Taken over by Axis Bank in the FY 2015 - 16.	First charge on all immovable properties by deposit of title deeds both present and future and personal guarantee from Aditya N Rao (Vice Chairman & Managing Director).	5,000	-	-	5,000	12.45% p.a.
HDFC Bank Limited	60 equal monthly instalments of ₹ 0.44 each	First charge by way of hypothecation of the vehicle for which the loan was taken.	21	15	18	-	9.66% p.a.
Total			**21,321**	**8,515**	**5,708**	**7,181**	
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	18	26	10.07% p.a.
Volkswagon 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	46	-	-	8.5% p.a.
Total			**97**	**48**	**18**	**26**	

(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 is payable in the financial year 2018-19 which is classified under the head "Other financial liabilities". Further ₹ 786 (As at March 31, 2017 - ₹ 948 and as at April 01, 2016 - ₹ 1,094) 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
2018-19	258
2019-20	375
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	**2,304**

(c) Working capital facilities sanctioned by consortium of bankers comprising State Bank of India, Axis Bank and Yes 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. These facilities are further secured by personal guarantee from Aditya N. Rao (Vice - Chairman and Managing Director).

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15. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Compensated absences	218	149	121
Current			
Gratuity	83	50	45
Compensated absences	21	20	17
	104	70	62
Total Provisions	**322**	**219**	**183**

Post Retirement Employee Benefits
a. Defined benefit plans:

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	2017–18	2016–17
i) Change in the fair value of the defined benefit obligation :		
Liability at the beginning of the year	746	593
Interest cost	48	46
Current service cost	54	45
Past service cost-(vested benefits)	23	-
Actuarial loss on obligation	69	105
Benefits paid	(59)	(43)
Liability at the end of the year	881	746
ii) Changes in the Fair Value of Plan Asset		
Fair value of Plan Assets at the beginning of the year	743	664
Interest Income	14	47
Contributions paid	100	75
Benefits paid	(59)	(43)
Fair value of Plan Assets at the end of the year	798	743
iii) Amount Recognized in Balance Sheet		
Liability at the end of the year	881	746
Fair value of Plan Assets at the end of the year	798	743
Net Asset/(Liability) recognized in the balance sheet	(83)	(3)
The principal assumptions used for the purposes of the actuarial valuations were as follows:	**Valuation as at March 31, 2018**	**Valuation as at March 31, 2017**
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	7.68%	6.69%
Rate of increase in compensation	1%	1%
Expected average remaining service	16.88	16.43
Employee Attrition rate	PS: 0 to 40 : 1%	PS: 0 to 40 : 1%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity obligation
Discount rate	1%	49
	(-1%)	('55)
Salary Escalation rate	1%	57
	(-1%)	('52)

Estimate of expected benefit payout (in absolute terms i.e undiscounted)

Particulars	Gratuity
FY 2017-18	149
FY 2018-19	87
FY 2019-20	106
FY 2020-21	91
FY 2021-22	125
FY 2022-23 onwards	454

(ii) Compensated absences:

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2018	Valuation as at March 31, 2017
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	7.68%	6.69%
Rate of increase in compensation	1%	1%
Expected average remaining service	16.35	16.09
Employee Attrition rate	PS: 0 to 40 : 1%	PS: 1 to 40 : 1%

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.

16. Income taxes
a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax	2,171	1,586
Deferred tax	554	105
	2,725	**1,691**

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Tax effect on actuarial losses on defined benefit obligations	3	36
	3	36
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	3	36
Items that may be reclassified to profit or loss	-	-

c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2018 and March 31, 2017.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	8,154	4,546
Enacted rate in India	34.61%	34.61%
Expected tax expense	**2,822**	**1,573**
Tax effect of adjustments to reconcile expected tax expense:		
Exemptions / deductions for tax purposes	(115)	-
Effect of expenses that are not deductible in determining taxable profit	18	16
Effect of other adjustments	-	102
Total income tax expense	**2,725**	**1,691**
Effective tax rate	**33.42%**	**37.20%**

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 assets and liabilities

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Deferred tax assets	(789)	(699)	(484)
Deferred tax liabilities	3,756	3,115	2,831
	2,967	**2,416**	**2,347**

e. Movement in deferred tax assets and liabilities:

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

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	3,115	641	-	3,756
Assets				
Provision for employee benefits	(76)	(34)	(3)	(113)
Provision for doubtful debts	(567)	(28)	-	(595)
Others	(56)	(25)	-	(81)
Total	**2,416**	**554**	**(3)**	**2,967**

2016-17	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	2,831	284	-	3,115
Assets				
Provision for employee benefits	(42)	2	(36)	(76)
Provision for doubtful debts	(442)	(125)	-	(567)
Others	-	(56)	-	(56)
Total	**2,347**	**105**	**(36)**	**2,416**

f. Current tax assets and liabilities

The following is the analysis of income tax assets/(liabilities) presented in the balance sheet:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Current tax assets [net of provisions ₹ 12,788 (March 31, 2017 - ₹ 11,202, April 01, 2016 ₹ 10,293)]	513	425	285
Current tax liabilities [net of advance tax ₹ 1,961 (March 31, 2017 - ₹ 1,787 , April 01, 2016 ₹ 1,527)]	(1,600)	(1,189)	(692)
	(1,087)	**(764)**	**(407)**

17. Other Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Non-Current			
Unearned government grants (Refer note 14(b))	786	948	1,094
Current			
Advances from customers (Refer note 34)	2,111	240	435
Statutory liabilities	188	548	526
	2,299	788	961
Total Other Liabilities	**3,085**	**1,736**	**2,055**

18. Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Dues to micro, small and medium enterprises (Refer note 31)	220	79	112
Dues to others (Refer note below)	26,994	27,165	20,895
Total	**27,214**	**27,244**	**21,007**

The dues above include acceptances against the letter of credit issued to banks aggregating to ₹ 10,463 as at March 31, 2018 (March 31, 2017: ₹ 10,044 and April 01, 2016: ₹ 7,612).

19. Other financial liabilities

The following is the analysis of income tax assets/(liabilities) presented in the balance sheet:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities from long term borrowings	1,739	221	964
Unclaimed dividends	31	52	64
Preference share capital payable	74	75	327
Interest accrued but not due on borrowings	12	-	-
Payables for capital purchases	150	68	51
Total	**2,006**	**416**	**1,406**

20. Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue From operations (Refer note 36)		
- Sale of products	1,24,774	1,06,824
- Sale of services	90	126
Total	**1,24,864**	**1,06,950**

21. Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income earned on financial assets		
- Bank deposits	80	187
- Other interest income	383	252
Net gain arising from financial instruments designated as fair value through Profit and Loss	52	-
Net gain on foreign currency transactions and translation	16	-
Rent income	2	3
Profit on sale of plant and equipment	-	1
Miscellaneous income	65	48
Total	**598**	**491**

22. Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	3,129	4,058
Add : Purchases	81,542	64,874
	84,671	68,932
Less : Closing stock	5,666	3,129
Total	**79,005**	**65,803**

23. Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock of inventories		
Work-in-progress	8,114	5,923
Finished goods	3,876	2,437
Scrap	146	159
	12,136	**8,519**
Closing stock of inventories		
Work-in-progress	7,162	8,114
Finished goods	3,739	3,876
Scrap	286	146
	11,187	**12,136**
Decrease / (increase) in inventories of finished goods and work-in-progress	**949**	**(3,617)**

24. Employee benefits expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	6,150	5,350
Contribution to provident and other funds	416	391
Staff welfare expenses	539	452
Total	**7,105**	**6,193**

25. Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest:		
Term loans	729	974
Working capital demand loans	1,290	891
Bill discounting charges	1,961	1,334
Other bank charges	362	224
Interest on income tax	-	80
Total	**4,342**	**3,503**

26. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation on tangible assets	1,612	1,112
Amortisation of intangible assets	63	63
Total	**1,675**	**1,175**

27. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Job work and processing charges	4,016	2,748
Stores and spares	8,016	6,265
Power and fuel	1,884	1,575
Repairs and maintenance		
- Plant and equipment	279	158
- Buildings	141	82
- Others	100	91
Other manufacturing expenses	407	648
Insurance	10	8
Travelling and conveyance	663	561
Rent	250	153
Rates and taxes	33	46
Advertisement and sales promotion	82	67
Commission on sales	466	279
Communication expenses	50	44
Carriage and freight	3,781	2,133
Technical, legal and professional	480	312
Printing and stationery	34	41
Office maintenance	125	119
Payment to Auditors (Refer note (a) below)	31	30
Loss on sale of plant and equipment	2	-
Expenditure for Corporate social responsibility (Refer note (b) below)	41	44
Provision for doubtful debtors	66	361
Miscellaneous expenses	188	185
Total	**21,145**	**15,950**

Notes:
a. Payment to auditors (net of service tax) comprises of:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
For audit	25	25
For other services	6	5
Total	**31**	**30**

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, the Company has incurred ₹ 41 (March 31, 2017 - ₹ 44).

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, 2018	March 31, 2017	April 01, 2016
Due within one year	137	131	118
Due later than one year and not later than five years	164	110	74
Due later than five years	84	-	-
	385	**241**	**192**

28. Exceptional Item

(i) During the year, 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 ₹ 994 is receivable as at March 31, 2018 from Greenko Solar pertaining to such sale proceeds.

29. The Board of Directors of the Company have approved a Scheme of Arrangement ("the Scheme") for amalgamation of its subsidiaries, Pennar Engineering Building Systems Limited and Pennar Enviro Limited with the Company, effective from April 1, 2018, subject to necessary statutory and regulatory approvals. The Company has received clearance from the stock exchanges on April 26, 2018. The Scheme remains subject to the receipt of necessary approvals from National Company Law Tribunal and the respective shareholders and creditors of the Company.

30. Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax	5,429	2,855
Weighted average number of equity shares	12,03,49,514	12,03,49,514
Nominal value per share	5	5
Basic and Diluted earnings per Equity Share	4.51	2.37

31. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Principal amount remaining unpaid to any supplier at the end of the accounting year;	220	79
(b) Interest thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
(d) The amount of interest due and payable for the year.	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-

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

Notes:

a. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the Company consists of net debt (borrowings as detailed in note 14 and offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's management reviews the capital structure of the company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The table below summarises the total equity, net debt and net debt to equity ratio of the Company.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity share capital	6,017	6,017	6,017
Other equity	34,580	29,156	26,370
Total Equity (A)	40,597	35,173	32,387
Non-current borrowings	8,326	6,861	7,466
Short term borrowings	15,223	6,500	9,651
Current maturities of long-term borrowings	1,739	221	964
Gross Debt	25,288	13,582	18,081
Less: Current investments	(2,292)	-	-
Less: Cash and cash equivalents	(2,624)	(4,326)	(5,199)
Less: Other balances with banks	(1,144)	(478)	(440)
Net debt (B)	19,228	8,778	12,442
Net debt to equity (B/A)	0.47	0.25	0.38

b. Financial instruments by category

Particulars	Carrying value as at		
	March 31, 2018	March 31, 2017	April 01, 2016
Financial assets			
Measured at amortised cost			
Other financial assets	1,524	649	595
Trade receivables	31,298	22,734	21,849
Cash and cash equivalents	2,624	4,326	5,199
Other bank balances	1,144	478	440
Non-current investments	2,460	6,290	7,231
Total financial assets measured at amortised cost (A)	39,050	34,477	35,314
Measured at fair value through profit and loss			
Investments in mutual funds	2,292	-	-
Total financial assets at fair value through profit and Loss (B)	2,292	-	-
Financial assets at Fair value through other comprehensive income (C)	**-**	**-**	**-**
Total Financial Assets (A+B+C)	41,342	34,477	35,314

Financial Liabilities

Measured at amortised cost			
Long-term borrowings (including current maturities)	8,546	5,726	7,220
Short-term borrowings	15,223	6,500	9,651
Trade payables	27,214	27,244	21,007
Other financial liabilities	267	195	442
Total financial liabilities carried at amortised cost(A)	**51,250**	**39,665**	**38,320**
Measured at fair value through Profit and Loss			
Sales tax deferment loan	1,519	1,356	1,210
Financial liabilities at fair value through Profit and Loss (B)	**1,519**	**1,356**	**1,210**
Financial liabilities at Fair value through other comprehensive income (C)	**-**	**-**	**-**
Total Financial Liabilities (A+B+C)	**52,769**	**41,021**	**39,530**

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.

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.

The Company has unutilised working capital lines from banks of ₹ 504 as on March 31, 2018, ₹ 3,500 as on March 31, 2017 and ₹ 349 as on April 01, 2016.

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, 2018

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	535	40	574
Trade payables	(259)	-	(259)
Total	**276**	**40**	**315**

Currency exposure as at March 31, 2017

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	191	18	209
Trade payables	(222)	(7)	(229)
Total	**(31)**	**11**	**(20)**

Currency exposure as at April 01, 2016

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	185	-	185
Trade payables	(1,080)	(699)	(1,779)
Total	**(895)**	**(699)**	**(1,594)**

Unhedged foreign currency exposure :

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	USD (In Lakhs)	Euro (In Lakhs)	USD (In Lakhs)	Euro (In Lakhs)	USD (In Lakhs)	Euro (In Lakhs)
Trade Receivables	8	0.49	3	0.26	3	-
Trade Payables	(4)	-	(3)	(0.10)	(16)	(9)

Sensitivity analysis:

In respect of the Company's foreign currency exposure, a 5% increase/decrease in the respective exchange rates of each of the currencies would have resulted in:

Particulars	Impact on profit and loss	
	March 31, 2018	March 31, 2017
Strengthening	0.23	0.02
Weakening	(0.23)	(0.02)

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, 2018	As at March 31, 2018	As at April 01, 2016
Current assets	66,780	52,841	49,030
Current liabilities	(48,446)	(36,207)	(33,779)
Working capital	18,334	16,634	15,251

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2018	**March 31, 2017**
1% increase in interest rate	(235)	(134)
1% decrease in interest rate	235	134

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, 2018

Particulars	<1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	1,739	8,111	215	10,065
Short-term Borrowings	15,223	-	-	15,223
Trade payables	27,214	-	-	27,214
Other financial liabilities	267	-	-	267
	44,443	**8,111**	**215**	**52,769**

(ii) Liquidity exposure as at March 31, 2017

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	221	6,311	550	7,082
Short-term Borrowings	6,500	-	-	6,500
Trade payables	27,244	-	-	27,244
Other financial liabilities	195	-	-	195
	34,160	**6,311**	**550**	**41,021**

(iii) Liquidity exposure as at April 01, 2016

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial Liabilities				
Long-term Borrowings	964	6,618	848	8,430
Short-term Borrowings	9,651	-	-	9,651
Trade payables	21,007	-	-	21,007
Other financial liabilities	442	-	-	442
	32,064	**6,618**	**848**	**39,530**

Refer note 14 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, 2018

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Current- Investments	2,292	2,292	-	-
Financial liabilities	-	-	-	-

(ii) Level wise disclosure of Financial instruments as at March 31, 2017

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Current- Investments	-	-	-	-
Financial liabilities	-	-	-	-

(ii) Level wise disclosure of Financial instruments as at April 01, 2016

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Current- Investments	-	-	-	-
Financial liabilities	-	-	-	-

33. Contingent Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Claims against the company not acknowledged on debt relating to indirect tax matter	635	680	903
b) Corporate guarantee issued to banks by company on behalf of subsidiary	32,300	39,850	27,550
c) Financial guarantee given by banks on behalf of the company	768	274	292
Total	**33,703**	**40,804**	**28,745**

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:

Names of related party	Relationship
Pennar Holdings Private Limited	Promoter Company
Pennar Engineered Building Systems Limited	Subsidiary Company
Pennar Enviro Limited	Subsidiary Company
Pennar Renewables Private Limited	Subsidiary Company
Pennar Global Inc.	Subsidiary Company
Saffrongrid Limited (formerly known as Pennar Solar limited)*	Company in which KMP / Relatives of KMP have significant influence
Nrupender Rao	Executive Chairman
Aditya N Rao	Vice Chairman and Managing Director
Krishna Prasad	Chief Financial Officer
Lavanya Kumar K	Whole Time Director
Manish Mahendra Sabharwal	Independent Director
Bandari Kamalakar Rao	Independent Director
Varun Chawla	Independent Director
Sita Vanka	Independent Director
Comandur Parthasarathy	Independent Director
Ravi Chachra	Independent Director
Vishal Satinder Sood	Non-Executive Director
Potluri Venkateswara Rao	Non-Executive Director
Eric James Brown	Non-Executive Director
Mirza Mohammed Ali Baig	Company Secretary

*The company ceased to be a related party with effect from May 21, 2017, hence the company is not a related party as on March 31, 2018.

(ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of goods and services		
a. Pennar Engineered Building Systems Limited	4,416	2,720
b. Pennar Enviro Limited	3,340	6,257
c. Pennar Global Inc.	745	-
d. Pennar Renewables Private Limited	-	35
d. Saffrongrid Limited (formerly known as Pennar Solar limited)	144	-
	8,645	**9,012**
Purchase of goods and services		
a. Pennar Engineered Building Systems Limited	1,424	191
b. Pennar Enviro Limited	245	4
c. Pennar Global Inc.	35	-
	1,704	**195**
Investment in Pennar Global INC	183	-
Disposal of Pennar Renewable Private Limited	4,013	941

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Corporate guarantee & other guarantee given		
a. Pennar Engineered Building Systems Limited	24,755	18,550
b. Pennar Enviro Limited	3,800	2,500
c. Pennar Renewables Private Limited	-	10,300
	28,555	**31,350**
Director's remuneration		
a. Nrupender Rao	203	185
b. Aditya Rao	169	135
c. Lavanya Kumar K	50	34
	422	**354**
Providend Fund, Superannuation & Other Perquisites		
a. Nrupender Rao	35	31
b. Aditya Rao	19	15
c. Lavanya Kumar	9	9
	63	**55**

(ii) Balances with related parties:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade payables			
Pennar Engineered Building Systems Limited	1,255	2,635	316
Pennar Enviro Limited	2,296	1,724	281
Pennar Renewables Private Limited	339		3,030
Pennar Global Inc.	126	-	-
Total	**4,016**	**4,359**	**3,627**
Trade receivables			
Pennar Enviro Limited	3,936	4,308	4,365
Pennar Renewables Private Limited	-	839	1,016
Pennar Global Inc.	390	-	-
Total	**4,326**	**5,147**	**5,381**
Investment in subsidiary companies			
Pennar Engineered Building Systems Limited	1,850	1,850	1,850
Pennar Enviro Limited	427	427	427
Pennar Renewables Private Limited	-	4,013	4,954
Pennar Global Inc.	183	-	-
	2,460	**6,290**	**7,231**
Managerial remuneration payable	431	334	204
Closing corporate guarantees			
Pennar Engineered Building Systems Limited	28,755	18,550	52,557
Pennar Enviro Limited	3,800	2,500	1,475
Pennar Renewables Private Limited	-	10,300	-
	32,555	**31,350**	**54,032**

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. Transition to Indian Accounting Standards (Ind AS)

These financial statements of Pennar Industries Limited for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as at the transition date have been recognised directly in equity at the transition date.

(i) Transition elections

The Company has prepared the opening Balance Sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Company as detailed below:

a. Investments in subsidiaries :

In accordance with Ind AS transitional provisions, the Company opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries in separate financial statement.

b. Derecognition of financial assets and financial liabilities:

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

c. Business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of the transition.

d. Government Grant

Under previous GAAP, interest free sales tax deferment loan was carried at cost. Under Ind AS, such interest free loans have been carried at previous GAAP amount at the date of transition.

ii. Effect of Ind AS adoption on the balance sheet of Pennar Industries Limited as at March 31, 2017 and April 01, 2016

Particulars	Note	As at March 31, 2017			As at April 01, 2016		
		Amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per Ind AS	Note amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per Ind AS
ASSETS							
Non-current assets							
a. Property, plant and equipment	a	20,305	(1,759)	18,546	20,482	(2,008)	18,474
b. Capital work-in-progress		818	-	818	20	-	20
c. Other intangible Assets		1,114	-	1,114	1,177	-	1,177
d. Financial assets							
(a) Investments		6,290	-	6,290	7,231	-	7,231
(b) Other financial assets		-	506	506	-	499	499
e. Income tax assets		425	-	425	285	-	285
f. Other Non Current Assets		1,720	(506)	1,214	977	(499)	478
Total non current assets (A)		**30,672**	**(1,759)**	**28,913**	**30,172**	**(2,008)**	**28,164**
Current Assets							
a. Inventories		18,878	-	18,878	16,475	-	16,475
b. Financial assets							
(a) Investments			-	-		-	-
(b) Trade receivables	b	24,371	(1,637)	22,734	23,125	(1,276)	21,849
(c) Cash and cash equivalents		4,326	-	4,326	5,199	-	5,199
(d) Other balances with banks		478	-	478	440	-	440
(e) Other financial assets		-	143	143	-	96	96
c. Other current assets		6,425	(143)	6,282	5,067	(96)	4,971
Total current assets (B)		**54,478**	**(1,637)**	**52,841**	**50,306**	**(1,276)**	**49,030**
Total Assets (A+B)		**85,150**	**(3,396)**	**81,754**	**80,478**	**(3,284)**	**77,194**
EQUITY AND LIABILITIES							
Equity							
a. Equity share capital		6,017	-	6,017	6,017	-	6,017
b. Other equity		32,329	(3,173)	29,156	29,572	(3,202)	26,370
Total Equity (A)		**38,346**	**(3,173)**	**35,173**	**35,589**	**(3,202)**	**32,387**

Particulars	Note	As at March 31, 2017			As at April 01, 2016		
		Amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per Ind AS	Note amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per Ind AS
Non current liabilities							
a. Financial liabilities							
(a) Borrowings		7,809	(949)	6,860	8,557	(1,091)	7,466
b. Provisions		149	-	149	121	-	121
c. Deferred Tax Liability (Net)	d	2,639	(223)	2,416	2,445	(98)	2,347
d. Other non-current liabilities		-	949	949	-	1,094	1,094
Total non current liabilities (B)		**10,597**	**(223)**	**10,374**	**11,123**	**(95)**	**11,028**
Current Liabilities							
a. Financial liabilities							
(a) Borrowings		6,500	-	6,500	9,651	-	9,651
(b) Trade Payables		27,244	-	27,244	21,007	-	21,007
(c) Other financial Liabilities		-	416	416	-	1,406	1,406
b. Other current liabilities		1,204	(416)	788	2,354	(1,393)	961
c. Provisions		70	-	70	62	-	62
d. Current tax liabilities (Net)		1,189	-	1,189	692	-	692
Total current liabilities (C)		**36,207**	**-**	**36,207**	**33,766**	**13**	**33,779**
Total Equity and Liabilities (A+B+C)		**85,150**	**(3,396)**	**81,754**	**80,478**	**(3,284)**	**77,194**

iii. Effect of Ind AS adoption on the total comprehensive income for the year ended March 31, 2017

Particulars	Amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per the Ind AS
I. Revenue			
Revenue from operations (Gross)	1,10,490	-	1,10,490
Less: Sales Tax	3,540	-	3,540
Revenue from operations (Net)	**1,06,950**	**-**	**1,06,950**
II. Other Income (Refer Note (c))	**346**	**145**	**491**
III. Total Revenue	**1,07,296**	**145**	**1,07,441**
IV. Expenses			
Raw Material Consumed	65,803	-	65,803
Purchase of traded goods	5,708	-	5,708
Change in Inventories	(3,617)	-	(3,617)
Excise duty on sale of goods	8,180		8,180
Manufacturing Expenses	11,536		11,536
Employee Benefits Expense	6,298	(105)	6,193
Other Expenses	4,053	361	4,414
Finance Cost (Refer Note (c))	3,374	129	3,503
Depreciation and amortisation expense	1,175		1,175
Total Expenses	**1,02,510**	**385**	**1,02,895**

Particulars	Amount as per previous GAAP	Effect of transaction to Ind AS	Amount as per the Ind AS
V. Profit before tax	**4,786**		**4,546**
VI. Tax Expenses			
Current Tax	1,586	-	1,586
Deferred Tax	194	(89)	105
	1,780	(89)	1,691
VII. Profit for the year	**3,006**	**-**	**2,855**
VIII. Other comprehensive income (Net of taxes)	**-**	**(69)**	**(69)**
IX. Profit after comprehensive income for the year	**3,006**	**(69)**	**2,786**

Notes:

a. The Company has chosen the cost model in accordance with the previous gaap, and accordingly adjusted the amount outstanding in the revaluation reserve against the carrying amount of respective property, plant and equipment as at April 1, 2016 and March 31, 2017, on transition to IND AS.

b. Under Previous GAAP, provision for trade receivables was created on incurred loss based on credit risk assessment of each customer. Under Ind AS, these provisions are based on Expected Loss model which factor the credit risk as well as payment delay risk. As a practical expedient, the Company has evaluated a matrix based approach based on past trends to arrive at the provision matrix for receivables outstanding as at each period end. Accordingly, the additional provision resulting from such evaluation has been adjusted to opening reserves (for receivables outstanding as at April 01, 2016) and the statement of profit and loss (receivables as at March 31, 2017).

c. Under the previous GAAP, interest free sales tax deferment loan was carried at cost. Under Ind AS, such interest free loans have been carried at previous GAAP amount at the date of transition.

Under Ind AS, the deferred sales tax liability is an incentive received by the Company from the Government under a sales tax deferral scheme. Since the loan is interest-free in nature, its face value or the transaction price is not considered to represent fair value. The Company considered that the use of a present value technique based on the cash flows payable under the scheme is an appropriate method of determining fair value. The difference between the fair value of the loan and the amount payable represents the 'other component' which is considered to be in the nature of a government grant since it represents an incentive received by the Company from the Government. This is accounted for in accordance with Ind AS 20.

d. Consequential deferred tax on all the above adjustments.

(iv) Reconciliation of equity as previously reported and Ind AS:

Particulars	As at March 31, 2017	As at April 01, 2016
Equity under previous GAAP	**38,346**	**35,589**
Adjustment of amount outstanding in revaluation reserve	(1,759)	(2,008)
Financial liabilities at amortised cost	-	(16)
Expected credit loss allowance	(1,637)	(1,276)
Deferred taxes	223	98
Equity under IndAS	**35,173**	**32,387**

(v). Effect of Ind AS adoption on the statement of cash flow for the year ended 31st March, 2017

Particulars	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flow from operating activities	8,560	160	8,720
Net cash flow from Investing activities	(1,430)	(631)	(2,061)
Net cash flow from Financing activities	(8,003)	471	(7,532)
Net increase/decrease in cash and cash equivalents	(873)	-	(873)
Cash and equivalents at the beginning of period	5,199	-	5,199
Cash and equivalents at the end of period	4,326	-	4,326

36. Excise duty

The Government of India introduced the Goods & Services Tax (GST) with effect from July 01, 2017. Accordingly, in compliance with Indian Accounting Standards (Ind AS) 18 - 'Revenue', Revenue from operations for the year ended March 31, 2018 (from 1 July 2017) is net of GST, Revenue from operations includes excise duty which is now subsumed in GST.

37. 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.

38. Regrouping/ Reclassification

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.

39. These financial statements were approved by the Company's Board of Directors on May 18, 2018.

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Place: Hyderabad
Date: May 18, 2018

Pennar Industries Limited - Consolidated Balance Sheet as at March 31, 2018

(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS : Non-current assets				
Property, plant and equipment	3	32,751	39,062	38,575
Capital work-in-progress		2,726	1,176	266
Goodwill	4	-	3,499	4,345
Other intangible assets	5	1,434	1,524	1,561
Financial assets				
(a) Investments	6	2	2	2
(b) Trade receivables	7	258	-	-
(c) Other financial assets	8	711	896	831
Deferred tax asset (net)	17(d)	650	840	460
Income tax assets (net)	17(f)	845	135	18
Other non-current assets	9	1,552	3,191	1,642
Total non-current assets		**40,929**	**50,325**	**47,700**
Current assets				
Inventories	10	43,263	39,867	25,629
Financial assets				
(a) Investments	6	6,933	3,529	3,318
(b) Trade receivables	7	40,200	34,720	35,148
(c) Cash and cash equivalents	11	3,287	5,844	5,733
(d) Other balances with banks	12	1,706	1,984	11,358
(e) Other financial assets	8	5,217	2,399	1,415
Other current assets	9	10,265	10,540	7,465
Total current assets		**110,871**	**98,883**	**90,066**
Total assets		**151,800**	**149,208**	**137,766**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	13	6,017	6,017	6,017
Other equity	14	45,267	41,593	39,049
Equity attributable to Shareholders of the Company		**51,284**	**47,610**	**45,066**
Non-controlling interests		9,121	8,279	5,822
Total equity		**60,405**	**55,889**	**50,888**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(a) Borrowings	15	10,083	10,737	7,503
(b) Other financial liabilities	16	467	487	337
Provisions	18	541	370	294
Deferred tax liabilities (net)	17(d)	3,026	2,690	2,482
Other non-current liabilities	19	786	1,028	1,174
Total non-current liabilities		**14,903**	**15,312**	**11,790**
Current liabilities				
Financial liabilities				
(a) Borrowings	15	23,556	17,963	17,132
(b) Trade payables	20	37,004	43,886	43,299
(c) Other financial liabilities	16	2,252	3,332	3,656
Income tax liabilities (net)	17(f)	2,486	957	2,010
Provisions	18	1,000	1,103	687
Other current liabilities	19	10,194	10,766	8,304
Total current liabilities		**76,492**	**78,007**	**75,088**
Total liabilities		**91,395**	**93,319**	**86,878**
Total equity and liabilities		**1,51,800**	**1,49,208**	**1,37,766**
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements	1 & 2			

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

Place: Hyderabad
Date: May 18, 2018

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Pennar Industries Limited - Consolidated Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	21	179,841	171,132
Other Income	22	1,589	837
Total income		**181,430**	**171,969**
EXPENSES			
Cost of materials consumed	23	108,931	97,511
Purchase of traded goods		3,095	5,708
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(4,265)	(10,783)
Excise duty on sale of goods		3,035	17,012
Employee benefits expense	25	12,276	10,666
Finance costs	26	6,740	6,226
Depreciation and amortisation expense		2,926	2,539
Other expenses	27	36,179	35,606
Total expenses		**168,917**	**164,485**
Profit before exceptional item and tax		**12,513**	**7,484**
Exceptional item	28	1,295	-
Profit before tax		**13,808**	**7,484**
Tax expense			
Current tax	17(a)	4,016	2,644
Deferred tax	17(a)	743	-138
Total tax expense		**4,759**	**2,506**
Profit for the year		**9,049**	**4,978**
Profit for the year attributable to:			
- Shareholders of the Company		7,032	3,456
- Non-controlling interests		2,017	1,522
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss:			
-Remeasurements of the net defined benefit liability		-67	-98
-Income tax relating to items that will not be reclassified to profit or loss	17(b)	23	34
Total other comprehensive income for the year		**-44**	**-64**
Other comprehensive income for the year attributable to:			
- Shareholders of the Company		-28	-62
- Non-controlling interests		-16	-2
Total comprehensive income for the year		**9,005**	**4,914**
Total comprehensive income for the year attributable to:			
- Shareholders of the Company		7,004	3,394
- Non-controlling interests		2,001	1,520
Earning per equity share (par value of ₹ 5 each)			
- Basic and Diluted (₹)	29	7.52	4.14
Corporate information and significant accounting policies Accompanying notes form an integral part of the financial statements		**1 & 2**	

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

Place: Hyderabad
Date: May 18, 2018

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Pennar Industries Limited Consolidated Cash Flow Statement for the year ended March 31, 2018 - (All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31,2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	**13,808**		**7,484**	
Adjustments for :				
Depreciation and amortisation expense	2,926		2,539	
Loss on sale of plant and equipment (net)	19		5	
Finance costs	6,740		6,226	
Interest income	(589)		(683)	
Dividend income from investments	(26)		(52)	
Liabilities no longer required written back	(8)		(82)	
Gain on sale of current investment	(127)		(8)	
Gain on sale of non-current investment	(1,295)		-	
Provision for doubtful debts (net)	66		1,291	
Operating profit before working capital changes		**21,514**		**16,720**
Changes in operating assets and liabilities:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(6,407)		(853)	
Other financial assets	(3,367)		(735)	
Inventories	(3,396)		(14,239)	
Other non-financial assets	(127)		(3,075)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(6,692)		669	
Other financial liabilities	2,047		111	
Other non-financial liabilities	(814)		2,817	
Provisions	189		492	
Cash generated from operations		**2,947**		**1,907**
Net income taxes paid		(3,197)		(3,814)
Net cash flow used in operating activities (A)		**(250)**		**(1,907)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Payment towards purchase of plant and equipment	(10,125)		(5,345)	
Proceeds from sale of plant and equipment	46		4	
Proceeds from sale of non-current investments	5,148		-	
Net gain / (loss) on current investments	127		(203)	
Balances not considered as cash and cash equivalents	278		9,374	
Interest income received	635		225	
Dividend income from investments	26		52	
Net cash flow (used in) / generated by investing activities (B)		**(3,865)**		**4,107**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Movement in non-current and current borrowings	7,940		4,065	
Finance costs paid	(6,382)		(6,154)	
Net cash flow from / (used in) financing activities (C)		**1,558**		**(2,089)**
Net increase in cash and cash equivalents (A+B+C)		**(2,557)**		**111**
Cash and cash equivalents at the beginning of the year		5,844		5,733
Cash and cash equivalents at the end of the year*		**3,287**		**5,844**
***Cash and cash equivalents comprises of: (refer note 11)**				
Cash on hand		-		
Cheques on hand		-		
Balances with Banks				
- in current accounts		598		
- in deposit accounts		2,689		
		3,287		

Accompanying notes form an integral part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

Place: Hyderabad
Date: May 18, 2018

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

A. Equity share capital

Particulars	Amount
Balance as at April 01, 2016	6,017
Changes in equity share capital during the year	-
Balance as at March 31, 2017	6,017
Changes in equity share capital during the year	-
Balance as at March 31, 2018	6,017

B. Other equity

Particulars	Reserves and surplus					Items of other comprehensive income	Non-controlling Interests	Total other equity
	Capital redemption reserve	Profit on forfeiture of shares	Securities premium account	General reserve	Retained earnings			
Balance as at April 01, 2016	**1,185**	**6**	**14,105**	**1,272**	**22,481**	**-**	**5,822**	**44,871**
Profit for the year	-	-	-	-	3,456	-	1,522	4,978
Remeasurement of net defined benefit liability (net of tax ₹ 34)	-	-	-	-	-	(64)	-	(64)
Other adjustments	-	-	-	-	(848)	-	935	87
Balance as at March 31, 2017	1,185	6	14,105	1,272	25,089	(64)	8,279	49,872
Profit for the year	-	-	-	-	7,032	-	2,017	9,049
Remeasurement of net defined benefit liability (net of tax ₹ 23)	-	-	-	-	-	(44)	-	(44)
Adjustment for disposal of a subsidiary (Refer note28)	-	-	-	-	(3,314)	-	(1,175)	(4,489)
Balance as at March 31, 2018	1,185	6	14,105	1,272	28,807	(108)	9,121	54,388

Accompanying notes form an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

Place: Hyderabad
Date: May 18, 2018

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

1. Corporate Information

Pennar Industries Limited ('the Company') is a public limited 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, electro static 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 Tamilnadu, Tarapur in Maharashtra. Further Pennar has set up subsidiaries namely Pennar Engineered Building systems Limited, Pennar Enviro Limited and Pennar Renewable Private Limited (Previously New Era Enviro Ventures (Karim Nagar) Private Limited). The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in 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 Statement of Compliance

The Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act") with effect from April 1, 2017, along with relevant amended rules issued thereafter and other relevant provisions of the Act, as applicable.

These are the Group's first Ind AS Consolidated Financial Statements and the date of transition to Ind AS has been considered to be April 1, 2016.

The Consolidated financial statement up to the year ended March 31, 2017, were prepared under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles and Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 then applicable (Previous GAAP) to the Company. Previous period figures in the Consolidated Financial Statements have been re-casted to Ind AS.

Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's position, financial performance and cash flows.

2.2 Basis of Preparation and Presentation

These consolidated 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 Group 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 Ind 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. 3 Functional and Presentation Currency

Item included in the consolidated financial statement of the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial Statements are presented in Indian Rupee ("INR") which is the Group's functional and presentation currency. All financial information presented in the consolidated financial statements has been presented in INR and all values have been rounded off to the nearest lakhs except where otherwise stated.

2.4 Use of estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires the management a make estimates and assumptions considered in the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of the consolidated financial statements and the reported amounts of income and expenditure for the periods presented.

The management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable.

Future results could differ from these estimates - estimates and underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are reflected in the consolidated financial statements in the period in which results are known and, if material, are disclosed in the consolidated financial statements.

In particular, 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 consolidated financial statements is included in the following notes:

- Useful lives of property, plant and equipment and intangible assets
- Assets and obligations relating to employee benefits
- Evaluation of recoverability of deferred tax assets
- Financial instruments
- Provisions and contingencies

2.5 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:
(a) Power over the investee
(b) Exposure or rights to variable returns from its involvement with the investee
(c) 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. 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 loos for the year over the non-controlling interest is adjusted in owner's interest.
VI. 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.

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.

2.6 Business Combination and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2016. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The said exemption has also been availed by associates and joint ventures.

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the Acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

In case of combination of entities under control, business combination are accounted for under pooling of interest method whereby the assets and liabilities are combined at the carrying amount and no adjustments are made to reflect their fair values or recognize any new assets or liabilities. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the combination date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.7 Property Plant and Equipment (PPE)

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 derecognized 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.

2.8 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)	20
office Equipment	5
Furniture & Fixtures	10
Computers	3
Vehicles	8
Intangible Assets	20

In case of the subsidiaries, depreciation is provided on straight-line method on the basis of estimated useful life of the assets applying the depreciation rates.

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

2.9 Intangible 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.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.10 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 consolidated statement of profit and loss.

2.11 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.

2.12 Financial instruments

(A) Initial recognition: Financial assets and financial liabilities are recognized when a Company entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair 7 value through profit or loss are recognized immediately in profit or loss.

(B) Subseguent measurement:

a. Non-derivative financial instruments:

i) Financial assets carried at amortised cost: A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Financial assets at fair value through profit or loss: A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv) Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

c. 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.

(C) De-recognition of financial assets and liabilities:

Financial assets:

The Company derecognizes 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 derecognizes 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.

(D) 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.
- 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.

2.13 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 fi nancial 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 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, intangible assets under development and property, 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.

2.14 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.

2.15 Foreign Currency translation

In preparing the financial statements of each individual group entity, 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.

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to lakhs).

2.16 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of an tax effects.

2.17 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.

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 consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.18 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Group 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.

2.19 Employee Benefits

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognized as an expense in the consolidated statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution plans such as Provident Fund etc., is being made in accordance with statute and are recognized as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Actuarial gain and losses arising from experience adjustments and changes in Actuarial assumptions are recognized in other comprehensive income.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable using actuarial valuation techniques. The changes in the amount payable including actuarial gain/loss are recognized in the Statement of profit and loss.

Contribution to Superannuation fund, a defined contribution plan is made in accordance with the Group's policy and is recognized in the Statement of profit and loss.

2.20 Defined benefit obligation (DBO)

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose by the Management. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

2.21 Revenue

Sale of goods and services:

Revenue is recognized at the fair value of consideration received or receivable when the significant risk and rewards of ownership of goods have been transferred and the amount thereof can be measured reliably. This represents the net invoice value of goods supplied after deducting discounts, rebates and taxes and duties collected on behalf of third parties and is net of GST and other duties which the Company pays as principal.

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.

2.22 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. AII borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets. A qualifying PPE is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

2.23 Research and Development Expenditure

Research and development cost (other than cost of fixed assets acquired) are charged as an expense in the Consolidated statement of profit and loss in the year in which they are incurred.

2.24 Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Revenue grants including subsidy/rebates are credited to consolidated statement of profit and loss Account under "Other Income" or deducted from the related expenses for the period to which these are related. Grants which are meant for purchase, construction or otherwise acquire non-current assets are recognized as Deferred Income and disclosed under Non-Current Liabilities and transferred to Statement of Profit and Loss on a systematic basis over the useful life of the respective asset. Grants relating to non- depreciable assets is transferred to Statement of Profit and Loss over the periods that bear the cost of meeting the obligations related to such grants.

2.25 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 Consolidated 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.

2.26 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. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.27 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organization structure and internal reporting system.

2.28 Arrangements containing leases and classification of leases

The Group enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, Lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

2.29 Claims and Compensation

Claims including insurance claims are accounted for on determination of certainty of realization thereof, as amount expected to be realized in this respect has been considered to be covering the carrying amount of relevant assets and other recoverable.

2.30 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.

2.31 Recent accounting pronouncements

Standards issued but not yet effective:-

In March 2018, the Ministry of Corporate affairs issued the Companies (Indian Accounting Standard) Amendment Rules, 2018 notifying Ind AS 115 Revenue from Contracts with Customers and amendment to Ind AS 21 the Effects of changes in Foreign Exchange Rates, applicable for annual periods beginning on or after April 01, 2018.

Ind AS 115 - Revenue from Contracts with Customers:

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - Revenue from Contract, Ind AS 11 - Construction contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, based on the five step approach as defined in this standard.

Under this standard, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The company is evaluating the impact of this amendment on its Consolidated Financial Statements.

Ind AS 21 -The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The group is evaluating the impact of this amendment on its consolidated Financial Statements.

Pennar Industries Limited
Notes forming part of the consolidated financial statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

3. Property, plant and equipment

Particulars	As at		
	March 31, 2018	March 31, 2017	March 31, 2016
Carrying amounts of:			
Freehold land	993	967	967
Leasehold improvements	31	119	128
Buildings	12,193	9,365	8,960
Plant and equipment	16,168	26,749	26,516
Electrical Equipments	2,815	1,376	1,430
Computers	111	118	132
Office equipment	73	63	92
Furniture and fixtures	155	169	207
Vehicles	212	136	143
Total	**32,751**	**39,062**	**38,575**

Notes:
a. 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, 2016	**967**	**128**	**11,114**	**39,341**	**3,024**	**623**	**401**	**343**	**251**	**56,192**
Additions	-	4	792	1,860	50	63	11	5	24	2,809
Disposals/adjustments/ write offs	-	-	-	(73)	(2)	(157)	(37)	(52)	(16)	(337)
Balance as at March 31, 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/adjustments/ write offs (Refer note below)	-	-	-	(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**
II. Accumulated depreciation										
Balance as at April 01, 2016	**-**	**-**	**2,154**	**12,825**	**1,594**	**491**	**309**	**136**	**108**	**17,617**
Depreciation for the year	-	13	387	1,626	104	76	39	41	27	2,313
Disposals/adjustments/ write offs	-	-	-	(72)	(2)	(156)	(36)	(50)	(12)	(328)
Balance as at March 31, 2017	**-**	**13**	**2,541**	**14,379**	**1,696**	**411**	**312**	**127**	**123**	**19,602**
Depreciation for the year	-	8	448	1,918	147	80	30	38	27	2,696
Disposals/adjustments/ write offs (Refer note below)	-	-	-	(1,015)	(15)	(61)	-	(33)	(54)	(1,178)
Other adjustments	-	(7)	(11)	(1,213)	-	-	-	-	-	(1,231)
Balance as at March 31, 2018	**-**	**14**	**2,978**	**14,069**	**1,828**	**430**	**342**	**132**	**96**	**19,889**

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
III. Carrying value (I-II)										
Balance as at March 31, 2018	**993**	**31**	**12,193**	**16,168**	**2,815**	**111**	**73**	**155**	**212**	**32,751**
Balance as at March 31, 2017	**967**	**119**	**9,365**	**26,749**	**1,376**	**118**	**63**	**169**	**136**	**39,062**
Balance as at April 01, 2016	**967**	**128**	**8,960**	**26,516**	**1,430**	**132**	**92**	**207**	**143**	**38,575**

Note:
Adjustment aggregating to ₹ 13,775 (carrying value) in Property, plant and equipment relate to Pennar Renewables Private Limited, investment in which subsidiary was disposed during the year (Refer note 28).

4. Goodwill

Particulars	As at		
	March 31, 2018	**March 31, 2017**	**April 01, 2016**
Balance at beginning of the year	3,499	4,345	-
Additions on account of acquisition	-	-	4,345
Deletions on account of divestment in subsidiary	(3,499)	(846)	-
Balance at end of the year	**-**	**3,499**	**4,345**

"During the year, the Company disposed its investment in Pennar Renewables Private Limited (PRPL). The Company acquired 65% stake in New Era Enviro Ventures Private Limited (Karimnagar) in FY 2015-16 and consolidated the same w.e.f October,14 2015. On May 16, 2016, New Era Enviro Ventures Private Limited was renamed to Pennar Renewables Private Limited (PRPL). The Company disposed 9,45,846 Equity shares of ₹ 10 each while still retaining control. During the current financial year, the Company disposed its balance (80.69%) stake in PRPL and deconsolidated the subsidiary w.e.f January 01, 2018."

5. Other intangible assets

Particulars	As at		
	March 31, 2018	**March 31, 2017**	**April 01, 2016**
Carrying amount of:			
Computer software	361	384	396
Licence fees	162	175	147
Other intangible assets	911	965	1,018
Total Other intangible assets	**1,434**	**1,524**	**1,561**

(a) Movement in the carrying amount of intangible assets is as below:

Particulars	Computer software	Licence fees	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2016	**536**	**147**	**1,126**	**1,809**
Additions	29	58	-	87
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2017	**565**	**205**	**1,126**	**1,896**
Additions	19	22	-	41
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2018	**584**	**227**	**1,126**	**1,937**

Particulars	Computer software	Licence fees	Other intangible assets	Total
II. Accumulated amortisation				
Balance as at April 01, 2016	**140**	**-**	**108**	**248**
Amortisation for the year	41	30	53	124
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2017	**181**	**30**	**161**	**372**
Amortisation for the year	42	35	54	131
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2018	**223**	**65**	**215**	**503**
III. Carrying Value (I-II)				
Balance as at March 31, 2018	**361**	**162**	**911**	**1,434**
Balance as at March 31, 2017	**384**	**175**	**965**	**1,524**
Balance as at April 01, 2016	**396**	**147**	**1,018**	**1,561**

6. Investments

Particulars	Paid up value	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
		No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
A. Investments - Non-current							
Investments carried at fair value through other comprehensive income							
Mana Effluent Treatment Plant Limited, the common ETP plant at Mallapur	₹ 1000 each	200	2	200	2	200	2
Total Non-current investments			**2**		**2**		**2**
B. Investments - Current (refer note below)							
Investment carried at fair value through profit and loss			**6,933**		**3,529**		**3,318**
Investments in mutual funds (quoted)							
Total Current investments			**6,933**		**3,529**		**3,318**

Note
Details of investments - Current (quoted)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of units	Amount	Number of units	Amount	Number of units	Amount
Investments in Mutual Funds*						
UTI - Treasury Advantage Fund - Institutional Plan - Growth	94,809	2,271	-	-	-	-
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	6,166	21	-	-	-	-
SBI Premier Liquid Fund -Regular Plan	-	-	-	-	49,882	500
SBI Premier Liquid Fund -Direct Plan	-	-	10,051	101	-	-
Birla Sunlife Cash Plus Collection	-	-	401,884	402	249,675	250
ICICI Prudential Liquid Mutual Fund -Direct Plan	49,990	50	-	-	249,984	250
ICICI Prudential Savings Fund	-	-	99,855	101	-	-

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of units	Amount	Number of units	Amount	Number of units	Amount
Investments in Mutual Funds*						
Reliance Liquid Fund- Treasury plan	1,181	50	-	-	16,363	250
Axis Bank Liquid Fund Daily Dividend	10,514	105	10,066	101	49,999	500
IDFC Cash Fund	-	-	-	-	24,991	250
Religare Invesco Liquidity Fund	-	-	-	-	24,992	250
Kotak Floater - Short Term - D	19,881	567	74,787	757	24,728	250
Kotak Low Duration Fund	620	14	25,058	301	-	-
HDFC RIF STF WP - UST	-	-	-	-	1,010,283	102
HDFC Liquid Fund	14,321	314	23,199	252	-	-
Franklin India Ultra Short term Bond	-	-	-	-	2,029,830	204
UTI-Treasury Advantage Fund-Ins	-	-	-	-	10,166	102
Reliance Medium Term Fund -UST	1,459,248	543	631,963	108	595,406	102
ICICI Prudential -UST	-	-	-	-	658,792	100
Birla Sun Life Savings Fund-US	-	-	-	-	203,136	208
DSP Blackrock Liquid Mutual Fund	-	-	50,282	503	-	-
Sundaram Income Plus-Monthly dividend	-	-	7,560,148	903	-	-
Reliance Monthly Interval Fund- Direct plan	2,174,574	502	-	-	-	-
Axis Treasury Advantage Fund	5,321	105	-	-	-	-
Axis Liquid Fund	13,278	256	-	-	-	-
Kotak Liquid Fund	24,463	862	-	-	-	-
L&T Floating Rate Fund-Direct Plan	3,115,063	545	-	-	-	-
L&T Liquid Fund-Direct Plan	1,050	25	-	-	-	-
UTI-Liquid Cash Plan-Direct Plan	17,605	501	-	-	-	-
Principal Low Duration fund-Direct Plan	7,068	202	-	-	-	-
Total quoted investment		**6,933**		**3,529**		**3,318**

*** The market value of quoted investment is equal to its carrying value.**

7. Trade Receivables

Particulars	As at		
	March 31, 2018	**March 31, 2017**	**April 01, 2016**
Non Current			
Unsecured, considered good	258	-	-
	258	**-**	**-**
Current			
Unsecured, considered good	40,200	34,720	35,148
Doubtful	4,906	4,840	3,549
	45,106	39,560	38,697
Less: Expected credit loss allowance (Refer note (b) below)	(4,906)	(4,840)	(3,549)
Total	**40,200**	**34,720**	**35,148**

Notes:
a. Trade receivables includes retention money aggregating to ₹ 3,958 (March 31, 2017: ₹ 3,429 and April 01, 2016: ₹ 3,031).

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	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
1 - 180 days past due	39,554	34,262	34,445
More than 180 days past due	5,810	5,298	4,252
Total	**45,364**	**39,560**	**38,697**

Movement of impairment allowance for doubtful debts:

Particulars	As at March 31, 2017	As at April 01, 2016
Balance at beginning of the year	4,840	3,549
Provision based on expected credit loss	66	1,291
Reversal of provision for doubtful debts	-	-
Balance at end of the year	**4,906**	**4,840**

8. Other financials assets (unsecured, considered good)

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Non-current:			
Deposits	423	387	326
Sales tax refund receivable	71	127	175
Loans	89	155	-
Other Receivables	128	227	330
Total other non-current financial assets	**711**	**896**	**831**
Current:			
Interest receivable	90	442	128
Receivables from sale of investment (refer note 28)	994	-	-
Unbilled revenue	3,546	865	108
Incentive receivable	506	589	589
Other Receivables	81	503	590
Total other current financial assets	**5,217**	**2,399**	**1,415**
Total other financial assets	**5,928**	**3,295**	**2,246**

9. Other assets (unsecured, considered good)

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Non-current:			
Balance with government authorities	3	2	2
Capital advances	1,549	3,189	1,640
Total other non-current assets	**1,552**	**3,191**	**1,642**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Current:			
Considered good			
Advances for raw material	3,929	1,214	371
Balances with government authorities	3,663	2,931	1,026
Prepaid expenses	533	744	547
Advances to contractors, suppliers and others	391	4,962	4,856
Other deposits	1,749	689	665
	10,265	**10,540**	**7,465**
Considered doubtful			
Advances to contractors, suppliers and others	16	16	16
Less: Provision for doubtful advances	(16)	(16)	(16)
	-	-	-
Total other current assets	**10,265**	**10,540**	**7,465**
Total other assets	**11,817**	**13,731**	**9,107**

10. Inventories (at lower of cost or net realisable value)

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Raw materials in hand	9,692	11,610	7,670
Stores and spares	5,121	3,841	4,162
Work-in-progress	17,626	11,625	7,544
Finished goods	10,302	12,342	5,462
Scrap	504	200	198
Raw materials in transit	18	242	527
Stores and spares in transit	-	7	66
Total	**43,263**	**39,867**	**25,629**

Note:
The Company has made a provision for certain raw materials amounting to ₹ 3,508 (March 31, 2017: ₹ Nil : April 01, 2016: ₹ Nil). The provision is included in cost of material consumed.

11. Cash and cash equivalents

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Cash on hand	-	5	9
Cheques on hand	-	200	-
Balances with banks			
- in current accounts	598	1,639	714
- In deposit accounts*	2,689	4,000	5,010
Total	**3,287**	**5,844**	**5,733**

Note:
During the current year, the parent company provided a collateral security in the form of fixed deposits aggregating ₹ 2,500 towards the bills discounted facility availed by Pennar Engineered Building Systems Limited (subsidiary) from Axis Bank Limited. No such collaterals were given as at March 31, 2017 and as at April 01, 2016.

12. Other balances with banks

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
a) Earmarked balances with banks			
- in preference shares redemption accounts	74	75	50
- in unclaimed dividend accounts	31	52	64
- in Margin money deposits	753	488	393
- in deposit accounts (maturity greater than 12 months)*	848	1,369	10,851
Total	**1,706**	**1,984**	**11,358**

"*The deposits maintained by the Company with banks comprise of time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal."

13. Equity share capital

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Authorised share capital:			
Equity shares			
15,00,00,000 equity shares of ₹ 5 each	7,500	7,500	7,500
Preference Shares:			
Series - A : 5,00,000 cumulative redeemable preference shares of ₹ 100/- each	500	500	500
Series - B : 4,00,00,000 cumulative redeemable preference shares of ₹ 5/- each	2,000	2,000	2,000
	10,000	**10,000**	**10,000**
Issued, subscribed and paid-up capital:			
Equity shares			
12,03,49,514 equity shares of ₹ 5 each	6,017	6,017	6,017
Total	**6,017**	**6,017**	**6,017**

Notes:
a. Reconciliation of the number of shares outstanding:

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening balance	120,349,514	120,349,514
Movement during the year	-	-
Balance	120,349,514	120,349,514

b. Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Fully paid up equity shares:						
Pennar Holdings Private Limited	20,994,311	17.44%	20,953,811	17.41%	20,953,811	17.41%
Saif India IV FII Holdings Limited	12,138,080	10.09%	12,138,080	10.09%	12,138,080	10.09%
Franklin India Smaller Companies Fund	9,453,413	7.85%	7,889,354	6.56%	-	-
Eight Capital Master Fund Limited	-	-	7,090,157	5.89%	7,090,157	5.89%

c. Rights, preferences and restrictions attached to 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. Any 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.

14. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2018	
	Number of shares held	% holding of equity shares
(a) Capital redemption reserve	1,185	1,185
(b) Profit on forfeiture of shares	6	6
(c) Securities premium account	14,105	14,105
(d) General reserve	1,272	1,272
(e) Retained earnings		
Opening balance	25,089	22,481
Profit for the year	7,032	3,456
Other adjustments	(3,314)	(848)
Closing Balance	28,807	25,089
(f) Items of Other comprehensive income		
Remeasurement of defined benefit obligation (net of taxes)	(108)	(64)
Total	45,267	41,593

Nature of reserves:

(a) Capital redemption reserve

Reserve is created for redemption of preference shares.

(b) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on aredemption of preference shares.

(c) Securities premium account

Amounts received on issue of shares in excess of the par value recognised under securities premium account.

(d) General reserve

The General reserve is created from time to time by appropriation of profits from retained earnings.

(e) Retained earnings

Retained earnings comprises of prior years' undistributed earnings after taxes along with current year profit.

(f) Other comprehensive income

This reserve represents the actuarial gain/(loss) recognised on the defined benefit plan.

15. Borrowings

Particulars	As at March 31, 2018		
	March 31, 2018	March 31, 2017	April 01, 2016
Non-Current			
Term Loans - Secured - at amortised cost (Refer note (a) below)			
- From banks	7,025	9,374	6,280
- From Others	1,746	-	-
- From non banking financial companies	52	7	13
	8,823	**9,381**	**6,293**
Unsecured - at fair value			
Sales tax deferment loan (Refer note (b) below)	1,260	1,356	1,210
	10,083	**10,737**	**7,503**
Current			
Loans repayable on demand from banks - Secured - at amortised cost (Refer note (c) below)			
(i) Cash credits	12,911	8,963	10,382
(ii) Working capital demand loans	9,918	9,000	6,750
(iii) Bills of exchange	727	-	-
	23,556	**17,963**	**17,132**
Total	**33,639**	**28,700**	**24,635**

* Current maturities of non-current borrowings have been disclosed under the head "Other current financial liabilities".

Notes:
(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at			Rate of Interest
				March 31, 2018	March 31, 2017	April 01, 2016	
From Banks:							
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 each commencing from June 2016.	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	5,000	5,000	-	9.9% p.a.
Axis Bank Limited	"Foreclosed during FY 2016 - 17"	First charge on all immovable properties and second charge on all the current assets, both present and future and personal guarantee from Nrupendar Rao, (Chairman).	4,500	-	-	2,181	12.25% p.a.
State Bank of India	"Foreclosed during FY 2017 - 18"	First charge on all immovable properties of the company located at Velchal Plant, both present and future and personal guarantee from Aditya N Rao, (Vice Chairman & Managing Director).	3,300	-	690	-	10.75% p.a.

Notes:
(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at			Rate of Interest
				March 31, 2018	March 31, 2017	April 01, 2016	
From Banks:							
Yes Bank Limited	16 equal quarterly instalments of ₹ 218.75 each, after a moratoriam period of 1 year.	First charge on all the fixed assets of the Chennai Plant and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	3,500	3,500	-	-	9.55% p.a.
IFCI Bank Limited	Taken over by Axis Bank in the FY 2015 - 16.	First charge on all immovable properties by deposit of title deeds both present and future and personal guarantee from Aditya N Rao (Vice Chairman & Managing Director).	5,000	-	-	5,000	12.45% p.a.
HDFC Bank Limited	60 equal monthly instalments of ₹ 0.44 each	First charge by way of hypothecation of the vehicle for which the loan was taken.	21	15	18	-	9.66% p.a.
ICICI Bank	60 monthly installments of ₹ 1 Lakh each commencing from November 10, 2015	First charge by way of hypothecation of the vehicle for which the loan was taken.	45	-	28	45	9.35% p.a.
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹ 0.29 each	First charge by way of hypothecation of the vehicle for which the loan was taken.	14	14	-	-	8.75% p.a.
State Bank of India	110 equal monthly instalments of ₹ 70.90 each	"Exclusive Mortgage and Hypothecation on entire fixed assets of the company including exclusive ,mortgage on Lease hold rights and further guaranteed by holding company."	7,800	-	2,199	-	11% p.a.
IFIC Bank Limited	"32 Structured Quarterly Installments starting from July 2018"	"exclusive charge on project assets and lease hold rights and further secured by corporate guarantee by holding company."	2,500	-	2,500	-	12.4% p.a.
Total			**31,680**	**8,529**	**10,435**	**7,226**	
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	18	26	10.07% p.a.
Volkswagon 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	46	-	-	8.5% p.a.
Total			**97**	**48**	**18**	**26**	

(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 is payable in the financial year 2018-19 which is classified under the head "Other financial liabilities". Further ₹ 786 (As at March 31, 2017 - ₹ 948 and as at April 01, 2016 - ₹ 1,094) 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
2018-19	258
2019-20	375
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	2,304

(c) Summary of Cash credits and working capital demand loans

The Company

Working capital facilities ₹ 14,496 (March 31, 2017: ₹ 6,500 and April 01, 2016: ₹ 9,651) are sanctioned by consortium of bankers comprising State Bank of India, Axis Bank and Yes 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. These facilities are further secured by personal guarantee from Aditya N. Rao (Vice - Chairman and Managing Director).

Subsidiaries

Pennar Engineered Building Systems Limited

Cash Credits:

Working Capital facilities from banks ₹ 2,166 (March 31, 2017: ₹ 1,002 and April 01, 2016: ₹ 3,181) are secured by hypothecation of entire current assets and are further secured by second charge on Company's immovable properties and other property, plant and equipment, both present and future. The cash credit facility is further secured by personal guarantee of Promoter Director Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited, (the Holding Company). These borrowings carries interest rate of 9.60% to 12% per annum (March 31, 2017: 9.50% to 11.80% per annum and April 01, 2016: 10.55% per annum).

Working capital demand loans:

(i) The loan of ₹ 3,500 (March 31, 2017: ₹ 4,500 and April 01, 2016: ₹ 1,000) from State Bank of India (SBI) is primarily secured by pari passu first charge on present and future current assets of the Company along with Axis Bank and secured by second charge on property, plant and equipment of the Company including equitable ,mortgage of acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivapet Mandal, Medak District (the land on which the plant is located), on pari passu basis along with Axis Bank, and pledge of 24.60% of the total paid-up equity share capital (6,150,000 shares of ₹ 10 each) held by Pennar Industries Limited. The facility is further secured by personal guarantee of Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 8.6% per annum (March 31, 2017: 9.85% per annum and April 01, 2016: 10.55% per annum).

(ii) The loan of ₹ Nil (March 31, 2017: ₹ Nil and April 01, 2016: ₹ 1,250 lakhs) from Yes Bank Limited is exclusively secured by receivables. Pari passu first charge on present and future current assets of the Company and secured by second charge on property, plant and equipment of the Company. The facility is further secured by personal guarantee of Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 8.41% per annum (March 31, 2017: 10.25% per annum and April 01, 2016: 10.25% per annum).

(iii) The loan of ₹ 1,900 lakhs (March 31, 2017: ₹ Nil and April 01, 2016: ₹ Nil) from HDFC Bank Limited is primarily secured by pari passu first charge on current assets of the Company and pari passu secured by second charge on the property, plant and equipment of the Company. The facility is further secured by personal guarantee of promoter director Mr. Aditya Rao and Corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 7.9% per annum (March 31, 2017: Nil and April 01, 2016: Nil).

Pennar Enviro Limited

Cash Credits:

Cash credit facilities ₹ 755 (March 31, 2017: ₹ 596 and April 01, 2016: ₹ 510) sanctioned by Axis Bank is secured by first charge on all current assets both present and future, movable fixed assets (excluding vehicles) and factory land and buildings standing in the name of the company. These are further secured by way of corporate guarantee given by Pennar Industries Limited, the holding company and personal guarantee of Mr. Aditya N Rao,Vice Chairman of the company in his personal capacity.

16.Other financial liabilities

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Non - Current			
Retention money payable	467	487	337
	467	**487**	**337**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Current			
Current maturities from loan term borrowings - Secured			
- From banks	1,473	1,070	959
- From NBFC	11	11	13
Unclaimed dividend	31	52	64
Preference share capital payable	74	75	327
Unsecured			
Sales tax deferment loan	258	-	-
Security deposits	80	80	80
Provision for erection expenses	13	847	804
Interest Accrued	158	106	178
Other payables	-	1,091	1,231
Payables for capital purchases	154	-	-
	2,252	**3,332**	**3,656**
Total other financial liabilities	**2,719**	**3,819**	**3,993**

17. Income taxes
a. Expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax:		
In respect of the current year	4,016	2,979
In respect of the previous year	-	(335)
	4,016	**2,644**
Deferred tax:		
In respect of the current year	743	(138)
	743	**(138)**
	4,759	**2,506**

b. Expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Tax effect on actuarial losses on defined benefit obligations	23	34
	23	34
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	23	34
Items that may be reclassified to profit or loss	-	-

c. Reconciliation of Group's effective tax rate

The following is the reconciliation of the Group's effective tax rates for the year ended March 31, 2018 and 2017.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	13,808	7,484
Enacted rate in India	34.61%	34.61%
Expected tax expense	**4,779**	**2,590**
Tax effect of adjustments to reconcile expected tax expense:		
Tax exempt income	(123)	(18)
Non-deductible tax expenses	41	37
Effect of other adjustments	62	232
Adjustments in respect of income-tax for earlier years	-	(335)
Total income tax expense	**4,759**	**2,506**
Effective Tax Rate	**34.46%**	**33.49%**

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 assets and liabilities

The following is the analysis of deferred tax assets/(liabilities) presented in the balance sheet:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Deferred tax assets	(650)	(840)	(460)
Deferred tax liabilities	3026	2690	2482
	2376	**1850**	**2022**

e. Movement in deferred tax assets and liabilities:

2017-18	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Closing balance
Property, plant and equipment and Intangible assets	**2,690**	**629**	**-**	**(293)**	**3,026**
Allowable for tax purposes on payment basis	1,267	(23)	(23)	99	1,320
Provision for doubtful debts	(1,675)	(39)	-	-	(1,714)
Provision for loss on onerous contracts	(311)	154			(157)
Others	(121)	22	-	-	(99)
Total	**1,850**	**743**	**(23)**	**(194)**	**2,376**

2016-17	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Other adjustments	Closing balance
Property, plant and equipment and Intangible assets	**2,482**	**369**	**-**	**(161)**	**2,690**
Allowable for tax purposes on payment basis	1,001	139	(34)	161	1,267
Provision for doubtful debts	(1,229)	(446)	-	-	(1,675)
Provision for loss on onerous contracts	(181)	(130)	-	-	(311)
Others	(51)	(70)	-	-	(121)
Total	**2,022**	**(138)**	**(34)**	**-**	**1,850**

f. Current tax assets and liabilities
The following is the analysis of income tax assets/(liabilities) presented in the balance sheet:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Current tax assets	845	135	18
Current tax liabilities	(2,486)	(957)	(2,010)
	(1,641)	**(822)**	**(1,992)**

18. Provisions

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Non-Current			
Provision for gratuity (Refer note (b) below)	52	38	96
Provision for compensated absences (Refer note (c) below)	391	243	117
Asset retirement obligation	98	89	81
	541	**370**	**294**
Current			
Provision for gratuity (Refer note (b) below)	149	98	77
Provision for compensated absences (Refer note (c) below)	63	106	81
Provision for loss on onerous contracts (Refer note (a) below)	450	899	526
Others	338	-	3
	1,000	**1,103**	**687**
Total Provisions	**1,541**	**1,473**	**981**

Note:
(a) Movement in provision for loss on onerous contracts:

Particulars	As at	
	March 31, 2018	March 31, 2017
Carrying amount as at April 01, 2016	899	526
Add: Provision made during the year	296	687
Less: Provision reversed during the year	(745)	(314)
Carrying amount	**450**	**899**

b. Defined benefit plans:
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	Gratuity (Funded)	
	2017–18	2016–17
i) Change in the fair value of the defined benefit obligation :		
Liability at the beginning of the year	1,012	858
Interest cost	65	61
Current service cost	120	92
Past service cost-(Vested Benefits)	31	-

Particulars	Gratuity (Funded)	
	2017–18	2016–17
i) Change in the fair value of the defined benefit obligation :		
Actuarial (gain)/loss on obligation	123	59
Benefits paid	(75)	(58)
Liability at the end of the year	**1,276**	**1,012**
ii) Changes in the Fair Value of Plan Asset		
Fair value of Plan Assets at the beginning of the year	916	752
Interest Income	24	57
Contributions by the Company	210	165
Benefits paid	(75)	(58)
Fair value of Plan Assets at the end of the year	**1,075**	**916**
iii) Amount Recognized in Balance Sheet		
Liability at the end of the year	1,276	1,012
Fair value of Plan Assets at the end of the year	1,075	916
Net Asset/(Liability) recognized in the balance sheet	**(201)**	**(96)**

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2018	Valuation as at March 31, 2017
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	7.46%-7.68%	6.69%
Rate of increase in compensation	1%-8%	1%-8%
Expected average remaining service	16.88	16.43
Employee Attrition rate	PS: 0 to 40 : 1%	PS: 0 to 40 : 1%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity obligation
For the year ended 31st March, 2018		
Discount rate	1%	(70)
	-1%	75
Salary Escalation rate	1%	75
	-1%	(69)

Estimate of expected benefit payout (in absolute terms i.e undiscounted)

Particulars	Gratuity
FY 2017-18	207
FY 2018-19	145
FY 2019-20	164
FY 2020-21	152
FY 2021-22	184
FY 2022-23 onwards	791

c. 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, 2018	Valuation as at March 31, 2017
Mortality	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	7.68%	6.69%
Rate of increase in compensation	1%	1%
Expected average remaining service	16.35	16.09
Employee Attrition rate	PS: 0 to 40 : 1%	PS: 1 to 40 : 1%

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.

19. Other liabilities

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Non-Current			
Unearned government grants (Refer note 15(b))	786	1,028	1,174
	786	1,028	1,174
Current			
Advances from customers	4,939	4,657	2,915
Unearned revenue	4,600	4,329	4,233
Statutory liabilities	655	1,780	1,156
	10,194	10,766	8,304
Total	**10,980**	**11,794**	**9,478**

20. Trade payables

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Due to micro, small and medium enterprises (Refer note 30)	369	261	393
Dues to others	36,635	43,625	42,906
Total	**37,004**	**43,886**	**43,299**

21. Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue From operations		
Sale of products (including excise duty) *	160,546	159,016
Sale of services	13,359	7,388
Other operating revenue		
- Scrap sales	5,936	4,728
Total	**179,841**	**171,132**

* The Company is liable to Goods and Service Tax ('GST') with effect from 01 July 2017. The revenues for the year ended 31 March 2018 is net of such GST. However, the revenues for the year ended March 31, 2017 are inclusive of excise duty.

22. Other income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Income		
Deposits with Banks	561	654
On intercorporate deposits	16	17
Other financial assets	12	12
	589	**683**
Dividend income		
Dividend income on current investments	26	52
Other non-operating income		
Liabilities no longer required, written back	8	44
Miscellaneous income	295	46
	303	**90**
Other gains and losses		
Gain on sale of current investments, net	127	8
Gain on financial asset measured fair value through profit and loss account	93	-
Reversal of provisions on onerous contracts	449	-
Rent received	2	3
Profit on sale of plant and equipment	-	1
	671	**12**
Total	**1,589**	**837**

23. Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock at the beginning of the year	11,610	7,670
Add : Purchases	107,013	101,451
	118,623	109,121
Less : Closing stock at the end of the year	9,692	11,610
Total	**108,931**	**97,511**

24. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock of inventories		
Work-in-progress	11,625	7,544
Finished goods	12,342	5,642
Scrap	200	198
	24,167	13,384
Closing stock of inventories		
Work-in-progress	17,626	11,625
Finished goods	10,302	12,342
Scrap	504	200
	28,432	24,167
Decrease / (increase) in inventories of finished goods, work-in-progress and stock-in-trade	**(4,265)**	**(10,783)**

25. Employee benefits expense

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	10,726	9,358
Contribution to gratuity, provident funds and superannuation funds	855	643
Staff welfare expenses	695	665
Total	**12,276**	**10,666**

26. Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest:		
Term loans	2,044	2,340
Working capital demand loans	2,179	2,203
Others	109	-
Interest expense on financial liability measured at amortised cost	6	8
Other bank charges	2,377	1,593
Interest on income tax	25	82
Total	**6,740**	**6,226**

27. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Job work charges	12,270	13,260
Stores and spares	11,041	8,368
Power	2,094	1,789
Repairs and Maintenance		
- Buildings	208	118
- Plant and equipment	380	359
- Others	46	63
Miscellaneous manufacturing expenses	595	892
Insurance	87	98
Travelling and conveyance	1,251	1,207
Foreign exchange fluctuations, net	5	8
Rent (refer note (c) below)	604	508
Rates and taxes	81	75
Advertisement and sales promotion	99	75
Excise duty on changes in inventories	-	613
Sales commission	937	631
Communication expenses	136	130
Freight outward	4,409	4,088
Technical, legal and professional	929	601
Directors' fees and expenses	9	3
Printing and stationery	43	50
Office maintenance	139	119

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Payment to auditor's (refer note (a) below)	60	64
Loss on sale/retirement of plant and equipment	19	2
Expenditure for Corporate social responsibility (refer note (b) below)	103	53
Provision for doubtful debtors	66	1,291
Provision for onerous contracts	-	373
Miscellaneous expenses	568	768
Total	**36,179**	**35,606**

a. Payment to auditor's (net of service tax) comprises of:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Company		
For statutory audit	25	25
For other services	6	5
Subsidiaries		
For audit	29	34
Total Auditors' remuneration	**60**	**64**

b. Corporate social responsibility

The Group contributes towards Corporate Social Responsibility (CSR) activities as per the provisions of per Section 135 of the Companies Act, 2013. The Company and its subsidiary constituted sub Committee of Board and approved CSR policy. As per the said policy company has incurred ₹ 103 (March 31, 2017 - ₹ 53).

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, 2018	March 31, 2017	April 01, 2016
Due within one year	311	204	340
Due later than one year and not later than five years	283	110	810
Due later than five years	84	-	262
	678	**314**	**1,412**

28. Exceptional Item

During the 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. Earning per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit after tax	9,049	4,978
Weighted average number of equity shares	120,349,514	120,349,514
Nominal value per share	5	5
Basic and Diluted earnings per Equity Share	**7.52**	**4.14**

30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Principal amount remaining unpaid to any supplier at the end of the accounting year;	644	260
(b) Interest thereon remaining unpaid to any supplier as at the end of the accounting year.	126	85
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	37	21
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	122	85
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

31. Financial Instruments

Notes:
a. Capital Management
The Group manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the Group consists of net debt (borrowings as detailed in note 15 and offset by cash and bank balances) and total equity .
The Group is not subject to any externally imposed capital requirements.

The Management reviews the capital structure of the Group on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The table below summarises the total equity, net debt and net debt to equity ratio of the Group.

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity share capital	6,017	6,017	6,017
Other Equity	45,267	41,593	39,049
Non-controlling interest	9,121	8,279	5,822
Total Equity (A)	**60,405**	**55,889**	**50,888**
Non-current borrowings	10,083	10,737	7,503
Short-term borrowings	23,556	17,963	17,132
Current maturities of long-term borrowings	1,742	1,081	972
Gross Debt	**35,381**	**29,781**	**25,607**
Less: Current investments	(6,933)	(3,529)	(3,318)
Less: Cash and cash equivalents	(3,287)	(5,844)	(5,733)
Less: Other balances with banks	(1,706)	(1,984)	(11,358)
Net debt (B)	**23,455**	**18,424**	**5,198**
Net debt to equity (B/A)	**0.39**	**0.33**	**0.10**

b. Financial instruments by category

Particulars	Carrying value as at		
	March 31, 2018	March 31, 2017	April 01, 2016
Financial assets			
Measured at amortised cost			
Other financial assets	5,928	3,295	2,226
Trade receivables	40,458	34,720	35,148
Cash and cash equivalents	3,287	5,844	5,733
Other bank balances	1,706	1,984	11,358
Total financial assets measured at amortised cost (A)	**51,379**	**45,843**	**54,465**
Measured at fair value through profit and loss			
Investments in mutual funds	6,933	3,529	3,318
Total financial assets at fair value through profit and Loss (B)	**6,933**	**3,529**	**3,318**
Non current investments	2	2	2
Financial assets at Fair value through other comprehensive income (C)	**2**	**2**	**2**
Total Financial Assets (A+B+C)	**58,314**	**49,374**	**57,785**
Financial Liabilities			
Measured at amortised cost			
Long term borrowings (including current maturities)	10,306	10,462	7,265
Short term borrowings	23,556	17,963	17,132
Trade payables	37,004	43,886	43,299
Other financial liabilities	977	2,738	3,021
Total financial liabilities carried at amortised cost(A)	**71,843**	**75,049**	**70,717**
Measured at fair value through Profit and Loss			
'Sales tax deferment loan	1,519	1,356	1,210
Financial liabilities at fair value through Profit and Loss (B)	**1,519**	**1,356**	**1,210**
Financial liabilities at Fair value through other comprehensive income (C)	**-**	**-**	**-**
Total Financial Liabilities (A+B+C)	**73,362**	**76,405**	**71,927**

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 (unquoted) are measured at Fair Value through OCI 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 Group'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 Group'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 Group.

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 Group 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 Group 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 Group 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group'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 Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of expected credit losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group 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 Group'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 Group's functional currency is Indian National Rupees (INR). The Group 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, 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**

Currency exposure as at March 31, 2017

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	304	18	322
Trade payables	(222)	(7)	(229)
Total	**82**	**11**	**93**

Currency exposure as at April 01, 2016

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	Total (INR)
Trade receivables	258	-	258
Trade payables	(1,079)	(699)	(1,778)
Total	**(821)**	**(699)**	**(1,520)**

Unhedged foreign currency exposure :

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	USD (In Lakhs)	Euro (In Lakhs)	USD (In Lakhs)	Euro (In Lakhs)	USD (In Lakhs)	Euro (In Lakhs)
Trade receivables	13	0.49	5	0.26	4	-
Trade payables	(4)	-	(3)	(0.10)	(16)	(9)

Sensitivity analysis:

In respect of the Company's foreign currency exposure, a 5% increase/decrease in the respective exchange rates of each of the currencies would have resulted in:

Particulars	Impact on profit and loss	
	March 31, 2018	**March 31, 2017**
Strengthening	0.46	0.07
Weakening	(0.46)	(0.07)

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, 2018	As at March 31, 2018	As at April 01, 2016
Current assets	1,10,871	98,883	90,066
Current liabilities	(76,492)	(78,007)	(75,088)
Working capital	**34,379**	**20,876**	**14,978**

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2018	March 31, 2017
1% increase in interest rate	(336.39)	(287.00)
1% decrease in interest rate	336.39	287.00

The following tables details the Group'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 Group can be required to pay.

(i) Liquidity exposure as at March 31, 2018

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Trade payables	37,004	-	-	37,004
Other financial liabilities	2,252	467	-	2,719
Total	**39,256**	**467**	**-**	**39,723**

(ii) Liquidity exposure as at March 31, 2017

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Trade payables	43,886	-	-	43,886
Other financial liabilities	3,252	567	-	3,819
Total	**47,138**	**567**	**-**	**47,705**

(iii) Liquidity exposure as at April 01, 2016

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Trade payables	43,299			43,299
Other financial liabilities	3,719	274		3,993
Total	**47,018**	**274**	**-**	**47,292**

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, 2018

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	6,933	6,933	-	-
Financial liabilities	**-**	**-**	**-**	**-**

(ii) Level wise disclosure of Financial instruments as at March 31, 2017

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	3,529	3,529	-	-
Financial liabilities	**-**	**-**	**-**	**-**

(iii) Level wise disclosure of Financial instruments as at April 01, 2016

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	3,318	3,318	-	-
Financial liabilities	**-**	**-**	**-**	**-**

32. 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, 2018"	"Year ended March 31, 2017"	"Year ended March 31, 2018"	"Year ended March 31, 2017"
Diversified Engineering	124,864	106,950	14,171	9,224
Custom designed building solutions & auxiliaries	65,136	74,688	9,303	7,025
Less : Inter segment revenue	(10,159)	(10,506)	-	-
Total	**179,841**	**171,132**	**23,474**	**16,249**
Depreciation and amortisation expense			(2,926)	(2,539)
Finance costs			(6,740)	(6,226)
Profit before tax			**13,808**	**7,484**
Tax expense			(4,759)	(2,506)
Profit after tax			**9,049**	**4,978**
Share of non-controlling interest			2,017	1,522
Profit for the year attributable to the shareholders of the Company			**7,032**	**3,456**

B. Segment assets and liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Segment assets			
Diversified Engineering	52,894	45,547	43,415
Custom designed building solutions & auxiliaries	98,906	103,661	94,351
Consolidated total assets	**151,800**	**149,208**	**137,766**
Segment liabilities			
Diversified Engineering	60,743	46,581	44,807
Custom designed building solutions & auxiliaries	30,652	46,738	42,071
Consolidated total liabilities	**91,395**	**93,319**	**86,878**

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, 2018	Year ended March 31, 2017
India	175,655	169,028
Other countries	4,251	2,104
	179,906	**171,132**

33. Contingent Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a) Claims against the company not acknowledged as debt relating to indirect tax matter	671	680	903
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	32,300	39,850	27,550
c) Financial Guarantee given by banks on behalf of the company	758	274	292
Total	**33,729**	**40,804**	**28,745**

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:

Names of related party	Relationship
Nrupender Rao	Executive Chairman
Aditya N Rao	Vice Chairman and Managing Director
Krishna Prasad	Chief Financial Officer
Lavanya Kumar K	Whole Time Director
Manish Mahendra Sabharwal	Independent Director
Bandari Kamalakar Rao	Independent Director
Varun Chawla	Independent Director
Sita Vanka	Independent Director
Comandur Parthasarathy	Independent Director
Ravi Chachra	Independent Director
Vishal Satinder Sood	Non-Executive Director
Potluri Venkateswara Rao	Non-Executive Director
Eric James Brown	Non-Executive Director
Mohammed Ali Baig Mirza	Company Secretary
Pennar Holdings Private Limited	Promter Company
Saffrongrid Limited (formerly known as Pennar Solar limited)*	Company in which KMP / Relatives of KMP have significant influence
Saven Technologies Limited	Company in which KMP / Relatives of KMP have significant influence

*The company ceased to be a related party with effect from May 21, 2017, hence the company is not a related party as on March 31, 2018.

(ii) Compensation to key management personnel as follows:

Nature of the transaction	Party name	For the year ended	
		March 31, 2018	March 31, 2017
Short-term benefits	Chairman, Vice Chairman and Managing Director	426	366
	Others	59	43

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.

(iii) Details of transactions with related parties during the year:

Nature of the transaction	Party name	For the year ended	
		March 31, 2018	March 31, 2017
Sale of goods and services	Saffrongrid Limited	144	-
Intercorporate deposits given	Saffrongrid Limited	490	-

(iv) Balances with related parties:

Particulars	As at		
	March 31, 2018	As at March 31, 2017	As at April 01, 2016
Managerial Commission outstanding	431	334	204

35. Transition to Indian Accounting Standards (Ind AS)

These consolidated financial statements of Pennar Industries Limited for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Previous GAAP as at the transition date have been recognised directly in equity at the transition date.

The effect of the Group's transition to Ind AS is summarized as follows:
(i) Transition election
(ii) Reconciliation of equity as previously reported under Indian GAAP to Ind AS
(iii) Reconciliation of profit and loss as previously reported under Indian GAAP to Ind AS
(iv) Adjustments to the statement of cash flows

(i) Transition elections
The Group has prepared the opening Balance Sheet as per Ind AS as of April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory exceptions and optional exemptions availed by the Company as detailed below:

a. Investments in subsidiaries :
In accordance with Ind AS transitional provisions, the Company opted to consider previous GAAP carrying value of investments as deemed cost on transition date for investments in subsidiaries in separate financial statement.

b. Derecognition of financial assets and financial liabilities:
The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

c. Business combinations
The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to business combinations that occurred before the date of the transition.

d. Government Grant
Under previous GAAP, interest free sales tax deferment loan was carried at cost. Under Ind AS, such interest free loans have been carried at previous GAAP amount at the date of transition.

First-time Ind AS adoption reconciliations:

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

ii. Reconciliation of equity as previously reported under previous GAAP to Ind AS:

Particulars	Note	As at March 31, 2017	As at April 01, 2016
Equity as reported under previous GAAP		**54,998**	**51,425**
Adjustment of amount outstanding in revaluation reserve	a	(1,759)	(2,008)
Provision for doubtful debts under expected credit loss	b	(4,121)	(3,175)
Decrease in reveres on account of change in accounting policy in a subsidiary	c	(5,228)	(4,757)
Effect of financial instruments using effective interest rate		-	(16)
Other adjustments		(50)	(42)
Deferred tax on the above, including adjustments on estimates	d	1,403	941
Adjustment attributable to Non-controlling interest		2,367	2,698
Equity as reported under Ind AS		**47,610**	**45,066**

(iii) Reconciliation of profit and loss as previously reported under previous GAAP to Ind AS

Particulars	Note	For the year ended March 31, 2017
Profit as reported under previous GAAP		**5,854**
Recognition of financial instruments using effective interest rate		16
Allowance for doubtful debts under expected credit loss model	b	(947)
Re-measurements of employee defined benefit obligations		98
Decrease in revenues on account of change in accounting policy in a subsidiary	c	(469)
Tax adjustments		426
Profit as reported under Ind AS		**4,978**
Other Comprehensive Income (net of tax)		(64)
Total Comprehensive Income as reported under Ind AS		**4,914**

Notes:

a. The Holding Company has chosen the cost model in accordance with the previous gaap, and accordingly adjusted the amount outstanding in the revaluation reserve against the carrying amount of respective property, plant and equipment as at April 1, 2016 and March 31, 2017, on transition to IND AS.

b. Under Previous GAAP, provision for trade receivables was created on incurred loss based on credit risk assessment of each customer. Under Ind AS, these provisions are based on Expected Loss model which factor the credit risk as well as payment delay risk. As a practical expedient, the Company has evaluated a matrix based approach based on past trends to arrive at the provision matrix for receivables outstanding as at each period end. Accordingly, the additional provision resulting from such evaluation has been adjusted to opening reserves (for receivables outstanding as at April 01, 2016) and the statement of profit and loss (receivables as at March 31, 2017).

c. During the year, the Subsidiary Company has changed its accounting policy for recognition of revenue in case of construction contract to percentage of completion method as this would result in more appropriate representation of contract revenue, whereas the revenue was recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. The stage of completion of the project is determined by the proportion that contract costs incurred for shipments made upto the balance sheet date bear to the estimated contract costs for total shipments for the contracts. Had the Company continued to use the earlier policy, the revenue for the year would have been higher by ₹ 271 lakhs, the charge for provision for future loss would have been lower by ₹ 449 lakhs and profit before tax for the current year would have been lower by ₹ 178 lakhs. The impact on account of change in accounting policy is recognised in the opening reserves on the date of transition and consequential impact is recognised in the Statement of profit and loss.

d. Under the previous GAAP, deferred sales tax liability is recorded at transaction value. Under Ind AS, the deferred sales tax liability is an incentive received by the Company from the Government under a sales tax deferral scheme. Since the loan is interest-free in nature, its face value or the transaction price is not considered to represent fair value. The Company considered that the use of a present value technique based on the cash flows payable under the scheme is an appropriate method of determining fair value. The difference between the fair value of the loan and the amount payable represents the 'other component' which is considered to be in the nature of a government grant since it represents an incentive received by the Company from the Government. This is accounted for in accordance with Ind AS 20.

iv. Effect of Ind AS adoption on the statement of cash flow for the year ended 31st March, 2017

Particulars	Previous GAAP	Effect of transaction to Ind AS	Ind AS
Net cash flow from operating activities	7,545	(9,213)	(1,668)
Net cash flow from Investing activities	(995)	5,007	4,012
Net cash flow from Financing activities	(6,439)	4,206	(2,233)
Net increase/decrease in cash and cash equivalents	111	-	111
Cash and equivalents at the beginning of period	5,733	-	5,733
Cash and equivalents at the end of period	5,844	-	5,844

36. Expenditure during construction period (included in capital work-in-progress):

Particulars	March 31, 2018	March 31, 2017
Balance brought forward	-	-
Expenditure incurred during the year		
Cost of material consumed	493	-
Total expenditure during construction period	493	-
Allocated to property, plant and equipment		
Balance carried forward	493	-

37. During the year 2015-16, Pennar Engineered Building Systems ('PEBS'), subsidiary of the Pennar Industries Limited, approved the 'Employee Stock Option Scheme 2014' for all eligible employees in pursuance of the special resolution approved by the shareholders in Extra Ordinary Geneal Meeting held on November 11, 2014. Under the said scheme the number of options to be granted are 1,000,000 (March 31, 2017: 1,000,000 and April 01, 2016: 1,000,000). 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 is entitled to apply for and be allotted one ordinary share of ₹ 10 each upon payment at the exercise price.

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38. These consolidated financial statements were approved by the Company's Board of Directors on May 18, 2018.

39. Regrouping/ Reclassification
Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosures.

Aditya N Rao
Vice Chairman and Managing Director
(DIN: 01307343)

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: A29058)

Place : Hyderabad
Date: May 18, 2018

NOTES

Pennar

ATTENDENCE SLIP

Please fill this attendance slip and hand it over at the entrance of the meeting. Only members or their proxies areentitled 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 42nd Annual General Meeting held on Friday, the 28th September, 2018 at 11.00 a. 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. 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 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.** L27109AP1975PLC001919

Pennar

PROXY FORM

[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:

Name: ----------
Address: ----------
e-Mail ID: ----------
Signature: ----------

OR FAILING HIM/HER

Name: ----------
Address: ----------
e-Mail ID: ----------
Signature: ----------

OR FAILING HIM/HER

Name: ----------
Address: ----------
e-Mail ID: ----------
Signature: ----------

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 42ndAnnual General Meeting of the Company to be held on Friday, the 28th September, 2018 at 11.00 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 statements (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2018 together with the reports of the Board of directors and the auditors thereon.			
2.	To appoint a Director in the place of Mr. Vishal Sood (DIN: 01780814) who retires by rotation and being eligible offers himself for re-appointment.			
3.	To appoint a Director in the place of Mr. Nrupender Rao (DIN: 00089922) who retires by rotation and being eligible offers himself for re-appointment.			
	ORDINARY BUSINESS			
4.	To confirm the appointment of Mr. Eric James Brown (DIN: 07670880) as Director who was appointed as Additional Director.			
5.	To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman, liable to retire by rotation.			
6.	To re-appoint Mr. K Lavanya Kumar (DIN: 01710629) as Executive Director, liable to retire by rotation.			
7.	To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2019.			
8.	To approve material related party transaction.			
9.	To Create Charges.			
10.	To borrow in excess of paid-up capital and free reserves.			

Signed this ---------- day of ---------- 2018.

Affixing Revenue Stamp

Signature of the Member **Signature of the Proxy Holder(s)**

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.

Corporate Information

Board of Directors

Mr. Nrupender Rao - Executive Chairman
Mr. Vishal Sood - Non-Executive Director
Mr. P V Rao - Non-Executive Director
Mr. Ravi Chachra - Independent Director
Mr. C Parthasarathy - Independent Director
Mr. B Kamalaker Rao - Independent Director
Mr. Manish Sabharwal - Independent Director
Mr. Varun Chawla - Independent Director
Ms. Sita Vanka - Independent Director
Mr. Eric James Brown - Non-Executive Director
Mr. K Lavanya Kumar - Executive 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 , 1,2 & 3 Floors, Jubilee Enclave,
Madhapur, Hyderabad - 500081

Internal Auditors

M/s. R Krishna & Associates Chartered Accountants
Flat No.501, Indra Dhanush Pavani Estates,
Road No.2, Banjara Hills, Hyderabad-500 034

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

Secretarial Auditor

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

Bankers

State Bank of India
Yes Bank Limited
Axis Bank Limited
IFCI Limited

Registered Office Address

Floor No. 3, DHFLVC Silicon Towers, Kondapur,
Hyderabad - 500 084.CIN: L27109AP1975PLC001919
e-Mail ID: corporatecommunications@pennarindia.com

Registrar and Transfer Agents

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

Plants

Patancheru Unit:
IDA Patancheru - 502 319, Medak (Dist), T.G.

Isnapur Unit:
Isnapur Village - 502 307, Medak (Dist), T.G.

Chennai Unit:
Kannigaipair Village,
Uthukottai Tq Thiruvellore Dist,
Tamil Nadu - 601 102

Tarapur Unit:
J-72, MIDC, Tarapur,
Maharashtra - 401 506

Velchal Unit:
Survey 24, 27 to 38
Venchal (V) Mominpet Vikarabad
District, Telangana - 501202

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

Pennar Engineered Building Systems Limited
Chandapur Village, Sadasivpet
Mandal,
Medak (Dist)

Pennar Enviro Limited
186/A & 188/A, IDA Mallapur,
RR (Dist) - 500 076

Designed by
whitenoise:
www.whitenoise.design

Pennar Industries Limited

Floor No.3, DHFLVC Silicon Towers,
Kondapur, Hyderabad,
Telangana, India - 500084