PENNAR INDUSTRIES LIMITED

Pennar

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Certified for ISO 9001, ISO 14001 & OHSAS 18001 Management Systems

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Letter No. PIL/AGM/outcome/2020/03

Date : 01.10.2020
Place: Hyderabad

BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Fort Mumbai - 400 001 Scrip code: 513228	The National Stock Exchange of India Limited BandraKurla Complex, Bandra East Mumbai - 400 051 Scrip Symbol: PENIND

Dear Sir/Madam,

Sub: Submission of Annual Report to Stock Exchanges pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - reg.

With reference to the subject cited above, we hereby submit the Annual report for the Financial Year 2019-20, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Annual General Meeting of the Company held on Wednesday, the 30th September, 2020 through video conferencing/ other audio visual means.

Kindly take the aforesaid information on your record.

Thanking You,

Yours faithfully,

for Pennar Industries Limited

M M Ali Baig

Pennar Industries Ltd. Hyderabad

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS29058

Pennar

IMAGINEERING A BETTER WORLD

ANNUAL REPORT 2019-20

PENNAR INDUSTRIES LIMITED

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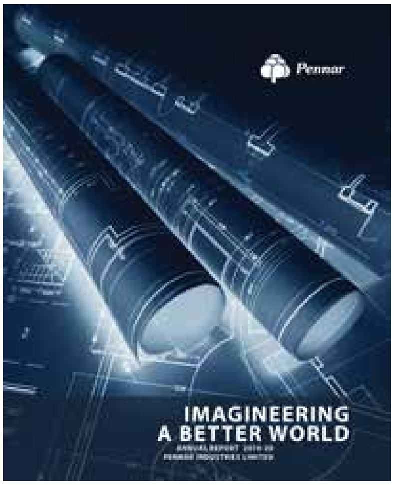


https://www.pennarindia.com

IMAGINEERING A BETTER WORLD

Since the beginning, our journey to becoming an engineering powerhouse was built on persistence and grit. Today, we stand tall with an unmatched portfolio of products and solutions focused on serving high growth sectors of India, and advanced markets such as the USA and Europe.

In our quest to create sustainable value, we have been expanding our operational footprint nationwide and globally, setting new benchmarks for operational efficiencies, investing in global resources and redefining paradigms.

With agility and resilience ingrained, we are focused on building a quality business, where we give importance to value over volume. Our efforts are aligned towards growing our high margin business segments, carefully targeting interesting opportunities to widen our addressable market.

Under the cloud of a global pandemic, we are quickly adapting to the new normal with prudence and ingenuity, confident on delivering consistent performance in the medium term. Being a smart, forward-thinking engineering products and solutions company, we remain undaunted by the recent events, and we are inspired and humbled by the way our people have stood up to this challenge. Our time-tested business model, combined with our proven track record of strong operations, gives us the confidence to serve our stakeholders well.

We have seen and endured several challenging times during our 30 years of history, only to come out stronger at the other end. Our sustained vigour is the result of our cautious capital allocation and risk management frameworks. The resilient strength of our company gives us a valid license to dream the future with positivity. We welcome all our stakeholders to join us in becoming a solutions powerhouse.

PENNAR IN PERSPECTIVE

Who we are

Pennar Industries Limited is one of the leading engineering organisations in India well known for its expertise in providing engineered products & services. An epitome of quality, precision, and perfection, Pennar is driven by an unrelenting desire to excel with experience spanning over three decades.

What we do

Today, with an annual production capacity of more than 350,000 MTPA, we are a multi-location, multi-product company manufacturing precision engineering products such as: Cold Rolled Steel Strips, Precision Tubes, Railway wagons / Coaches, Pre-Engineered Building Systems, Sheet Metal Components, Road Safety Systems, etc. Recently we have also added Hydraulics and Warehousing solutions as two new products in our portfolio.

Pennar in Numbers

Total Income (Net)

₹21,268 million

CAPEX

₹334 million

Revenue from Operations

₹21,066 million

EBITDA Margin

9%

Profit After Tax (PAT)

₹534 million

CSR Outreach

>17 million

Our Manufacturing Presence

Location	Products
Patancheru, Andhra Pradesh	Press Components, Profiles, ESP / Building Products, Sheet Piles / Solar, Railway Components, CRSS, Fabrication
Chennai, Tamil Nadu	Coaches, Auto Profiles, Components / Hydraulics, Building Products
Isnapur, Andhra Pradesh	CRSS, ERW / CDW Tubes, Profiles, Solar
Velchal, Telangana	Strip Galvanizing, Hot Dip Galvanizing
Tarapur, Maharashtra	Solar, Building Products, Auto Profiles, ESP
Sadashivpet, Telangana	Pre-Engineered Building Systems
Mallapur, Hyderabad	Fuel Additives, Water Treatment Chemicals & Solutions

ENGINEERING EXCELLENCE

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. Being one of the leading engineering company, our business philosophy strives on capital efficiency and accelerated growth. This serves as a key differentiator and consciously adds value to all of our processes and stakeholders.

Our Vision

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

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.

We make difference through:

- **Our Vision**
- **Our Offerings**
- **Our Conduct**
- **Our Policies**
- **Our Innovative Approach**

Pennar Edge

Technology-driven

Having a strong technology focus, it has invested in state-of-the-art manufacturing facilities resulting in customisation of products. Besides, the Company created a repository of over 2,500 tools and dies, enabling it to manufacture a large product portfolio.

Value-added products

The Company increased the proportion of value-added products in its revenue mix resulting in a higher margin-accretive product mix and improved realisations.

Quality focus

The Company is committed to provide quality products to customers. All manufacturing units are ISO 9001:2008-certified, resulting in a high-quality discipline.

High-growth markets

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

Blue-chip clients

The Company has a blue-chip client roster, which includes TATA Motors, L&T, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar, among others. The five leading clients accounted for 25% of the Company's revenues. The building subsidiary developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy's Labs, My Home Group, Reliance Retail and others

Diversified product mix

The Company's portfolio comprises over 1,000 products, across diverse sectors like railways, automobiles, general engineering, building and construction among others, thus de risking the business.

A relentless focus on cost management and fiscal prudence, value engineering and customer partneringhas enabled us to record a creditable performance demonstrating our strength despite being in a challenging year.

MESSAGE FROM THE CHAIRMAN

"

Towards the end of the financial year, as the pandemic hit our business, we quickly re-directed our priorities towards protecting the business and creating enablers that would help us to emerge stronger through a prolonged crisis

Cash and cash equivalent

₹390million

EBIDTA Margin (%)

9%

Dear Shareholders,

As I am writing this, I hope you all are safe and in the best of health. This is a challenging and unprecedented time for all of us. The severity, and longevity, of the pandemic's impact on the domestic and global economy, remains uncertain. We are now several months into a global pandemic, and this unprecedented crisis has reiterated the importance of resilience, as a country, as a business and as individuals. The success of our business is now deeply intertwined with the progress of our customers, our ability to innovate and deliver consumers expectations and the well-being of our communities. The year saw a challenging business environment with lower GDP growth and slowdown in consumption. This resulted in a weakening consumer sentiment and lower demand for the categories in which we operate. The onset of COVID-19 and the resultant national lockdown towards the end of the fiscal year further exacerbated the situation.

OUR FINANCIAL PERFORMANCE

Our performance for the financial year reflected stability, despite the challenging times. During FY2019-20, our total revenue from operations decreased by 1% at ₹ 21,066 million as compared to ₹ 21,331 million in the previous year. Our EBITDA margin was at 9% as of FY2019-20 while gross margin improved by 171 bps YoY. We sustained our track record of strong cash generation, with cash and cash equivalent at ₹ 390 million. Our stable performance gives further credence to our approach to pursue quality growth that seeks to produce both good top and bottom-line numbers.

BUILDING RESILIENCE FOR LONG-TERM GROWTH

During the year, we focused on building resilience for long term growth in each of the business with strategic capacity expansions and creating new process capabilities. Further, we continued our efforts in expanding our global footprint with new market and customer development in the US, APAC, MENA and European regions. Our acquisition of One works BIM Technologies, which is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection, has enabled us to enter the European markets with niche engineering capabilities.

Towards this end, we focused on a strategic deepening of our end-user engagement, expanding the distribution channel and ramping up our presence in new, high potential areas, in addition to improving margins with various cost management initiatives and better working capital management. A relentless focus on cost management and fiscal prudence, value engineering and customer partnering has enabled us to record a creditable performance demonstrating our strength despite being in a challenging year.

UNITED AGAINST COVID-19

Consequent to the outbreak of the COVID-19 pandemic and the lockdown introduced by the Central and State Governments, the operations in our manufacturing plants situated across various locations in India had to be shut down or were disrupted towards the latter half of the second fortnight of March 2020 onwards, and continued through the mid of May 2020.

With the easing in the lockdown/ curfew and the Governments permitting operations to be resumed with necessary permission from the local authorities, we have resumed operations from mid of May 2020, in a partial manner, in all the plants. As the situation improves, we expect to scale up operations. Moreover, we have taken various measures to safeguard the health and safety of our employees and further to ensure total adherence to the guidelines issued by the Central and respective State Governments besides the local authorities at all our business locations.

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

IN CLOSING

Towards the end of the financial year, as the pandemic hit our business, we quickly re-directed our priorities towards protecting the business and creating enablers that would help us to emerge stronger through a prolonged crisis. We will continue to dynamically manage the situation in the near term while staying true to our longer-term strategy.

In a year as difficult as this, I am particularly grateful for the guidance of the Board and the unwavering energy and commitment of our people and business partners. I look forward to their continued support as we step into the times ahead.

Sincerely,

Nrupender Rao
Chairman

NRUPENDER RAO Chairman

MESSAGE FROM THE VICE CHAIRMAN & MANAGING DIRECTOR

"We endeavour to move up the value chain by strengthening the niche engineering capabilities by expanding our product offerings and engineering capabilities across multiple sectors, and evolve component manufacturing towards higher value addition & precision engineering.

Delivered Cumulative Products (PEBS)

4,19,518 MT

Completed Projects in FY2020 (PEBS)

699

Dear Shareholders,

FY2020 was a challenging year for the Indian economy with the macroeconomic slowdown causing the GDP growth plummeted to 4.2%.The Indian economy began the year with a slowdown in core sectors such as automotive, construction, mining, iron and steel. It was further accentuated with muted market growth, credit stress and deferred discretionary spends dictating customer sentiment. Signs of a revival were evident in the second half of the year with manufacturing activity showing a moderate increase based on supportive Government policies to accelerate growth. However, the pandemic and the resultant lockdown in March brought all business activity to a standstill with the GDP plunging to 1.9% for fiscal 2019-20.

OUR DIVISIONAL PERFORMANCE AND OUTLOOK

The Indian automotive sector witnessed a weak market response. The industry slowdown impacted our presence in the Auto sector due to reduced offtake from OEMs recalibrating their capacity utilisation and liquidation of the inventory levels for various OEMs. Despite the fall in the order book, we increased our customer engagement, and leveraging our engineering expertise to develop new products for the BS-VI migration in Passenger Vehicles, tubular front fork products for the two-wheeler segment, and safety-critical parts in seating solutions for both the Indian and global market.

The Railway sector is a major growth engine for us. With the Government of India's focus on the expansion and modernisation of the rail network and its 'Make in India' drive, the sector is poised for accelerated growth. We have established ourselves as a trusted supplier of quality assemblies and components for the Railways, and we are well-positioned to capitalise on the opportunity from the burgeoning growth potential of the sector.

Our ability to adapt to a changing environment and embrace new technologies has always been our forte. We are focusing on our inherent strength and strong business fundamentals to build a resilient organisation.

Performance Highlights for Railway Products

During the year, we ensured the supply of critical structural railway components (coaches, wagons, other parts) and generated gross revenues of ₹ 4,026 million delivering 6.5% YoY growth in FY2020. In total, we catered to 06 existing customers, with major customers like Integral Coach Factory and Modern Coach Factory. Moreover, our supply of critical industrial components (to Automobile & White Goods sectors) generated gross revenues of ₹ 1,233 million while the supply of precision tubes witnessed gross revenues of ₹ 2,473 million. Further, the supply of other fabricated products such as ESP electrodes, building materials, special grade CRSS, and solar MMS, amongst others with revenues of ₹ 6,299 million.

Performance Highlights of Pre-Engineered Building Products

We have shown consistent growth over the last ten years in Pre-Engineered Building Products. From FY2010 to FY2020, we have completed over 669 projects catering to more than 650 customers with executed cumulative orders worth ₹ 48,773 million and delivered cumulative products of 4,19,518 MT.

During FY2019-20, Pre-Engineered buildings generated gross revenues of ₹ 7,941 million, delivering 13.27% YoY growth. During the year, the order book for Pre-Engineered buildings stood at ₹ 5,228 million as on 31st March 2020, that consisted of new order inflows of ₹ 1,296 million and repeat order inflow of ₹ 3,932 million. Engineering Services generated ₹ 300 million in revenue, delivering 38.77% YoY growth in FY2019.

Performance Highlights of Water Treatment Solutions

Our water treatment solutions received ₹ 629 million order inflow in FY2019, out of which ₹ 455 million were new orders and ₹ 173 million were repeat orders. We also added 15 number of new clients and 06 new dealers during the year, taking the total dealer count to 12, appointed for standard products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat.

TOWARDS A POSITIVE FUTURE

This financial year started on a challenging note due to the coronavirus lockdown and the ramifications of a global pandemic on the Indian and global economy. In these tough times, your company has a plan of action to come out of the crisis with a focus on optimising costs, expanding our addressable markets.

In our journey towards becoming a global engineering player, we are focusing our strengths towards establishing a presence in the US manufacturing sector along with markets in APAC, Europe and MENA. Furthermore, to cater to new emerging industries that have high growth capabilities, we plan to expand our presence and competencies to service new value-added businesses such as Body in White components for the automotive sector, aerospace (precision machining), nuclear power, and precision auto & engineering components. We will cater to the domestic and global aerospace industry by supplying value-added precision-engineered products as per customers' specifications.

Going forward, we will endeavour to move up the value chain by strengthening our engineering capabilities. To facilitate this, we plan to expand our product offerings and engineering capabilities across multiple sectors and move towards higher value addition & precision engineering revenue streams.

Thank you,

Aditya Rao

ADITYA RAO Vice-Chairman & MD

MESSAGE FROM THE JOINT MANAGING DIRECTOR

"

By achieving the coveted position of being the second-largest PEB Company in India, we have progressed with excellence and created significant value for all our stakeholders.

Revenue from Operations
₹21,066million

PAT
₹534million

Dear Shareholders,

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

I am happy to present to you annual performance of Pennar Industries for the FY 2019-20. We reported revenue from operations of ₹ 21,066 million, EBIDTA of ₹ 1,894 million and PAT of ₹ 534 million.

PEBS, a vertical of Pennar Industries was set up in 2008 with a vision of being a leader in the pre-engineered buildings and structural steel industry. PEBS has been into design, manufacture, supply and installation of Pre-engineered Steel Buildings & Building Components and Structural Steel, catering to diversified industry segments such as Warehousing, Power Plants, Industries, Commercial Centers, Hi-rise Buildings, Aircraft Hangars, Defense Installations, Sports Stadia, Industrial Racking Systems, Cold Form Structures, Low-Cost Housing, Solar Structures, and Transmission & Communication Towers.

In addition to making significant progress in PEB & Structural steel segments, PEBS has added Engineering Services, Solar Module Mounting Structures and Solar Photo Voltaic Panels into the product portfolio in due course and made significant progress in revenue and profitability over the past six years in these segments.

We have executed/are executing sizeable jobs for MRF, Bridgestone, TVS Infra, Mylan, Phoenix, Pokarna, Ultratech, L&T, Shapoorji & Pallonji, KIA Motors, JSW Cement, JSW Paints, Megawide (Goa International), Amaraja-Solar, FABS (Honda Motors Cycles), JSW Steel Coated Limited, Cyient, Indian Corporation, TATA Steel - SEZ, Toyo Engineering, Wipro etc. We have built an order book of ₹ 3,350 million as on March 31, 2020. In view of business potential, we have expanded our manufacturing capacity to 1,25,000 MT per annum at our Sadashivpet and Velchal facilities in Telangana.

We received repeat orders from reputed customers like Amazon, Ultratech, Shapoorji & Pallonji, TVS Infra, Toyo Engineering, Mylan, Pokarna, Renault Nissan, MRF Tyres, Ambuja Cements, Welspun etc. In Solar MMS, we received sizeable job from LNV technologies, Azure Power and Amara Raja group. Our revenue in Engineering Services is showing significant growth year on year. We are trying to penetrate widely in US market in this segment by increasing the number of customers. Our objective is to have a manufacturing footprint for PEBs and Structural Steel in the USA. We are in the process of setting up a manufacturing facility in the USA, and the commercial operations will commence soon.

Our Solar Photo Voltaic facility at Sadashivpet has cutting edge technology, with machines & equipment sourced from the best in class suppliers, aim to help in cost leadership, the scale of operations & reliability standards as per global benchmarks with an annual production capacity of 250 MW's and has served more than 25 Customers with about 60 MWs of Photovoltaic Solar Modules. Some of our customers are MMEPL (Maheshwari Mining Group), AXITEC Energy GmbH, AMPL ATHA Group, and RRECL. To increase our addressable market size, we are planning to increase manufacturing capacity in this year.

We have progressed with excellence and created significant value for all our stakeholders. We achieved the coveted position of being the second-largest PEB Company in India. It is an occasion to celebrate an opportunity to look back and chart the path forward.

Nothing is more important at Pennar than the health and safety of our people. Our focus is Zero Harm. It's the way we do business at Pennar and we will never stop pursuing our goal of Zero Harm as employee involvement is essential and Management is accountable for their safety.

Pennar has a comprehensive Occupational Health and Safety Management System, which is mandatory in all our operations. Each business is required to demonstrate compliance to safety standards. Strong and caring leadership, engaged employees and a robust operating discipline support initiatives in these areas. Pennar's safety improvement initiatives have seen a substantial reduction in injuries. We are making good progress overall, with many businesses reporting noteworthy health and safety results. But we remain vigilant in pursuing our goal of Zero harm.

The brunt of the impact of the current COVID-19 pandemic and the associated lockdown is being faced by us in the current financial year ending March 2021. Though our stated strategic goals of Revenue and profitability have been severely challenged in the current environment due to the pandemic, we are confident that the medium term and long term goals remain viable and achievable as we continue to execute on our plan. The passion, loyalty, responsibility and accountability displayed by our employees during this crisis has been exemplary. We have enforced social distancing norms that are compliant with the government's recommendations at all our operating facilities. We also have strong sanitisation, infection control and contact tracing capabilities. Furthermore, we are enforcing work from home for most of our engineering staff and a significant proportion of our senior management

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

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

P V Rao,
Joint Managing Director

P V RAO **Joint Managing Director**

MESSAGE FROM THE EXECUTIVE DIRECTOR

"Throughout the year, we dedicated ourselves to enhancing the competitive edges of our main businesses to reinforce the foundation for future growth.

CAPEX

₹334 million

CSR Outreach

17 million

Dear Shareholders,

I am pleased to write to you on the performance of Pennar Industries Limited for the financial year 2019-20. The last few months have seen unprecedented changes in the way we live and work, due to the COVID-19. The lockdown tested the resilience and adaptability of our delivery model, and we responded to the challenge with speed and agility. The year FY2019-20 held many challenges, but we focused on achieving solid results amid difficult business conditions caused by a slowdown in the market and intensifying competition. Moreover, we continued our efforts on enhancing shareholder value.

STRENGTHENING COMPETITIVENESS

In FY2019-20, our total revenue was about ₹ 21,268 million, and profit after tax is at ₹ 534 million, due to challenging business environments. We dedicated ourselves to enhancing the competitive edges of our main businesses to reinforce the foundation for future growth. To maintain our leadership role regardless of the changes in the environment, we have initiated various strategies to increase our addressable market and keep our foothold in the market.

We are focused on utilising our expertise in expanding and diversifying our product portfolio. Towards this, we have diversified into new business verticals, viz; Engineering Services and Design vertical with our services offering is in Automobiles, Process, and Infrastructure, and Automotive OEM vertical. Further, we invested in our current portfolio to increase our addressable market and demand.

OUR HUMAN CAPITAL

Employee efficiency improvement and satisfaction is what drives excellence in our organisation. With a strong employee base of more than 3,500 people across the country, our industrial relations are collaborative and supportive of the organisational objective. We have a positive and smooth employee relation along with our all-inclusive management philosophy because of which we have not lost any man-days during the year. Further, our performance management system is rooted in identifying and rewarding the consistent performance linked to the achievement of business objectives. We will be moving towards a monthly assessment process with a quarterly reward system in the new financial year.

Our skill-based training approach ensures that employee augments his skill sets on the job along with helping the organisation in improving employee's efficiency, retention and morale. Moreover, we remained committed to enhancing stakeholder value by increasing transparency of our corporate governance and strengthening the rights of our shareholders throughout the year.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility at Pennar has always been significant as we believe in giving back to the society and country. All our CSR initiatives are aimed at this philosophy. During the year, we continued with village school adoption. We provided assistance towards teachers salary, books, uniforms, drinking water, food, and school furniture at Tarapur (Maharashtra), Ankenapalli, Chandpur and Bandalguda Villages in Telangana. Further, we supported municipality civic maintenance and management at Patancheru and Chitukul area for resident welfare, provided drinking water to Bandalguda Villagers and infrastructural support to various institutions to help them improve their resident's basic social need.

As per our CSR initiatives, we endeavour to improve the social wellbeing of the residents in and around the town/ village of our plants which are located Patancheru, Isnapur, Velchal, Sadashivpet, Periapalam (Chennai).

A FUTURE OF SHARED GROWTH

Going forwards, we aim to expand our international footprint by setting up engineering services and manufacturing units across Europe, MENA and USA, and move up the value chain by investing in strengthening our niche engineering capabilities. Moreover, to expand our product offering in automotive original equipment manufacturers vertical, we are focusing on consolidating our value-added businesses in Aerospace, precision auto and engineering components. We will continue nurturing of our high margin business verticals like Railways, Solar module mounting systems, Pre-engineered building solutions, and water treatment solutions to maintain our foothold.

To expand our current businesses in North India, we are investing in creating additional production capacity for our Railways and PEB businesses at Raebarreily town in Uttar Pradesh. This new manufacturing plant will be set up over 14 acres of land at Raebarreily. In response to COVID-19, we are systematically working to minimise risks throughout our supply chain, and reduce the impact on production, sales and our partner companies. The Board, along with our management team and employees, are taking necessary actions to protect the health and well-being of our employees, customers and suppliers. We are focused on ensuring that they emerge well-positioned to continue the improvements on the path to unlocking their full potential.

During such unprecedented times, we will continue to be guided by our purpose and values. In particular, by delivering value to our customers, developing our team, partnering with our suppliers and supporting the communities where we operate to guarantee long term value for our shareholders.

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

With Best Wishes,

K L Kumar
Executive Director

K L KUMAR **Executive Director**

OUR BUSINESS UNITS

ENGINEERING PRODUCTS

STEEL

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

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

Outlook

Going forward, it intends to upgrade machinery and improve manufacturing capacity. This step will help the business unit reach higher tonnage per month.

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

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

RAILWAYS

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

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

Outlook

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

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

INDUSTRIAL COMPONENTS

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

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

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

Outlook

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

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

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

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

ENGINEERING SOLUTIONS

PRECISION TUBES

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

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

Outlook

The Tubes division provides precision engineered ERW, CDW, S.S tubes to all Auto EA & Export to the US and Europe.

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

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

PRE-ENGINEERED BUILDING

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

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

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

Outlook

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

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

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

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

ENVIRO

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

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

Outlook

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

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

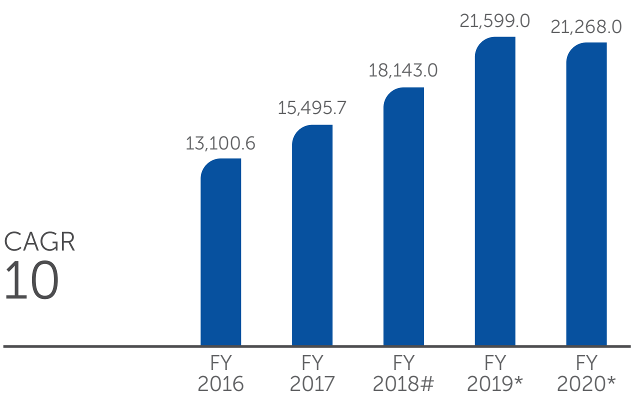
The unit has its own manufacturing facility for the chemicals business and is mechanising or automating the process with precise control and instrumentation implementation.

DIVERSIFIED PORTFOLIO ACROSS MARKET

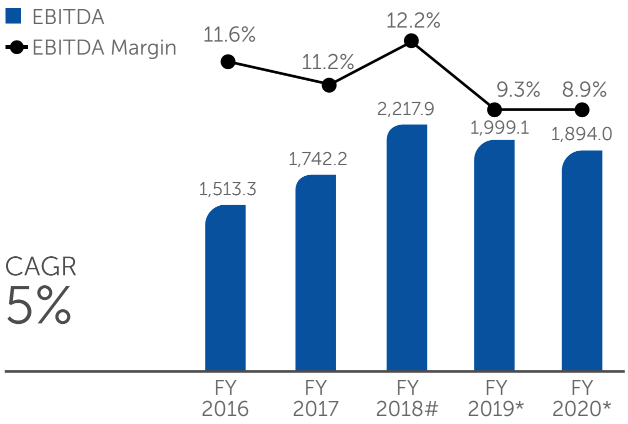
Product	Market Segment
Special Grade CRSS	AUTOMOBILES, GENERAL ENGINEERING
Critical Components	AUTOMOBILES
Precision Tubes	AUTOMOBILES, GENERAL ENGINEERING
Building Components	CONSTRUCTION & INFRASTRUCTURE
Civil Infrastructure	
Hydraulic Cylinders	
ESP Electrodes	GENERAL ENGINEERING
Refrigerators & AC Components	WHITE GOODS
Rail Coaches (Conventional, Electric multiple unit (EMU), Mumbai Railway Vikas Corporation (MVRC)) & Wagons	RAILWAYS
Linke Hofmann Busch (LHB) & Metro Coaches	
Solar Module Mounting Solutions for Solar Panels	SOLAR INDUSTRY
Storage Solutions	

FINANCIAL & OPERATIONAL OVERVIEW

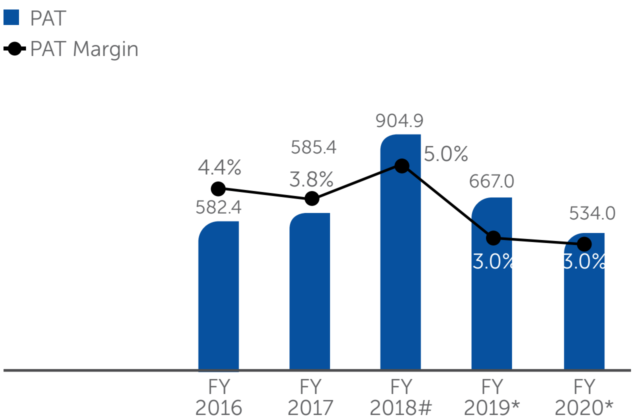
Total Revenues
₹ in million



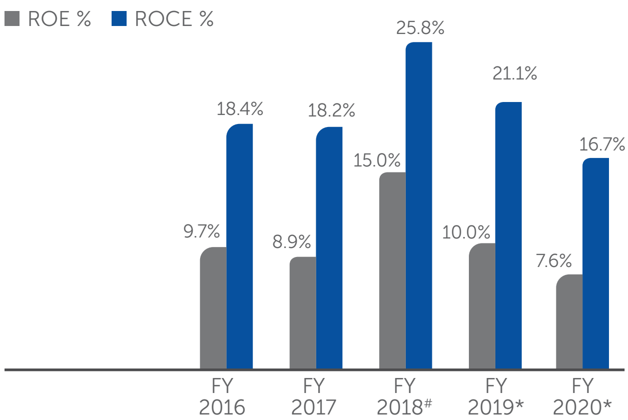
EBITDA & EBITDA Margin
₹ in million



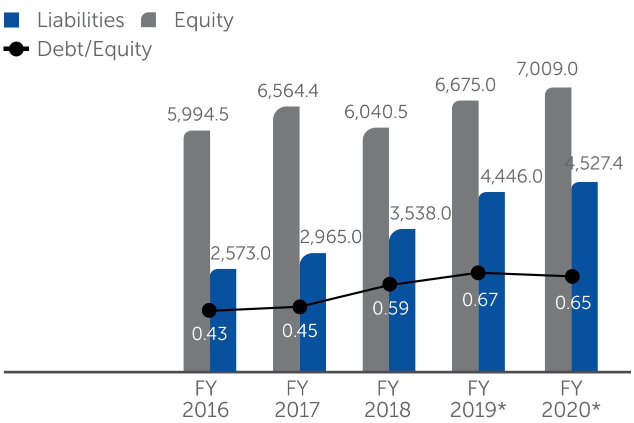
PAT Before MI & PAT Margin
₹ in million



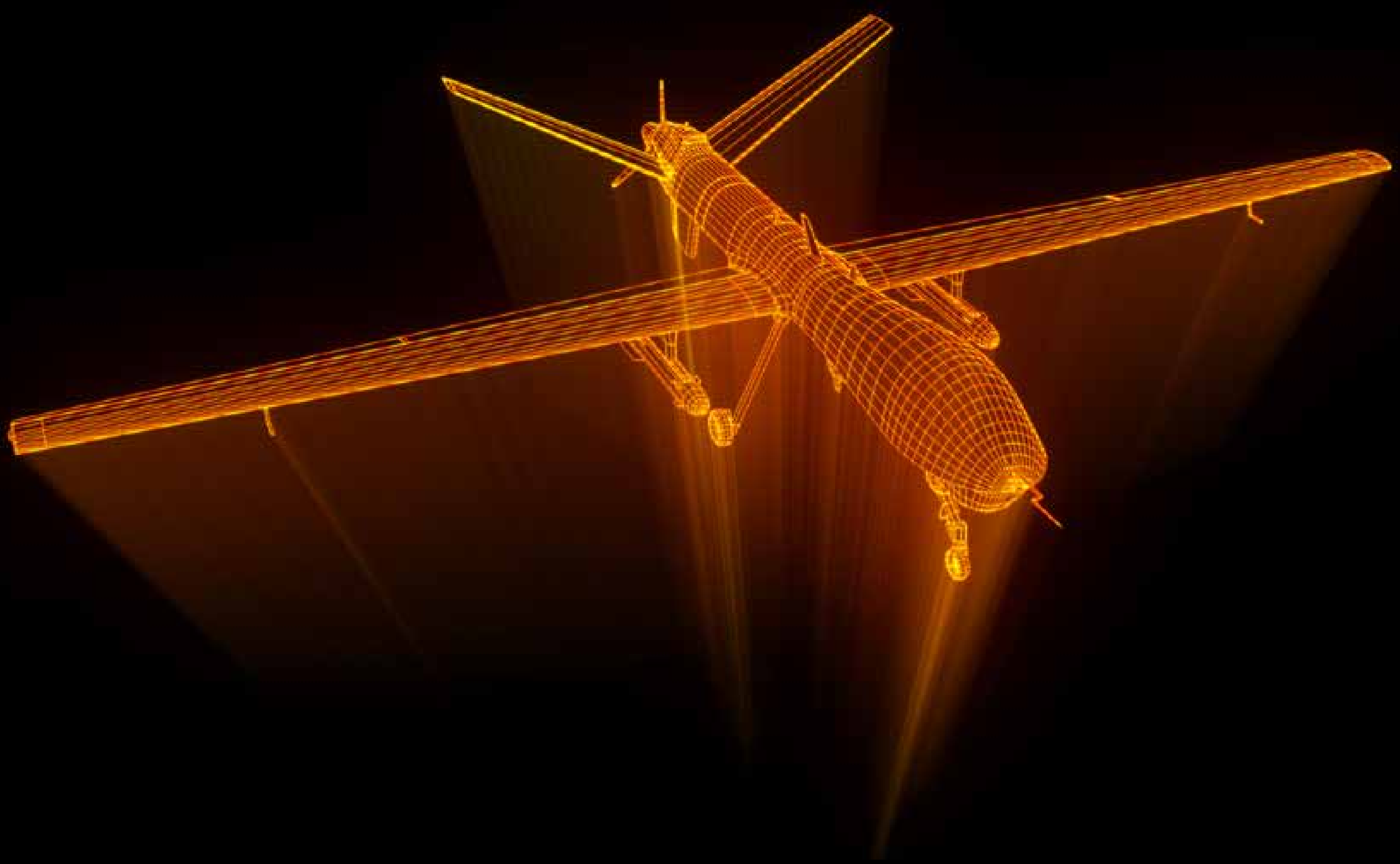
Return Ratios
₹ in million



Leverage Analysis
₹ in million



CREATING DIVERSIFIED OPPORTUNITIES



During the year, we focused on building resilience for long term growth in each of the business with strategic capacity expansions and creating new process capabilities.

Our engineered product diversification in high growth sectors allow us to create new revenue pools, strengthen the portfolio, secure competitive advantage and acquire skills and capabilities.

> Through our diversification strategy, we are creating value for our stakeholders by minimising the risk of loss, preserving capital and generating stable and consistent returns.

With an aim to cater to new emerging industries that have high growth capabilities, we plan to expand our presence and skills to service new value-added businesses such as body in white components for Auto OEM's aerospace (precision machining), nuclear power, and precision auto and engineering components. During the year, we forayed into engineering products for the aerospace industry by establishing a production facility in Hyderabad. We aim to cater to the domestic and global aerospace industry by supplying value-added precision-engineered products.

We also foresee a major opportunity in the two-wheeler segment, specifically in the tubular front fork segment, as the country is transitioning from BS-IV to BS-VI emission norms. Further, post-GST implementation, sectors such as warehousing, building construction and the capital goods are poised to grow over the next few years, and we have cohesive capabilities to take advantage of these opportunities. Along with this, the 'Make in India' movement is a welcome opportunity for India's solar sector. Over the year, our MMS solutions business has been stable in generating revenues, and we expect stable ROCE and sustainable growth going forward.

With the heritage of more than three decades, we are an expert in critical, customised components accessories, and a preferred supplier for many blue-chip companies catering to diverse sectors through our robust manufacturing facilities and pan India sales network. Our diversification strategy is focused on strengthening our niche engineering capabilities by expanding our product offerings and engineering capabilities across multiple sectors and evolve component manufacturing towards higher value addition & precision engineering.

EXPANDING OUR ENGINEERING REACH

We will endeavour to move up the value chain by expanding our product offerings and engineering capabilities across multiple sectors and move towards higher value addition & precision engineering revenue streams.

With an aim to expand our business reach, we are focused on serving a niche group of consumers through our Design & Engineering Services and leverage our structural engineering team capabilities.

Started in 2014, Design & Engineering Services through PEBS Pennar provides design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space. The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Going forward, our focus areas will be Industrial Manufacturing, Building components, Solar and 3D modelling for the automotive, and building sectors.

During the year, we acquired Oneworks Bim Technologies Private Limited (OBTPL) (formerly known as Teken Bim Technologies Private Limited). The organisation is occupied with supporting customers through the specialised procedures of information assortment and BIM the board. It excels in 3D computerised (Building Information. OBTPL's administrations incorporate creating, displaying, changing over and mapping of structures with consistent reconciliation of building information in a 3D model. The organisation gives answers to different building and development divisions. It is likewise associated with helping development organisations, general and forte contractual workers, draftsmen, architects, and building proprietors.

> As our corporate and business functions grow to meet the increasing demands of the wider organisation, we are smartly expanding our business reach to grow and diversify faster.

The acquisition helps us to expand the addressable market in Engineering Service Market and strengthen our existing structural engineering capabilities. Having strong growth potential, it resonates with our engineering focus and high-value addition strategy. Currently, we are present in the US market, and with the acquisition, we are taking positive steps to create a strong foothold in the European region.

WIDENING OUR GLOBAL PRESENCE

Going forward, we aim to expand our international footprint by setting up engineering services and manufacturing units across Europe, MENA and USA, and move up the value chain by investing in strengthening our niche engineering capabilities.

Being on course of our vision to evolve into a globally reputed, diverse and innovative engineering company, we are widening our geographic reach through organic strategies and inorganic opportunities.

Our geographic diversification strategy focuses on building new products, exploring new markets and taking new calculated risks to maintain a measure of overall stability and be resilient to changing market dynamics.

We have recently expanded our presence and capabilities to service new value-added business opportunities, such as body in white components for auto majors, aerospace, nuclear power, and precision automotive & engineering components. Towards this end, we have forayed into engineering products for the aerospace industry by establishing a production facility in Hyderabad and will cater to the domestic and global aerospace industries by supplying customised, value-added precision-engineered products.

By rapidly expanding our structural engineering services vertical, which caters metal building and structural fabrication companies, we aim to strengthen our foothold in the US while also diversifying our presence in other geographies. Moreover, with our technical alliance with NCI Group Inc., a leading steel building player in the USA, we have an expertise in technical know-how and supply of standing seam roofing panel systems in India under the brand name 'Double Lok®'.
We plan to increase focus on high growth and newly emerging portfolios like High Rise Steel Buildings (commercial & residential), and Cold Form structures for low-cost housing projects. Further, we aim to expand our presence into the US market by providing design and engineering services, converting current outsourcing orders into in-house manufacturing orders, leading to lower project costs and higher profitability.

Through our inorganic strategy, we were able to establish our presence in Europe through the acquisition of Oneworks Bim Technologies Private Limited. This will enable us to increase our addressable market and create opportunities to strengthen our global foothold.

To become a known global player, we are working towards establishing a strong manufacturing presence in the US along with targeting other main markets such as APAC, Europe and MENA – through organic and inorganic strategies. The focus will be on strategies such as business tie-ups and acquisitions through which we are diversifying our geographical presence.

BOARD OF DIRECTORS

Nrupender Rao
Executive Chairman

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

Aditya Rao
Vice Chairman &
Managing Director

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

P V Rao
Joint Managing Director

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

K Lavanya Kumar
Executive Director

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

B Kamalaker Rao
Non-Executive Independent Director

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

Manish Sabharwal
Non-Executive Independent Director

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

Varun Chawla
Non-Executive Independent Director

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

Bharati Jacob
Non-Executive Independent Director

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

Eric James Brown
Non-Executive Director

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

Vishal Sood
Non-Executive Director

- Earlier worked with Kotak, SSKI and SBI Capital Markets

Chandrasekhar Sripada
Non-Executive Independent Director

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pennar Industries Limited (PIL) is one of the leading engineering companies in India, renowned for providing innovative engineering solutions.

Global Economy Overview

In 2020, Global growth registered a slowdown due to numerous macroeconomic, environmental, and geopolitical problems. Global GDP growth for 2019-20 remained weak with a slowdown among all economies this year and global trade stagnated. A continued deepening of trade policy tensions is taking a toll on confidence amongst firms.

Global merchandise trade suffered a severe setback in 2019 due to strains in US-China trade relations and Brexit related uncertainty. Business activity in the Manufacturing industry declined sharply in CY2019. In Manufacturing Industry, new orders dropped to the lowest levels in 2019 compared to last seven years.

By the 1st quarter for FY 2020-21, the entire world witnessed the unprecedented disruption of global scale due to COVID-19. The COVID-19 pandemic is spreading worldwide, and the necessary protection measures are severely impacting economic activity. As per the world IMF Latest update, the global economy is projected to contract sharply by –3% in 2020.

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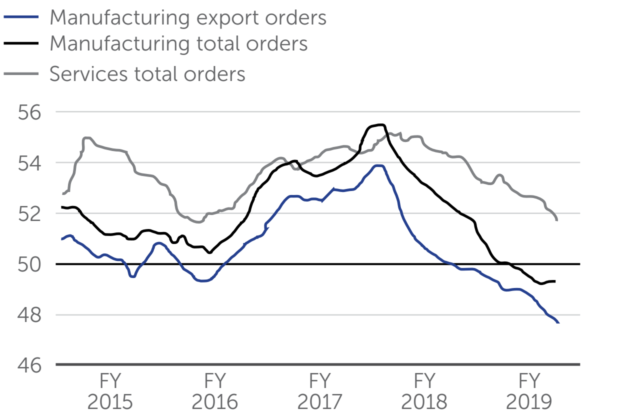
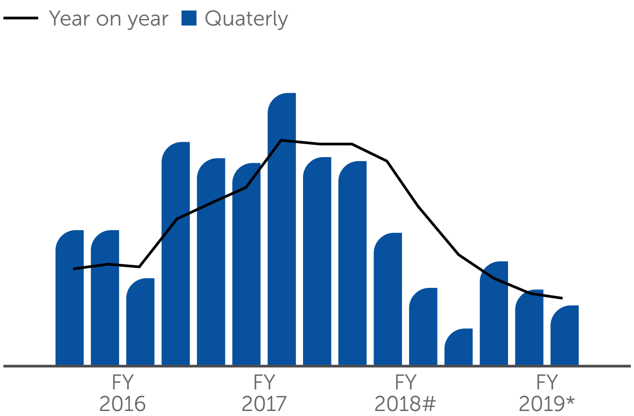
B. Global new orders ₹ in million

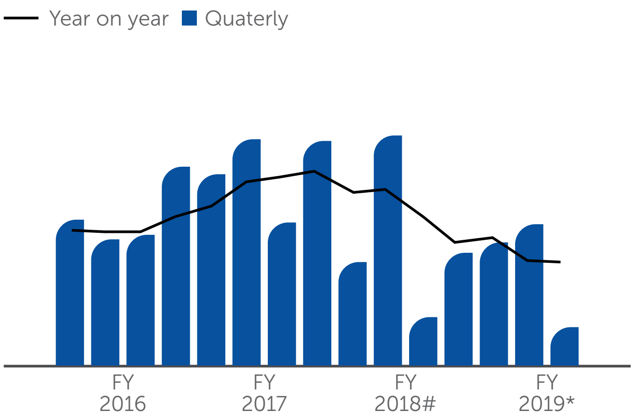


C. Global industrial production growth

A. Global GDP growth ₹ in million



D. Global retail sales volume growth



MANAGEMENT DISCUSSION AND ANALYSIS

COVID-19 Impact

Since the coronavirus outbreak in China during January 2020, close to 10.7 million people have been infected worldwide until July 2020. There is increasing uncertainty about global growth.

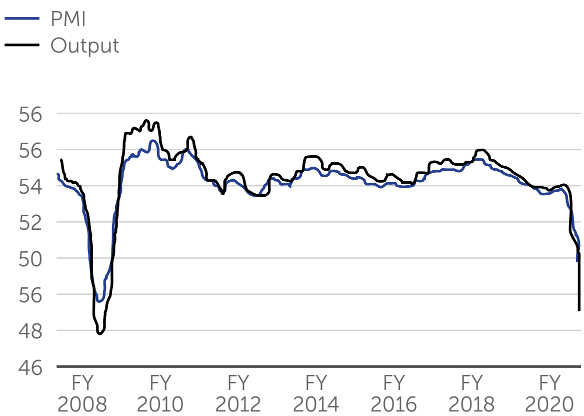
Economic uncertainty has become the key concern for the firms due to coronavirus pandemic along with US-china trade tensions. Due to this, firms are becoming vigilant on long-term spending. That directly affected global purchases of machinery and equipment. Household demand for durable goods also weakened. This was particularly evident with automobiles, where regulatory changes, new emission standards, and possibly the shift to ride-shares weighed on sales in several countries.

To counter this, many countries have provided large-scale stimulus packages and macroeconomic support to alleviate the economic blow, Central banks in advanced economies have cut policy rates and taken other far-reaching steps to provide liquidity and to maintain investor confidence.

The major headwind of the COVID-19 pandemic is projected to affect the global economy significantly As a result of the measures taken across the globe, and it is expected that developing and developed nations to witness recovery by 2021 As per June 2020, The World Economic Outlook Update, global growth in 2021 is projected at 5.4 per cent. The expected recovery assumes that these policy actions are effective in preventing widespread firm bankruptcies, extended job losses, and system-wide financial strains.

Apart from that, IHS Markit's Global Manufacturing Purchasing Managers Index (PMI) has also shown significant improvement from 39.7 in April 2020 to 47.3 in May 2020, while global services PMI dropped sharply from 36.8 in March 2020 to 24.0 in April 2020.

Global manufacturing PMI



However, the recovery in 2021 depends upon the pandemic fading in the second part of 2020. The rebound also depends upon how the policies and initiatives by the governments and the central banks across the globe pan out, which focus on strengthening the healthcare infrastructure, boosting consumer sentiment, preventing companies from going into bankruptcy, preventing job losses, and lifting economic activity

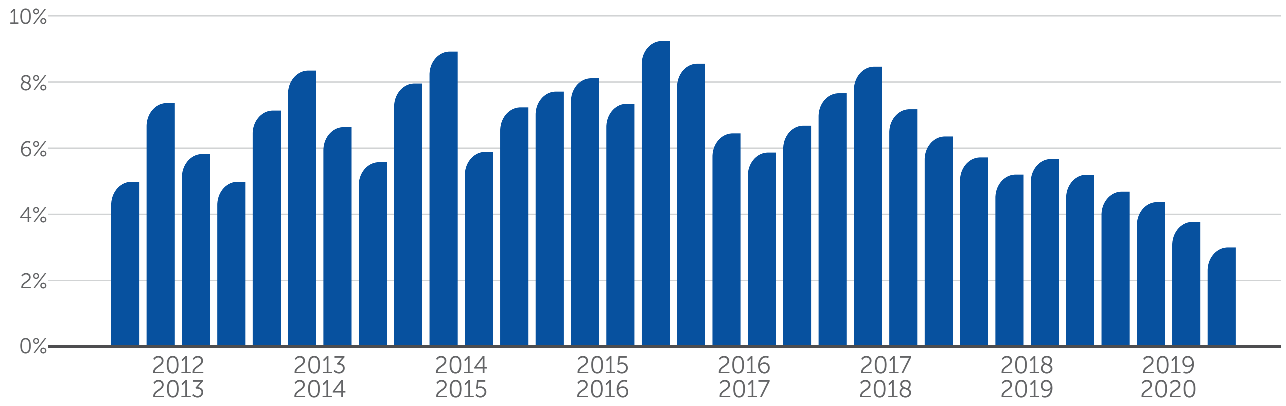
Indian Economy

The Indian economy began the year with a slowdown in core industries like automotive manufacturing, mining, iron, and steel. This was further accentuated by sluggish market growth, credit stress and deferred discretionary spending. In FY19-20, the Indian economy grew marginally by 4.2 per cent, mainly affected by a decline in domestic consumption demand and COVID-19 outbreak.

The Index of Industrial production declined marginally by 0.7%, while the consumer durables and consumer non-durables segment witnessed a growth of 5.5% and 4% in FY2020. Headline inflation in FY2020 averaged 3.4 per cent. A Successive regular monsoon rainfall, reforms in the agriculture sector and improvements in food security pushed food prices down.

India's foreign exchange reserves stood at US$470 billion as of March 2020. The Government revised its fiscal deficit target from 3.3% to 3.8% for FY2020 and pegged at 3.5% for FY2021.

Quarterly GDP growth in India (Year over year in percent) ₹ in Billion



*at constant price ,2011/12 base year
Source: Governmentof India Ministry of Statistics and Programme Implementation (MOSPRI)

COVID-19 Impact

COVID-19 had an unprecedented impact on the economy in FY2020. The pandemic and the resultant lockdown in March brought all business activity to a standstill. Due to India's nationwide lockdown throughout April 2020, a shutdown in business activities impacted the production activities and created a massive loss for industries.

To give a boost to the sagging economy, Government introduced, 10% of GDP support package, including fiscal and monetary support as well as guarantee schemes. The RBI cut policy rates, and injected liquidity (about 4% of GDP), through long term repo operations, and softened prudential norms. The RBI lowered its repo rate to a multi-year low of 4.0% in May 2020.

The Government also contained several measures to reduce financial stress and ease access to funding for various entities, including non-bank financial corporations, micro, small and medium enterprises, farmers, street vendors, the power sector and real estate companies. The Government further announced several structural reforms to encourage investment.

Outlook

The IMF on June 25, 2020, projected India is expected to bounce back in 2021 with a robust 6% growth rate. The Indian economy will recover as lockdown measures are eased but will suffer from the scares. The recovery will entirely depend upon how quickly the pandemic gets over and how quickly the economy gets back to normal. Pent-up demand from postponed consumption and inventory restocking will boost activity. Lower oil prices will be a boon for companies, inflation, and the current account deficit.

High-frequency indicators related to agriculture and rural economy like tractor sales have already started to show the early signs of recovery. Furthermore, many global corporations have shown their interest in shifting their manufacturing base from China to India as they look to diversify the supply chain network. The investments by these corporations, along with favourable policies by the Government to make India self-reliant, could lead the recovery earlier than anticipated.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Automobiles

The automotive industry in India faced unprecedented headwinds in FY19-20. According to The Society of Indian Automobile Manufacturers (SIAM), production of commercial vehicles recorded the hardest hit with a 32% decline.

The industry produced a total 26,362,282 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2020 as against 30,914,874 in April-March 2019, registering a de-growth of (-) 14.73 per cent over the same period last year.

In comparison, both Passenger vehicle and Two-wheeler production dropped around 15% over last year. Demand was dented due to weaker consumer sentiment, floods in various parts of the nation during monsoon coupled with liquidity issues in the non-banking lenders.

In April-March 2020, overall automobile exports registered a growth of 2.95 per cent. In comparison, Commercial Vehicles and Three Wheelers exports declined by (-) 39.25 per cent and (-) 11.54 per cent, respectively. However, Passenger Vehicles exports marginally increased by 0.17 per cent, and Two-wheelers exports registered a growth of 7.30 per cent in April-March 2020 over the same period last year.

The Government mandated transition from BS-IV to BS-VI emission standards form April 1 2020, a halt in the launch of new technology products, inventory accumulation and finally the lockdown, all of which, had a substantial overall impact on the sector.

Due to the COVID-19 outbreak, there has been an adverse impact on both supply-side and demand-side for the automobile industry. Since the nationwide lockdown imposed from March 25 2020, there has been a production shut down till May 3 2020. Automotive original equipment manufacturers (OEMs), as well as dealers, had shut down manufacturing facilities/ dealerships leading to virtually no sales for automotive players.

Auto Industry (FY2015-FY2020

6% CAGR

The lockdown is likely to impact economic growth and automobile demand as consumers defer purchases of discretionary items. Sales in the last month of FY20 plummeted to the lowest in four years, registering a drop of nearly 40-80% across segments.

Government Initiatives

- Initiatives like Make in India, Automotive Mission Plan 2026, and NEMMP 2020 will give a massive boost to the sector.
- In February 2019, the Government approved FAME-II (Faster Adoption & Manufacturing of Electric Hybrid Vehicles) scheme with a fund requirement of Rs 10,000 crore (US$ 1.39 billion) for FY20-22.
- The Government has introduced a policy which allows organisations and researchers to buy bulk data related to vehicle registrations on an annual basis.
- To install electric vehicle supply equipment (EVSE) infrastructure for EVs, various public sector firms, ministries and railways have come together to create infrastructure and manufacturing components.
- Five per cent of total FDI inflows to India from April 2000 to September 2019 went into the automobiles sector.
- In H12019, automobile manufacturers invested US$ 501 million in India's auto-tech start-ups according to Venture Intelligence.
- Investment flow into EV start-ups in 2019 (until the end of November) increased nearly 170 per cent to reach US$ 397 million.

During fiscal 2015 to fiscal 2020, the auto industry in India observed 6 per cent CAGR. CRISIL Research expects the auto component market size to grow at 6-8% compound annual growth rate (CAGR) between fiscals 2020 and 2025 to ~₹ 4477 billion on a low base.

With the lifting of the lockdown in May, the Auto industry has seen demand recovery on the back of 1) preferences for personal vehicles, 2) pent-up demand from bookings from the pre-COVID-19 era, and 3) high disposable incomes in the rural market. Retail sales in May 2020 are back to 25-35% of normal with 2W demand recovering faster than PVs due to former's higher exposure to rural markets. As expected, CV demand is almost zero, given low utilisation levels of the existing fleet.

Demand from original equipment manufacturers (OEMs) and exports is expected to grow post fiscal 2021.

Replacement demand is expected to remain resilient, going forward.

As per the Crisil Survey report, the demand in Automotive Industry will pick up gradually over the next few months and be back to the normal during the festive season.

Railways

The Indian Railways is one of the world's largest rail systems with a network of 1,23,236 km, with 13,452 passenger trains and 9,141 freight trains from 7,349 stations serving 23 million passengers and 3 million tons (MT) of freight per day. It plays a critical role in assisting the Country's economic and social growth through connectivity, mobility, and trade.

The central Government supports Railways to expand its network and invest in capital expenditure. Until recently, this budgetary support from the central Government used to be the primary source of funds for capital expenditure for Railways. In 2019-20, the gross budgetary support from the central Government was proposed at Rs 66,105 crore. This is a 25% increase from the revised estimates of 2018-19 (Rs 53,060 crore). As per Union Budget 2020-21, Ministry of Railways have been allocated Rs 72,216 crore (US$ 10.33 billion).

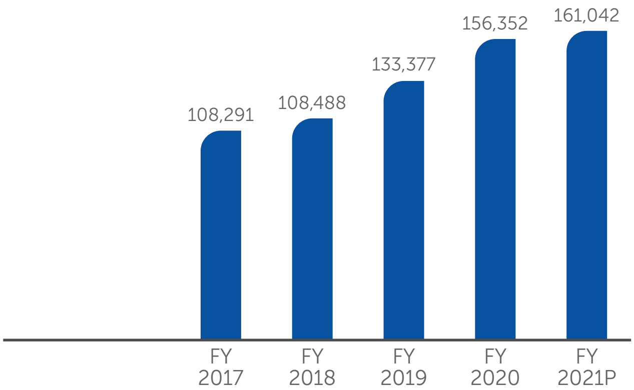
The Government of India's focus on mobility and connectivity, and the expansion and modernisation of the railway network, manufacturing of metro coaches is expected to gain momentum. The Indian Railways is focusing on many themes such as modernisation of existing tracks, new-generation locomotives, train sets for high-speed inter-city travel, high-speed railway lines, deployment of on-board train protection system with cab signalling etc.

Railways spending in India has seen a sharp jump over the past few years. The spending has increased at CAGR of 36% over FY16-21 from 1000 bn in FY16 to Rs 1,805 bn in FY21. The overstretched infrastructure of Indian Railways is driving investments in the sector.

According to India Infrastructure Research, the railway sector offers an investment opportunity of over Rs10 trillion across various segments. Of this, 80% is constituted by rail tunnels, doubling works and new line projects combined. Furthermore, the Indian Railway plans to manufacture a total of 4,839 coaches in 2020-21. It is also setting up 17 new manufacturing units at an estimated cost of ₹390 billion.

Capital Investment Budgeted in Indian Railways

₹ in crore



Key announcements and proposals related to Railways made in Budget 2020-21 include:

- The budget has provided Rs 1.59 trn for railways which is up 15% YOY (with FY19RE of Rs 1.39 trn as the base). The capital support for railways is budgeted at Rs.658.4 bn for FY20 as compared to Rs 550 bn in FY19. Railway infrastructure investment is expected to be Rs 8,000 bn during 2018-22.
- Railways reforms in the latest budget addressed a wide variety of challenges which includes improved customer experiences and faster/timely delivery of cargo, High-speed rail corridor, multi road transportation network, vendor registration systems.
- Indian Railways to manufacture 44 rakes of Vande Bharat Trains.
- Integral Coach Factory (ICF), Chennai set the process in motion by publishing tender on December 22, 2019, for the supply of electrical equipment and other items for 44 train sets of 16 coaches each.
- The Government of India has signed an agreement with the Government of Japan under which Japan will help India in the implementation of the Mumbai-Ahmedabad high-speed rail corridor along with financial assistance that would cover 81 per cent of the total project cost.

General Engineering

The engineering sector in India is divided into two major divisions-heavy engineering and light engineering. Capacity creation in areas such as infrastructure, power, mining, oil & gas, refinery, steel, automotive, and consumer durables are driving demand in the engineering sector.

The engineering sector in India attracts immense interest from the foreign players, as it enjoys a comparative advantage in terms of manufacturing costs, technology and innovation. The favourable regulatory policies and growth in the manufacturing sector have enabled several foreign players to invest in India. During FY08–FY19, engineering exports from India registered growth at a CAGR of 8.5%.

Major international players have entered the Indian engineering sector due to significant growth opportunities. 100% Foreign Direct Investment (FDI) will now be allowed through the automatic route under initiatives like 'Make in India'.

As per the data released by the Department for Promotion of Industry and Internal Trade, The Foreign Direct Investment (FDI) inflows into India's miscellaneous mechanical and engineering industries during April 2000 to December 2019 stood at around US$ 3.63 billion.

The Government will make all efforts to ensure that the export of engineering goods reach US$ 200 billion by 2030. The government has made declarations to invest US$ 1.5 trillion in infrastructure over the next five years.

White Goods Industry

In 2019, the Indian market for appliances and consumer electronics (ACE) reached Rs 76,400 crore (US$ 10.93 billion). Appliances and consumer electronics industries are expected to double to Rs 1.48 lakh crore by 2025 (US$ 21.18 billion).

The policies and regulatory structures of the Government of India, such as relaxation of licensing rules and approval of 51 per cent Foreign Direct Investment (FDI) in multi-brand and 100 per cent in single-brand retail, are among the major drivers of consumer market growth.

There is a lot of scope for growth from the rural market with consumption expected to grow in these areas as penetration of brands increases. Demand for durables like refrigerators and consumer electronic goods are likely to witness an increased demand in the coming years, especially in the rural areas as the Government plans to invest significantly in rural electrification.

> With a potential capacity of 363 gigawatts (GW) and with policies focused on the renewable energy sector, Northern India is expected to become the hub for renewable energy in India.

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

Solar Industry

With the growing Indian economy, electricity consumption is projected to reach 15280 TWh in 2040. The renewable energy will account for 55 per cent of the total installed power capacity by 2030. Supply disruptions from China due to coronavirus outbreak and subsequent shortage of solar components and modules have affected India's ambitious energy goal of achieving solar power of 100 GW by 2022.

However, the aggressive push by Prime Minister Narendra Modi for 'Make in India' to boost domestic manufacturing and make its post-pandemic economy 'self-reliant' is a welcome opportunity for India's solar sector. Atmanirbhar Bharat Abhiyaan has certainly opened a huge opportunity for India's solar ambition. According to Bridge to India's India Renewable Energy CEO survey report 2020, India is expected to add 60GW of renewable energy capacity in the next five years; The government wants to achieve 175GW by 2022 and 450GW by 2030.

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

As of February 2020, the installed renewable energy capacity is 86.75 GW, of which solar and wind comprise 34.40 GW and 37.66 GW respectively. Biomass and small hydropower constitute 9.80 GW and 4.6 GW, respectively. Off-grid renewable power capacity has also increased. As of February 2020, generation capacities for Waste to Energy, Biomass Gasifiers stood at 139.80 MW and 9,806.31 MW, respectively.

With a potential capacity of 363 gigawatts (GW) and with policies focused on the renewable energy sector, Northern India is expected to become the hub for renewable energy in India.

Government Initiatives

As per the announcements made in budget 2019, the government's focus on mega investments in manufacturing of solar photovoltaic cells & solar electric charging infrastructure and batteries would provide a significant fillip to the renewable energy sector.

Company Overview

Pennar Industries Limited (PIL) is one of the leading engineering companies in India, renowned for providing innovative engineering solutions. An epitome of quality, precision, and perfection, Pennar is driven by an unrelenting desire to excel with experience spanning over three decades.

The Company started its journey with the first manufacturing plant at Isnapur, near Hyderabad, and since then it has established itself as Diversified Engineering Company with End-To-End Capabilities. The Company has a well-diversified product portfolio classified into Engineered Products and Engineering Solutions, catering to six sectors; namely; Automotive, Construction, General Manufacturing, White Goods, Railways, and Solar.

Pennar Industries has a pan-India presence with seven manufacturing facilities situated across the Country. These facilities include laser cutting, plasma cutting, transfer presses and CNC machines that enable it to make products of very high quality. All the plants are ISO certified.

Pennar has set up four subsidiaries Pennar Global Inc, Pennar GMBH, Enertech Pennar Defense and Engineering Systems Private Limited and One Works BIM Technologies. Driven by guiding philosophy of maximising customer satisfaction with products and services par excellence, Pennar has successfully established its identity as a Powerhouse of Engineering Excellence.

Our Strength

Modern equipment and tools: Equipped with a state-of-the-art 'press shop' with tool maintenance facilities that ensure high-precision products, catering to a range of industries. Reinforced by a tool room comprising more than 2,500 tools and dies, one of the largest die repositories in India

Diversified sectors: Wide product mix caters to the growing needs of consumer appliances, automobile and general engineering sectors

Quality focus - all manufacturing units are ISO 9001:2008-certified, Tubes manufacturing plant has received TS 16949:2009 certification

Prominent clientele: Caters to brand-enhancing customers like VE Comml Vehicles (EML), Tata Motors, Ashok Leyland, Integral Coach Factory, Texmaco, BEML, BHEL, L&T, Videocon, Godrej, Haier Appliances, Brakes India, Lloyds, Alstom Power, Thermax, HCC, Tecumseh, IFB, TVS Motors, IVRCL, Vijai Electricals and Johnson Lifts, among others

People strengths – 2,000+ employees with a cumulative experience of over a million person-days, resulting in expertise in different fields

MANAGEMENT DISCUSSION AND ANALYSIS

Key Highlights during 2019-20

- In May 2019, Pennar Industries forayed into engineering products for the aerospace industry by establishing a production facility in Hyderabad. The Company will cater to the domestic and global aerospace industries by supplying customised, value-added precision-engineered products.
- Pennar Industries completed the merger of its subsidiaries Pennar Engineered Building Systems Limited (PEBS Pennar) and Pennar Enviro Limited (PEL) with itself after approval from National Company Law Tribunal (NCLT) with a record date of June 10 2019.
- In July 2019 Pennar Industries set up greenfield integrated coach manufacturing facility at Raebareli. The facility is set up near the Modern coach factory and will have a capacity of manufacturing about 20 coaches per month. The Company will incur a CAPEX of ₹ 2,625 million over the next three years.
- During September 2019, the Company has doubled it's cold drawn welded (CDW) tubes manufacturing capacity. Company has set up a greenfield plant to produce CDW tubes of up to 150 mm diameter and the thickness of 10 mm. The Company has incurred a CAPEX of ₹ 650 million to take its CDW capacity to 3,000 tonnes per month.
- The new facility is expected to be operational in MM YY. The new facility will cater to the hydraulic cylinder tube requirement of consistently growing Construction and earth moving equipment sector, including propeller shafts for high payload heavy vehicles.
- In February 2020, Pennar Industries acquired One works BIM Technologies. One works is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. It deals with 3D digital Building Information modelling.
- In May 2020, Pennar Industries completed the Buyback of equity shares from the shareholders of the Company, excluding the promoter group via the "open market" route through the stock exchanges. The Buy-back was commenced on November 25, 2019, in accordance with the provisions of the Buy-back Regulations. The Company has bought back 1,01,95,000 (One Crore One Lakh and Ninety-Five Thousand) Equity Shares at an average price of Rs. 21.93 (Rupees Twenty-One and Paise Ninety-Three only) per Equity Share (price calculated has been rounded off to the nearest paisa).

COVID-19 and its impact

During the year 2019-20, the slowdown in both the Indian and Global Economy led to sluggish market demand and muted customer sentiment. The core sectors such as Auto, Construction, Infrastructure, Steel, Mining, etc., bore the brunt of the downside, with the domino effect cascading to all related industries. Finally, the pandemic and the resultant lockdown on March 20 brought everything to a grinding halt.

Consequent to the outbreak of the COVID-19 pandemic and the lockdown introduced by the Central and State Governments, the operations in the Company's manufacturing plants situated across various locations of the Country had to be shut down or were disrupted towards the latter half of the second fortnight of March 2020 onwards, and continued through the mid of May 2020.

With the easing in the lockdown/curfew and the Governments permitting operations to be resumed with necessary permission from the local authorities, the Company from mid of May 2020 resumed operations, in a partial manner, in all the plants. As the situation improves, the Company expects to scale up operations to the full levels over time.

As the pandemic is ongoing, the Company continues to take various measures to safeguard the health and safety of its employees and further to ensure total adherence to the guidelines issued by the Central and the respective State Governments besides the local authorities at all its business locations.

The Company has considered the possible effects/ impact arising from COVID-19 on its financial results for the year 2019-20. At this stage, it has concluded that no material adjustments are required to the same. The Company will continue to closely monitor any material changes to future economic conditions.

Engineered Products - Business Overview

Engineered Products

The Engineering Products of Pennar Industries offers a wide range of products to diverse industries and is an expert in critical, customised components accessories. Pennar Industries is the preferred supplier for many blue-chip companies. Leveraging the heritage of over 35 years, the Company has over 1,500 Engineered Products in its portfolio and seven manufacturing plants with ISO 9000 Certification. The Engineered Products vertical of

the Company has strong designing and manufacturing capabilities and caters to diverse sectors through its robust manufacturing facilities and pan India sales network.

Automobiles Sector

Pennar Industries is experienced in manufacturing a wide range of critical automotive components. Our excellent infrastructure and lean manufacturing capabilities enable us to produce high-quality products at acceptable prices. Our best-in-class cost-effectiveness has made us the preferred partner of leading names in the automotive industry.

The Company provides three types of product to this sector, that is as follows

1. Special grade CRSSs (Cold Rolled Steel Sheets),
2. Critical components
3. CDWs (Cold Drawn Welded Tubes) and ERWs (Electric Resistance Welding Tubes).

Pennar has proven to be a reliable partner in the Automobile Components sector for a variety of reasons:

- Wide expertise in handling critical Auto Components (Braking and Suspension, Auto Electricals, Chassis & Body, etc.)
- High volume production capability to meet the bulk demand
- A dedicated product development cell
- Excellent in-house support infrastructure for tool design, development and manufacturing
- Ability to produce components, sub-assemblies as well as finished products
- Well versed in JIT concepts

The Different Applications for Special Grade CRSS include:

- Rear Fender
- Muffler Body
- Fuel Tank
- Mudguard
- Front Frame & Panel
- Assembly Bumper
- Support Panel
- Side Panel
- Fine Blanking

The Different Applications for Critical Components include:

- Disc Brake Blanks
- Wiper Motor Covers
- Vacuum Booster Cover Assembly
- Yokes for Starter & Wiper Motor
- Car Seat Components
- Air Braking System Components
- Drum Brakes System Components
- Parts for Air & Oil Filters

The Different Applications for Precision Tubes (CDW & ERW Tubes) include:

- Front fork Top / Bottom
- Steering column
- 2W mainframe
- Bottom chassis
- Fuel tank spacer
- Swing arm
- Propeller shaft
- Seat frame
- Tie rod
- Rocker arm shaft
- Catalytic converter
- Fuel injection
- Side impact beams
- 4W dashboard frame
- Shock absorber
- Silent blocks
- Control arms
- Gear shift lever

Business Outlook

The Company foresee a major opportunity in the two-wheeler segment, with the Country transitioning from BS-IV to BS-VI emission norms, from the next financial year. Some of the new motorcycles and scooters will have to mandatorily move to telescopic front fork systems. This will provide the business with a major opportunity for growth in the tubular front fork segment.

CRFS has a range of products, servicing the automotive sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. Over the medium term, this business unit will have moderate growth in line with the overall increase in the infrastructure, automotive and process engineering sectors in India.

Construction & Infrastructure Sector

As structural steel is the preferred material for Construction of fast track projects, Pennar Industries, having an extensive experience of over three decades, manufactures steel products for companies in Construction and the Infrastructure sector.

The Company provides three types of products under this sector:

1. Building components
2. Civil Infrastructure
3. Hydraulic Cylinders.

The three main products that make up the Building Components sector are Purlins, Roofing Sheets and Decking Profiles.

The products manufactured for Civil Infrastructure include Metal Crash Barriers and Sheet Pilings, which are mainly used for safety and protection systems.

Another product manufactured for this sector is Hydraulic Cylinders, which are used for construction equipment, building ships, and bulk cargo handling, amongst others.

With more than 15 years of experience in the Hydraulic Cylinders industry, Pennar has garnered comprehensive design and development capabilities. Pennar Industries also has a thorough exposure to global technical requirements for Hydraulic Cylinders, and possess the ability to meet them precisely.

Business Outlook

The Company is rapidly expanded the structural engineering services vertical which services metal building and structural fabrication companies in the US and other geographies. The boom in eCommerce business and introduction of GST has started getting more jobs in warehousing in the US. With GST implementation, sectors such as warehousing, building construction and the capital goods are expected to grow strongly over the next few years, and Pennar has cohesive capabilities to take advantage of these opportunities.

General Engineering Sector

The Engineering Segment of the Company consists of cold-rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These products primarily cater to the needs of the automotive, boiler, bicycle, general engineering, and process industries. The Company is further engaged in the manufacture of large-diameter welded tubes mainly for non-auto application which is largely imported. In the upcoming days, Pennar Industries is undertaking expansion into wider diameter tubes.

Business Outlook

In the Engineering segment, the Company would be focusing on three streams of opportunities - growth in existing product portfolio driven by new opportunities due to migration to BS-VI norms, growth from innovative product lines for new markets and growth from large diameter tubular product.

During September 2019, the Company has doubled it's cold drawn welded (CDW) tubes manufacturing capacity. Company has set up a greenfield plant to produce CDW tubes of up to 150 mm diameter and the thickness of 10 mm. Currently, it has an installed capacity to manufacture 1500 tonnes of CDW tubes per month. The Company has incurred a CAPEX of ₹ 650 million to take its CDW capacity to 3,000 tonnes per month. The new facility is expected to be operational in MM YY. The new facility will cater to the hydraulic cylinder tube requirement of consistently growing Construction and earth moving equipment sector, including propeller shafts for high payload heavy vehicles.

The precision electric resistance welded (ERW) tubes from the same plant will be supplied to structural for airport, stadia, idlers for conveyors, axles for light and heavy commercial vehicles

In addition to that, The Company strategically ventured into servicing high-end sectors like aerospace and nuclear power. Pennar Industries forayed into engineering products for the aerospace industry by establishing a production facility in Hyderabad. The Company will cater to the domestic and global aerospace industry by supplying value-added precision-engineered products as per customers' specifications.

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

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Railways proved a significant growth engine for our Metal Formed Business, earning a 6.5% growth during the year.

White Goods

Pennar Industries caters to the White Goods industry as it has expertise in customised components accessories for refrigerators & air conditioners. We have the facilities and the processes to cater to high volume requirements with much shorter lead times.

Pennar has proven to be a reliable partner in the white goods sector for a variety of reasons:

- Market leader for Compressor shells supply to leading manufacturers in India
- Just In Time supply to enhance efficiency & productivity
- Dedicated product development cell for new developments
- Tool design, development and manufacturing supported by excellent infrastructure.
- Ability to work closely with customers to develop products specifically with the end application in mind
- Ability to produce components, sub-assemblies as well as finished products

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

The Different Applications for Refrigerators & AC Components include:

- Door and Side Panels
- Compressor Shells and Other Accessories
- Rotary compressor housings

Mounting Structures and Structural Components supplied to Solar Plants

18,846 MT

Railways

Pennar's Railways business has been catering to the requirements of the Indian Railways for over three decades. Pennar provides several critical structural and stability components for goods wagons and passenger coaches.

The Different Applications for Railway Components include:

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

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

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

Business Outlook

Railways proved a significant growth engine for our Metal Formed Business, earning a 6.5% growth during the year. Engineering expertise focus on quality and value-added service has earned us a trusted supplier ranking and robust order inflow from the sector.

Pennar serves in total 07 customers in the Railways segment, of which major customers include Integral Coach Factory—Chennai, Modern Coach Factory—Raebareli, Texmaco Rail & Engineering Ltd.—Kolkata, Hindustan Engineering India Ltd.—Kolkatta, Cimmco Ltd.—Kolkatta, and BEML Ltd—Bangalore. However, there is a new client adds to the existing portfolio of clients.

Pennar continues to increase capacity for Railways Division. In July 2019, Pennar Industries set up greenfield integrated coach manufacturing facility at Raebareli. The facility is set up near the Modern coach factory and will have a capacity of manufacturing about 20 coaches per month.

Solar

Solar Module Mounting Structures

Pennar manufactures Solar Module Mounting Structures to support the Solar PV panels. The structures and structural component manufacturing capacity of Pennar currently stands at 60,000 MT per annum, which translates to approximately 1,000 MW worth of solar capacity.

We also have an in-house tool room that caters to the requirements of projects with various sectional requirements. These unmatched features have enabled us to service the requirements of multiple customers, thus establishing us as the market leaders in Solar Module Mounting Structures.

The Company has strategically located manufacturing plants to enable quick delivery. These include factories in Tarapur (close to Gujarat & Rajasthan) and in Chennai, Patancheru and Isnapur (close to AP, Tamil Nadu, Orissa, Karnataka and other states).

The most significant advantage that customers have in choosing Pennar for their Solar Module Mounting Structures is the strategic location of manufacturing plants. Our plant at Tarapur is close to the epicentre of Solar projects in Gujarat & Rajasthan. In contrast, our plants in Chennai, Patancheru & Isnapur can cater to markets in AP, Tamil Nadu, Orissa, Karnataka and other neighbouring states.

Being the largest cold roll-formed steel section manufacturer in India, Pennar Industries has supplied mounting structures and structural components to various solar plants, totalling more than 18,846 MT till the end of Financial Year 2020.

Storage Solutions

Pennar Industries' Storage Solution products are manufactured to deliver unmatched strength, stability, and safety. We provide a complete design service, including overall auto-cad drawings and site check.

Pennar modular design and standardisation of components keep installation costs lower. We offer customised design features like span between columns, unsupported height & fabrication.

With a comprehensive portfolio of storage products and a solutions-based approach, Pennar can provide a perfect answer for all their storage requirements to customers.

Storage Solutions that include four main categories of products:

- Racking solutions
- Shelving solutions
- Special solutions
- Storage accessories

Business Outlook

The aggressive push by Prime Minister Narendra Modi for 'Make in India' to boost domestic manufacturing and make its post-pandemic economy 'self-reliant' is a welcome opportunity for India's solar sector. Over the year, MMS solutions business has been stable in generating revenues. The Company expects decent ROCE and sustainable growth from this business in the upcoming days.

"

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

Performance Highlights for Engineering Products

- The Company ensures the supply of critical structural railway components (coaches, wagons, other parts) generated gross revenues of Rs 4,026 million delivering 6.5% YoY growth in FY2019-20. The Company caters to a total of 06 existing customers, with major customers like Integral Coach Factory and Modern Coach Factory
- The Company ensures the supply of critical industrial components (to Automobile & White Goods sectors), totalling more than 7789 MT in the FY 2019-20
- The Company ensures the supply of precision tubes, which generated gross revenues of Rs 2,457 million, and delivered 30,607 Mt in FY2019-20. The Company caters to more than 350 customers, which includes major customers like Mahindra, Gabriel, Yamaha, and Bridgestone.
- The Company ensures the supply of other fabricated products like ESP electrodes, building materials, special grade CRSS, and solar MMS, amongst others, which generated revenues of Rs 4,793 million in FY2019-20

Future Growth Strategy for Engineering Products

- **Diversifying Geographical Presence Across Global Markets**

  Pennar Industries' dreams of becoming a known global player are working towards establishing a US market manufacturing presence along with targeting other main markets such as APAC, Europe and MENA. On February 20 Pennar Industries acquired One works BIM Technologies. One works is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. It deals with 3D digital Building Information modelling. The acquisition is of an Indian company called One works BIM which is going to add to the Company's revenue from Europe.

- **Expand Business into New Verticals**

  With an aim to cater to new emerging industries that have high growth capabilities, the Company plans to expand its presence and skills to service new value-added businesses like defence manufacturing, aerospace (precision machining), nuclear power, and precision auto & engineering components. Earlier this year, in May 2019, Pennar Industries forayed into engineering products for the aerospace industry by establishing a production facility in Hyderabad. The Company will cater to the domestic and global aerospace industry by supplying value-added precision-engineered products as per customers' specifications.

- **Strengthen Niche Engineering Capabilities**

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

Engineering Services – Business Overview

Pre-Engineered Building Products (PEBS)

PEBS was set up in 2008 and commenced commercial operations in 2010. PEBS division is expertise in design, fabrication, erection of customised pre-engineered steel buildings, building components & structural steel

Supply of Precision Tubes

30,607 MT

Pennar Industries caters to the overseas market through a joint venture between Pennar Industries, and PEBS Pennar called Pennar Global (PGI) established in 2017, headquartered in Houston, Texas.

The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Moving ahead, the Company's focus areas will be Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors.

In the year FY 2019 to expand the business outreach and minimise the production cost of the products PEBS was merged with Pennar Industries Limited.

- **Market Leadership**

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

- **Extensive Product Offerings**

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

- **Strong Engineering Capabilities**

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

- **Cutting-Edge Manufacturing**

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

Customers

600+

PEBS Order Book as on March 31, 2020

₹ 5,228 million

Performance Highlights of Pre-Engineered Building Products

Pennar Industries has shown consistent growth over the last ten years in Pre-Engineered Building Products.

- Over 669 Projects completed in the span of FY2010-2020
- Caters to over 650 customers
- Cumulative Orders executed worth Rs 48773 million
- Cumulative Products delivered – 419518 MT
- Order book as on Mar-20 is Rs 5,228 million

Growth Strategy for Pre-Engineered Building Solutions

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

Design & Engineering Services

Pennar Industries, through PEBS Pennar, launched the Design & Engineering Services in 2014 to leverage Pennar's large structural engineering team capabilities.

The Company aims to provide design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space in the US and different geographies. It is an important segment to the Company, as it generates a higher share in its EBITDA margins.

The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Moving ahead, the Company's focus areas will be Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors.

On February 20 Pennar Industries acquired One works BIM Technologies. One works is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. It deals with 3D digital Building Information modelling.

Water Treatment Solutions

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

The Company operates in water and wastewater treatment, Sewage treatment, Brakish water and sea water desalination for industrial application. It also offers effluent recycle plants and zero liquid discharge plants using various advanced and environmental friendly technologies. company's offering includes diverse EPC and O&M solutions, as well as standard plants in the above domain.

The company's standard plants offerings consist of Pre-engineered and skid-mounted water and wastewater treatment plants with short delivery cycles and low footprint to meet customer requires in urban, realty and MSME segment. It also offers a wide range of performance chemicals for water treatment applications like cooling water, boiler water, wastewater treatment dosing, liquid and solid fuel additives, paper chemicals manufactured at its own plant under the brand name "PENNTREAT".

To promote its standard plants and chemicals company already has a network of 12 dealers, which it plans to expand to 32 dealers across India with an aim to increase its reach to take the performance chemicals and standard plants to a larger base of potential customers.

Cumulative Products Delivered - PEBS

4,19,518 MT

The company under it's EPC portfolio is currently executing very prestigious projects in Cement, Oil and Gas, Chemical, Infrastructure and other process industries including Mine wastewater treatment and recirculation for industrial usage. These projects are being executed by the company for very reputed industrial houses in the county.

Key Technology Alliances

TOTAL, France: This involves a collaboration with the fourth-largest petroleum company in the world and a global leader in the fuel additives and petroleum refining market.

Tech Universal, UK: The involves an exclusive technology collaboration with UK's leading EPC & technology provider and one of the leading global players in the water treatment industry.

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

Currently, the Company has a network of 12 dealers, which it plans to expand up to 21 dealers across India, and it aims to use this dealer network to take the performance of the chemical business along with standard plants, to a larger base of potential customers. Keeping in mind the small-scale customers, the Company plans to standardise these products.

Key Business Updates – Engineering Solutions

Pre-Engineered Building:

Pre-engineered buildings generated gross revenues of Rs 7,941 million, delivering 13.27% YoY growth in FY2019-20.

- Solar MMS generated gross revenues of Rs881 million in FY2019-20
- Engineering Services generated Rs 300 million, delivering 38.77% YoY growth in FY2019-20
- New customers added in this segment:

Kirloskar Chillers Private Limited	Nakasa Crop Science	Young Brand Apparel	Goa Airport
Mundra Solar Private Limited	JKS Infra	Whitehouse India	Cyient Technologies
Axitec Energy India Private Limited	Bhari Infra Private Limited	Wipro	Indian Corporation
Arshiya	FABS India	Vaani Logistics	Chettinad Builders
SKB Builders India Limited	Agaroma	Janamukhi Trading Company	Petrofac
Antkrish Group (Amazon)	Coromandel-Murugappa Group	Saffrongrid Ltd	Sri Krishna Engineering

Water Treatment Solutions

- The operations underwater treatment solutions received Rs 567 million order inflow, out of which Rs 481 million were new orders, and Rs 86 million were repeat orders.
- The Company added 18 number of new clients, which are Flipkart, Divislab, GMR, Rutam, Lixil, PEBS, Andhra Sugar, Aurobindo, Covalent, Cinda, Deepak Nexgen, Kundana, Aditya Engineers, OCCL, Hetro, USL, Jocil, and Deraz
- 06 new dealers were added in during the year, taking the total dealer count to 12, appointed for standard products in Telangana, Andhra Pradesh, Delhi, Tamil Nadu and Gujarat

Standalone Financial Performance

Following table highlights the standalone financial performance of the Company during the year

₹ in million

Particulars	FY2018-19	FY2019-20
Revenue from Operations	21,661	20,977
EBITDA	1,965	1,880
PBT	935	620
PAT	640	525

Ratio Analysis

	2019-20	2018-19	Variance
Debt Equity Ratio	0.47	0.51	-0.04
Operating Profit Margin (%)	28%	26%	2%
Net Profit Margin (%)	3%	3%	0%
ROCE (%)	16.65	20.77	-4.12
ROE (%)	7.54%	9.63%	-2.09%

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 detection of deviating transactions, real-time analytics on transactional data, unmatched flexibility when changing reporting structures and even real-time simulation of business scenarios.

Human Resources

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

CSR Initiatives

Corporate Social Responsibility at Pennar has always been significant as we believe in giving back to the society and country. All our CSR initiatives are aimed at this philosophy. During the year, we continued with village school adoption. We provided assistance towards teachers salary, books, uniforms, drinking water, food, and school furniture at Tarapur (Maharashtra), Ankenapalli, Chandpur and Bandalguda Villages in Telangana. Further, we supported municipality civic maintenance and management at Patancheru and Chitukul area for resident welfare, provided drinking water to Bandalguda Villagers and infrastructural support to various institutions to help them improve their resident's basic social need.

As per our CSR initiatives, we endeavour to improve the social wellbeing of the residents in and around the town/village of our plants which are located Patancheru, Isnapur, Velchal, Sadashivpet, Periapalam (Chennai).

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Pennar Industries, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Pennar Industries Annual Report, FY2019-20.

DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 44th Annual Report and the Company's audited financial statement (Standalone and Consolidated) for the financial year ended 31st March, 2020.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2020 is summarized below:

Amount in ₹ lakhs

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Revenue from Operations	2,10,655	2,13,311	2,09,766	2,11,612
Operating profit (PBIDT)	18,939	19,991	18,803	19,649
Profit before tax (PBT)	6,312	9,682	6,195	9,351
Income Tax and Deferred Tax	972	3,016	944	2,947
Profit after tax (PAT)	5,340	6,666	5,251	6,404
Other Comprehensive income	28	(300)	(39)	(310)
Total Comprehensive income for the year	5,368	6,366	5,212	6,094
Net profit attributable to Owners of the company	5,333	6,344	5,212	6,094
Profit brought forward from previous year	43,650	37,316	43,410	37,316
Surplus available for appropriation	48,915	43,650	48,622	43,410
Appropriations				
Dividend	0	0		0
Corporate tax on proposed dividend	0	0		0
Transfer to General Reserve	0	0		0
Transfer to Capital Redemption Reserve	0	0		0
Balance of profit carried to Balance Sheet	48,915	43,650	48,622	43,410

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

Your company has generated a net revenue of ₹ 2,106.6 crores, EBITDA at ₹189.4 crores, PAT at ₹ 53.4 crores for the financial year 2019-20.

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 four subsidiaries of the company as on 31st March, 2020.

a. M/s. Pennar Global INC, USA

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

c. M/s. Oneworks BIM Technologies Private Limited

d. M/s. Pennar Gmbh

The performance of the subsidiaries is as hereunder:

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

Pennar Global Inc. is in the business of providing engineering services and marketing Pennar Products across United States of America. The company has recorded a net revenue of USD 8.7 Million in the financial year 2019-20.

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

Enertech Pennar Defence and Engineering Systems Private Limited has recorded a net revenue of ₹ 6.35 crores in the financial year 2019-20.

(c) M/s. Oneworks BIM Technologies Private Limited

Oneworks BIM Technologies Private Limited is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. It deals in 3D digital Building Information modelling. The services also include developing, modelling, converting and mapping of buildings with seamless integration of building data in a 3D model and the major clients are from engineering and construction sectors. The company has recorded a net revenue of ₹ 9.54 crores in the financial year 2019-20.

(d) M/s. Pennar Gmbh

Pennar Gmbh has recorded a net revenue of 0.1 million Euros for the financial year 2019-20.

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, 2020.

Credit Rating:

CARE has reaffirmed the 'CARE A' Stable (Single A; Outlook: Stable) with rating assigned to long term bank facilities. Further, CARE has also reaffirmed the 'CARE A1' (A One) rating to short term bank facilities of the Company.

Cash profit:

Your company has undertaken number of steps to maintain strong liquidity levels. The consolidated cash profit is at ₹ 96.22 Crore. Your company continues to focus on generating strong cash flows to meet its future growth plans and is comfortable with its current liquidity positions.

Board of Directors and Key Managerial Personnel:

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

Appointment:

Mr. Vishal Sood and Mr. K Lavanya Kumar who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

DIRECTORS' REPORT

The Board of Directors at its meeting held on 11th February, 2020 changed the terms of appointment of Mr. Nrupender Rao, Executive Chairman, Mr. Aditya Rao, Vice-Chairman and Managing Director, Mr. P V Rao, Joint Managing Director and Mr. K Lavanya Kumar, Executive Director of the Company. Their appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends their re-appointment.

Resignation:

Mr. C Parthasarathy, Non-Executive Independent Director of the company resigned from the office of directorship on 6th February, 2020 the same was taken note by the Board of Directors at its meeting held 11th February, 2020. Your Board place on record their appreciation and gratitude for the guidance and direction that Mr. Parthasarathy has provided to Pennar during his long tenure as an independent director. Mr. Parthasarathy's contribution to Pennar's growth has been invaluable.

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

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

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

Meetings of the Board:

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

Buyback of Equity Shares:

The Board of Directors at its meeting held on 12th November, 2019 has approved a proposal for the buy-back of equity shares of the Company by using funds upto a limit of ₹ 4,000 lakhs representing 6.16% and 6.14% of the aggregate of the total paid-up equity capital and free reserves of the Company based on the audited standalone and consolidated financial statements respectively of the Company for last financial year ended on 31st March, 2019. During the financial year under review, commencing from 25th November, 2019 until closure on 21st May, 2020 (i.e. prior to expiry of 6 months) 1,01,95,000 Equity shares of ₹5 each were bought back by the Company from the open market at an aggregate value of ₹ 2,236.20 Lakhs. These equity shares were subsequently extinguished resulting in reduction of the paid-up share capital of the Company to 14,21,62,231 equity shares of ₹ 5 each.

Directors Responsibility Statement:

Your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March, 2020, 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, 2020 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.

DIRECTORS' REPORT

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, 2019 was reviewed by the Audit Committee at its meeting held on 12th August, 2019 and has been filed with Registrar of Companies on 25th September, 2019. The Board of Directors at its meeting held on 27th May, 2019 appointed M/s. Shaik & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2020. The Cost Audit for the year ended 31st March 2020 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 2019-20. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith as Annexure - F. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Audit Committee:

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

Vigil Mechanism/Whistle Blower Policy:

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

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

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

Extract of Annual Return:

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

Particulars of Employees and related disclosures:

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

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

The Company has zero tolerance for sexual harassment of women at workplace and has adopted a Policy for prevention, prohibition and redressal of sexual harassment at workplace, in terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder and constituted Internal Complaint Committee (ICC) for safe working environment where all employees treat each other with courtesy, dignity and respect, irrespective of their gender, race, caste, creed, religion, place of origin, sexual orientation, disability, economic status or position in the hierarchy.

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:

99.39% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2020 and balance 0.61% is in physical form.

Managing Director's Declaration:

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

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

Personnel / Industrial Relations:

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

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

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

Management Discussion and Analysis:

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

DIRECTORS' 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

Nrupender Rao
Chairman
DIN No. 00089922

Place : Hyderabad
Date : 12.08.2020

ANNEXURE - A

Form No. AOC - 1

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

Part "A": Subsidiaries

Amount in ₹ lakhs

1	Name of Subsidiary	Pennar Global Inc	Enertech Pennar Defense and Engineering Systems Private Limited	Oneworks BIM Technologies Private Limited	Pennar GmbH
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	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	Not Applicable	Not Applicable
4.	Share Capital	931	1	1	21
5.	Reserves & Surplus	249	114	52	2
6.	Total Assets	2421	582	788	25
7.	Total Liabilities	1,241	467	735	3
8.	Investments	NIL	NIL	NIL	NIL
9.	Turnover	6,163	620	933	80
10.	Profit Before Taxation	16	95	16	2
11.	Provision for Taxation	3	24	4	0
12.	Profit after Taxation	13	71	12	2
13.	Proposed Dividend	NIL	NIL	NIL	NIL
14.	% of Shareholding	100%	51%	100%	100%

Additional Information:

1.	Names of subsidiaries which are yet to commence operations	Nil
2.	Names of subsidiaries which have been liquidated or sold during the year.	Nil
3.	Names of subsidiaries which have been dissolved during the year.	Nil

ANNEXURE - A

Part "B":Associates/Joint Ventures

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

Additional Information:

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

for Pennar Industries Limited

Mirza MohammedAli Baig
Company Secretary
ACS 29058

J S Krishna Prasad
Chief Financial Officer

Aditya Rao
Vice-Chairman & Managing Director
DIN 01307343

K Lavanya Kumar
Executive Director
DIN 01710629

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 2019-20.

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

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

a.	Name(s) of the related party and nature of relationship	1. Pennar Global Inc. (Subsidiary Company) 2. Enertech Pennar Defense and Engineering Systems Private Limited (Subsidiary Company) 3.Pennar GmbH(Subsidiary Company) 4.Oneworks BIM Technologies Private Limited(Subsidiary Company)
b.	Nature of contracts/ arrangements/transactions	Sale of Steel Products, Purchase of Steel products, Job works etc.
c.	Duration of the contracts / arrangements/transactions	April 2019 to March 2020
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	27.05.2019, 12.08.2019, 12.11.2019 and 11.02.2020
f.	Amount paid as advances, if any	-

By Order of the Board
for Pennar Industries Limited

Nrupender Rao
Chairman

ANNEXURE - C

REPORT ON CORPORATE GOVERNANCE

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

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

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

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

2. Appropriate Governance Structure with defined roles and responsibilities:

The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six committees to discharge its responsibilities in an effective manner. The Executive Director, Executive Chairman, Joint Managing Director and Vice-Chairman & Managing Director provide overall direction and guidance to the Board. Concurrently, the Executive Chairman, Vice-Chairman and Managing Director, Joint Managing Director and Executive Director are 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 eleven 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 (only Audit committee and Stakeholders' Relationship Committee) 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, 2020, have been made by the Directors. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder.

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

Core Skills / Expertise / Competencies available with the Board

The Board comprises of qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Leadership/ Operations
- Business Management/ Strategic Planning
- Sales & Marketing
- Industry Experience, Technical, Research & Development and Innovation
- Global Business Development
- Finance Management
- Law and Governance
- Human Resource Management
- Corporate Governance, Compliance & Risk Management

(a) Composition and Category of Directors as of 31st March, 2020 is as follows:

Category	No. of Directors	%
Executive Directors	4	36.36
Non-Executive Non-Independent Directors	2	18.18
Non-Executive Independent Directors	5	45.45
Total	11	100

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

The Board of Directors duly met 5 times during the financial year from 1st April, 2019 to 31st March, 2020. The dates on which the meetings were held are as follows: 15th May, 2019, 27th May, 2019, 12th August, 2019, 12th November, 2019 and 11th February, 2020.

(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 30th September, 2019
1.	Mr. Nrupender Rao	Executive Chairman	5	3	Yes
2.	Mr. Aditya Rao	Vice-Chairman and Managing Director	5	5	Yes
3.	Mr. P V Rao*	Joint Managing Director	5	5	Yes
4.	Mr. K Lavanya Kumar	Executive Director	5	5	Yes
5.	Mr. Eric James Brown	Non-Executive Director	5	4	No
6.	Mr. Vishal Sood	Non-Executive Director	5	4	No
7.	Mr. C Parthasarathy**	Independent Non-Executive Director	4	1	No
8.	Mr. B Kamalakar Rao	Independent Non-Executive Director	5	5	Yes
9.	Mr. Manish Sabharwal	Independent Non-Executive Director	5	4	No
10.	Mr. Varun Chawla	Independent Non-Executive Director	5	3	No
11.	Mr. Chandrasekhar Sripada	Independent Non-Executive Director	5	5	No
12.	Ms. Bharati Jacob ***	Independent Non-Executive Director	4	3	No
13.	Dr. Sita Vanka **	Independent Non-Executive Director	2	2	NA

* Mr. P V Rao appointed as Joint Managing Director at the Board Meeting held on 27th May, 2019.

** Mr. C Parthasarathy and Dr. Sita Vanka resigned from the Board of Directors w.e.f 6th February, 2020 and 27th May, 2019

*** Ms. Bharati Jacob was appointed on the Board of Directors w.e.f 27th May, 2019

(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		Directorship in other Listed entities	Category of Directorship
		Chairman	Director #	Chairman	Member		
1.	Mr. Nrupender Rao	1	1	-	1	-	-
2.	Mr. Aditya Rao	-	2	-	1	-	-
3.	Mr. P V Rao *	-	2	-	-	-	-
4.	Mr. K Lavanya Kumar	-	1	-	-	-	-
5.	Mr. Eric James Brown	-	1	-	1	-	-

Sl. No.	Name of the Director	Number of Directorships in other Public Companies		Number of Committee memberships held in other Public Companies		Directorship in other Listed entities	Category of Directorship
		Chairman	Director #	Chairman	Member		
6.	Mr. Vishal Sood	-	2	-	-	KDDL Limited	Nominee Director
7.	Mr. B Kamalakar Rao	1	2	3	-	FENO Plast Limited	Independent Director
8.	Mr. Manish Sabharwal	-	2	-	1	Teamlease Services Limited	Whole-time Director
9.	Mr. Varun Chawla	-	1	-	2	-	-
10.	Mr. Chandrasekhar Sripada	-	1	-	0	-	-
11.	Ms. Bharati Jacob**	-	1	-	-	-	-

* Mr. P V Rao appointed as Joint Managing Director at the Board Meeting held on 27th May, 2019.

** Ms. Bharati Jacob was appointed on the Board of Directors w.e.f 27th May, 2019

Mr. C Parthasarathy and Dr. Sita Vanka resigned from the Board of Directors w.e.f 6th February, 2020 and 27th May, 2019 respectively.

Includes number of companies in which they are Chairman.

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

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

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

(e) CEO and CFO Certification:

A Compliance Certificate, pursuant to the provisions of Regulation 17(8) of the Listing Regulations read with Part B of Schedule II thereunder, duly signed by the Vice-Chairman and Managing Director and Mr. J S Krishna Prasad, Chief Financial Officer of the Company in respect of the financial year ended 31st March, 2020 was taken on record by the Board of Directors of the Company.

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.

During the period under review, following Independent Directors resigned from the Board of the company due to their pre-occupancy and there being no other reason behind their resignation.

1. Dr. Sita Vanka resigned on 27th May 2019
2. Mr. C Parthasarathy resigned on 6th February, 2020

Their resignation letters were received by the Company and timely disseminated with Stock Exchanges.

(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 11th February, 2020, 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;
- Recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- Reviewing the adequacy of internal audit function and discussing the significant findings with Internal Auditor and reviewing the progress of corrective actions on such issues;
- Evaluating internal financial controls and risk management systems;
- Valuating undertaking or assets of the Company, wherever it is necessary;
- Reviewing the functioning of the Whistle Blowing mechanism;

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

(b) Composition, name of members and chairperson

The Committee comprises of the following:

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

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f. 06.02.2020

** Mr. Aditya Rao withdrawn his membership from the audit committee at the Board Meeting held on 27.05.2019

*** Dr. Sita Vanka resigned from the Board of Directors w.e.f 27.05.2019

(c) Meetings and attendance during the year

During the year under review, the Committee met 4 times on 25th May, 2019, 9th August, 2019, 8th November, 2019 and 6th February, 2020. The details of attendance are given below:

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

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f. 06.02.2020 and also his membership has been withdrawn from the Committee.

** Mr. Aditya Rao withdrawn his membership from the audit committee at the Board Meeting held on 27.05.2019

*** Dr. Sita Vanka resigned from the Board of Directors w.e.f 27.05.2019

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

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

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

6. Nomination and Remuneration Committee

(a) Brief description of terms of reference

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

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

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

(b) Composition, name of members and chairperson

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive Independent Directors, 1 Executive Chairman of the Company.

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

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f. 06.02.2020 and also his membership has been withdrawn from the Committee.

(c) Meetings and attendance during the year

During the year the Committee had 4 meetings on 25th May, 2019, 9th August, 2019, 12th November, 2019 and 11th February, 2020. The details of attendance are given below:

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

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f. 06.02.2020 and also his membership has been withdrawn from the Committee.

(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 11th February, 2020. 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) The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Chairman, Vice-Chairman and Managing Director, Joint Managing Director and the Executive Director. Annual increments are recommended by the Nomination and Remuneration Committee and approved by the Board and Members and are effective April 1, each year.

The Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. The payment of sitting fee are recommended by the

Nomination and Remuneration Committee and approved by the Board. The actuals of remuneration paid to all the Director's for 2019-20 is given below:

Amount in ₹

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	1,20,00,000	-	46,80,000	-	1,66,80,000
Mr. Aditya Rao	Vice-Chairman & Managing Director	99,90,000	-	17,11,228	-	1,17,01,228
Mr. P V Rao	Joint Managing Director	1,07,17,105	-	25,65,000	-	1,32,82,105
Mr. K Lavanya Kumar	Executive Director	68,01,043	-	11,79,259	-	79,80,302
Mr. Eric James Brown	Non-Executive Director	-	-	-	-	-
Mr. Vishal Sood	Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy *	Independent Non-Executive Director	-	-	-	1,15,000	1,15,000
Mr. B Kamalakar Rao	Independent Non-Executive Director	-	-	-	5,70,000	5,70,000
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	4,00,000	4,00,000
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	3,25,000	3,25,000
Mr Chandrasekhar Sripada	Independent Non-Executive Director	-	-	-	5,20,000	5,20,000
Ms. Bharati Jacob **	Independent Non-Executive Director	-	-	-	3,00,000	3,00,000
Dr. Sita Vanka ***	Independent Non-Executive Director	-	-	-	2,05,000	2,05,000

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f 6th February, 2020

** Ms. Bharati Jacob was appointed on the Board of Directors w.e.f 27th May, 2019

*** Dr. Sita Vanka resigned from the Board of Directors w.e.f 27th May, 2019

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

(g) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2020:

Name of the Director	Designation	No. of Shares held
Mr. C Parthasarathy *	Independent Non-Executive Director	-
Mr. B Kamalakar Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. Eric James Brown	Non-Executive Director	-
Mr. Vishal Sood	Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka **	Independent Non-Executive Director	-
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	-
Ms. Bharati Jacob ***	Independent Non-Executive Director	-

* Mr. C Parthasarathy resigned from the Board of Directors w.e.f 6th February, 2020

** Dr. Sita Vanka resigned from the Board of Directors w.e.f 27th May, 2019

*** Ms. Bharati Jacob was appointed on the Board of Directors w.e.f 27th May, 2019

7. Stakeholders Relationship Committee:

The role of Stakeholders' Relationship Committee is as follows:

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

a) Brief description of terms of reference

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

b) Name of Non-Executive Director heading the Committee:

The Committee functions under the Chairmanship of Mr. B Kamalakar Rao, a Non-Executive Independent Director.

Other members include Mr. Aditya Rao, Vice- Chairman & Managing Director and Mr. Varun Chawla, Non-Executive Independent Director.

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

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

e) Number of pending share transfers and complaints: Nil

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

g) Details of meetings and attendance by the members:

During the year the Committee met four times on 25th May, 2019, 9th August, 2019, 8th November, 2019, and 6th February, 2020.

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

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

* Mr. P V Rao appointed as member of the CSR Committee at the Board Meeting held on 27th May, 2019

(c) Meetings and attendance during the year

During the year the Committee had 3 meetings i.e., on 25th May, 2019, 8th November, 2019 and 6th February, 2020. The details of attendance are given below:

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

9. Subsidiary Companies

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

10. General body meetings:

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

Date	Year	Type	Venue	Time
30th September, 2019	2018-19	Annual General Meeting	Radisson, Hyderabad	10:00 A.M.
14th December, 2018	2017-18	Court Convened Meeting of Equity Shareholders	Radisson, Hyderabad	2:30 P.M.
15th December, 2018	2017-18	Court Convened Meeting of Unsecured Creditors	Radisson, Hyderabad	2:30 P.M.
28th September, 2018	2017-18	Annual General Meeting	Radisson, Hyderabad	11:00 A.M
28th September, 2017	2016-17	Annual General Meeting	Radisson, Hyderabad	11:00 A.M

(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
30th September, 2019	Yes	1. Re-Appoint Mr Aditya Rao as Vice-Chairman and Managing Director. 2. Appointment of Mr. P V Rao as Joint Managing Director 3. Re-Appoint Mr. B Kamalaker Rao as Independent Director for a second term of 5 (five) consecutive years 4. Re-Appoint Mr. Manish Mahendra Sabharwal as Independent Director for a second term of 5 (five) consecutive years 5. Re-Appoint Mr. Varun Chawla as Independent Director for a second term of 5 (five) consecutive years 6. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 7. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013. 8. Alteration of Articles of Association of the Company
14th December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
15th December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
28th September, 2018	Yes	1. Re-Appoint Mr. Nrupender Rao as Chairman. 2. Re-Appoint Mr K Lavanya Kumar as Whole-Time Director. 3. Approve material related party transactions. 4. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 5. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.
28th September, 2017	Yes	1. Designate Mr. Ravi Chachra as Independent Director. 2. Re-Appoint Mr. Nrupender Rao as Chairman. 3. Re-Appoint Mr Aditya Rao as Vice-Chairman and Managing Director. 4. Re-Appoint Mr K Lavanya Kumar as Whole-Time Director. 5. Approve material related party transactions.

11. Disclosures:

a) **Related Party Transactions:**

No transaction of material nature that may have potential conflict with the interests of company at large was entered in to by the Company with the related parties.The transactions with the related parties as required under Indian Accounting Standard (Ind AS) – 24, Related Party Transactions, are disclosed in Note No. 34 of the financial statements forming part of this Annual Report.

b) **Disclosure of Accounting Treatment:**

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

c) **Strictures/Penalty 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, 2020, there were no proceeds from public issues, rights issues, preferential issues, among others.

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

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

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

(l) Web link where policy on dealing with related party transactions:

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

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

(n) Fees paid to statutory Auditors:

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended 31st March, 2020, is as follows:

₹ in lakhs

Particulars	Deloitte Haskins & Sells LLP
Audit Fee	40
Limited Review	15
Other Services	8
Out of pocket expenses	2
Total	65

(o) Disclosures in Relation to Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013: The details have been disclosed in the Directors Report forming part of this Annual Report.

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

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

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

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

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

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

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

14. Disclosures

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

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

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

7,28,176 Shares are in Investor Education Protection fund. (IEPF).

16. Means of communication

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

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

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

(d) Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2019-20 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.

17. General Shareholders Information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	30th September, 2020 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial calendar (Tentative schedule)	Financial year : 1st April, 2020 to 31st March, 2021 First Quarter Results within 45 days from the end of quarter. Half yearly Quarter Results within 45 days from the end of quarter. Third Quarter Results within 45 days from the end of quarter. Results for the year ending 31st March, 2021. Within 60 days of the end of Financial Year. Annual general meeting for the year 2020-21 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	18.09.2020 to 19.09.2020 (both days inclusive)
4.	Dividend payment due	-
5.	Listing on stock Exchanges	1. The Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Mumbai – 400001 2. The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
6.	Stock Code	BSE: Equity- 513228; NSE EQUITY:PENIND;
7.	Electronicconnectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati BapatMarg, Lower Parel Mumbai - 400013 2. Central Depository Services (India) Ltd 25th Floor, Marathon Futurex, NM Joshi Marg, Lower Parel (East), Mumbai – 400013
8.	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, Tel.No: +91 40 40061623 E-mail ID corporatecommunications@pennarindia.com
9.	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited.) Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500032, Phone: 040 67161524 E-mail: einward.ris@karvy.com/ rajeev.kr@kfintech.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Sl. No.	Particulars	Description
10.	Share transfer System	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Registrar.
11	Nomination Facility	Section 72 of the Companies Act 2013, provides the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders. Investors are advised to avail of this facility, especially investors holding securities in single name. The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.
12	Details of all credit ratings obtained by the Company along with any revisions thereto during the year 2019-20, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad	The company's long term bank facilities credit rating by 'CARE' CARE A; Positive and short term bank facilities CARE A1. The 'Positive' outlook reflects PIL's continuous endeavour to diversify its product portfolio with investments in high margin segments and expected introduction of new range of products resulting in expansion of scale of operation. This along with optimization of the capital expenditure and operational expenditure associated with requirements of expanding business would drive improvement in credit profile.

The Company has paid Listing fees for the year 2020-21 to all the aforesaid Stock Exchanges.

18. Distribution of shareholding as on 31st March, 2020 was as under:

Sr. No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	39,635	85.30	5,10,59,745	7.01
2	5001- 10000	3,170	6.82	2,45,60,805	3.37
3	10001- 20000	1,702	3.66	2,49,41,895	3.42
4	20001- 30000	735	1.58	1,84,36,810	2.53
5	30001- 40000	249	0.54	87,89,260	1.21
6	40001- 50000	256	0.55	1,20,27,675	1.65
7	50001- 100000	365	0.79	2,61,45,205	3.59
8	100001& Above	354	0.76	56,27,49,760	77.23
	Total:	46,466	100.00	72,87,11,155	100.00

Shareholding Pattern as on 31st March, 2020 was as under:

Sr. No	Description	Cases	Shares	% Equity
1.	Alternative Investment Fund	1	6,15,000	0.42
2.	Banks	6	1,648	0.00
3.	Bodies Corporates	384	82,30,539	5.65
4.	Clearing Members	67	2,56,069	0.18
5.	Foreign Nationals	5	8,043	0.01
6.	Foreign Portfolio - Corp	6	1,46,47,095	10.05
7.	H U F	1,276	30,26,633	2.08
8.	I E P F	1	7,28,176	0.50
9.	Icici	1	100	0.00
10.	Indian Financial Institutions	1	2,46,234	0.17
11.	Mutual Funds	5	1,24,45,956	8.54
12.	Nationalised Banks	2	160	0.00
13.	Non Resident Indian Non Repatriable	295	11,48,389	0.79
14.	Non Resident Indians	579	23,52,543	1.61
15.	Promoter Companies	2	2,11,05,455	14.48
16.	Promoters	12	3,11,69,352	21.39
17.	Promoters & Directors Relative	7	14,11,471	0.97
18.	Resident Individuals	43,813	4,83,42,914	33.17
19.	Trusts	3	6,454	0.00
	Total:	46,466	14,57,42,231	100.00

19. Dematerialisation of shares and liquidity:

(a) Equity shares: The Company’s equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company’s scrip is INE932A01024. 99.39% of equity shares are held in dematerialised form as on 31st March, 2020.

(b) Outstanding GD₹AD₹Warrants or any convertible instruments, conversion date and likely impact on equity.: During the financial year 2019-20, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

20. Plant locations:

a) Patancheru unit: IDA, Patancheru, Medak (Dist.), T.S.

b) Isnapur unit : Isnapur Village, Medak (Dist.), T.S.

c) Tarapur unit : MIDC, Tarapur, Maharashtra

d) Chennai unit : Kannigaipair Village, ThiruvelloreDist, T.N.

e) Hosur unit : SIDCO Industrial Estate, Hosur, T.N.

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

g) PEBS unit : Chandapur Village, Sadasivpet Mandal, Medak (Dist)

h) PEL unit : 186/A & 188/A, IDA Mallapur, RR (Dist) - 500 076

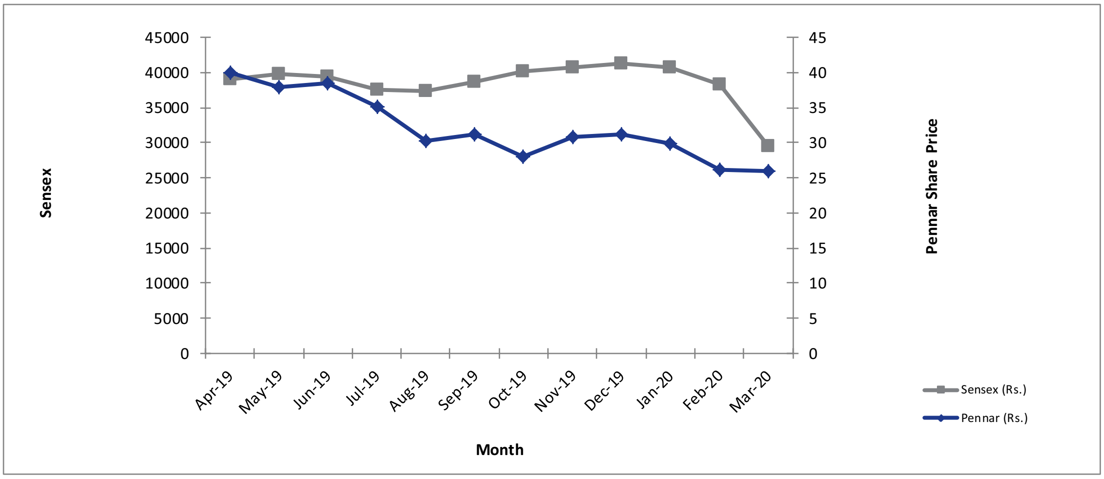
21. Market price data:

The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited. Monthly high and low quotations and volume of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2019-20 were as follows:

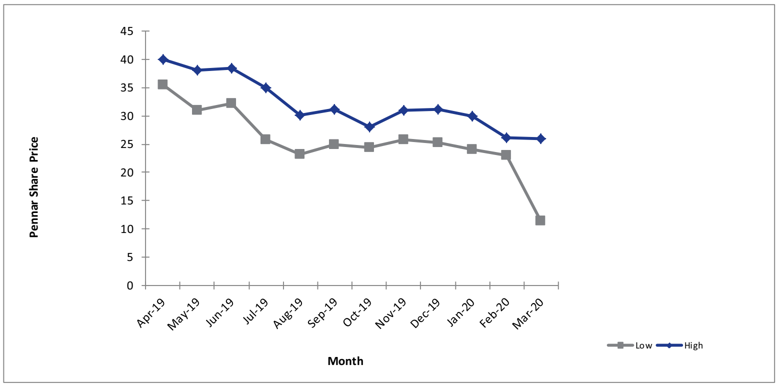
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2019	40.00	35.55	83,41,647	40.00	35.55	6,17,01,071
May, 2019	38.00	30.90	1,61,78,183	38.00	30.55	7,83,07,889
June, 2019	38.50	32.15	57,32,710	38.45	32.20	4,35,64,960
July, 2019	35.05	25.75	61,35,769	35.00	25.70	4,65,36,914
August, 2019	30.20	23.25	76,47,101	30.30	22.55	6,33,25,025
September, 2019	31.20	25.00	57,48,071	31.25	25.00	4,43,94,354
October, 2019	28.10	24.35	64,14,619	28.75	24.45	3,58,71,236
November, 2019	30.90	25.80	2,47,25,533	30.90	26.00	17,67,10,864
December, 2019	31.20	25.25	83,87,623	31.50	25.30	12,48,43,484
January, 2020	29.90	24.00	1,26,85,573	29.85	24.50	18,62,32,258
February, 2020	26.10	23.00	74,89,641	26.20	23.00	10,18,06,730
March, 2020	25.95	11.40	1,23,86,958	26.00	11.40	13,38,68,226

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

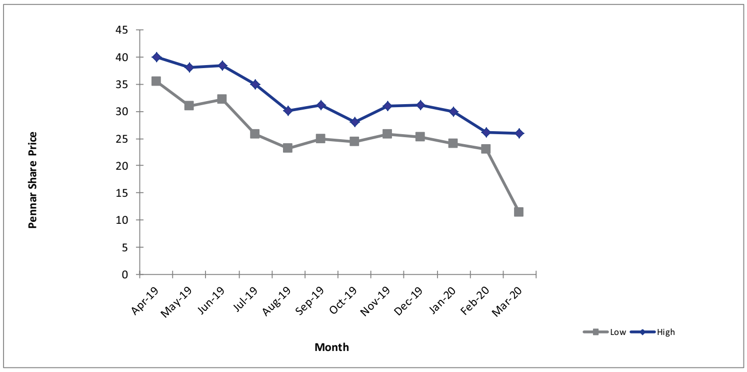
Share prices at BSE



Share prices at NSE

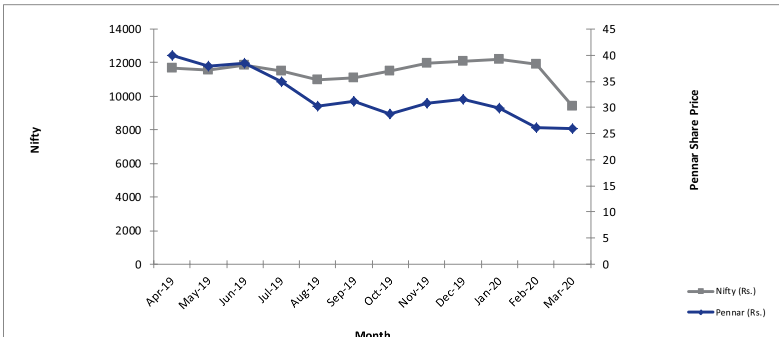


Performance in comparison to broad based indices such as BSE Sensex:



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.

22. Unclaimed Dividend Amounts:

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

Members who have not so far encashed their dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to the Company's Registrar and Transfer Agents, M/s. KFin Technologies 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.

Equity Shares:

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2020	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2012-2013	08.08.2013	11,47,909.59	07.09.2013	14.09.2013	13.09.2020

0.01% Cumulative Redeemable Preference shares:

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2020	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2013-14	31.03.2014	24,29,699.54	30.04.2014	07.05.2014	06.05.2021
2014-15	31.03.2015	24,75,617.83	30.04.2015	07.05.2015	06.05.2022
2015-16	31.03.2016	24,51,457.14	30.04.2016	07.05.2016	06.05.2023

23. Share Transfer System

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

Particulars	2019-2020	2018-2019
Shares Transferred	3059	11,716
Total No. of shares as on 31st March, 2020	14,57,42,231	12,03,49,514
% on Share Capital	0.002	0.009

24. Reconciliation of Share Capital Audit:

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

25. Corporate Identity Number (CIN):

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

26. Managing Director Certification:

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

27. Green Initiative in the Corporate Governance:

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

28. Declaration of Code of Conduct:

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 11th February, 2015, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website. We here by confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2020.

for Pennar Industries Limited

Aditya Rao
Vice-Chairman and Managing Director
DIN 01037343

Date: 12.08.2020
Place: Hyderabad

ANNEXURE - D

To The Members of Pennar Industries Limited

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated October 15, 2019.

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 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

ANNEXURE - D

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March, 2020.

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)
UDIN: 20201193AAAAEH9132

Place: Hyderabad
Date: August 12, 2020

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 Ra	-	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)
Mr. P V Rao	-	Member (Joint Managing Director)

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

ANNEXURE - E

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

Amount in ₹ Lakhs

Financial Years	2018-19	2017-18	2016-17	Average Net Profit for the last three years
Net Profits	9857	8910	7507	8758.19

4. Prescribed CSR Expenditure:

2% of Average net profits i.e. ₹ 175.16 Lakhs.

5. Details of CSR during the financial year:

a) Total Amount spent during the Financial Year 2019-20: ₹ 18.03 Lakhs.

b) Amount unspent, if any. : ₹ 157.14Lakhs.

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 ₹ 18.03 lakhs instead of ₹175.16 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.

The CSR Committee, hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and CSR Policy of the company.

for Pennar Industries Limited

Aditya Rao
Vice-Chairman & Managing Director
DIN 01037343

B Kamalaker Rao
Chairman CSR Committee
DIN 00038686

ANNEXURE - E

Annexure to the Annual Report on CSR

Sr. No.	CSR project or Activity Identified	Sector in which the project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Project of Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise (₹ in Lakhs)	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ in Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2019-2020 (₹ in Lakhs)	Amount Spent Direct or through Implementing Agency
1	Vidya Volunteers , Fee Reimbursements and Children's Parks	Promotion of Education	Throughout Telangana State	4.99	4.99	20.33	Direct
2	Shelter for People (FY 14-15) Tree Guards Plantation (FY 15-16) Construction of Community Hall (FY 16-17 & FY 17-18)	Rural Development Project	Isnapur Village (FY 14-15) , Throughout the state (FY 15-16) Hyderabad (16-17) , Telangana State	17.07	-	133.82	Direct (FY 14-15) District Collector Medak (FY 15-16) Direct (FY 16-17) Direct (FY 17-18)
3	Help for disable persons	Promotion of Health	Patancheru Telangana State	0.37	0.37	0.47	Direct
4	Midday Meals and Other rural development activities	Rural Development Project	Throughout Telangana State	4.17	4.17	40.28	Direct
5	Donations to Orphanages	Eradicating Poverty	Hyderabad Telangana State	-	-	0.20	Direct
6	Donations to Charitable Trusts	Eradicating Poverty	Hyderabad Telangana State	3.00	3.00	30.58	Direct
7	Welfare Activities through Pennar Foundation	Eradicating Poverty	Hyderabad Telangana State	5.50	5.50	111.75	Pennar Foundation
	Total			35.10	18.03	337.43	

for Pennar Industries Limited

Aditya Rao
Vice-Chairman & Managing Director
DIN 01037343

B Kamalaker Rao
Chairman CSR Committee
DIN 00038686

ANNEXURE - F

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[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: L27109TG1975PLC001919)
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 (CIN: L27109TG1975PLC001919) (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, 2019 and ended 31st March, 2020, 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, 2020 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.

ANNEXURE - F

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.

ANNEXURE - F

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

(a) As on 31/03/2020, the company Buy Back and extinguish 66,15,000 Shares from its Shareholders through Open Market purchase.

As on the date of this report, the Company Buy Back and extinguish 1 ,01,95,000 shares from its shareholders through Open Market Purchase.

(iv) The Securities and Exchange Board of India (Share Based Employee Benefits) 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.

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545
UDIN: A032743B000560204

Place: Hyderabad
Date: 07/08/2020

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 - F

"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. I 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I 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.

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545
UDIN: A032743B000560204

Place: Hyderabad
Date: 07/08/2020

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 here under:

(A) Conservation of Energy: I. The steps taken or impact on conservation of energy	• We have replaced 427 no's of Metal halide lamp fittings with LED fittings. • We have arranged one 60KVA Beblec make energy saver provided for Illumination in CRSS to reduce lighting energy consumption. • 15 No's of VFD's added to Existing Equipment. • Replaced 40W tube light fittings with 20W LED tube light fittings. • Mechanical Presses are Replaced with SPMs • APFC Panels Installed • Creating awareness among employees about energy saving
II. The steps taken by the company for utilizing alternate sources of energy	For the Existing equipment with C9 fuel converted to LPG.
III. The capital investment on energy conservation equipment;	₹ 71,13,000/-
(B) Technology absorption: I. The efforts made towards technology absorption	In Fast punching machines 10punches system converted to 20punches system in Mitsubishi MS series HMI Crompton greaves BOCB's replaced with Schneider make VCB's for 4HI-2 mill Upgradation works taken up on Plasma HPR 260 by replacing the old controller with GCM controller. Old lifter replaced with OL 200C model. Relay board changed with PLC
II. The benefits derived like product improvement, cost reduction, product development or import substitution.	Conservation of Energy, Power quality, and Reduced Power cost. Improved quality and Productivity
III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) a. The details of technology imported b. The year of import: c. Whether the technology been fully absorbed d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NIL
IV. The expenditure incurred on research and development	NIL
(C) Foreign exchange earnings and outgo	Total Foreign Exchange earnings: ₹ : 4657 Lakhs Total Foreign Exchange Outgo: ₹ : 3258 Lakhs

ANNEXURE - H

Form No. MGT-9

Extract of Annual Return
As on the financial year ended on 31st March, 2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of theCompanies (Management and Administration) Rules, 2014]

I. Registration and other details

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

II. Principal business activities of the Company

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

Sr. No.	Name & Description of main product/service	NIC code of Product/ service	% to total turnover of the company
1.	Diversified Engineering	24105	63.5%
2.	Custom designed building solutions & auxiliaries	28112	32.9%

III. Particulars of Holding, Subsidiary and Associate Companies

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

ANNEXURE - H

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
3.	Oneworks BIM Technologies Private Limited Registered Office: Prime plaza, No.54/1, first street, sripuram colony, St. Thomas mount. Chennai - 600016	U74999TN2018PTC121609	Subsidiary	100%	2(87)
4.	Pennar GmbH Registered Office: Am Borsigturm 40, 13507, Berlin, Germany	-	Subsidiary	100%	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

₹ Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	42,986	2,046	NIL	45,032
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	-	-	NA	-
Total (i+ii+iii)	42986	2,046	-	45,032
Change in Indebtedness during the financial year	-	-	-	-
* Additions	2,468	-	NIL	2,468
* Reductions	1,649	375	NIL	2,024
Net Change	819	375	0	444
Indebtedness at the end of the financial year				
i. Principal amount	43,805	1,671	NIL	45,476
ii. Interest due but not paid			NA	
iii. Interest accrued but not due	273		NA	273
Total (i+ii+iii)	44,078	1,671	0	45,749

ANNEXURE - H

VI. Remuneration of Directors and Key Managerial Personnel

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Nrupender Rao Chairman	Aditya Rao Managing Director	P V Rao Joint Managing Director	K Lavanya Kumar Executive Director	Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	167	117	133	80	497
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify			-	-	
5.	Others	-	-	-	-	-
	Total	**167**	**117**	**133**	**80**	**497**

B) Remuneration to other directors

Amount in ₹

Sr. No.	Particulars of Remuneration	Name of the Directors							Total Amount
		B Kamalaker Rao	Varun Chawla	Sita Vanka	C Parthasarathy	Chandrasekhar Sripada	Manish Sabharwal	Bharati Jacob	
1	Independent Directors								
	* Fee for attending board committee meetings	5,70,000	3,25,000	2,05,000	1,15,000	5,20,000	4,00,000	3,00,000	24,35,000
	* Commission								
	* Others, please specify								
	Total (1)	5,70,000	3,25,000	2,05,000	1,15,000	5,20,000	4,00,000	3,00,000	24,35,000
2	Others Non-Executive Directors								
	* Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	* Commission	-	-	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (1+2)	5,70,000	3,25,000	2,05,000	1,15,000	5,20,000	4,00,000	3,00,000	24,35,000

ANNEXURE - H

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

₹ in Lakhs

Sr. 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	26	13	39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	26	13	39

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 - H

Annexure-A to Annexure-H

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

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 30/03/2019				No. of shares held at the end of the year 31/03/2020				% 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	22,526,486	0	22,526,486	18.72	32,580,823	0	32,580,823	22.36	3.64
(b)	Central Government/ State Government(s)	-	0	-	0.00	-	0	-	0.00	0.00
(c)	Bodies Corporate	20,994,311	0	20,994,311	17.44	21,105,455	0	21,105,455	14.48	-2.96
(d)	Financial Institutions / Banks	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Others	298,900	0	298,900	0.25	-	0	-	0.00	-0.25
	Sub-Total A(1) :	43,819,697	0	43,819,697	36.41	53,686,278	0	53,686,278	36.84	0.43
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	0	-	0.00	-	0	-	0.00	0.00
(b)	Bodies Corporate	-	0	-	0.00	-	0	-	0.00	0.00
(c)	Institutions	-	0	-	0.00	-	0	-	0.00	0.00
(d)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Others	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total A(2) :	-	0	-	0.00	-	0	-	0.00	0.00
	Total A=A(1)+A(2)	43,819,697	0	43,819,697	36.41	53,686,278	0	53,686,278	36.84	0.43
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	10,932,400	0	10,932,400	9.08	13,060,956	0	13,060,956	8.96	-0.12
(b)	Financial Institutions / Banks	576,931	1750	578,681	0.48	246,692	1450	248,142	0.17	-0.31
(c)	Central Government / State Government(s)	-	0	-	0.00	-	0	-	0.00	0.00
(d)	Venture Capital Funds	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Insurance Companies	-	0	-	0.00	-	0	-	0.00	0.00
(f)	Foreign Institutional Investors	12,577,273	0	12,577,273	10.45	14,647,095	0	14,647,095	10.05	-0.40

ANNEXURE - H

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 30/03/2019				No. of shares held at the end of the year 31/03/2020				% 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)
(g)	Foreign Venture Capital Investors	-	0	-	0.00	-	0	-	0.00	0.00
(h)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
(i)	Others	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total B(1) :	24,086,604	1750	24,088,354	20.02	27,954,743	1450	27,956,193	19.18	-0.83
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	5,299,199	8856	5,308,055	4.41	8,224,226	6313	8,230,539	5.65	1.24
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	28,545,505	967896	29,513,401	24.52	29,604,819	792756	30,397,575	20.86	-3.67
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	13,349,970	44000	13,393,970	11.13	20,936,015	44000	20,980,015	14.40	3.27
(c)	Others									
	CLEARING MEMBERS	83,780	0	83,780	0.07	256,069	0	256,069	0.18	0.11
	I E P F	538,794	0	538,794	0.45	728,176	0	728,176	0.50	0.05
	NON RESIDENT INDIANS	2,550,171	38170	2,588,341	2.15	2,316,971	35572	2,352,543	1.61	-0.54
	NRI NON-REPAT RIATION	1,007,051	0	1,007,051	0.84	1,148,389	0	1,148,389	0.79	-0.05
	TRUSTS	8,071	0	8,071	0.01	2,640	3814	6,454	0.00	0.00
(d)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total B(2) :	51,382,541	1058922	52,441,463	43.57	63,217,305	882455	64,099,760	43.98	0.41
	Total B=B(1)+B(2) :	75,469,145	1060672	76,529,817	63.59	91,172,048	883905	92,055,953	63.16	-0.43
	Total (A+B) :	119,288,842	1060672	120,349,514	100.00	144,858,326	883905	145,742,231	100.00	0.00
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	0	-	0.00	-	0	-	0.00	0.00
	GRAND TOTAL (A+B+C) :	**119,288,842**	**1060672**	**120,349,514**	**100.00**	**144,858,326**	**883905**	**145,742,231**	**100.00**	

ANNEXURE - H

(ii) Shareholding of Promoters

Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	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	PENNAR HOLDINGS PRIVATE LIMITED	20,994,311	17.44	30/03/2019			20,994,311	17.44
	Purchase				05/07/2019	11,144	Transfer	21,005,455	13.79
	Purchase				13/12/2019	20,153,811	Transfer	41,159,266	27.06
	Sale				13/12/2019	-20,153,811	Transfer	21,005,455	13.81
	Closing Balance				31/03/2020			21,005,455	14.41
2	Opening Balance	J. N. RUPENDER RAO	5,097,863	4.24	30/03/2019			5,097,863	4.24
	Purchase				29/06/2019	400	Transfer	5,098,263	4.24
	Sale				29/06/2019	-400	Transfer	5,097,863	4.24
	Purchase				01/11/2019	912,923	Transfer	6,010,786	3.95
	Purchase				13/12/2019	2,596,179	Transfer	8,606,965	5.66
	Sale				13/12/2019	-2,596,179	Transfer	6,010,786	3.95
	Closing Balance				31/03/2020			6,010,786	4.12
3	Opening Balance	ADITYA NARSING RAO	5,026,508	4.18	30/03/2019			5,026,508	4.18
	Purchase				29/06/2019	4,962,508	Transfer	9,989,016	8.30
	Sale				29/06/2019	-4,962,508	Transfer	5,026,508	4.18
	Purchase				05/07/2019	2,210,521	Transfer	7,237,029	4.75
	Purchase				01/11/2019	2,866,727	Transfer	10,103,756	6.63
	Sale				01/11/2019	-1,676,553	Transfer	8,427,203	5.53
	Closing Balance				31/03/2020			8,427,203	5.78
4	Opening Balance	J. RAJYALAKSHMI	4,891,000	4.06	30/03/2019			4,891,000	4.06
	Purchase				29/06/2019	4,251,000	Transfer	9,142,000	7.60
	Sale				29/06/2019	-4,251,000	Transfer	4,891,000	4.06
	Purchase				01/11/2019	2,042,038	Transfer	6,933,038	4.55
	Purchase				13/12/2019	640,000	Transfer	7,573,038	4.98
	Sale				13/12/2019	-640,000	Transfer	6,933,038	4.56
	Closing Balance				31/03/2020			6,933,038	4.76
5	Opening Balance	JAYANTHI PULJAL	2,077,500	1.73	30/03/2019			2,077,500	1.73
	Purchase				29/06/2019	2,077,500	Transfer	4,155,000	3.45
	Sale				29/06/2019	-2,077,500	Transfer	2,077,500	1.73
	Purchase				01/11/2019	17,702	Transfer	2,095,202	1.38
	Closing Balance				31/03/2020			2,095,202	1.44

ANNEXURE - H

Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
6	Opening Balance	DANAPUNENI SUDEEPTA RAO	-	0.00	30/03/2019			-	0.00
	Purchase				01/11/2019	1,861,054	Transfer	1,861,054	1.22
	Closing Balance				31/03/2020			1,861,054	1.28
7	Opening Balance	KALPANA PULJAL	1,750,081	1.45	30/03/2019			1,750,081	1.45
	Purchase				29/06/2019	1,750,081	Transfer	3,500,162	2.91
	Sale				29/06/2019	-1,750,081	Transfer	1,750,081	1.45
	Purchase				01/11/2019	10	Transfer	1,750,091	1.15
	Closing Balance				31/03/2020			1,750,091	1.20
8	Opening Balance	BHAVANA PULJAL	1,694,017	1.41	30/03/2019			1,694,017	1.41
	Purchase				29/06/2019	1,694,017	Transfer	3,388,034	2.82
	Sale				29/06/2019	-1,694,017	Transfer	1,694,017	1.41
	Purchase				01/11/2019	10	Transfer	1,694,027	1.11
	Closing Balance				31/03/2020			1,694,027	1.16
9	Opening Balance	J. AVANTI RAO	1,537,060	1.28	30/03/2019			1,537,060	1.28
	Purchase				29/06/2019	1,537,060	Transfer	3,074,120	2.55
	Sale				29/06/2019	-1,537,060	Transfer	1,537,060	1.28
	Purchase				01/11/2019	860,891	Transfer	2,397,951	1.57
	Closing Balance				31/03/2020			2,397,951	1.65
10	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	-	0.00	30/03/2019			-	0.00
	Purchase				01/11/2019	660,114	Transfer	660,114	0.43
	Closing Balance				31/03/2020			660,114	0.45
11	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	234,900	0.20	30/03/2019			234,900	0.20
	Purchase				29/06/2019	-234,900		234,900	0.20
	Sale				29/06/2019	234,900		234,900	0.20
	Closing Balance				31/03/2020			234,900	0.16
12	Opening Balance	Y REKHA RAO	159,057	0.13	30/03/2019			159,057	0.13
	Purchase				29/06/2019	159,057	Transfer	318,114	0.26
	Sale				29/06/2019	-159,057	Transfer	159,057	0.13
	Closing Balance				31/03/2020			159,057	0.11

ANNEXURE - H

Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
13	Opening Balance	Y MURALIDHAR RAO	110,400	0.09	30/03/2019			110,400	0.09
	Purchase				29/06/2019	110,400	Transfer	220,800	0.18
	Sale				29/06/2019	-110,400	Transfer	110,400	0.09
	Closing Balance				31/03/2020			110,400	0.08
14	Opening Balance	FORT KOCHI HOLDINGS LTD	-	0.00	30/03/2019			-	0.00
	Closing Balance				31/03/2020			100,000	0.07
15	Opening Balance	KONDAPALLI LAKSHMAN RAO	95,200	0.08	30/03/2019			95,200	0.08
	Purchase				01/11/2019	95,200	Transfer	190,400	0.12
	Sale				01/11/2019	-95,200	Transfer	95,200	0.06
	Closing Balance				31/03/2020			95,200	0.07
16	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	30/03/2019			82,200	0.07
	Purchase				01/11/2019	82,200	Transfer	164,400	0.11
	Sale				01/11/2019	-82,200	Transfer	82,200	0.05
	Closing Balance				31/03/2020			82,200	0.06
17	Opening Balance	KONDAPALLY SAND HYA	69,600	0.06	30/03/2019			69,600	0.06
	Purchase				29/06/2019	69,600	Transfer	139,200	0.12
	Sale				29/06/2019	-69,600	Transfer	69,600	0.06
	Closing Balance				31/03/2020			69,600	0.05

Note: (1) During the year the Promoters were allotted equity shares pursuant to amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited.

(2) The demat accounts of the promoters were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

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

Sl. No.	Type	Name of the Share Holder	Shareholding at the beggining of the Year		Date	Increase/ Decrease in share holding	Reason	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	PENNAR HOLDINGS PRIVATE LIMITED	20,994,311	17.44	30/03/2019			20,994,311	17.44
	Purchase				05/07/2019	11,144	Transfer	21,005,455	13.79
	Purchase				13/12/2019	20,153,811	Transfer	41,159,266	27.06
	Sale				13/12/2019	-20,153,811	Transfer	21,005,455	13.81
	Closing Balance				31/03/2020			21,005,455	14.41
2	Opening Balance	J. N. RUPENDER RAO	5,097,863	4.24	30/03/2019			5,097,863	4.24
	Purchase				29/06/2019	400	Transfer	5,098,263	4.24
	Sale				29/06/2019	-400	Transfer	5,097,863	4.24
	Purchase				01/11/2019	912,923	Transfer	6,010,786	3.95
	Purchase				13/12/2019	2,596,179	Transfer	8,606,965	5.66
	Sale				13/12/2019	-2,596,179	Transfer	6,010,786	3.95
	Closing Balance				31/03/2020			6,010,786	4.12
3	Opening Balance	ADITYA NARSING RAO	5,026,508	4.18	30/03/2019			5,026,508	4.18
	Purchase				29/06/2019	4,962,508	Transfer	9,989,016	8.30
	Sale				29/06/2019	-4,962,508	Transfer	5,026,508	4.18
	Purchase				05/07/2019	2,210,521	Transfer	7,237,029	4.75
	Purchase				01/11/2019	2,866,727	Transfer	10,103,756	6.63
	Sale				01/11/2019	-1,676,553	Transfer	8,427,203	5.53
	Closing Balance				31/03/2020			8,427,203	5.78
4	Opening Balance	J. RAJYALAKSHMI	4,891,000	4.06	30/03/2019			4,891,000	4.06
	Purchase				29/06/2019	4,251,000	Transfer	9,142,000	7.60
	Sale				29/06/2019	-4,251,000	Transfer	4,891,000	4.06
	Purchase				01/11/2019	2,042,038	Transfer	6,933,038	4.55
	Purchase				13/12/2019	640,000	Transfer	7,573,038	4.98
	Sale				13/12/2019	-640,000	Transfer	6,933,038	4.56
	Closing Balance				31/03/2020			6,933,038	4.76
5	Opening Balance	JAYANTHI PULJAL	2,077,500	1.73	30/03/2019			2,077,500	1.73
	Purchase				29/06/2019	2,077,500	Transfer	4,155,000	3.45
	Sale				29/06/2019	-2,077,500	Transfer	2,077,500	1.73
	Purchase				01/11/2019	17,702	Transfer	2,095,202	1.38
	Closing Balance				31/03/2020			2,095,202	1.44

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Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
6	Opening Balance	DANAPUNENI SUDEEPTA RAO	-	0.00	30/03/2019			-	0.00
	Purchase				01/11/2019	1,861,054	Transfer	1,861,054	1.22
	Closing Balance				31/03/2020			1,861,054	1.28
7	Opening Balance	KALPANA PULJAL	1,750,081	1.45	30/03/2019			1,750,081	1.45
	Purchase				29/06/2019	1,750,081	Transfer	3,500,162	2.91
	Sale				29/06/2019	-1,750,081	Transfer	1,750,081	1.45
	Purchase				01/11/2019	10	Transfer	1,750,091	1.15
	Closing Balance				31/03/2020			1,750,091	1.20
8	Opening Balance	BHAVANA PULJAL	1,694,017	1.41	30/03/2019			1,694,017	1.41
	Purchase				29/06/2019	1,694,017	Transfer	3,388,034	2.82
	Sale				29/06/2019	-1,694,017	Transfer	1,694,017	1.41
	Purchase				01/11/2019	10	Transfer	1,694,027	1.11
	Closing Balance				31/03/2020			1,694,027	1.16
9	Opening Balance	J. AVANTI RAO	1,537,060	1.28	30/03/2019			1,537,060	1.28
	Purchase				29/06/2019	1,537,060	Transfer	3,074,120	2.55
	Sale				29/06/2019	-1,537,060	Transfer	1,537,060	1.28
	Purchase				01/11/2019	860,891	Transfer	2,397,951	1.57
	Closing Balance				31/03/2020			2,397,951	1.65
10	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	-	0.00	30/03/2019			-	0.00
	Purchase				01/11/2019	660,114	Transfer	660,114	0.43
	Closing Balance				31/03/2020			660,114	0.45
11	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	234,900	0.20	30/03/2019			234,900	0.20
	Purchase				29/06/2019	-234,900		234,900	0.20
	Sale				29/06/2019	234,900		234,900	0.20
	Closing Balance				31/03/2020			234,900	0.16
12	Opening Balance	Y REKHA RAO	159,057	0.13	30/03/2019			159,057	0.13
	Purchase				29/06/2019	159,057	Transfer	318,114	0.26
	Sale				29/06/2019	-159,057	Transfer	159,057	0.13
	Closing Balance				31/03/2020			159,057	0.11

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Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
13	Opening Balance	Y MURALIDHAR RAO	110,400	0.09	30/03/2019			110,400	0.09
	Purchase				29/06/2019	110,400	Transfer	220,800	0.18
	Sale				29/06/2019	-110,400	Transfer	110,400	0.09
	Closing Balance				31/03/2020			110,400	0.08
14	Opening Balance	FORT KOCHI HOLDINGS LTD	-	0.00	30/03/2019			-	0.00
	Closing Balance				31/03/2020			100,000	0.07
15	Opening Balance	KONDAPALLI LAKSHMAN RAO	95,200	0.08	30/03/2019			95,200	0.08
	Purchase				01/11/2019	95,200	Transfer	190,400	0.12
	Sale				01/11/2019	-95,200	Transfer	95,200	0.06
	Closing Balance				31/03/2020			95,200	0.07
16	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	30/03/2019			82,200	0.07
	Purchase				01/11/2019	82,200	Transfer	164,400	0.11
	Sale				01/11/2019	-82,200	Transfer	82,200	0.05
	Closing Balance				31/03/2020			82,200	0.06
17	Opening Balance	KONDAPALLY SANDHYA	69,600	0.06	30/03/2019			69,600	0.06
	Purchase				29/06/2019	69,600	Transfer	139,200	0.12
	Sale				29/06/2019	-69,600	Transfer	69,600	0.06
	Closing Balance				31/03/2020			69,600	0.05

Note: (1) During the year the Promoters were allotted equity shares pursuant to amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited.

(2) The demat accounts of the promoters were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

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

Sl. No.	Category	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
				No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	FPC	Opening Balance	SAIF INDIA IV FII HOLDINGS LIMITED	12,138,080	10.09	30/03/2019			12,138,080	10.09
		Closing Balance				31/03/2020			12,138,080	8.33
2	MUT	Opening Balance	FRANKLIN INDIA SMALLER COMPANIES FUND	8,689,354	7.22	30/03/2019			8,689,354	7.22
		Purchase				13/12/2019	8,689,354	Transfer	17,378,708	11.43
		Sale				13/12/2019	-8,689,354	Transfer	8,689,354	5.71
		Closing Balance				31/03/2020			8,689,354	5.96
3	MUT	Opening Balance	DSP MIDCAP FUND	-	0.00	30/03/2019			-	0.00
		Purchase				05/07/2019	4,109,521	Transfer	4,109,521	2.70
		Sale				31/01/2020	-224,873	Transfer	3,884,648	2.60
		Sale				07/02/2020	-84,648	Transfer	3,800,000	2.54
		Sale				14/02/2020	-41,316	Transfer	3,758,684	2.53
		Sale				06/03/2020	-3,032	Transfer	3,755,652	2.54
		Closing Balance				31/03/2020			3,755,652	2.58
4	PUB	Opening Balance	VINOD HASHMATRAI PUNWANI	2,000,576	1.66	30/03/2019			2,000,576	1.66
		Purchase				12/04/2019	10,000	Transfer	2,010,576	1.67
		Purchase				03/05/2019	70,000	Transfer	2,080,576	1.73
		Purchase				17/05/2019	67,100	Transfer	2,147,676	1.78
		Purchase				31/05/2019	114,500	Transfer	2,262,176	1.88
		Purchase				07/06/2019	2,051	Transfer	2,264,227	1.88
		Purchase				14/06/2019	75,470	Transfer	2,339,697	1.94
		Purchase				28/06/2019	97,979	Transfer	2,437,676	2.03
		Purchase				05/07/2019	65,100	Transfer	2,502,776	1.64
		Purchase				19/07/2019	63,224	Transfer	2,566,000	1.68
		Purchase				26/07/2019	19,654	Transfer	2,585,654	1.70
		Purchase				02/08/2019	62,316	Transfer	2,647,970	1.74
		Purchase				09/08/2019	58,351	Transfer	2,706,321	1.78
		Purchase				16/08/2019	10,679	Transfer	2,717,000	1.78
		Purchase				23/08/2019	15,000	Transfer	2,732,000	1.79
		Purchase				27/09/2019	15,458	Transfer	2,747,458	1.80
		Purchase				11/10/2019	18,176	Transfer	2,765,634	1.82
		Purchase				18/10/2019	29,682	Transfer	2,795,316	1.83
		Purchase				25/10/2019	50,184	Transfer	2,845,500	1.87
		Purchase				08/11/2019	10,500	Transfer	2,856,000	1.87
		Purchase				15/11/2019	145,000	Transfer	3,001,000	1.97
		Purchase				13/03/2020	4,000	Transfer	3,005,000	2.04
		Purchase				27/03/2020	32,360	Transfer	3,037,360	2.08
		Purchase				31/03/2020	7,140	Transfer	3,044,500	2.09
		Closing Balance				31/03/2020			3,044,500	2.09

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Sl. No.	Category	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
				No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
5	AIF	Opening Balance	ASHMORE INDIA OPPORTUNITIES FUND	1,627,096	1.35	30/03/2019			1,627,096	1.35
		Purchase				19/04/2019	48,524	Transfer	1,675,620	1.39
		Purchase				26/04/2019	44,068	Transfer	1,719,688	1.43
		Purchase				03/05/2019	22,000	Transfer	1,741,688	1.45
		Sale				07/06/2019	-12,100	Transfer	1,729,588	1.44
		Sale				20/12/2019	-176,455	Transfer	1,553,133	1.02
		Sale				27/12/2019	-68,534	Transfer	1,484,599	0.98
		Sale				07/02/2020	-246,301	Transfer	1,238,298	0.83
		Sale				14/02/2020	-265,212	Transfer	973,086	0.65
		Sale				21/02/2020	-91,430	Transfer	881,656	0.59
		Sale				28/02/2020	-138,012	Transfer	743,644	0.50
		Sale				06/03/2020	-154,089	Transfer	589,555	0.40
		Sale				13/03/2020	-270,523	Transfer	319,032	0.22
		Sale				20/03/2020	-319,032	Transfer	-	0.00
		Closing Balance				31/03/2020			-	0.00
6	FPC	Opening Balance	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	-	0.00	30/03/2019			-	0.00
		Purchase				24/05/2019	74,000	Transfer	74,000	0.06
		Purchase				31/05/2019	258,100	Transfer	332,100	0.28
		Purchase				07/06/2019	234,161	Transfer	566,261	0.47
		Purchase				14/06/2019	133,739	Transfer	700,000	0.58
		Purchase				05/07/2019	21,272	Transfer	721,272	0.47
		Purchase				12/07/2019	53,728	Transfer	775,000	0.51
		Purchase				19/07/2019	35,000	Transfer	810,000	0.53
		Purchase				26/07/2019	40,000	Transfer	850,000	0.56
		Purchase				02/08/2019	50,000	Transfer	900,000	0.59
		Purchase				09/08/2019	30,000	Transfer	930,000	0.61
		Purchase				16/08/2019	20,000	Transfer	950,000	0.62
		Purchase				23/08/2019	50,000	Transfer	1,000,000	0.66
		Purchase				30/08/2019	60,000	Transfer	1,060,000	0.70
		Closing Balance				31/03/2020			1,060,000	0.73
7	LTD	Opening Balance	ZEN SECURITIES LIMITED -CLIENTS (DORMANT)	34,873	0.03	30/03/2019			34,873	0.03
		Purchase				05/04/2019	2,551	Transfer	37,424	0.03
		Sale				05/04/2019	-851	Transfer	36,573	0.03
		Sale				12/04/2019	-2,348	Transfer	34,225	0.03
		Sale				19/04/2019	-8,400	Transfer	25,825	0.02
		Purchase				26/04/2019	3,048	Transfer	28,873	0.02
		Sale				03/05/2019	-8,532	Transfer	20,341	0.02
		Purchase				10/05/2019	3,300	Transfer	23,641	0.02
		Purchase				17/05/2019	9,904	Transfer	33,545	0.03
		Sale				17/05/2019	-850	Transfer	32,695	0.03
		Purchase				24/05/2019	4,136	Transfer	36,831	0.03
		Purchase				31/05/2019	5,325	Transfer	42,156	0.04
		Sale				31/05/2019	-60	Transfer	42,096	0.03
		Purchase				07/06/2019	1,560	Transfer	43,656	0.04

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Sl. No.	Category	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
				No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
		Sale				07/06/2019	-700	Transfer	42,956	0.04
		Sale				14/06/2019	-7,617	Transfer	35,339	0.03
		Purchase				21/06/2019	525	Transfer	35,864	0.03
		Purchase				28/06/2019	4,460	Transfer	40,324	0.03
		Sale				28/06/2019	-1,400	Transfer	38,924	0.03
		Purchase				05/07/2019	955,384	Transfer	994,308	0.65
		Sale				05/07/2019	-675	Transfer	993,633	0.65
		Sale				12/07/2019	-1,242	Transfer	992,391	0.65
		Purchase				19/07/2019	12,901	Transfer	1,005,292	0.66
		Sale				19/07/2019	-9,612	Transfer	995,680	0.65
		Purchase				26/07/2019	9,422	Transfer	1,005,102	0.66
		Sale				26/07/2019	-11,101	Transfer	994,001	0.65
		Purchase				02/08/2019	7,390	Transfer	1,001,391	0.66
		Sale				02/08/2019	-800	Transfer	1,000,591	0.66
		Sale				09/08/2019	-25,218	Transfer	975,373	0.64
		Purchase				16/08/2019	250	Transfer	975,623	0.64
		Sale				16/08/2019	-1,117	Transfer	974,506	0.64
		Purchase				23/08/2019	220	Transfer	974,726	0.64
		Sale				23/08/2019	-1,164	Transfer	973,562	0.64
		Purchase				30/08/2019	2,610	Transfer	976,172	0.64
		Sale				30/08/2019	-7,212	Transfer	968,960	0.64
		Sale				06/09/2019	-6,099	Transfer	962,861	0.63
		Purchase				13/09/2019	1,740	Transfer	964,601	0.63
		Sale				13/09/2019	-2,850	Transfer	961,751	0.63
		Purchase				20/09/2019	7,268	Transfer	969,019	0.64
		Sale				20/09/2019	-22	Transfer	968,997	0.64
		Purchase				27/09/2019	18,812	Transfer	987,809	0.65
		Sale				27/09/2019	-3,319	Transfer	984,490	0.65
		Sale				30/09/2019	-1,032	Transfer	983,458	0.65
		Purchase				04/10/2019	7,550	Transfer	991,008	0.65
		Sale				04/10/2019	-25,599	Transfer	965,409	0.63
		Purchase				11/10/2019	1,999	Transfer	967,408	0.63
		Purchase				18/10/2019	1,441	Transfer	968,849	0.64
		Sale				25/10/2019	-11,440	Transfer	957,409	0.63
		Purchase				01/11/2019	1,528	Transfer	958,937	0.63
		Sale				01/11/2019	-92	Transfer	958,845	0.63
		Purchase				08/11/2019	33,096	Transfer	991,941	0.65
		Sale				15/11/2019	-21,818	Transfer	970,123	0.64
		Sale				22/11/2019	-9,256	Transfer	960,867	0.63
		Purchase				29/11/2019	3,439	Transfer	964,306	0.63
		Purchase				06/12/2019	7,211	Transfer	971,517	0.64
		Sale				13/12/2019	-10,800	Transfer	960,717	0.63
		Purchase				20/12/2019	878	Transfer	961,595	0.63
		Sale				27/12/2019	-3,723	Transfer	957,872	0.63
		Purchase				31/12/2019	43,690	Transfer	1,001,562	0.66
		Sale				03/01/2020	-38,745	Transfer	962,817	0.64
		Sale				10/01/2020	-2,933	Transfer	959,884	0.64
		Purchase				17/01/2020	7,090	Transfer	966,974	0.64
		Sale				24/01/2020	-11,290	Transfer	955,684	0.64
		Purchase				31/01/2020	4,785	Transfer	960,469	0.64

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Sl. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
				No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
		Purchase				07/02/2020	7,082	Transfer	967,551	0.65
		Sale				14/02/2020	-10,567	Transfer	956,984	0.64
		Purchase				21/02/2020	22,200	Transfer	979,184	0.66
		Sale				28/02/2020	-14,600	Transfer	964,584	0.65
		Sale				06/03/2020	-8,400	Transfer	956,184	0.65
		Purchase				13/03/2020	11,161	Transfer	967,345	0.66
		Sale				20/03/2020	-10,307	Transfer	957,038	0.65
		Purchase				27/03/2020	5,812	Transfer	962,850	0.66
		Sale				31/03/2020	-3,566	Transfer	959,284	0.66
		Closing Balance				31/03/2020			959,284	0.66
8	LTD	Opening Balance	SOUTHEND SECURITIES PRIVATE LIMITED	905,500	0.75	30/03/2019			905,500	0.75
		Purchase				05/07/2019	768,730	Transfer	1,674,230	1.10
		Closing Balance				31/03/2020			1,674,230	1.15
9	FPC	Opening Balance	1729 CAPITAL	148,100	0.12	30/03/2019			148,100	0.12
		Purchase				05/07/2019	727,497	Transfer	875,597	0.57
		Sale				31/03/2020	-58,978	Transfer	816,619	0.56
		Closing Balance				31/03/2020			816,619	0.56
10	LTD	Opening Balance	ARUNA FINECAP PVT LTD	728,000	0.60	30/03/2019			728,000	0.60
		Sale				17/05/2019	-32,000	Transfer	696,000	0.58
		Purchase				05/07/2019	882,846	Transfer	1,578,846	1.04
		Closing Balance				31/03/2020			1,578,846	1.08
11	AIF	Opening Balance	MICRO STRATEGIES FUND	615,000	0.51	30/03/2019			615,000	0.51
		Closing Balance				31/03/2020			615,000	0.42
12	PUB	Opening Balance	PELLURU ANA SUYA	595,095	0.49	30/03/2019			595,095	0.49
		Purchase				05/07/2019	418,732	Transfer	1,013,827	0.67
		Closing Balance				31/03/2020			1,013,827	0.70
13	PUB	Opening Balance	ROHINTON SOLI SCREWVALA	561,386	0.47	30/03/2019			561,386	0.47
		Purchase				05/07/2019	234,748	Transfer	796,134	0.52
		Sale				27/03/2020	-796,134	Transfer	-	0.00
		Closing Balance				31/03/2020			-	0.00
14	IEP	Opening Balance	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	538,794	0.45	30/03/2019			538,794	0.45
		Purchase				25/10/2019	180,026	Transfer	718,820	0.47
		Purchase				01/11/2019	9,356	Transfer	728,176	0.48
		Closing Balance				31/03/2020			728,176	0.50

ANNEXURE - H

(v) Shareholding of Directors and Key Management Personnel

Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	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	J. N. RUPENDER RAO	5,097,863	4.24	30/03/2019			5,097,863	4.24
	Purchase				29/06/2019	400	Transfer	5,098,263	4.24
	Sale				29/06/2019	-400	Transfer	5,097,863	4.24
	Purchase				01/11/2019	912,923	Transfer	6,010,786	3.95
	Purchase				13/12/2019	2,596,179	Transfer	8,606,965	5.66
	Sale				13/12/2019	-2,596,179	Transfer	6,010,786	3.95
	Closing Balance				31/03/2020			6,010,786	4.12
2	Opening Balance	ADITYA NARSING RAO	5,026,508	4.18	30/03/2019			5,026,508	4.18
	Purchase				29/06/2019	4,962,508	Transfer	9,989,016	8.30
	Sale				29/06/2019	-4,962,508	Transfer	5,026,508	4.18
	Purchase				05/07/2019	2,210,521	Transfer	7,237,029	4.75
	Purchase				01/11/2019	2,866,727	Transfer	10,103,756	6.63
	Sale				01/11/2019	-1,676,553	Transfer	8,427,203	5.53
	Closing Balance				31/03/2020			8,427,203	5.78
3	Opening Balance	POTLURI VENKATESWARA RAO	36,920	0.03	30/03/2019			36,920	0.03
	Purchase				12/06/2019	564,669	Transfer	601,589	0.41
	Sale				31/12/2019	-40,000	Transfer	561,589	0.39
	sale				21/02/2020	-23,000	Transfer	538,589	0.37
	Closing Balance				31/03/2020			538,589	0.37
4	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	234,900	0.20	30/03/2019			234,900	0.20
	Purchase				29/06/2019	-234,900	Transfer	234,900	0.20
	Sale				29/06/2019	234,900	Transfer	234,900	0.20
	Closing Balance				31/03/2020			234,900	0.16
5	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07	30/03/2019			82,200	0.07
	Purchase				01/11/2019	82,200	Transfer	164,400	0.11
	Sale				01/11/2019	-82,200	Transfer	82,200	0.05
	Closing Balance				31/03/2020			82,200	0.06

ANNEXURE - H

Sl. No.	Type	Name of the Share Holder	Shareholding at the begginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
6	Opening Balance	J S KRISHNA PRASAD	-	0.00	30/03/2019			-	0.00
	Closing Balance				31/03/2020			-	0.00
7	Opening Balance	MIRZA MOHAMMED ALI BAIG	-	0.00	30/03/2019			-	0.00
	Closing Balance				31/03/2020			-	0.00

Note: (1) During the year the Promoters were allotted equity shares pursuant to amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited.

(2) The demat accounts of the promoters were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

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;

Amount in lacs

Sl. No.	Name of the Director	Designation	Remuneration paid in 2019-20	Remuneration paid in 2018-19	Increase in remuneration from previous year	Ratio/median of employee remuneration (2019-20)
1.	Mr. Nrupender Rao	Chairman	167	167	0	57.58
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	117	119	-2	40.34
3.	Mr. P V Rao	Joint Managing Director	133	163	-30	45.86
4.	Mr K Lavanya Kumar	Executive Director	80	72	8	27.58
5.	Mr. J S Krishna Prasad	Chief Financial Officer	26	48	-21	9.05
6.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	13	13	0	4.60
Non-Executive Directors						
1.	B Kamalaker Rao	Non-Executive Independent Director	5.70	1.40	4	1.97
2.	C Parthasarathy #	Non-Executive Independent Director	1.15	1.60	-0	0.40
3.	Varun Chawla	Non-Executive Independent Director	3.25	1.40	2	1.12

ANNEXURE - I

Sl. No.	Name of the Director	Designation	Remuneration paid in 2019-20	Remuneration paid in 2018-19	Increase in remuneration from previous year	Ratio/median of employee remuneration (2019-20)
4.	Dr. Sita Vanka *	Non-Executive Independent Director	2.05	1.20	1	0.71
5.	Chandrasekhar Sripada	Non-Executive Independent Director	5.20	1.00	4	1.79
6.	Bharati Jacob @	Non-Executive Independent Director	3.00	-	-	1.03
7.	Manish Sabharwal	Non-Executive Independent Director	4.00	-	-	1.38

Resigned w.e.f 6th February, 2020; * Resigned w.e.f 27th May, 2019; @ Appointed w.e.f 27th May, 2019

(iii) The percentage increase in the median remuneration of employees in the financial year: Nil.

(iv) The number of permanent employees on the rolls of company: 2,764

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

(a) The average annual increase for the Financial Year 2019-20 in salaries of employees was 2.39%.
(b) The increase in managerial remuneration for the Financial Year 2019-20was-4.59%.

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

ANNEXURE - I

Information as required under Section 197 of the Act, read with Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and forming part of the Directors' Report for the Financial Year ended March 31, 2020.

A. Top 10 employees (in terms of Remuneration)

Sl. No.	Employee Name	Designation	Qualification	Age (in years)	Previous Employer	Total Experience (in years)	Designation at Previous Employment	Date of Joining	Remuneration (Amount in Rs.)	Country of employment
1.	Joginapally Venkata Nrupender Rao	Executive Chairman	B. Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering	75	Nagarjuna Steels Limited	45	Vice-Chairman	23.09.1995	1,66,80,000	India
2.	Potluri Venkatewara Rao	Joint Managing Director	B. Tech (Civil Engineering)	61	Tata BlueScope Steel Ltd	40	COO-West	24.01.2008	1,32,82,105	India
3.	Aditya Narsing Rao	Vice-Chairman and Managing Director	BS and M. Eng.	38	Karvy Stock Broking Limited	15	Corporate Planning Manager	02.05.2007	1,17,01,228	India
4.	Rajat Narain	Executive Vice-President	P.G.D. IN PM & INDL. MGMT (XLRI)	51	Paradise Food Court Pvt. Ltd.	25	Chief People Officer	23.11.2018	93,85,656	India
5.	Altaeur Rahman	Executive Vice President – Engineering	M.Tech. - Structural	51	Emirates Building Systems	27	Estimation & Tendering Manager	09.06.2008	88,61,088	India
6.	Lavanya Kumar Rao Kondapally	Executive Director	Graduated in Law	61	-	33	-	25.06.1987	79,80,302	India
7.	M Bhoopal Reddy	Executive Vice-President	M.TECH/B.TECH/ M.B.A.	53	Aster Building Solutions Pvt. Ltd.	27	Head of Operations	10.02.2010	67,70,412	India
8.	Yalamanchili Narasimha Rao	President	B.TECH / M.E. (Industrial Metullargy)	61	Metalkraft Forming Industries Pvt. Ltd.	36	Executive Director	20.08.2014	66,02,412	India
9.	N Dayasagar Rao	Executive Vice-President	B.TECH (MECH)	56	-	35	-	01.09.2005	61,07,340	India
10.	I V Ramana Raju	Chief Operating Officer	Industrial Engineering	45	Tata BlueScope Steel Ltd	20.5	Head-Sales	01.01.2009	57,60,168	India

B. Employees drawing remuneration of Rs. 1.02 crores or above per annum posted in India (Other than Employees included in A above): Nil

C. Employees employed for part of the year with an average salary of Rs. 8.5 lakhs per month posted in India : Nil

No employees as mentioned above are related to Directors or Managers of the Company.

ANNEXURE - J

Managing Director Declaration

I, Aditya Rao, Vice-Chairman and Managing Director do hereby declare that pursuant to the provisions of Schedule V of the SEBI LODR Regulations, 2015 all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31stMarch, 2020.

for Pennar Industries Limited

Date:12.08.2020
Place: Hyderabad

Aditya Rao
Vice-Chairman &Managing Director
DIN 01307343

ANNEXURE - K

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

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

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

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2020 and to the best of ourknowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance 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: 12.08.2020	**J S Krishna Prasad**	**Aditya Rao**
Place: Hyderabad	Chief Financial Officer	Vice-Chairman and Managing Director DIN 01307343

ANNEXURE - L

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

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, Subhash Kishan Kandrapu, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of PENNAR INDUSTRIES LIMITED (CIN: L27109TG1975PLC001919) having its Registered Office at Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad-500084 Telangana India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2020.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020:

Sr. No.	Name of the Director	Designation
1.	Mr. JoginapallyVenkataNrupender Rao	Executive Chairman
2.	Mr. Aditya Narsing Rao	Vice-Chairman & Managing Director
3.	Mr. Lavanya Kumar Rao Kondapally	Executive Director
4.	Mr. Eric James Brown	Non-Executive Director
5.	Mr. Vishal SatinderSood	Non-Executive Director
6.	Mr PotluriVenkateswara Rao	Joint Managing Director
7.	Mr. Manish MahendraSabharwal	Non-Executive Independent Director
8.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director
9.	Mr. BandariKamalaker Rao	Non-Executive Independent Director
10.	Mr. Varun Chawla	Non-Executive Independent Director
11.	Ms. Bharati Pinnamaneni Jacob	Non-Executive Independent Director

CS. Subhash Kishan Kandrapu
UDIN: A032743B000342877
ACS: 32743, CP: 17545

Place: Hyderabad
Date: 15.06.2020

BUSINESS RESPONSIBILITY REPORT

BUSINESS RESPONSIBILITY REPORT OF PENNAR INDUSTRIES LIMITED

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L27109TG1975PLC001919
2.	Name of the Company	PENNAR INDUSTRIES LIMITED
3.	Registered address	FLOOR NO. 3, DHFLVC SILICON TOWERS Kondapur Hyderabad Telangana, India - 500084
4.	Website	www.pennarindia.com
5.	e-Mail ID	corporatecommunications@pennarindia.com
6.	Financial Year reported	1st April 2019 to 31st March 2020
	1. Sector(s) that the Company is engaged in (industrialactivity code-wise)	1. Diversified Engineering NIC-24105, 2. Custom designed building solutions & auxiliaries NIC-28112
	2. List three key products/services that the Companymanufactures/provides (as in balance sheet)	Pre-engineered Buildings, Railways-Wagons, Passenger and Metro Coaches, Solar Module Mounting solutions, Engineering Services
	3. Total number of locations where business activity is undertaken by the Company	
	a) Number of International Locations	2 USA and Germany
	b) Number of National Location	7 Plants and 14 Branch office
	4. Markets served by the Company - Local/State/ National/International/	National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹ in lakhs)	7,262
2.	Total turnover (₹ in lakhs)	2,09,766
3.	Total profit after taxes (₹ in lakhs)	5,251
4.	Total Spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	3%
5.	List of activities in which expenditure in 4 above has been incurred:-	1.Vidya Volunteers, Fee Reimbursements and Children's Parks 2. Midday Meals and Other rural development activities 3. Donations to Charitable Trusts 4. Donations to Orphanages

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities.	No

BUSINESS RESPONSIBILITY REPORT OF PENNAR INDUSTRIES LIMITED

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

1.	DIN Number (If applicable)	01307343
2.	Name	Mr. Aditya Rao
3.	Designation	Vice-Chairman and Managing Director
4.	Telephone Number	040-40210525
5.	e-Mail ID	aditya@pennarindia.com

2(a) Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Name of principles:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

P3 - Businesses should promote the well-being of all employees

P4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 - Businesses should respect and promote human rights

P6 - Businesses should respect, protect, and make efforts to restore the environment

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 - Businesses should support inclusive growth and equitable development

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any national/ international standards? If yes, specify. (50 words) National/ International standards being followed by Pennar as listed below: 1. ISO 9001:2015: Quality Management Systems– Requirements 2. ISO 14001:2015: Environmental Management Systems - Requirements with Guidance for use 3. OHSAS 18001:2007: Occupational Health and Safety Management Systems - Requirements with Guidance for use 4. IATF 16949:2016: Quality Management System Requirements for Automotive Production and relevant Service part Organisations 5. ISO 3834-2:2005: Quality Requirements for Fusion Welding of Metallic Materials - Part2 Comprehensive Quality Requirements 6. EN 15085-2:2007: Railway Applications - Welding of Railway vehicles and components - Part2 Quality requirements and certification of welding manufacturer 7. AS 9100:2016: Quality Management Systems - Requirements for Aviation, Space and Defense Organisations 8. FM Approval: Double-Lok Standing Seam Roof Systems as Class 1 Panel Roofs (Approval Identification: 3036416) 9. ISO 9001:2015: Design, Manufacture, Supply and Erection of Pre-Engineered Building Systems 10. RDSO Approval (Ministry of Railways): Fabrication and supply of Steel Bridge Girders 11. Bureau of Indian Standards (BIS) License (Registration/ CRS 2020-0703/R-63001775): Crystalline Silicon Terrestrial Photovoltaic (PV) Solar modules	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? Has it been signed by the MD/ Owner/ CEO/ Appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	www.pennarindia.com								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

BUSINESS RESPONSIBILITY REPORT OF PENNAR INDUSTRIES LIMITED

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the Company have an in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If the answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2options)

Sr. No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stagewhere it finds itself in a position to formulate and implement the policiesonspecified principles									
3.	The company does not have financial or manpower resources available forthe task									
4.	It is planned to be done within the next 6months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year)

The CSR committee of the Board meets every three to six months to assess all aspects of the BR performance.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently is it published?

Sustainability and BRR performance is detailed out in the Pennar Industries Limited Annual Report. Our sustainability reports can be found at: http://www.pennarindia.com

SECTION - E

Principle 1 - Conduct, Governance, Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   We have detailed policies on Whistle-Blower, Code of Conduct for all Executive Staff, Non-Disclosure Agreement and Standing Orders for workmen governing all related matters.

2. How many stakeholder complaints have been received in the past financial year, and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   We have a well-designed mechanism for all our stakeholders to communicate us of any inappropriate behaviour. Our exclusive Whistle-Blower Policy, has provisioned for an e-mail id, which both our internal as well as external stakeholders can make use of to report anonymously to the management. During the reporting period, the Company has not received any complaints from the stakeholders under whistle-Blower Policy.

Principle 2 - Safety and Optimal Resource Utilisation across Product Lifecycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   The following products and services of Enviro BU contribute a lot to environmental and social concerns of industries and society at large.

   a) Effluent Treatment and Recycling Plants & Zero Liquid Discharge Plants: Our effluent treatment plants help industries to treat their process effluents to meet the environmental standards before they are discharged. Recycling & ZLD plants help the industries to optimise their freshwater requirements and reduce the burden on depleting groundwater resources both in quantity and quality.

   b) Sewage Treatment Plants: Our Sewage treatment plants help in treating the raw sewage to meet the environmental standards before they are discharged, thus contributing to protecting the water bodies and marine life.

   c) Desalination Plants: Our water desalination plants help industries to meet their process water requirements by using seawater as a source reduce the burden on depleting groundwater resources both in quantity and quality.

   d) Hand Sanitizer & Disinfectant Chemicals: Our new range of Hand Sanitizer & Disinfectant Chemicals are of the global standard for personal and community hygiene.

   e) Pre-fabricated Bio Toilets: This product is an apt solution for distributed/ local sewage treatment at the source of generation and also cater to the field heating requirements.

   Enviro BU sees very good growth opportunities for the above products in the near and long term growth plan of the BU. However, apart from national players for these product ranges, localised competition without credible product/ technology performance can create pressure on price realisation in the market.

BUSINESS RESPONSIBILITY REPORT OF PENNAR INDUSTRIES LIMITED

2. For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):

   This depends upon the source of effluent, which varies from industry to industry like textile, pharma, chemicals, oil and gas etc. thus cannot be commented.

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?: NA

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Enviro BU has commissioned wastewater and desalination plants helping the customer to treat the wastewater and seawater.

   The capacity of plants commissioned during the year is below:

ETP	65.70 million litres per annum
STP	67.52 million litres per annum
Desalination Plants	730 million litres of treated water

3. Does the company have procedures in place for sustainable sourcing (including transportation)?(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so:

   Enviro BU took up no sustainable sourcing.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?:Yes

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Enviro BU's procurement currently stands as below

   (1) Domestic procurement 95%

   (2) Imported procurement 5%

   (3) Out of domestic procurement, 13% is procured from local vendors closer to our place of work.

   (4) MSME vendors constitute a major portion in the domestic procurement.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   Since we are in EPC and product assembly BU and not a process industry, this is not applicable to Enviro BU.

Principle 3: Employee Well-being

1. The number of permanent employees on the rolls of company: 2,764.

2. Please indicate the total number of employees hired on a temporary/contractual/casual basis: 3,738

3. Please indicate the number of permanent women employees: 77

4. Please indicate the number of permanent employees with disabilities: 21

5. Do you have an employee association that is recognised by management?

   Pennar Industries Workers Union, Hyderabad

   Pennar Industries Employees Union, Chennai

   Shramik Utkarsha Sabha, Tarapur

   PEBS Pennar Employees Union, Sadasivpet

6. What percentage of your permanent employees are members of this recognised employee association?

   33%

7. Pleaseindicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financialyear.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees: 53%

   (b) Permanent Women Employees: 61%

   (c) Casual/ Temporary/ Contractual Employees: 100%

   (d) Employees with Disabilities: 100%

BUSINESS RESPONSIBILITY REPORT OF PENNAR INDUSTRIES LIMITED

Principle 4: Engaging Stakeholders - Sustaining Value

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders.

   No.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

   Not Applicable

Principle 5: Promoting Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? :

   It is extended to all, as stated above.

2. How many stakeholder complaints have been received in the past financial year, and what percent was satisfactorily resolved by the management?

   Nil.

Principle 6: Nurturing the Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.

   Yes

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Yes. Through our Crystalline silicon terrestrial photovoltaic (PV) modules manufacturing plant, we are reducing CO2 emissions to theextent of 3,50,400 Tons per year (by way of generating electricity from a Solar power plant vs a coal power plant).

3. Does the company identify and assess potential environmental risks? Y/N

   Yes, we have ETP zero discharge systems and upgraded STPs and proper environmental protection policies.

4. Does the company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   As stated above.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. Through our Crystalline silicon terrestrial photovoltaic (PV) modules manufacturing plant, we are reducing CO2 emissions to theextent of 3,50,400 Tons per year (by way of generating electricity from a Solar power plant vs a coal power plant) Website: www.pebspennar.com

6. Are the Emissions/Waste generated by the company within the permissible limits are given by CPCB/SPCB for the financial year being reported?

   Yes.

7. The number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.

   No.

Principle 7: Responsible Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   (a) Confederation of Indian Industry

   (b) Federation of Telangana Chambers of Commerce and Industry (FTCCI)

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (dropbox: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   No.

Principle 8: Support Inclusive Development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   Every year we are planting trees in each plant as area permitted. Maintaining greenery at all plants.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

   We are having our own Sewerage Treatment Plants at all our plants and reusing water and sludge (Manure) for the garden.

3. Have you done any impact assessment of your initiative?

   We have Zero discharge system for effluent generating in our plant.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

We have proper treatment for fumes coming out from Boiler, Pickling and annealing and maintaining the parameters as required.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   We are sending the ETP sludge for reuse in cement plants rather landfilling at Ramky. We made water harvesting pits as required at PTCR and ISNAPUR with injection borewell.

Principle 9: Providing Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   Nil.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information).

   Yes, wherever applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If so, provide details thereof, in about 50 words or so.

   Nil.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   No.

FINANCIAL STATEMENT STANDALONE

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Pennar Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to Note 34 of the standalone financial statement, which describes that certain estimates and judgements were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matter

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

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 2.12 of the standalone financial statements. Revenue from Sale of Goods (herein after referred to as "Revenue") is recognized when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.	Principal audit procedures: Obtained an understanding of samples of customer contracts. Selected samples and tested the design and operating effectiveness of internal controls, relating to transfer of control. We carried out a combination of procedures involving inquiry and inspection of evidence in respect of operation of these controls. In respect of the selected sample of transactions: a) Tested whether the revenue is recognized upon transfer of control to customer. b) We have evaluated the delivery and shipping terms of the contracts for revenue recognized during the period. c) We have verified the underlying documents which includes sales invoices/contracts and shipping documents, customer acknowledged lorry receipts and E-way bills.

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

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

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

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

When we read the Management Discussion and Analysis, Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate

internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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 relevant books of account.

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

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

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

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

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

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)
UDIN: 20201193AAAADI5018

Hyderabad, June 30, 2020

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, 2020 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

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, 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, 2020, 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)
UDIN: 20201193AAAADI5018

Hyderabad, June 30, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed 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 whose title deeds have been pledged as security for loans are held in the name of the company based on the confirmations received by us from the lenders. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at the balance sheet date.

ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

iv. In our opinion and according to the information and explanations given to us, the

Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

v. According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013 and does not have any outstanding unclaimed deposits as at March 31, 2020 and therefore, reporting under clause (v) of the Order is not applicable.

vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Excise Duty, Service Tax, Entry Tax, GST and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount	Amount Unpaid (₹ in lakhs)
The Central Excise Act, 1994	Excise Duty	Customs Excise and Service Tax Appellate Tribunal, Hyderabad	2010-11 to 2017-18	157.13
The Finance Act, 1994	Service Tax	Customs Excise and Service Tax Appellate Tribunal, Hyderabad	2004-2005 to 2007-08	4.39
		Deputy Commissioner	2015-16	2.19
AP Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	High Court of Judicature at Hyderabad for the State of Telangana	2005-06 to 2007-2008	158.22
			2012-2013	3.22
			2013-2014	12.19
Telangana Goods and Services Act, 2017	GST	Commissioner	2017-18	69.12
Telangana State Value Added Tax Act, 2005	VAT	High Court of Judicature at Hyderabad for the State of Telangana	2013-15	576.07

There are no dues of Income-tax and Customs Duty, as on March 31, 2020 on account of disputes.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures.

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

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)
UDIN: 20201193AAAADI5018

Hyderabad, June 30, 2020

BALANCE SHEET

As At March 31, 2020

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

	Particulars	Note	As at March 31,2020	As at March 31,2019
I	**ASSETS**			
1	**Non-current assets**			
	Property, plant and equipment	3	57,137	43,991
	Right-of-use Assets	4	3,534	-
	Capital work-in-progress		3,341	11,769
	Other intangible assets	5	1,398	1,353
	Financial assets			
	(a) Investments	6	1,234	264
	(b) Trade receivables	11	4,109	937
	(c) Other financial assets	8	1,001	816
	Income tax assets (net)	18(f)	2,806	1,041
	Other non-current assets	9	1,363	1,282
	Total Non-current assets		**75,923**	**61,453**
2	**Current assets**			
	Inventories	10	43,780	43,647
	Financial assets			
	(a) Investments	6	4,509	5,211
	(b) Trade receivables	11	39,237	46,063
	(c) Cash and cash equivalents	12	3,565	1,320
	(d) Bank balances other than cash and cash equivalents	13	2,020	2,321
	(e) Loans	7	2,394	1,954
	(f) Other financial assets	8	4,727	3,031
	Other current assets	9	8,205	8,760
	Total Current assets		**108,437**	**112,307**
	Total assets (1+2)		**184,360**	**173,760**
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	Equity share capital	14	7,262	7,618
	Other equity	15	62,401	58,881
	Total Equity		**69,663**	**66,499**
	LIABILITIES			
2	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	16	10,198	10,031
	(b) Lease liabilities	4	3,290	-
	(c) Other financial liabilities	21	919	512
	Provisions	17	1,064	862
	Deferred tax liabilities (net)	18(d)	1,871	2,680
	Other non-current liabilities	19	282	604
	Total Non-current liabilities		**17,624**	**14,689**
3	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	16	29,596	31,258
	(b) Trade payables	20		
	Total outstanding dues to micro enterprises and small enterprises		258	455
	Total outstanding dues of other than micro enterprises and small enterprises		47,484	44,329
	(c) Lease liabilities	4	387	-
	(d) Other financial liabilities	21	7,350	5,655
	Current tax liabilities (net)	18(f)	3,278	1,560
	Provisions	17	590	850
	Other current liabilities	19	8,130	8,465
	Total Current liabilities		**97,073**	**92,572**
	Total Liabilities (2+3)		**114,697**	**107,261**
	Total Equity and Liabilities (1+2+3)		**184,360**	**173,760**
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

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: ACS 29058)

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

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

	Particulars	Note	For the year ended March 31, 2020	For the year ended March 31,2019
I.	**INCOME**			
	Revenue from operations	22	209,766	211,612
	Other income	23	2,029	2,603
	Total income		**211,795**	**214,215**
II.	**EXPENSES**			
	Cost of materials consumed		118,255	124,545
	Purchase of traded goods		8,463	5,135
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,161)	(865)
	Employee benefits expense	25	15,687	14,913
	Finance costs	26	8,340	7,511
	Depreciation and amortisation expense	27	4,268	2,787
	Other expenses	28	51,748	50,838
	Total expenses		**205,600**	**204,864**
III.	**Profit before tax (I - II)**		6,195	9,351
IV.	**Tax expense:**	18(a)		
	Current tax		1,740	2,477
	Deferred tax		(796)	470
			944	**2,947**
V.	**Profit for the year (III - IV)**		5,251	6,404
VI.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurement of the defined benefit plan	17(c)	(52)	(475)
	- Income tax relating to above items	18(b)	13	165
	Total other comprehensive income		**(39)**	**(310)**
VII.	**Total comprehensive income for the year (V + VI)**		**5,212**	**6,094**
VIII.	**Earning per equity share (face value of ₹ 5 each)**			
	Basic and Diluted (₹)	29	3.47	4.20
	Corporate information and significant accounting policies			
	See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

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

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

Place: Hyderabad
Date: June 30, 2020

JS Krishna Prasad
Chief Financial Officer

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

CASH FLOW STATEMENT

for the year ended March 31, 2020

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

Particulars	For the year ended March 31, 2020		For the year ended March 31,2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		6,195		9,351
Adjustments for :				
Depreciation and amortisation expense	4,268		2,787	
Loss on sale / scrap of property, plant and equipments (net)	-		140	
Finance costs	8,340		7,511	
Interest income	(1,063)		(737)	
Dividend income	(111)		-	
Provision for receivables and other liabilities no longer required, written back	(517)		(429)	
Trade and other receivables written off	2,782		1,994	
Provision for doubtful trade and other receivables, loans and advances (net)	2,536		18	
Gain on mutual funds	(24)		(355)	
Exchange differences (net)	(17)		-	
Operating profit before working capital changes		22,389		20,280
Changes in Working Capital:				
Trade receivables	(1,647)		(8,413)	
Other assets	(1,304)		1,550	
Inventories	(133)		(556)	
Trade payables	3,475		7,601	
Other liabilities	(1,223)		(84)	
Provisions	(6)		350	
Cash generated from operations		21,551		20,728
Net income taxes paid		(1,784)		(3,599)
Net cash flow from operating activities (A)		**19,767**		**17,129**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, plant and equipments, including Capital work-in-progress and Capital advances	(9,034)		(22,712)	
Proceeds from sale of Property, plant and equipment	2		190	
Payment towards acquisition of Business	(61)		-	
Purchase of non-current investments	(621)		(1)	
Proceeds from sale of current investments (net)	726		2,077	
Inter-corporate deposits/ loans (net)	(440)		-	
Movement in other bank balances	301		(624)	
Interest received	1,094		717	
Dividend income from investments	111		-	
Net cash flow from / (used in) investing activities (B)		**(7,922)**		**(20,353)**

Particulars	For the year ended March 31, 2020		For the year ended March 31,2019	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	2,279		1,164	
Payment towards buyback of shares including transaction costs	(2,048)		-	
Net movement in working capital loans	(1,662)		7,714	
Repayment of lease liability	(335)		-	
Interest and other borrowing costs paid	(7,834)		(7,505)	
Net cash flow from / (used in) financing activities (C)		**(9,600)**		**1,373**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		2,245		(1,851)
Cash and cash equivalents at the beginning of the year		1,320		3,171
Cash and cash equivalents at the end of the year*		**3,565**		**1,320**
***Cash and cash equivalents comprises of: (Refer note 12)**				
Cash on hand		3		-
Balances with Banks				
- in current accounts		2,942		1,086
- in deposit accounts		620		234
		3,565		**1,320**

Note:

Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

For and on behalf of the Board of Directors

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

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

A. Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2018	152,357,231	7,618
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	**152,357,231**	**7,618**
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	6,615,000	331
Less: Shares bought back and pending extinguishment	504,617	25
Balance as at March 31, 2020	**145,237,614**	**7,262**

B. Other equity

Particulars	Reserves and surplus						Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings	
Balance as at April 01, 2018	386	12,622	1,272	6	1,185	37,316	52,787
Profit for the year	-	-	-	-	-	6,404	6,404
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(310)	(310)
Balance as at March 31, 2019	**386**	**12,622**	**1,272**	**6**	**1,185**	**43,410**	**58,881**
Profit for the year	-	-	-	-	-	5,251	5,251
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(39)	(39)
Buyback of equity shares	-	(1,337)	-	-	-	-	(1,337)
Transaction costs towards Buyback of equity shares	-	(355)	-	-	-	-	(355)
Amount transferred to capital redemption reserve upon Buyback	-	-	(356)	-	356	-	-
Balance as at March 31, 2020	**386**	**10,930**	**916**	**6**	**1,541**	**48,622**	**62,401**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

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: ACS 29058)

Notes

Forming Part of the Financial Statements

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

1. Corporate information:

Pennar Industries Limited ('the Company) is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations, metro stations, stadiums and power plants , amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. Except for the changes below, the Company has consistently applied accounting policies to all periods.

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated. Refer Note 36 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

iii) Amendment to Ind AS 19 'Employee Benefits': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April 2019.

The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact

New standards and interpretations not yet adopted:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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 116, 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 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.

Notes

Forming Part of the Financial Statements

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

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete by the Company.

Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realizable value after providing for obsolescence and other losses (if any).

2.4 Foreign currency translation:

In preparing the financial statements of the Company, transaction in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.5 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee ( ), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts as on the transition date, Company has decided to apply "Modified retrospective method" by measuring 'Right-of-use' assets at an amount equal to Lease Liability, adjusted by amount of any prepaid or accrued lease payments.

As a Lessee:

The Company's significant leasing arrangement are in respect of Land and Office premises. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 36, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

As a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Notes

Forming Part of the Financial Statements

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease

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.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'

2.10 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalized to the respective block of assets. A corresponding provision is created for the said costs.

The capitalized asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.11 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Revenue:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 "Revenue Recognition", Ind AS 11 "Construction Contracts" and related interpretations

Sale of products and Services:

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Income from supply of Pre- Engineered Buildings/ steel structural:

Revenue from supply of Pre-Engineered Building (PEBS)/ steel structurals are recognized as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Notes
Forming Part of the Financial Statements

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

Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Government grants, subsidies and export incentives:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Income from sales tax and power incentives are recognized on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

2.13 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

2.14 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land.

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

Depreciation on Property, Plant and Equipment commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	20
Factory Equipment (Electricals)	10-20
Office Equipment	3-5
Furniture & Fixtures	10
Computers	3-6
Vehicles	8
Intangible Assets	10-20

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

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

2.15 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ERP and others) allocated/amortized over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

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

2.16 De-recognition of Tangible and Intangible assets

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

2.17 Impairment of Tangible and Intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Notes

2.18 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

2.19 Financial instruments

a. Derivative Financial Instruments:

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

2.20 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

Notes

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

2.21 Impairment of assets

a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment

Intangible assets, 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.

c. Non-current Investments:

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.22 Government Grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

2.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Items requiring significant estimate	Assumption and estimation uncertainty
Useful lives of property, plant and equipment	The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return of plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for doubtful receivables	The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
Estimation of net realizable value of inventories	Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories in the Company makes an estimate of future selling prices, and costs necessary to make the sale.
Leases	Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Notes
Forming Part of the 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 31,2020	As at March 31,2019
Carrying amounts of:		
Freehold land	1,292	911
Leasehold improvements	22	27
Buildings	27,853	18,691
Plant and equipment	22,364	19,573
Electrical equipment	4,756	4,149
Computers	150	120
Office equipment	203	92
Furniture and fixtures	240	183
Vehicles	257	245
Total	**57,137**	**43,991**
Capital works-in-progress(Refer note (a) below)	3,341	11,769

Notes:

a) Capital work in progress includes borrowing cost of ₹ Nil Lakhs (March 31, 2019 ₹ 173 Lakhs) capitalised during the year.

b) Refer Note 16(a) for details of charge created on assets.

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

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
I. Cost										
Balance as at April 01, 2018	993	45	15,171	30,237	4,643	541	415	287	308	52,640
Additions	10	-	7,104	5,118	1,556	89	58	69	88	14,092
Disposals	(92)	-	-	(221)	-	(199)	(330)		(24)	(866)
Balance as at March 31, 2019	911	45	22,275	35,134	6,199	431	143	356	372	65,866
Additions	381	-	10,101	4,842	912	120	171	104	59	16,690
Disposals	-	-	-	(9)	-	-	-	-	-	(9)
Balance as at March 31, 2020	**1,292**	**45**	**32,376**	**39,967**	**7,111**	**551**	**314**	**460**	**431**	**82,547**
II. Accumulated depreciation										
Balance as at April 01, 2018	-	14	2,978	14,069	1,828	430	342	131	97	19,889
Depreciation for the year	-	4	606	1,623	222	72	27	42	35	2,631
Disposals	-	-	-	(131)	-	(191)	(318)	-	(5)	(645)
Balance as at March 31, 2019	-	18	3,584	15,561	2,050	311	51	173	127	21,875
Depreciation for the year	-	5	939	2,049	305	90	60	47	47	3,542
Disposals	-	-	-	(7)	-	-	-	-	-	(7)
Balance as at March 31, 2020	**-**	**23**	**4,523**	**17,603**	**2,355**	**401**	**111**	**220**	**174**	**25,410**

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

4. Right-of-Use Assets

Particulars	As at March 31,2020
Carrying amount of:	
Land	103
Buildings	3,431
Total	**3,534**

Details of Right-of-Use Assets

Particulars	Land (Refer note below)	Buildings	Total
I. Gross Carrying Value			
As at April 01, 2019 (Refer note 36)	90	3,620	3,710
Additions	15	635	650
Disposals	-	(295)	(295)
Balance as at March 31, 2020	**105**	**3,960**	**4,065**
II. Accumulated amortisation			
Amortisation	2	566	568
Disposals	-	(37)	(37)
Balance as at March 31, 2020	**2**	**529**	**531**

Note:

Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases"

Lease Liabilities (Refer note 36)

Particulars	As at March 31,2020
Current	387
Non-current	3,290
Total	**3,677**

Notes

Forming Part of the Financial Statements

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

5. Other intangible assets

Particulars	As at March 31,2020	As at March 31,2019
Carrying amount of:		
Computer software	465	369
Software licence	130	127
Other intangible assets	803	857
Total Other intangible assets	**1,398**	**1,353**

Particulars	Computer software	Software licence	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2018	583	227	1,126	1,936
Additions	184	-	-	184
Disposals	(262)	-	-	(262)
Balance as at March 31, 2019	505	227	1,126	1,858
Additions	168	35	-	203
Disposals	-		-	-
Balance as at March 31, 2020	**673**	**262**	**1,126**	**2,061**
II. Accumulated amortisation				
Balance as at April 01, 2018	222	65	215	502
Amortisation for the year	67	35	54	156
Disposals	(153)	-	-	(153)
Balance as at March 31, 2019	136	100	269	505
Amortisation for the year	72	32	54	158
Disposals	-	-	-	-
Balance as at March 31, 2020	**208**	**132**	**323**	**663**

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

6. Investments

Particulars	Face Value per share	As at March 31, 2020		As at March 31, 2019	
		No. of shares	Amount	No. of shares	Amount
A. Investments - Non-current					
Unquoted:					
Equity instruments of subsidiary companies (carried at cost)					
Pennar Global Inc., USA	USD 0.01 each	123,500,000	862	40,000,000	261
Enertech Pennar Defense and Engineering Systems Private Limited	₹ 10 each	5,100	1	5,100	1
Pennar GmbH., Germany	Euro 1 each	25,000	20	-	-
Oneworks BIM Technologies Private Limited (Refer note 35(A))	₹ 100 each	1,000	349	-	-
			1,232		**262**
Investment carried at fair value through OCI (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹ 1000 each	200	2	200	2
Total Non-current investments			**1,234**		**264**
B. Investments - Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			4,509		4,892
Investments in secured, non-convertible debentures			-		319
Total Current investments			**4,509**		**5,211**

Note:

Details of investments - Current (quoted)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds*				
UTI - Treasury Advantage Fund - Regular Growth Plan	179	4	8,518	220
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	6,166	25	6,166	22
ABSL Money Manager Fund Gr-Direct	148,355	402	59,617	150
ABSL Liquid Fund Gr-Direct	-	-	116,598	350
Birla Sun Life Savings Fund-US	-	-	26,911	100
ICICI Prudential Liquid Mutual Fund -Direct Plan	-	-	217,462	601
HDFC Liquid Fund	-	-	13,607	500
Franklin India Liquid Fund	-	-	8,944	250

Notes

Forming Part of the Financial Statements

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
JM High Liquidity fund-Direct-Growth	-	-	978,000	501
UTI-Liquid Cash Plan-Direct Plan	-	-	22,458	687
DSP Blackrock Liquid Mutual Fund	-	-	936	25
IDFC Cash Fund	-	-	4,434	101
Religare Invesco Liquidity Fund	-	-	9,728	250
Yes Liquid Fund-DP	-	-	9,904	101
Tata Liquid Fund-Direct Plan	-	-	3,433	101
Reliance Liquid Fund - Treasury plan	-	-	20,447	933
UTI Money Market Fund - Regular Growth Plan	211	5	-	-
Nippon India Liquid Fund - Direct Plan - Growth Plan- Growth Option	9,101	441	-	-
Nippon India Overnight Fund - Direct Growth Plan	466,489	500	-	-
Nippon India Money Market Fund- Direct Growth Plan - Growth Option	15,095	461	-	-
ICICI Prudential Money Market Fund-Direct Plan - Growth Option	125,329	350	-	-
ICICI Savings Fund- Direct Plan- Growth Option	116,183	454	-	-
ICICI Overnight Fund- Direct Plan- Growth Option	232,030	250	-	-
HDFC Liquid Fund - Regular Plan- Growth Option	2,841	110	-	-
Tata Overnight Fund-Direct Plan - Growth Option	23,727	250	-	-
Tata Money Market Fund-Direct Plan - Growth Option	7,213	250	-	-
DSP Overnight Fund-DP - Growth Option	23,395	250	-	-
DSP Ultra Short Fund-DP - Growth Option	9,186	250	-	-
Invesco India Money Market Fund-DP - Growth Option	10,801	250	-	-
Sundaram - Money Market Fund- Direct Growth	2,231,704	250	-	-
Nippon India Overnight Fund - Growth Plan	107	7	-	-
		4,509		4,892
Investments in Debentures				
Indian Clearing Corporation Limited		-	30	319
		4,509		5,211

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

7. Loans (unsecured, considered good)

Particulars	As at March 31,2020	As at March 31,2019
At amortised cost		
Loans to related parties* (Refer note 33(iii))	230	100
Inter-corporate deposits	2,164	1,854
	2,394	1,954

*The loans have been given for business purpose.

Notes
Forming Part of the Financial Statements

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

8. Other financials assets (unsecured, considered good)

Particulars	As at March 31,2020	As at March 31,2019
Non-current:		
Deposits	919	736
Sales tax claims receivable	82	80
Total other non-current financial assets	1,001	816
Current:		
Interest accrued on deposits	79	110
Unbilled revenue	1,321	793
Incentive receivable	506	506
Security Deposits	2,473	1,329
Receivable against sale of non-current investments	184	184
Others	164	109
Total other current financial assets	4,727	3,031
Total other financial assets	**5,728**	**3,847**

9. Other assets (Unsecured, considered good) :

Particulars	As at March 31,2020	As at March 31,2019
Non-current		
Capital advances	1,359	1,183
Prepayment of lease hold land	-	91
Others	4	8
Total other non-current assets	1,363	1,282
Current:		
Advances recoverable in kind or for value to be received	3,361	2,993
Prepaid expenses	399	502
Balances with government authorities	4,412	5,194
Others	33	71
Total other current assets	8,205	8,760
Total other assets	**9,568**	**10,042**

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

Notes

Forming Part of the Financial Statements

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

Particulars	As at March 31,2020	As at March 31,2019
Raw materials	8,286	9,105
Raw materials in-transit		20
Work-in-progress	22,029	21,185
Finished goods	7,837	7,480
Stores and spares	5,036	5,225
Scrap	592	632
Total	**43,780**	**43,647**

Note:

Refer Note 16(a) for details of charge created on assets.

11. Trade receivables

Particulars	As at March 31,2020	As at March 31,2019
Non Current		
Unsecured, considered good	4,109	937
Credit impaired	2,547	-
	6,656	**937**
Less: Allowance for doubtful receivables (Refer note (b) below)	2,547	-
	4,109	937
Current		
Unsecured, considered good*	39,237	46,063
Credit impaired	4,913	4,924
	44,150	50,987
Less: Allowance for doubtful receivables (Refer note (b) below)	4,913	4,924
	39,237	46,063
Total	**43,346**	**47,000**

* Includes dues from related parties (Refer note 33)

Notes:

a. Trade receivables includes retention money aggregating to ₹ 4,663 lakhs (March 31, 2019: ₹ 5,752 lakhs).

b. **Expected credit loss (ECL):**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2020	40,207	10,599	(7,460)	43,346
As at March 31, 2019	46,112	5,812	(4,924)	47,000

The movement in the allowance for Credit loss:

Particulars	As at March 31,2020	As at March 31,2019
Balance at the beginning of the year	4,924	4,906
Impairment losses recognised on receivables	2,536	18
Balance at the end of the year	**7,460**	**4,924**

c. Of the trade receivables balance as at March 31, 2020, ₹ 6,931 Lakhs (as at March 31, 2019: ₹ 6,819 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.

12. Cash and cash equivalents

Particulars	As at March 31,2020	As at March 31,2019
Cash on hand	3	-
Balances with banks		
in current accounts	2,942	1,086
in deposit accounts	620	234
Total	**3,565**	**1,320**

13. Bank balances other than cash and cash equivalents

Particulars	As at March 31,2020	As at March 31,2019
a) Earmarked balances with banks		
- in preference shares redemption accounts	74	74
- in unclaimed dividend accounts	11	22
- in Margin money deposits*	584	887
- in deposit accounts (maturity greater than 12 months)**	1,351	1,338
Total	**2,020**	**2,321**

*Margin money deposits has been provided as a security to State Bank of India and Axis Bank for the Cash Credit and other short term loan facilities availed by the Company. The balance deposits are towards margin money given for letter of credit and bank guarantees.

**Deposits includes earmarked balance of ₹ 900 lakhs against bank guarantee given to SEBI for buy back of Shares.

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

14. Equity share capital

Particulars	As at March 31,2020	As at March 31,2019
Authorised share capital:		
Equity shares		
30,20,00,000 fully paid up equity shares of ₹ 5 each	15,100	15,100
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	17,600	**17,600**
Issued, subscribed and paid-up capital:		
Equity shares		
14,52,37,614 fully paid up equity shares of ₹ 5 each (Refer note (d) below)	7,262	7,618
Total	7,262	7,618

Notes:

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

Particulars	As at March 31,2020	As at March 31,2019
Opening balance	152,357,231	152,357,231
Less: Shares bought back and extinguished during the year	6,615,000	-
Less: Shares bought back and pending extinguishment	504,617	-
Balance	145,237,614	152,357,231

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	21,005,455	14.41%	20,994,311	13.78%
Saif India IV FII Holdings Limited	12,138,080	8.33%	12,138,080	7.97%
Franklin India Smaller Companies Fund	8,689,354	5.96%	8,689,354	5.70%
Aditya Narsing Rao	8,427,203	5.78%	5,026,508	3.30%

c. **Rights, preferences and restrictions attached to each class of shares:**

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

Preference Shares: The Company has two classes of cumulative redeemable preference shares having face value of ₹ 100 each and ₹ 5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company.

d. **Buyback of equity shares:**

The Board of Directors, at its meeting held on November 12, 2019, approved Buyback of the Company's fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company other than promoters, promoter group and persons who are in control of the company, at a price not exceeding ₹ 45 per equity share (Maximum Buyback price), for an aggregate amount not exceeding 4,000 lakhs (Maximum Buyback size), payable in cash from the open market route through the stock exchange mechanism under the Buyback Regulations and the Companies Act. The Buyback shall not exceed 4,000 lakhs (Maximum Buyback size) excluding the transaction charges. The Maximum Buyback Size represents 6.14% and 6.16% of aggregate of the Company's paid up equity capital and free reserves based on the audited Consolidated and Standalone financial statements, respectively, of the Company as at March 31, 2019, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013.

As of March 31, 2020, the scheme of Buyback was open, the Company bought back 71,19,617 equity shares as of that date, resulting in total cash consideration of ₹ 2,048 lakhs (including ₹ 355 lakhs towards transaction cost and tax on Buyback). Out of 71,19,617 equity shares bought back, the Company extinguished 66,15,000 equity shares as at March 31, 2020 and the remaining were extinguished in the month of April 2020 as per the records of depositories. In line with the requirement of Companies Act, 2013, an amount of ₹ 1,692 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 356 lakhs representing the nominal value of shares brought back, has been created in accordance with Section 69 of the Companies Act, 2013.

The Buyback commenced on November 25, 2019 and closed on May 21, 2020. The Company bought back an aggregate of 1,01,95,000 equity shares, utilizing a total of ₹ 2,236.20 (excluding transaction costs of Buyback), which represents 55.91% of the maximum Buyback size.

e. The company has not issued bonus shares during the period of five years immediately preceding the reporting date.

f. Refer Note 16(c) for details of shares pledged.

15. Other equity

Other equity consist of the following:

Particulars	As at March 31,2020	As at March 31,2019
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	12,622	12,622
Premium paid upon Buyback of equity shares	(1,337)	-
Transaction costs relating to Buyback of equity shares	(355)	-
Closing Balance	**10,930**	**12,622**
(c) General reserve		
Opening balance	1,272	1,272
Transfer to capital redemption reserve upon Buyback of equity shares	(356)	-
Closing Balance	**916**	**1,272**

Notes

Forming Part of the Financial Statements

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

Particulars	As at March 31,2020	As at March 31,2019
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1,185	1,185
Appropriation from general reserve upon Buyback of equity shares	356	-
Closing Balance	**1,541**	**1,185**
(f) Retained earnings		
Opening balance	43,410	37,316
Add: Profit for the year	5,251	6,404
Remeasurement of net defined benefit liability net of income tax	(39)	(310)
Closing Balance	**48,622**	**43,410**
Total	**62,401**	**58,881**

Nature of reserves:

(a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

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

(e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) Retained earnings

Retained earnings reflects the Company’s undistributed earnings after taxes along with current year profit.

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

16. Borrowings

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Term Loans- Secured (Refer note (a) below)		
- From banks	9,263	8,859
- From non banking financial companies	88	105
	9,351	**8,964**
Unsecured		
Sales tax deferment loan (Refer note (b) below)	847	1,067
	10,198	**10,031**
Current Maturities of non-current borrowings		
Term Loans- Secured		
-From banks and Non Banking Financial Companies (NBFC's)	4,858	2,764
-Sales tax deferment loan	393	375
	5,251	**3,139**
Less : Amount disclosed under "other current financial liabilities"	5,251	3,139
	-	-
Current		
Loans repayable on demand from banks (Refer note (c) below)		
(i) Cash credits	15,932	11,103
(ii) Working capital demand loans	12,880	19,337
(iii) Bills of exchange	784	818
	29,596	**31,258**
Total Borrowings	**39,794**	**41,289**

Notes:

(a) Summary of borrowings arrangements

Particulars	Term of Repayments*	Security	Borrowings availed	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019	Rate of Interest
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	2,813	3,750	"9.9% to 10.3% p.a"
Yes Bank Limited	16 equal quarterly instalments of ₹ 250 each, after a moratorium period of 1 year, Commencing from Feb 2019. The company has repaid 3 equal quarterly instalments subsequent to which the loan was novated/assigned to SBM Bank (India) Limited with the same terms and conditions.	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	4,000	-	3,750	"9.95% to 10.4% p.a"
SBM Bank (India) Limited	13 equal quarterly instalments of ₹ 250 each commencing from November 2019		3,250	2,750	-	10.40%

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Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Term of Repayments*	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2020	March 31, 2019	
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 each, after a moratorium period of 1 year, Commencing from March 2020	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	5,000	5,000	3,604	9.75% to 10.15% p.a
YES Bank Limited	16 equal quarterly instalments of ₹ 156.25 each, commencing from September 2020	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	2,500	2,500	-	10.25% to 10.40% p.a.
YES Bank Limited	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	47	59	8.77%
Axis Bank Limited	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	38	-	9.26%
Bandhan Bank	24 equal quarterly instalments of ₹ 41.64 each commencing from January 2020	First charge on fixed assets (excluding land) created out of bandhan bank term loan for solar PV module manufacturing unit. DSRA of ₹ 58 with exclusive charge for the term loan of Bandhan Bank Ltd. and personal guarantee of Mr. Aditya Rao (Vice-Chairman & Managing Director).	999	958	300	10.70%
Total			**20,864**	**14,106**	**11,463**	

***Moratorium availed from banks**

As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated March 27, 2020 and April 17, 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between March 1, 2020 and May 31st, 2020 from State Bank of India, Axis Bank, Yes Bank, HDFC Bank and ICICI Bank. Also, the company has availed the moratorium of three months on payment of interest on working capital demand loan, falling due between March 1, 2020 and May 31st, 2020 from Yes Bank, HDFC Bank, Axis Bank, ICICI Bank.

Further, the company has availed the moratorium of three months on the repayment of instalment and interest on term loan falling due between March 1 ,2020 to May 31,2020 from ICICI Bank, Axis Bank and Bandhan Bank respectively.

Particulars	Term of Repayments*	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2020	March 31, 2019	
From Non Banking Financial Institutions:						
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹ 0.30 each commencing from April 2018	First charge by way of hypothecation of the vehicles for which the loan was taken.	14	5	12	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹ 12.50 each commencing from September 2018	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	63	212	10.25% to 10.75% p.a
Volkswagen Finance Limited	84 equal monthly instalments commencing from October 2017	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	35	41	8.50%
Total			**411**	**103**	**265**	

(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 ₹ 440 was paid during earlier years and an amount of ₹ 375 paid in the financial year 2019-20 an amount of ₹ 393 Payable in the financial year 2020-21 which is classified under the head "Other financial liabilities". Further ₹ 431 (As at March 31, 2019 - ₹ 604) considered under Unearned government grant has been classified under the head "Other liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹ in lakhs
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	**1,671**

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank and ICICI Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares of ₹ 5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 9.8% to 10.40% (March 31, 2019 8.5% to 10.85%)

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31,2020	As at March 31,2019
Aditya Narsing Rao (Vice Chairman and Managing Director)	111,500	70,376

17. Provisions

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Provision for gratuity (Refer note c (i) below)	204	255
Provision for compensated absences	594	441
Asset retirement obligation	266	166
	1,064	**862**
Current		
Provision for gratuity (Refer note c (i) below)	421	380
Provision for compensated absences	159	354
Provision for loss on onerous contracts (Refer note(a) below)	10	20
Others	-	96
	590	**850**
Total Provisions	**1,654**	**1,712**

Notes

Forming Part of the Financial Statements

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

Note:

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

Particulars	As at March 31,2020	As at March 31,2019
Opening balance	20	449
Add: Provision made during the year	-	11
Less: Provision reversed during the year	(10)	(440)
Carrying amount as at year end	**10**	**20**

Post Retirement Employee Benefits

(b) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense aggregating to ₹ 693 lakhs (March 31, 2019:₹ 581 lakhs) in respect of the defined contribution plans.

(c) Post retirement benefit - Defined benefit

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(i) Gratuity (funded):

Particulars	2019–20	2018–19
i) Change in Defined Benefit Obligation (DBO) during the year:		
Present Value of DBO at the beginning of the year	1,961	1,287
Interest cost	124	89
Current service cost	212	147
Past service cost	-	-
Actuarial loss on obligation	67	535
Benefits paid	(135)	(97)
Present Value of DBO at the end of the year	2,229	1,961
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,326	1,100
Return on Plan Assets	15	60
Interest Income	85	87
Contributions paid	307	176
Benefits paid	(129)	(97)
Fair value of Plan Assets at the end of the year	1,604	1,326
iii) Amount Recognized in Balance Sheet		
Present Value of DBO of the year	2,229	1,961
Fair value of Plan Assets at the end of the year	1,604	1,326
Net Asset/(Liability) recognized in the balance sheet	(625)	(635)
- Non Current	(204)	(255)
- Current	(421)	(380)

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

Particulars	2019–20	2018–19
iv) Components of employer expense		
Current service cost	212	147
Past service cost	-	-
Interest income on net defined benefit obligation	39	2
Expense recognised in Statement of Profit and Loss	251	149
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	104	275
Actuarial loss due to experience on Defined Benefit Obligation	(37)	260
Return on Plan Assets excluding Interest Income	(15)	(60)
Remeasurements recognised in other comprehensive income	52	475
Total defined benefit cost recognised	**303**	**624**

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2020	Valuation as at March 31, 2019
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.68%-6.70%	6.94%-7.61%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	4.83-13.00	4.89-13.44
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,137
	(-1%)	2,332
Salary Escalation rate	1%	2,319
	(-1%)	2,147

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

Particulars	Gratuity
Within 1 year	422
1-2 year	342
2-3 year	333
3-4 year	286
4-5 year	234
5-10 year	776

(ii) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the company is given below.

Notes

Forming Part of the Financial Statements

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

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2020	Valuation as at March 31, 2019
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.68%-6.70%	6.94%-7.61%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	4.83-13.00	4.89-13.43
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

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.

18. Income taxes

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	1,740	2,518
Deferred tax	(796)	470
Tax pertaining to earlier years	-	(41)
Total Provisions	**944**	**2,947**

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax effect on actuarial losses on defined benefit obligations	13	165
	13	**165**
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	13	165
Items that may be reclassified to profit or loss	-	-

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

c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2020 and March 31, 2019.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting Profit before tax	6,195	9,351
Tax expense at statutory tax rate of 25.17% (2019: 34.94%)	1,559	3,268
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	49	61
Effect of change in tax rate*	(796)	(34)
Adjustments in respect of income-tax for earlier years	-	(41)
Others	132	(307)
Tax expense reported in Statement of Profit and loss.	944	2,947
Effective tax rate	**15.24%**	**31.52%**

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.

*The Company elected to execute the option permitted under section 115 BAA of the Income tax Act. 1961 as introduced by the Taxation laws (Amendment) ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax liability (net) based on the rate prescribed on the said ordinance. The full impact of this change relating to deferred tax liability (net) as at March 31, 2019 has been recognised in the statement of profit and loss, in the year ended March 31 2020.

d. Deferred tax liabilities (net)

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

Particulars	As at March 31,2020	As at March 31,2019
Deferred tax assets	(2,446)	(2,484)
Deferred tax liabilities	4,317	5,164
	1,871	**2,680**

Notes

Forming Part of the Financial Statements

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

e. **Movement in deferred tax assets and liabilities:**

2019-20	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	5,167	(900)	-	4,267
Assets				
Provision for employee benefits	(585)	151	(13)	(447)
Provision for doubtful debts	(1,721)	(157)	-	(1,878)
Provision for loss on onerous contracts	(7)	5	-	(2)
Provision for Contract Assets	(79)	46	-	(33)
Provision for dismantling cost	(58)	(9)	-	(67)
Effect of change in tax rate	-	61	-	61
Others	(37)	7	-	(30)
Total	**2,680**	**(795)**	**(13)**	**1,871**

2018-19	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to				
Liabilities				
Property, plant and equipment and Intangible assets	4,520	647	-	5,167
Assets				-
Provision for employee benefits	(215)	(205)	(165)	(585)
Provision for doubtful debts	(1,714)	(7)	-	(1,721)
Provision for loss on onerous contracts	(157)	150	-	(7)
Provision for loss on Contract Assets	-	(79)	-	(79)
Provision for dismantling cost	-	(58)	-	(58)
Others	(58)	21	-	(37)
Total	**2,376**	**469**	**(165)**	**2,680**

f. **Income tax assets and liabilities**

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

Particulars	As at March 31,2020	As at March 31,2019
Income tax assets [net of provisions]	2,806	1,041
Income tax liabilities [net of advance tax]	(3,278)	(1,560)
	(472)	**(519)**

Notes

Forming Part of the Financial Statements

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

19. Other Liabilities

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Unearned government grants (Refer note 16(b))	282	604
Current		
Advances from customers	5,258	5,149
Unearned revenue	1,839	2,719
Statutory liabilities	640	597
Unearned government grants (Refer note 16(b))	149	-
Others	244	-
	8,130	**8,465**
Total Other Liabilities	**8,412**	**9,069**

20. Trade payables

Particulars	As at March 31,2020	As at March 31,2019
Acceptances	22,224	18,870
Other than Acceptances	25,518	25,914
Total	**47,742**	**44,784**
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	258	455
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	47,484	44,329

*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 30

**Includes amount payable to related parties. Refer note 33

Notes
Forming Part of the Financial Statements

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

21. Other financial liabilities

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Retention money payable	919	512
	919	**512**
Current		
Current maturities from long term borrowings (Refer note 16)		
From banks and Non Banking Financial Companies (NBFC's)	4,858	2,764
Sales tax deferment loan	393	375
Unclaimed dividends	11	22
Preference share capital payable	74	74
Security Deposits	-	79
Interest accrued but not due on borrowings	273	178
Payables on purchase of fixed assets	565	392
Other Payables	1,176	1,771
	7,350	**5,655**
Total financial liabilities	**8,269**	**6,167**

22. Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From operations		
- Sale of products	124,428	145,337
- Revenue from contracts	72,998	54,145
- Sale of services	6,285	3,578
- Other Operating Revenue		
- Scrap Sales	6,055	8,552
Total	**209,766**	**211,612**

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract price	71,590	52,688
Adjustments for:		
Unearned revenue	880	1,881
Unbilled revenue	528	(650)
Unbilled revenue (loss allowance)	-	226
Revenue from contracts	**72,998**	**54,145**

Revenue from operations include ₹ 24,433 Lakhs (March 31, 2019: ₹ 22,291 lakhs) made to Integral Coach Factory which contributes more than 10% of the Company's revenue

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

23. Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income earned on financial assets		
- Bank deposits	90	130
- Other interest income	973	607
Dividend income on current investments	111	-
Net gain arising from financial instruments designated as fair value through Profit and Loss	24	355
Reversal of provisions on onerous contracts (Net)	10	429
Foreign Exchange fluctuation (Net)	17	-
Liabilities no longer required written back	517	522
Others	287	560
Total	**2,029**	**2,603**

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock of inventories		
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Scrap	632	504
	29,297	**28,432**
Closing stock of inventories		
Work-in-progress	22,029	21,185
Finished goods	7,837	7,480
Scrap	592	632
	30,458	**29,297**
Decrease / (increase) in inventories of finished goods and work-in-progress	**(1,161)**	**(865)**

25. Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	13,868	13,254
Contribution to provident and other funds	986	766
Staff welfare expenses	833	893
Total	**15,687**	**14,913**

Notes

Forming Part of the Financial Statements

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

26. Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest:		
Term loans	1,529	803
Working capital demand loans	2,372	2,733
Others	-	3
Lease interest cost (Refer note 36)	411	-
Bill discounting charges	1,326	2,338
Other bank charges	2,702	1,529
Interest expense on delayed payment of income tax	-	105
Total	**8,340**	**7,511**

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, plant and equipment (Refer note 3)	3,542	2,631
Amortisation on Right-of-use assets (Refer note 4)	568	-
Amortisation of intangible assets (Refer note 5)	158	156
Total	**4,268**	**2,787**

28. Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Job work and processing charges	7,416	6,920
Sub-contract expenses	3,936	3,425
Erection expenses	7,114	4,896
Stores and spares consumed	12,327	16,791
Power and fuel	2,316	2,436
Repairs and maintenance		
- Plant and equipment	270	322
- Buildings	43	138
- Others	184	189
Rent	465	718
Carriage and freight	5,330	5,874
Payment to Auditors (Refer note (a) below)	65	62
Loss on sale of plant and equipment	-	140
Foreign Exchange Fluctuation	-	197
Expenditure for Corporate social responsibility (Refer note (b) below)	171	60
Trade and other receivables written off	2,782	1,994

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision for doubtful debtors	2,536	18
Provision for unbilled revenue	-	226
Advances written off	29	553
Miscellaneous expenses	6,764	5,879
Total	**51,748**	**50,838**

Notes:

a. Payments to Auditors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019*
Audit fee	40	26
Limited review	15	5
Certificates	8	3
Out of pocket expenses	2	-
Total	**65**	**34**

Note: Amounts given above excludes Goods and Services tax

* Excludes payment to other auditors of erstwhile Subsidiary Companies Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with the Company.

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 requirement of the Companies Act, 2013 gross amount required to be spent by the company during the year is ₹ 188 (March 31, 2019 : ₹ 189).

Details of expenditure on corporate social responsibility

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above	171	60

29. Earnings per share

Particulars	As at March 31,2020	As at March 31,2019
Profit after tax	5,251	6,404
Weighted average number of equity shares	151,161,566	152,357,231
Nominal value per share	5	5
Basic and Diluted earnings per Equity Share	3.47	4.20

Notes

Forming Part of the Financial Statements

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

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

Particulars	As at March 31,2020	As at March 31,2019
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	258	455
Interest	14	8
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	21	122
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	21
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	14	8
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

31. Financial Instruments

a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/ short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, investment in mutual funds and Inter-corporate deposits given.

The 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.

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

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

Particulars	As at March 31,2020	As at March 31,2019
Equity share capital	7,262	7,618
Other equity	62,401	58,881
Total Equity (A)	**69,663**	**66,499**
Non-current borrowings	10,198	10,031
Short term borrowings	29,596	31,258
Current maturities of long-term borrowings	5,251	3,139
Gross Debt	**45,045**	**44,428**
Less: Inter-corporate deposits	(2,394)	(1,954)
Less: Current investments	(4,509)	(5,211)
Less: Cash and cash equivalents	(3,565)	(1,320)
Less: Other balances with banks	(2,020)	(2,321)
Net debt (B)	**32,557**	**33,622**
Net debt to equity (B/A)	0.47	0.51
Interest Coverage Ratio	1.74	2.24

b. Financial instruments by category

Particulars	Carrying value as at March 31,2020	Carrying value as at March 31,2019
Financial assets		
Measured at amortised cost		
Other financial assets	5,728	3,847
Loans (Inter-corporate deposits)	2,394	1,954
Trade receivables	43,346	47,000
Cash and cash equivalents	3,565	1,320
Other bank balances	2,020	2,321
Non-current investments	1,232	262
Total financial assets measured at amortised cost (A)	**58,285**	**56,704**
Measured at fair value through profit and loss		
Investments in mutual funds	4,509	4,892
Investments in secured, non-convertible debentures	-	319
Non-current investments	-	-
Total financial assets at fair value through profit and Loss (B)	**4,509**	**5,211**
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	**62,796**	**61,917**

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Carrying value as at March 31,2020	Carrying value as at March 31,2019
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings (including current maturities)	14,209	11,728
Short-term borrowings	29,596	31,258
Trade payables	47,742	44,784
Other financial liabilities	3,018	3,028
Total financial liabilities carried at amortised cost(A)	**94,565**	**90,798**
Measured at fair value through Profit and Loss		
Sales tax deferment loan	1,240	1,442
Lease Liabilities	3,677	-
Financial liabilities at fair value through Profit and Loss (B)	**4,917**	**1,442**
Total Financial Liabilities (A+B)	**99,482**	**92,240**

The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

The management policies aims to mitigate the following risks arising from the financial instruments

1. Market Risk
2. Credit Risk
3. Liquidity Risk

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivatives for speculative purposes.

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

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company generates sufficient cash flow for operations, which together with the available cash & cash equivalents and short term investments provide liquidity in the short term and long term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short term, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Foreign Currency 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, 2020

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	1,544	35	-	236	1,815
Trade payables	(140)	(8)	-	-	(148)
Total	**1,404**	**27**	**-**	**236**	**1,667**

*Others include currencies such as Malaysian Ringgit, etc

Notes
Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

Currency exposure as at March 31, 2019

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Total (INR)
Trade Receivables	1860	9	-	1,869
Advances to vendors	39	65	-	104
Trade Payables	(34)	-	-	(34)
Advances from Customers	(14)	-	(2)	(16)
Total	**1851**	**74**	**(2)**	**1,923**

Unhedged foreign currenty exposure

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2020			
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)	Others (In Lakhs)
Trade receivables	20.48	0.42	-	19.27
Trade payables	(1.85)	-	(0.16)	-

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2019		
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)
Trade receivables	26.90	0.12	-
Advances to vendors	0.57	0.83	-
Trade payables	(0.49)		
Advances from customers	(0.20)	-	(0.04)

Sensitivity analysis:

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

Particulars	Impact on profit and loss	
	March 31,2020	March 31,2019
Strengthening	0.24	0.37
Weakening	(0.24)	(0.37)

Commodity price risk

The Company's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The company manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the company are principally denominated in rupees with mix of fixed and floating rates of interest. The company has exposure to interest rate risk, arising principally on changes in base lending rates. The company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by company by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

Working Capital position

Particulars	As at March 31,2020	As at March 31,2019
Current assets	108,437	112,307
Current liabilities	(97,073)	(92,572)
Working capital	11,364	19,735

Sensitivity analysis:

	Impact on profit and loss	
Particulars	**March 31,2020**	**March 31,2019**
1% increase in interest rate	(114)	(197)
1% decrease in interest rate	114	197

Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the company can be required to pay.

(i) Liquidity exposure as at March 31, 2020

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	5,505	11,302	129	16,936
Short-term Borrowings	32,389	-	-	32,389
Trade payables	47,742	-	-	47,742
Lease Liabilities	387	3,158	132	3,677
Other financial liabilities	1,845	919	-	2,764
	87,868	**15,379**	**261**	**103,508**

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Forming Part of the Financial Statements

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

(ii) Liquidity exposure as at March 31, 2019

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	2,764	9,816	215	12,795
Short-term Borrowings	31,258	-	-	31,258
Trade payables	44,784	-	-	44,784
Other financial liabilities	2,891	512	-	3,403
	81,697	**10,328**	**215**	**92,240**

Refer note 16 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, 2020.

(i) Level wise disclosure of Financial instruments as at March 31, 2020 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	4,509	4,509	-	-
Financial liabilities				
Lease Liabilities	3,677	-	3,677	-
Sales tax deferment loan	1,240	-	-	1,240

(ii) Level wise disclosure of Financial instruments as at March 31, 2019 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	5,211	5,211	-	-
Financial liabilities				
Sales tax deferment loan	1,067	-	-	1,067

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

(iii) Level wise disclosure of Financial instruments as at March 31, 2020 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	1,232	-	1,232	-
Trade receivables	43,346	-	43,346	-
Cash and cash equivalents	3,565	-	3,565	-
Bank balances other than cash and cash equivalents	2,020	-	2,020	-
Loans	2,394	-	2,394	-
Other financial assets	5,728	-	5,728	-
Financial liabilities				
Borrowings	38,947	-	38,554	-
Trade payables	47,742	-	47,742	-
Other financial liabilities	7,876	-	7,876	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2019 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	262	-	262	-
Trade receivables	47,000	-	47,000	-
Cash and cash equivalents	1,320	-	1,320	-
Bank balances other than cash and cash equivalents	2,321	-	2,321	-
Loans	1,954	-	1,954	-
Other financial assets	3,847	-	3,847	-
Financial liabilities				
Borrowings	40,222	-	40,222	-
Trade payables	44,784	-	44,784	-
Other financial liabilities	6,167	-	6,167	-

Notes

Forming Part of the Financial Statements

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

32. Contingent Liabilities

Particulars	As at March 31,2020	As at March 31,2019
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	815	826
ii) Excise duty and service tax	465	477
iii) Good and Services Tax Act	69	69
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	11,585	31,400
c) Financial guarantee given by banks on behalf of the company	19,255	2,997
Total	**32,189**	**35,769**

33. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2020	March 31, 2019
Enertech Pennar Defense and Engineering Systems Private Limited	Subsidiary Company	India	51%	51%
Pennar Global Inc.	Subsidiary Company	USA	100%	100%
Pennar GmbH *	Subsidiary Company	Germany	100%	-
Oneworks BIM Technologies Private Limited ** (Refer note 35(A))	Subsidiary Company	India	100%	-
Details of other related parties				
Pennar Holdings Private Limited	Promoter Company			
Pennar Foundation	Trust in which KMP's are trustees			
Joginapally Venkata Nrupender Rao	Executive Chairman			
Aditya Narsing Rao	Vice Chairman and Managing Director			
Lavanya Kumar Rao Kondapally	Whole Time Director			
Potluri Venkateswara Rao (Wef May 27, 2019)	Joint Managing Director			
Kondapalli Siddharth Rao	Relative of KMP			

*The Company acquired 100% equity shares of Pennar GmbH on December 04, 2019.

**The Company acquired 100% equity shares of Oneworks BIM Technologies Private Limited on February 14, 2020.

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

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of goods and services		
Pennar Global Inc.	5,329	6,463
Enertech Pennar Defense and Engineering Systems Private Limited	345	102
	5,674	**6,565**
Purchase of goods and services		
Pennar Global Inc.	320	52
Enertech Pennar Defense and Engineering Systems Private Limited	13	-
Pennar GmbH	56	-
Oneworks BIM Technologies Private Limited	53	-
Kondapalli Siddharth	8	-
	450	**52**
Intercorporate deposits given to:		
Enertech Pennar Defense and Engineering Systems Private Limited	-	100
Oneworks BIM Technologies Private Limited	130	-
Interest income on intercorporate deposits given:		
Enertech Pennar Defense and Engineering Systems Private Limited	14	-
Pennar Global Inc.	24	-
Oneworks BIM Technologies Private Limited	1	-
Paid towards corporate social responsibility		
Pennar Foundation	21	36
Investments in Subsidiaries		
Investment in Enertech Pennar Defense and Engineering Systems Private Limited	-	1
Investment in Pennar Pennar Global Inc.	601	-
Investment in Oneworks BIM Technologies Private Limited	349	-
Investment in Pennar Gmbh	20	-
	1,160	**137**
Director's remuneration		
Joginapally Venkata Nrupender Rao	120	120
Aditya Narsing Rao	100	102
Lavanya Kumar Rao Kondapally	68	60
Potluri Venkateswara Rao	107	-
	395	**282**
Provident Fund, Superannuation & Other Perquisites		
Joginapally Venkata Nrupender Rao	47	47
Aditya Narsing Rao	17	17
Lavanya Kumar Rao Kondapally	12	12
Potluri Venkateswara Rao	26	-
	102	**76**

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

(iii) Balances with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Pennar Global Inc.	-	6
Enertech Pennar Defense and Engineering Systems Private Limited	130	-
Oneworks BIM Technologies Private Limited	94	-
Kondapalli Siddharth	4	-
Total	**228**	**6**
Trade receivables		
Enertech Pennar Defense and Engineering Systems Private Limited	274	25
Pennar Global Inc.	1,141	1,547
Total	**1,415**	**1,572**
Advances to suppliers and others		
Enertech Pennar Defense and Engineering Systems Private Limited	24	-
Investment in subsidiary companies		
Enertech Pennar Defense and Engineering Systems Private Limited	1	1
Pennar Global Inc.	862	261
Oneworks BIM Technologies Private Limited	349	-
Pennar Gmbh	20	-
Total	**1,232**	**262**
Inter corporate deposits receivable		
Enertech Pennar Defense and Engineering Systems Private Limited	100	100
Oneworks BIM Technologies Private Limited	130	-
Total	**230**	**100**
Interest on Inter corporate deposits receivable		
Oneworks BIM Technologies Private Limited	1	-
Enertech Pennar Defense and Engineering Systems Private Limited	2	-
Total	**3**	**-**
Managerial Commission payable	-	-

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

34. COVID-19 is an infectious disease caused by the most recently discovered Coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic. This outbreak is causing significant disturbances and slowdown of economic activity. The Government of India, declared a nation-wide lockdown on March 25, 2020 in light of the outbreak of COVID-19, On account of which the Company suspended its operations from March 25, 2020. The Company has been taking various precautionary measures to protect its employees from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from 1st half of May 2020, wherein the Company has taken all necessary safety measures as laid down by the Government for the purpose and is gradually ramping up capacity since then.

The company has considered internal and certain external sources of information up to the date of approval of the financial statements in assessing the recoverability of Inventories, receivables and other current assets. The Company has used the elements of prudence in applying the judgements and assumptions and based on current estimates expects the carrying amount of these assets will be recovered. The impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

35. Business Combinations

A. Business combinations during the year 2019-20:

Acquisition of Oneworks BIM Technologies Private Limited:

On February 14, 2020, the Company acquired 100% of equity interest in Oneworks BIM Technologies Private Limited(Oneworks). Oneworks is engaged in supporting clients through the technical processes of data collection and BIM management. It deals in 3D digital (Building Information Modelling). Its services include developing, modeling, converting and mapping of buildings with seamless integration of building data in a 3D model. Oneworks provides solutions to various engineering and construction sectors. It is also involved in helping construction companies, general & specialty contractors, architects, engineers, and building owners. The acquisition was conducted by entering into a share purchase agreement for a total consideration of ₹ 349 which includes a cash consideration of ₹ 72 and fair value of contingent consideration of up to ₹ 277 referred to as Unbilled revenue and Trade receivables more than 180 days subject to their realisation. The fair value of net assets acquired on the acquisition date amounted to ₹ 27. The excess of purchase consideration over the fair value of the net assets acquired has been attributed towards goodwill in consolidated financial statements.

The Purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

Particulars	Acquiree's carrying value	Fair value adjustments	Purchase price allocated
Net Assets	51	(24)	27
Goodwill			322
Purchase price			**349**

The fair value of each major class of consideration as at the acquisition date is as follows :-

Particulars	Consideration settled
Cash consideration	72
Fair value of contingent consideration	277
Purchase price	**349**

Notes

Forming Part of the Financial Statements

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

B. Business combinations during the year 2018-19:

Merger of erstwhile Subsidiary Companies Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with the Company.

The National Company Law Tribunal vide its order dated May 8, 2019 approved the Scheme of Amalgamation ('the Scheme') amongst the Company, Pennar Engineered Building Systems Limited ('PEBS') and Pennar Enviro Limited ('PEL'), subsidiaries of the Company and to make the Scheme effective, the Company was required to file the same with Registrar of Companies (ROC). Accordingly, the Company filed the Scheme on May 23, 2019 with the ROC. The financial results of the Company for the years ended March 31, 2019 and March 31, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities were reflected in the books of the Company at their respective carrying amounts. The surplus of the value of the net assets acquired over the face value of the equity shares issued by the Company pursuant to the amalgamation and carrying amount of investments in the equity shares of the aforementioned subsidiaries to the extent held by the Company had been adjusted to 'capital reserve account' in the financial statements of the Company.

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the financial statements in respect of prior periods were restated as if the business combination had occurred from the beginning of the preceding period in the financial statements i.e., April 1, 2017 and consequently, the amounts for the preceding periods included the results of the aforementioned business acquired.

Details of the summarised values of assets and liabilities of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) as acquired and the treatment of the difference between the net assets acquired over face value of equity shares issued is as under:

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	**Pennar Enviro Limited (PEL)**	**Total**
Property, plant and equipment	6,118	137	6,255
Capital work-in-progress	111	246	357
Other intangible assets	409	-	409
Other non-current financial assets	-	8	8
Other non-current assets	31	229	260
Current tax assets (net)	24	-	24
Deferred tax asset (net)	840	-	840
Inventories	20,607	383	20,990
Investments	3,529	2	3,531
Trade receivables	8,568	6,383	14,951

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

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	**Pennar Enviro Limited (PEL)**	**Total**
Cash and cash equivalents	1,146	170	1,316
Bank balances other than cash and cash equivalents	392	135	527
Loans	2,246	-	2,246
Other current financial assets	3,337	455	3,792
Other current assets	6,049	15	6,064
Total Assets (A)	**53,407**	**8,163**	**61,570**
Other non-current financial liabilities	567	-	567
Deferred tax liabilities (net)	-	96	96
Borrowings	5,530	3,096	8,626
Trade payables	16,862	3,243	20,105
Other current financial liabilities	3,624	-	3,624
Current tax liabilities (net)	60	72	132
Provisions	1,254	21	1,275
Other current liabilities	8,330	569	8,899
Total Liabilities (B)	**36,227**	**7,097**	**43,324**
Net assets acquired (C) = (A) -(B)	17,180	1,066	18,246
Less: Consideration paid by the way of equity shares (Refer note 13(a))	1,396	205	1,601
Less: Reserves acquired (E)			
i) Securities Premium	7,611	-	7,611
ii) General Reserve	-	18	18
iii) Retained Earnings	6,137	212	6,349
iv) Other Comprehensive income	5	-	5
Less: Investment in Subsidiary amalgamated(F)	1,849	427	2,276
Balance adjusted against Capital Reserves (G) = (C) -(D)-(E)-(F)	**182**	**204**	**386**

Notes

Forming Part of the Financial Statements

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

36. Leases

The Company has adopted Ind AS 116 " Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "leases" and related interpretation and guidance. The Company has applied Ind AS 116 using Modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for related prepayments/accruals). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowings rate as at April 1, 2019 , for measuring lease liability.

On transition to Ind AS 116, the Company recognised right-of-use amounting to ₹ 3,710 Lakhs and lease liability of ₹ 3,620 Lakhs in the standalone financial results. During the Year ended March 31, 2020, the Company has recognised interest expense on lease amounting to ₹ 411 Lakhs amortization on right-of-use assets amounting to ₹ 568 lakhs, in the standalone financial statements.

i) The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	For the year ended March 31, 2020
Balance at the beginning	3,620
Additions	650
Interest cost accrued during the year	411
Less: Extinguishment of lease liabilities	258
Less: Payment of Lease liabilities including interest	746
Balance at the end	**3,677**

ii) The impact of change in accounting policy on account of adoption of Ind AS 116 is as given below:

Particulars	For the year ended March 31, 2020
Interest on Lease Liability (Refer note 26)	411
Amortization on Right of Use Assets (Refer note 4)	568
Less: Lease rental expenses	746
Impact on Statement of profit and loss	**233**

iii) Maturity analysis of Lease Liabilities as on March 31, 2020 on an undiscounted basis:

Particulars	For the year ended March 31, 2020
Less than one year	387
One to three years	812
More than three years	2,478
Total undiscounted lease liabilities as at March 31, 2020	**3,677**

37. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for business purposes such as repayment/ prepayment of certain working capital facilities availed by the Company, financing the procurement of infrastructure, general corporate purposes and share issue expenses. As on March 31, 2020 an amount of ₹ 437 lakhs (March 31, 2019: ₹ 509 lakhs) are unutilized funds which have been temporarily invested in mutual funds.

38. In accordance with Ind AS 108 "Operating segments", segment information has been given in the consolidated financial statements of Pennar Industries Limited and therefore no separate disclosure on segment information is given in these financial statements.

39. These financial statements were approved by the Company's Board of Directors on June 30, 2020

For and on behalf of the Board of Directors

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Place: Hyderabad
Date: June 30, 2020

FINANCIAL STATEMENT CONSOLIDATED

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Pennar Industries Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of separate financial statements / financial information of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to Note 34 of the consolidated financial statement, which describes that certain estimates and judgements were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Revenue recognition - Refer note 2.12 of the consolidated financial statements. Revenue from Sale of Goods (herein after referred to as "Revenue") is recognized when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery. The management considers revenue as a key measure for evaluation of performance. There is a risk of revenue being recorded before control is transferred.	Principal audit procedures performed: Obtained an understanding of samples of customer contracts. Selected samples and tested the design and operating effectiveness of internal controls, relating to transfer of control. We carried out a combination of procedures involving inquiry and inspection of evidence in respect of operation of these controls. In respect of the selected sample of transactions: a) Tested whether the revenue is recognized upon transfer of control to customer. b) We have evaluated the delivery and shipping terms of the contracts for revenue recognized during the period. c) We have verified the underlying documents which includes sales invoices/contracts and shipping documents, customer acknowledged lorry receipts and E-way bills.

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

The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Director's Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Management Discussion and Analysis, Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements / financial information of four subsidiaries, whose financial statements / financial information reflect total assets of ₹ 3,784 lakhs as at 31st March, 2020, total revenues of ₹ 7,005 lakhs and net cash inflows amounting to ₹ 160 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

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

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

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

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent, none of the directors of the Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company including the transferor companies, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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

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

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

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

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)
UDIN: 20201193AAAADJ9537

Hyderabad, June 30, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Pennar Industries Limited (hereinafter referred to as "the Parent"), as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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, the Parent including, 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, 2020, 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.

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

Ganesh Balakrishnan
Partner
(Membership No. 201193)
UDIN: 20201193AAAADJ9537

Hyderabad, June 30, 2020

CONSOLIDATED BALANCE SHEET

As At March 31, 2020

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

	Particulars	Note	As at March 31,2020	As at March 31,2019
I	**ASSETS**			
1	**Non-current assets**			
	Property, plant and equipment	3	57,286	44,051
	Right-of-use Assets	4	3,534	-
	Capital work-in-progress		3,341	11,769
	Goodwill		322	-
	Other intangible assets	5	1,430	1,353
	Financial assets		-	-
	(a) Investments	6	2	2
	(b) Trade receivables	11	4,109	937
	(c) Other financial assets	8	1,034	816
	Income tax assets (net)	18(f)	2,815	1,041
	Other non-current assets	9	1,482	1,282
	Total Non-current assets		**75,355**	**61,251**
2	**Current assets**			
	Inventories	10	43,984	43,855
	Financial assets			
	(a) Investments	6	4,509	5,211
	(b) Trade receivables	11	39,610	46,366
	(c) Cash and cash equivalents	12	3,902	1,516
	(d) Bank balances other than cash and cash equivalents	13	2,020	2,321
	(e) Loans	7	2,164	1,954
	(f) Other financial assets	8	4,837	3,076
	Other current assets	9	8,957	8,806
	Total Current Assets		**109,983**	**113,105**
	Total assets (1+2)		**185,338**	**174,356**
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	Equity share capital	14	7,262	7,618
	Other equity	15	62,771	59,131
	Equity attributable to Shareholders of the Company		**70,033**	**66,749**
	Non-controlling interests		57	22
	Total Equity		**70,090**	**66,771**
	LIABILITIES			
2	**Non-current liabilities**			
	Financial liabilities			
	(a) Borrowings	16	10,233	10,031
	(b) Lease liabilities	4	3,290	-
	(c) Other financial liabilities	21	919	512
	Provisions	17	1,064	862
	Deferred tax liabilities (net)	18(d)	1,871	2,680
	Other non-current liabilities	19	282	604
	Total Non-current liabilities		**17,659**	**14,689**
3	**Current liabilities**			
	Financial liabilities			
	(a) Borrowings	16	29,755	31,291
	(b) Trade payables	20		
	Total outstanding dues to micro enterprises and small enterprises		258	455
	Total outstanding dues of other than micro enterprises and small enterprises		47,636	44,460
	(c) Lease liabilities	4	387	-
	(d) Other financial liabilities	21	7,637	5,655
	Current tax liabilities (net)	18(f)	3,282	1,560
	Provisions	17	596	919
	Other current liabilities	19	8,038	8,556
	Total Current liabilities		**97,589**	**92,896**
	Total Liabilities (2+3)		**115,248**	**107,585**
	Total Equity and Liabilities (1+2+3)		**185,338**	**174,356**
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

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

	Particulars	Note	For the year ended March 31, 2020	For the year ended March 31,2019
I.	**INCOME**			
	Revenue from operations	22	210,655	213,311
	Other income	23	2,028	2,674
	Total income		**212,683**	**215,985**
II.	**EXPENSES**			
	Cost of materials consumed		118,460	127,283
	Purchase of traded goods		8,463	5,135
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,143)	(865)
	Employee benefits expense	25	16,184	15,293
	Finance costs	26	8,345	7,520
	Depreciation and amortisation expense	27	4,282	2,789
	Other expenses	28	51,780	49,148
	Total expenses		**206,371**	**206,303**
III.	**Profit before tax (I - II)**		6,312	9,682
IV.	**Tax expense:**	18(a)		
	Current tax		1,768	2,546
	Deferred tax		-796	470
			972	**3,016**
V.	**Profit for the year (III - IV)**		5,340	6,666
	Profit for the year attributable to:			
	- Shareholders of the Company		5,305	6,644
	- Non-controlling interests		35	22
VI.	**Other comprehensive income**			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurement of the defined benefit plan	17(c)	(52)	(475)
	- Income tax relating to above items	18(b)	13	165
	Items that will be reclassified subsequently to profit or loss:			
	- Exchange differences in translation of foreign operations		67	10
	- Income tax relating to above items		-	-
	Total other comprehensive income		**28**	**(300)**
	Other comprehensive income for the year attributable to:			
	- Shareholders of the Company		28	(300)
	- Non-controlling interests		-	-
VII.	**Total comprehensive income for the year (V+VI)**		**5,368**	**6,366**
	Total Comprehensive income for the year attributable to:			
	- Shareholders of the Company		**5,333**	**6,344**
	- Non-controlling interests		**35**	**22**
VIII.	**Earning per equity share (face value of ₹ 5 each)**			
	Basic and Diluted (₹)	29	3.51	4.36
	Corporate information and significant accounting policies			
	See accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

CASH FLOW STATEMENT

for the year ended March 31, 2020

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

Particulars	For the year ended March 31, 2020		For the year ended March 31,2019	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		6,312		9,682
Adjustments for:				
Depreciation and amortisation expense	4,282		2,789	
Loss on sale / scrap of property, plant and equipments (net)	1		140	
Finance costs	8,345		7,518	
Interest income	(1,089)		(737)	
Dividend income	(111)		-	
Provision for receivables and other liabilities no longer required, written back	(517)		(429)	
Trade and other receivables written off	2,782		1,994	
Provision for doubtful trade and other receivables, loans and advances (net)	2,536		18	
Gain on mutual funds	(24)		(355)	
Exchange differences (net)	(17)		-	
Operating profit before working capital changes		22,500		
Changes in working capital:				
Trade receivables	(1,717)		(8,822)	
Inventories	(129)		(580)	
Other assets	(2,245)		1,463	
Trade payables	3,639		7,881	
Other liabilities	(1,059)		48	
Provisions	(69)		350	
Cash generated from operations		20,920		20,960
Net income taxes paid		(1,820)		(3,599)
Net cash flow from operating activities (A)		**19,100**		**17,361**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipments, including capital work-in-progress and capital advances	(9,172)		(22,778)	
Proceeds from sale of property, plant and equipment	2		190	
Payment towards acquisition of Business	(61)		-	
Proceeds from sale of current investments (net)	726		2,077	
Inter-corporate deposits/ loans (net)	(210)		-	
Movement in other bank balances	301		(624)	
Interest received	1,089		717	
Dividend received from current investments	111		-	
Net cash flow from / (used in) investing activities (B)		(7,214)		(20,418)

Particulars	For the year ended March 31, 2020		For the year ended March 31,2019	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings (net)	2,349		1,064	
Payment towards buyback of shares including transaction costs	(2,048)		-	
Net movement in working capital loans	(1,536)		7,733	
Repayment of lease liability	(335)		-	
Proceeds from Issue of share capital	-		1	
Interest and other borrowing costs paid	(7,934)		(7,512)	
Net cash flow from / (used in) financing activities (C)		**(9,504)**		**1,286**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		2,382		(1,771)
Cash and cash equivalents at the beginning of the year		1,516		3,287
Effect of exchange differences on translation of foreign currency cash and cash equivalents		4		
Cash and cash equivalents at the end of the year*		3,902		1,516
***Cash and cash equivalents comprises of: (Refer note 12)**				
Cash on hand		11		1
Balances with Banks				
- in current accounts		3,242		1,248
- in deposit accounts		649		267
		3,902		1,516

Note:

Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

For and on behalf of the Board of Directors

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

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

A. Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2018	152,357,231	7,618
Changes in equity share capital during the year	-	-
Balance as at March 31, 2019	**152,357,231**	**7,618**
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	6,615,000	331
Less: Shares bought back and pending extinguishment	504,617	25
Balance as at March 31, 2020	**145,237,614**	**7,262**

B. Other equity

Particulars	Reserves and surplus						Items of other comprehensive income	Non-controlling Interests	Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings			
Balance as at April 01, 2018	386	12,622	1,272	6	1,185	37,316	-	-	52,787
Profit for the year	-	-	-	-	-	6,644	-	22	6,666
Remeasurement of net defined benefit liability	-	-	-	-	-	(310)	-	-	(310)
Exchange differences in translation of foreign operation	-	-	-	-	-	-	10	-	10
Balance as at March 31, 2019	**386**	**12,622**	**1,272**	**6**	**1,185**	**43,650**	**10**	**22**	**59,153**
Profit for the year	-	-	-	-	-	5,305		35	5,340
Buyback of equity shares	-	-1,337	-	-	-	-	-		(1,337)
Transaction costs towards Buyback of equity shares	-	(355)	-	-	-	-			(355)
Amount transferred to capital redemption reserve upon Buyback	-	-	-356	-	356	-	-	-	-
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(40)	-	-	(40)
Exchange differences in translation of foreign operations	-	-	-	-	-	-	67	-	67
Balance as at March 31, 2020	**386**	**10,930**	**916**	**6**	**1,541**	**48,915**	**77**	**57**	**62,828**

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP.
Chartered Accountants
ICAI Firm Registration Number : 117366W/W-100018

Ganesh Balakrishnan
Partner
Membership No. 201193

Place: Hyderabad
Date: June 30, 2020

For and on behalf of the Board of Directors

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

JS Krishna Prasad
Chief Financial Officer

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

Mirza Mohammed Ali Baig
Company Secretary
(M No: ACS 29058)

Notes

Forming Part of the Financial Statements

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

1. Corporate information:

Pennar Industries Limited (‘the Company) is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations, metro stations, stadiums and power plants , amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company’s shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

These consolidated financial statements relates to Pennar Industries Limited (hereinafter referred to as ‘the company’) and its subsidiaries (collectively hereinafter to as ‘the group’)

2. Significant accounting policies

2.1 Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Consolidation Procedure

The consolidated Financial statements have been prepared in accordance with principles laid down in Ind AS 110 on “consolidated financial statements”, as notified vide Companies (Accounting standards) Rules, 2015 (as amended).

Subsidiaries

i. Subsidiaries are entities over which the Group has control and the control is achieved when group is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its:

- Power over the investee
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

ii. The Group combines the financial statements of the company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, Intra group transactions and the unrealised profits on stocks arising out of intra group transactions have been eliminated.

iii. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.

iv. The difference between the cost of investment in the subsidiaries, over the net of assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.

v. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.

vi. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

vii. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the company. The excess of loos for the year over the non-controlling interest is adjusted in owner's interest.

viii. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the consolidated Balance sheet separate from liabilities and the equity of the Company's shareholders.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained

Notes

Forming Part of the Financial Statements

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

- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The group has following investments in subsidiaries:

Name of the Entity	Principal Place of business and Country of Incorporation	Investee Relationship		Proportion of ownership interest	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Enertech Pennar Defense and Engineering Systems Private Limited (From April 10, 2018)	India	Subsidiary	Subsidiary	51.00%	51.00%
Pennar Global Inc. (From June 05, 2017)	USA	Subsidiary	Subsidiary	100%	100%
Pennar GmbH.,	Germany	Subsidiary	Subsidiary	100%	-
Oneworks Bim Technologies Private Limited	India	Subsidiary	Subsidiary	100%	-

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. This transaction does not have any impact on the consolidated profit before tax. (Refer Note 35).

Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interest are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent charges inequity.

2.3 Inventories:

Inventories are valued at lower of cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost, and includes appropriate portion of overheads.

Cost in respect of process stock represents, cost incurred up to the stage of completion.

Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete by the Company.

Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realizable value after providing for obsolescence and other losses (if any).

2.4 Foreign currency translation:

In preparing the financial statements of the Company, transaction in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non Monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.5 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee ( ), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases”, applied to all lease contracts as on the transition date, Company has decided to apply “Modified retrospective method” by measuring ‘Right-of-use’ assets at an amount equal to Lease Liability, adjusted by amount of any prepaid or accrued lease payments.

As a Lessee:

The Company’s significant leasing arrangement are in respect of Land and Office premises. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company’s incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 36, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

As a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

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.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'

2.10 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalized to the respective block of assets. A corresponding provision is created for the said costs.

The capitalized asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.11 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

Notes

Forming Part of the Financial Statements

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

2.12 Revenue:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 "Revenue Recognition", Ind AS 11 "Construction Contracts" and related interpretations.

Sale of products and Services:

Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Income from supply of Pre- Engineered Buildings/ steel structural:

Revenue from supply of Pre-Engineered Building (PEBS)/ steel structurals are recognized as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Government grants, subsidies and export incentives:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Income from sales tax and power incentives are recognized on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

2.13 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

2.14 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. No depreciation is charged on Freehold land.

Depreciation on Property, Plant and Equipment commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	50
Plant and Machinery	
Factory Equipment (Electricals)	20
Office Equipment	
Furniture & Fixtures	

Notes

Forming Part of the Financial Statements

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

Category	Useful Life (Years)
Computers	
Vehicles	
Intangible Assets	20

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

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

2.15 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ERP and others) allocated/amortized over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

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

2.16 De-recognition of Tangible and Intangible assets

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

2.17 Impairment of Tangible and Intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.18 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

2.19 Financial instruments

a. Derivative Financial Instruments:

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

2.20 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.21 Impairment of assets

a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment

Intangible assets, 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.

c. Non-current Investments:

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.22 Government Grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Notes

Forming Part of the Financial Statements

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

2.23 Statement of compliance

The financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. Except for the changes below, the Company has consistently applied accounting policies to all periods.

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach. As a result, the comparative information has not been restated. Refer Note 36 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

iii) Amendment to Ind AS 19 'Employee Benefits': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1 April 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact

New standards and interpretations not yet adopted:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

2.24 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Items requiring significant estimate	Assumption and estimation uncertainty
Useful lives of property, plant and equipment	The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return of plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for doubtful receivables	The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
Estimation of net realizable value of inventories	Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories in the Company makes an estimate of future selling prices, and costs necessary to make the sale.
Leases	Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

Notes
Forming Part of the 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 31,2020	As at March 31,2019
Carrying amounts of:		
Freehold land	1,292	911
Leasehold Improvements	23	28
Buildings	27,855	18,691
Plant and equipment	22,363	19,573
Electrical equipment	4,767	4,149
Computers	194	120
Office equipment	221	92
Furniture and fixtures	314	242
Vehicles	257	245
Total	57,286	44,051
Capital works-in-progress (Refer note (a) below)	3,341	11,769

Notes:

a) Capital work in progress includes borrowing cost of ₹ Nil lakhs (March 31, 2019 - ₹ 173 lakhs) capitalised during the year.

b) Refer Note 16(a) for details of charge created on assets.

c

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, 2018	993	45	15,171	30,237	4,643	541	415	287	308	52,640
Additions	10	-	7,104	5,118	1,556	89	58	130	88	14,153
Disposals	(92)	-	-	(221)		(199)	(330)		(24)	(866)
Balance as at March 31, 2019	911	45	22,275	35,134	6,199	431	143	417	372	65,927
Additions	381	-	10,103	4,843	923	166	190	128	59	16,793
Disposals	-	-		(10)	-	-	-	-	-	(10)
Balance as at March 31, 2020	1,292	45	32,378	39,967	**7,122**	**597**	**333**	**545**	**431**	**82,710**
II. Accumulated depreciation										
Balance as at April 01, 2018	-	13	2,978	14,069	1,828	430	342	132	97	19,889
Depreciation for the year	-	4	606	1,623	222	72	27	43	35	2,632
Disposals	-	-	-	(131)	-	(191)	(318)	-	(5)	(645)
Balance as at March 31, 2019	-	17	3,584	15,561	2,050	311	51	175	127	21,876
Depreciation for the year	-	5	939	2,050	305	92	61	56	47	3,555
Disposals	-	-	-	(7)	-	-	-	-	-	(7)
Balance as at March 31, 2020	-	22	4,523	17,604	**2,355**	**403**	**112**	**231**	**174**	**25,424**

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

4. Right-of-Use Assets

Particulars	As at March 31,2020
Carrying amount of:	
Land	103
Buildings	3,431
Total Other intangible assets	**3,534**

Details of Right-of-Use Assets

Particulars	Land (Refer note below)	Buildings	Total
I. Gross Carrying Value			
As at April 01, 2019 (Refer note 36)	90	3,620	3,710
Additions	15	635	650
Disposals	-	(295)	(295)
Balance as at March 31, 2020	**105**	**3,960**	**4,065**
II. Accumulated amortisation			
Amortisation	2	566	568
Disposals	-	(37)	(37)
Balance as at March 31, 2020	**2**	**529**	**531**

Note:

Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases"

Lease Liabilities (Refer note 36)

Particulars	As at March 31,2020
Current	387
Non-current	3,290
Total	**3,677**

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

5. Other intangible assets

Particulars	As at March 31,2020	As at March 31,2019
Carrying amount of:		
Computer software	465	369
Software licence	163	127
Other intangible assets	802	857
Total Other intangible assets	**1,430**	**1,353**

Particulars	Computer software	Software licence	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2018	584	227	1,126	1,937
Additions	184	-	-	184
Disposals	(262)	-	-	(262)
Balance as at March 31, 2019	506	227	1,126	1,859
Additions	168	68	-	236
Disposals	-	-	-	-
Balance as at March 31, 2020	**674**	**295**	**1,126**	**2,095**
II. Accumulated amortisation				
Balance as at April 01, 2018	223	65	215	503
Amortisation for the year	67	35	54	156
Disposals	(153)	-	-	(153)
Balance as at March 31, 2019	137	100	269	506
Amortisation for the year	72	32	55	159
Disposals	-	-	-	-
Balance as at March 31, 2020	**209**	**132**	**324**	**665**

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

6. Investments

Particulars	Face Value per share	As at March 31, 2020		As at March 31, 2019	
		No. of shares	Amount	No. of shares	Amount
A. Investments - Non-current					
Unquoted:					
Investment carried at fair value through OCI (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹ 1000 each	200	2	200	2
Total Non-current investments			**2**		**2**
B. Investments - Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			4,509		4,892
Investments in secured, non-convertible debentures			-		319
Total Current investments			**4,509**		**5,211**

Note:

Details of investments - Current (quoted)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds*				
UTI - Treasury Advantage Fund - Regular Growth Plan	179	4	8,518	220
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	6,166	25	6,166	22
ABSL Money Manager Fund Gr-Direct	148,355	402	59,617	150
ABSL Liquid Fund Gr-Direct	-	-	116,598	350
Birla Sun Life Savings Fund-US	-	-	26,911	100
ICICI Prudential Liquid Mutual Fund -Direct Plan	-	-	217,462	601
HDFC Liquid Fund	-	-	13,607	500
Franklin India Liquid Fund	-	-	8,944	250
JM High Liquidity fund-Direct-Growth	-	-	978,000	501
UTI-Liquid Cash Plan-Direct Plan	-	-	22,458	687
DSP Blackrock Liquid Mutual Fund	-	-	936	25
IDFC Cash Fund	-	-	4,434	101
Religare Invesco Liquidity Fund	-	-	9,728	250
Yes Liquid Fund-DP	-	-	9,904	101
Tata Liquid Fund-Direct Plan	-	-	3,433	101
Reliance Liquid Fund - Treasury plan	-	-	20,447	933

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
UTI Money Market Fund - Regular Growth Plan	211	5	-	-
Nippon India Liquid Fund - Direct Plan - Growth Plan- Growth Option	9,101	441	-	-
Nippon India Overnight Fund - Direct Growth Plan	466,489	500	-	-
Nippon India Money Market Fund- Direct Growth Plan - Growth Option	15,095	461	-	-
ICICI Prudential Money Market Fund-Direct Plan - Growth Option	125,329	350	-	-
ICICI Savings Fund- Direct Plan- Growth Option	116,183	454	-	-
ICICI Overnight Fund- Direct Plan- Growth Option	232,030	250	-	-
HDFC Liquid Fund - Regular Plan- Growth Option	2,841	110	-	-
Tata Overnight Fund-Direct Plan - Growth Option	23,727	250	-	-
Tata Money Market Fund-Direct Plan - Growth Option	7,213	250	-	-
DSP Overnight Fund-DP - Growth Option	23,395	250	-	-
DSP Ultra Short Fund-DP - Growth Option	9,186	250	-	-
Invesco India Money Market Fund-DP - Growth Option	10,801	250	-	-
Sundaram - Money Market Fund- Direct Growth	2,231,704	250	-	-
Nippon India Overnight Fund - Growth Plan	107	7	-	-
		4,509		4,892
Investments in Debentures				
Indian Clearing Corporation Limited		-	30	319
		4,509		5,211

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

7. Loans (unsecured, considered good)

Particulars	As at March 31,2020	As at March 31,2019
At amortised cost		
Inter-corporate deposits	2,164	1,954
	2,164	**1,954**

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

8. Other financials assets (unsecured, considered good)

Particulars	As at March 31,2020	As at March 31,2019
Non-current:		
Deposits	952	736
Sales tax claims receivable	82	80
Total other non-current financial assets	1,034	816
Current:		
Interest accrued on deposits	79	110
Unbilled revenue	1,321	793
Incentive receivable	506	506
Security Deposits	2,496	1,339
Receivable against sale of non-current investments	184	184
Others	251	144
Total other current financial assets	4,837	3,076
Total other financial assets	**5,871**	**3,892**

9. Other assets (Unsecured, considered good) :

Particulars	As at March 31,2020	As at March 31,2019
Non-current		
Capital advances	1,359	1,183
Prepayment of lease hold land	-	91
Others	123	8
Total other non-current assets	1,482	1,282
Current:		
Advances recoverable in kind or for value to be received	3,336	3,032
Prepaid expenses	425	509
Balances with government authorities	5,163	5,194
Others	33	71
Total other current assets	8,957	8,806
Total other assets	**10,439**	**10,088**

Notes
Forming Part of the Financial Statements

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

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

Particulars	As at March 31,2020	As at March 31,2019
Raw materials	8,286	9,313
Raw materials in-transit	-	20
Work-in-progress	22,010	21,185
Finished goods	7,837	7,480
Stores and spares	5,259	5,225
Scrap	592	632
Total	**43,984**	**43,855**

Note:

Refer Note 16(a) for details of charge created on assets.

11. Trade receivables

Particulars	As at March 31,2020	As at March 31,2019
Non Current		
Unsecured, considered good	4,109	937
Credit impaired	2,547	-
	6,656	**937**
Less: Allowance for doubtful receivables (Refer note (b) below)	2,547	-
	4,109	937
Current		
Unsecured, considered good*	39,610	46,366
Credit impaired	4,913	4,924
	44,523	51,290
Less: Allowance for doubtful receivables (Refer note (b) below)	4,913	4,924
	39,610	46,366
Total	**43,719**	**47,303**

* Includes dues from related parties (Refer note 33)

Notes:

a. Trade receivables includes retention money aggregating to ₹ 4,663 lakhs (March 31, 2019: ₹ 5,752 lakhs).

b. **Expected credit loss (ECL):**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2020	40,580	10,599	(7,460)	43,719
As at March 31, 2019	46,415	5,812	(4,924)	47,303

The movement in the allowance for Credit loss:

Particulars	As at March 31,2020	As at March 31,2019
Balance at the beginning of the year	4,924	4,906
Impairment losses recognised on receivables	2,536	18
Balance at the end of the year	**7,460**	**4,924**

c. Of the trade receivables balance as at March 31, 2020, ₹ 6,931 Lakhs (as at March 31, 2019: ₹ 6,819 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.

12. Cash and cash equivalents

Particulars	As at March 31,2020	As at March 31,2019
Cash on hand	11	1
Balances with banks	-	-
in current accounts	3,242	1,248
in deposit accounts	649	267
Total	**3,902**	**1,516**

13. Bank balances other than cash and cash equivalents

Particulars	As at March 31,2020	As at March 31,2019
a) Earmarked balances with banks		
- in preference shares redemption accounts	74	74
- in unclaimed dividend accounts	11	22
- in Margin money deposits*	584	887
- in deposit accounts (maturity greater than 12 months)**	1,351	1,338
Total	**2,020**	**2,321**

*Margin money deposits has been provided as a security to State Bank of India and Axis Bank for the Cash Credit and other short term loan facilities availed by the Company. The balance deposits are towards margin money given for letter of credit and bank guarantees.

**Deposits includes earmarked balance of ₹ 900 lakhs against bank guarantee given to SEBI for buy back of Shares.

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

14. Equity share capital

Particulars	As at March 31,2020	As at March 31,2019
Authorised share capital:		
Equity shares		
30,20,00,000 fully paid up equity shares of ₹ 5 each	15,100	15,100
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	17,600	**17,600**
Issued, subscribed and paid-up capital:		
Equity shares		
14,52,37,614 fully paid up equity shares of ₹ 5 each (Refer note (d) below)	7,262	7,618
Total	7,262	7,618

Notes:

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

Particulars	As at March 31,2020	As at March 31,2019
Opening balance	152,357,231	152,357,231
Less: Shares bought back and extinguished during the year	6,615,000	-
Less: Shares bought back and pending extinguishment	504,617	-
Balance	145,237,614	152,357,231

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	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	21,005,455	14.41%	20,994,311	13.78%
Saif India IV FII Holdings Limited	12,138,080	8.33%	12,138,080	7.97%
Franklin India Smaller Companies Fund	8,689,354	5.96%	8,689,354	5.70%
Aditya Narsing Rao	8,427,203	5.78%	5,026,508	3.30%

c. **Rights, preferences and restrictions attached to each class of shares:**

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.s

Preference Shares: The Company has two classes of cumulative redeemable preference shares having face value of ₹ 100 each and ₹ 5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the company.

d. Buyback of equity shares:

The Board of Directors, at its meeting held on November 12, 2019, approved Buyback of the Company's fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company other than promoters, promoter group and persons who are in control of the company, at a price not exceeding ₹ 45 per equity share (Maximum Buyback price), for an aggregate amount not exceeding 4,000 lakhs (Maximum Buyback size), payable in cash from the open market route through the stock exchange mechanism under the Buyback Regulations and the Companies Act. The Buyback shall not exceed 4,000 lakhs (Maximum Buyback size) excluding the transaction charges. The Maximum Buyback Size represents 6.14% and 6.16% of aggregate of the Company's paid up equity capital and free reserves based on the audited Consolidated and Standalone financial statements, respectively, of the Company as at March 31, 2019, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013.

As of March 31, 2020, the scheme of Buyback was open, the Company bought back 71,19,617 equity shares as of that date, resulting in total cash consideration of ₹ 2,048 lakhs (including ₹ 355 lakhs towards transaction cost and tax on Buyback). Out of 71,19,617 equity shares bought back, the Company extinguished 66,15,000 equity shares as at March 31, 2020 and the remaining were extinguished in the month of April 2020 as per the records of depositories. In line with the requirement of Companies Act, 2013, an amount of ₹ 1,692 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 356 lakhs representing the nominal value of shares brought back, has been created in accordance with Section 69 of the Companies Act, 2013.

The Buyback commenced on November 25, 2019 and closed on May 21, 2020. The Company bought back an aggregate of 1,01,95,000 equity shares, utilizing a total of ₹ 2,236.20 (excluding transaction costs of Buyback), which represents 55.91% of the maximum Buyback size.

e. The company has not issued bonus shares during the period of five years immediately preceding the reporting date.

f. Refer Note 16(c) for details of shares pledged.

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

15. Other equity

Other equity consist of the following:

Particulars	As at March 31,2020	As at March 31,2019
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	12,622	12,622
Amount paid upon Buyback of equity shares	(1,337)	-
Premium paid upon Buyback of equity shares	(355)	-
Closing Balance	**10,930**	**12,622**
(c) General reserve		
Opening Balance	1272	1272
Transfer to capital redemption reserve upon Buyback of equity shares	(356)	-
Closing Balance	**916**	**1,272**
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1185	1185
Appropriation from general reserve upon Buyback of equity shares	356	-
Closing Balance	**1,541**	**1,185**
(f) Retained earnings		
Opening balance	43,660	37,316
Add: Profit for the year	5,305	6,644
Remeasurement of net defined benefit liability net of income tax	(40)	(310)
Exchange differences in translation of foreign operations	67	10
Closing Balance	**48,992**	**43,660**
Total	**62,771**	**59,131**

Nature of reserves:

(a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

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

(e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) Retained earnings

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

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

16. Borrowings

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Term Loans- Secured (Refer note (a) below)		
- From banks	9,281	8,859
- From non banking financial companies	97	105
	9,378	**8,964**
Unsecured		
Sales tax deferment loan (Refer note (b) below)	847	1,067
- From non banking financial companies	8	-
	10,233	**10,031**
Current Maturities of non-current borrowings		
Term Loans- Secured		
-From banks and Non Banking Financial Companies (NBFC's)	4,893	2764
-Sales tax deferment loan	393	375
	5,286	**3,139**
Less : Amount disclosed under "other current financial liabilities"	5,286	3,139
	-	-
Current		
Loans repayable on demand from banks (Refer note (c) below)		
(i) Cash credits	15,945	11,103
(ii) Working capital demand loans	12,955	19,370
(iii) Bills of exchange	784	818
From Others	71	-
	29,755	**31,291**
Total Borrowings	**39,988**	**41,322**

Notes:

(a) Summary of borrowings arrangements

Particulars	Term of Repayments*	Security	Borrowings availed	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019	Rate of Interest
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	2,813	3,750	"9.9% to 10.3% p.a"
Yes Bank Limited	16 equal quarterly instalments of ₹ 250 each, after a moratorium period of 1 year, Commencing from Feb 2019. The company has repaid 3 equal quarterly instalments subsequent to which the loan was novated/assigned to SBM Bank (India) Limited with the same terms and conditions.	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	4,000	-	3,750	"9.95% to 10.4% p.a"
SBM Bank (India) Limited	13 equal quarterly instalments of ₹ 250 each commencing from November 2019		3,250	2,750	-	10.40%

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

Particulars	Term of Repayments*	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2020	March 31, 2019	
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 each, after a moratorium period of 1 year, Commencing from March 2020	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	5,000	5,000	3,604	9.75% to 10.15% p.a
YES Bank Limited	16 equal quarterly instalments of ₹ 156.25 each, commencing from September 2020	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	2,500	2,500	-	10.25% to 10.40% p.a.
YES Bank Limited	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	47	59	8.77%
Axis Bank Limited	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	38	-	9.26%
Bandhan Bank	24 equal quarterly instalments of ₹ 41.64 each commencing from January 2020	First charge on fixed assets (excluding land) created out of bandhan bank term loan for solar PV module manufacturing unit. DSRA of ₹ 58 with exclusive charge for the term loan of Bandhan Bank Ltd. and personal guarantee of Mr. Aditya Rao (Vice-Chairman & Managing Director).	999	958	300	10.70%
Total			**20,864**	**14,106**	**11,463**	

***Moratorium availed from banks**

As per RBI Circulars DOR.No.BP.BC.47/21.04.048/2019-20 and DOR.No.BP.BC.63/21.04.048/2019-20 dated March 27, 2020 and April 17, 2020 respectively, relating to the COVID-19 Regulatory Package, the Company availed moratorium of three months on the payment of interest on cash credit accounts, falling due between March 1, 2020 and May 31st, 2020 from State Bank of India, Axis Bank, Yes Bank, HDFC Bank and ICICI Bank. Also, the company has availed the moratorium of three months on payment of interest on working capital demand loan, falling due between March 1, 2020 and May 31st, 2020 from Yes Bank, HDFC Bank, Axis Bank, ICICI Bank.

Further, the company has availed the moratorium of three months on the repayment of instalment and interest on term loan falling due between March 1 ,2020 to May 31,2020 from ICICI Bank, Axis Bank and Bandhan Bank respectively.

Particulars	Term of Repayments* / Security	Borrowings availed	Outstanding as at		Rate of Interest
			March 31, 2020	March 31, 2019	
From Non Banking Financial Institutions:					
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹ 0.30 each commencing from April 2018 First charge by way of hypothecation of the vehicles for which the loan was taken.	14	5	12	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹12.50 each commencing from September 2018 Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	63	212	10.25% to 10.75% p.a
Volkswagen Finance Limited	84 equal monthly instalments commencing from October 2017 First charge by way of hypothecation of the vehicle for which the loan was taken.	49	35	41	8.50%
Total		**363**	**103**	**265**	

(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 ₹440 was paid during earlier years and an amount of ₹375 paid in the financial year 2019-20 an amount of ₹393

Payable in the financial year 2020-21 which is classified under the head "Other financial liabilities". Further ₹431 (As at March 31, 2019 - ₹604) considered under Unearned government grant has been classified under the head "Other liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹ in lakhs
2020-21	393
2021-22	430
2022-23	298
2023-24	335
2024-25	215
Total	**1,671**

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank and ICICI Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares of ₹ 5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 9.8% to 10.40% (March 31, 2019 8.5% to 10.85%)

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31,2020	As at March 31,2019
Aditya Narsing Rao (Vice Chairman and Managing Director)	111,500	70,376

17. Provisions

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Provision for gratuity (Refer note c (i) below)	204	255
Provision for compensated absences	594	441
Asset retirement obligation	266	166
	1,064	**862**
Current		
Provision for gratuity (Refer note c (i) below)	421	380
Provision for compensated absences	159	354
Provision for loss on onerous contracts (Refer note(a) below)	10	20
Others	6	165
	596	**919**
Total Provisions	**1,660**	**1,781**

Note:

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

Particulars	As at March 31,2020	As at March 31,2019
Opening balance	20	449
Add: Provision made during the year	-	11
Less: Provision reversed during the year	(10)	(440)
Carrying amount as at year end	**10**	**20**

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Post Retirement Employee Benefits

(b) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense aggregating to ₹ 693 lakhs (March 31, 2019: ₹ 581 lakhs) in respect of the defined contribution plans.

(c) Post retirement benefit - Defined benefit

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(i) Gratuity (funded):

Particulars	2019–20	2018–19
i) Change in Defined Benefit Obligation (DBO) during the year:		
Present Value of DBO at the beginning of the year	1,961	1,287
Interest cost	124	89
Current service cost	212	147
Past service cost	-	-
Actuarial loss on obligation	67	535
Benefits paid	(135)	(97)
Present Value of DBO at the end of the year	2,229	1,961
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,326	1,100
Return on Plan Assets	15	60
Interest Income	85	87
Contributions paid	307	176
Benefits paid	(129)	(97)
Fair value of Plan Assets at the end of the year	1,604	1,326
iii) Amount Recognized in Balance Sheet		
Present Value of DBO of the year	2,229	1,961
Fair value of Plan Assets at the end of the year	1,604	1,326
Net Asset/(Liability) recognized in the balance sheet	(625)	(635)
- Non Current	(204)	(255)
- Current	(421)	(380)
iv) Components of employer expense		
Current service cost	212	147
Past service cost	-	-
Interest income on net defined benefit obligation	39	2
Expense recognised in Statement of Profit and Loss	251	149
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	104	275
Actuarial loss due to experience on Defined Benefit Obligation	(37)	260
Return on Plan Assets excluding Interest Income	(15)	(60)
Remeasurements recognised in other comprehensive income	52	475
Total defined benefit cost recognised	**303**	**624**

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

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2020	Valuation as at March 31, 2019
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.68%-6.70%	6.94%-7.61%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	4.83-13.00	4.89-13.44
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,137
	(-1%)	2,332
Salary Escalation rate	1%	2,319
	(-1%)	2,147

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

Particulars	Gratuity
Within 1 year	422
1-2 year	342
2-3 year	333
3-4 year	286
4-5 year	234
5-10 year	776

(ii) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the company is given below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2020	Valuation as at March 31, 2019
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.68%-6.70%	6.94%-7.61%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	4.83-13.00	4.89-13.43
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

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.

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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.

18. Income taxes

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	1,768	2,587
Deferred tax	-796	470
Tax pertaining to earlier years	-	-41
	972	**3,016**

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Tax effect on actuarial losses on defined benefit obligations	13	165
	13	**165**
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	13	165
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, 2020 and March 31, 2019.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting Profit before tax	6,312	9,682
Tax expense at statutory tax rate of 25.17% (2019: 34.94%)	1,589	3,383
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	48	61
Effect of change in tax rate*	(796)	(34)
Adjustments in respect of income-tax for earlier years	-	(41)
Others	131	(353)
Tax expense reported in Statement of Profit and loss.	972	3,016
Effective tax rate	**15.40%**	**31.15%**

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

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.

*The Company elected to execute the option permitted under section 115 BAA of the Income tax Act. 1961 as introduced by the Taxation laws (Amendment) ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax liability (net) based on the rate prescribed on the said ordinance. The full impact of this change relating to deferred tax liability (net) as at March 31, 2019 has been recognised in the statement of profit and loss, in the year ended March 31 2020.

d. Deferred tax liabilities (net)

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

Particulars	As at March 31,2020	As at March 31,2019
Deferred tax assets	(2,446)	(2,484)
Deferred tax liabilities	4,317	5,164
	1,871	**2,680**

e. Movement in deferred tax assets and liabilities:

2019-20	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 as:	5,165	-900	-	4,265
Assets				
Provision for employee benefits	(584)	151	(13)	(446)
Provision for doubtful debts	(1,721)	(157)	-	(1,878)
Provision for loss on onerous contracts	(7)	5	-	(2)
Provision for Contract Assets	(79)	46	-	(33)
Provision for dismantling cost	(58)	(9)	-	(67)
Effect of change in tax rate	-	61	-	61
Others	(36)	7	-	(29)
Total	**2,680**	**-795**	**(13)**	**1,871**

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Forming Part of the Financial Statements

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

2019-20	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to				
Liabilities				
Property, plant and equipment and Intangible assets	4,518	647	-	5,165
Assets				-
Provision for employee benefits	(214)	(205)	(165)	(584)
Provision for doubtful debts	(1,714)	(7)	-	(1,721)
Provision for loss on onerous contracts	(157)	150	-	(7)
Provision for loss on Contract Assets	-	(79)	-	(79)
Provision for dismantling cost	-	(58)	-	(58)
Others	(57)	21	-	(36)
Total	**2,376**	**469**	**-165**	**2,680**

f. **Income tax assets and liabilities**

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

Particulars	As at March 31,2020	As at March 31,2019
Income tax assets [net of provisions]	2,815	1,041
Income tax liabilities [net of advance tax]	(3,282)	(1,560)
	(467)	**(519)**

19. Other Liabilities

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Unearned government grants (Refer note 16(b))	282	604
Current		
Advances from customers	5,294	5,184
Unearned revenue	1,839	2,719
Statutory liabilities	644	623
Unearned government grants (Refer note 16(b))	149	-
Others	112	30
	8,038	**8,556**
Total Other Liabilities	**8,320**	**9,160**

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

20. Trade payables

Particulars	As at March 31,2020	As at March 31,2019
Acceptances	22,224	18,870
Other than Acceptances	25,670	26,045
Total	**47,894**	**44,915**
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	258	455
ii) Outstanding dues of creditors other than micro enterprises and small enterprises	47,636	44,460

*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 30

21. Other financial liabilities

Particulars	As at March 31,2020	As at March 31,2019
Non-Current		
Retention money payable	919	512
	919	**512**
Current		
Current maturities from long term borrowings (Refer note 16)		
From banks and Non Banking Financial Companies (NBFC's)	4,893	2,764
Sales tax deferment loan	393	375
Unclaimed dividends	11	22
Preference share capital payable	74	74
Security Deposits	-	79
Interest accrued but not due on borrowings	273	178
Payables on purchase of fixed assets	565	392
Other Payables	1,428	1,771
	7,637	**5,655**
Total financial liabilities	**8,556**	**6,167**

Notes

Forming Part of the Financial Statements

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

22. Revenue from operations

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From operations		
- Sale of products	125,066	149,067
- Revenue from contracts	72,998	51,932
- Sale of services	6,536	3,760
- Other Operating Revenue		
- Scrap Sales	6,055	8,552
Total	**210,655**	**213,311**

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Contract price	71,590	50,475
Adjustments for:		
Unearned revenue	880	1,881
Unbilled revenue	528	-650
Unbilled revenue (loss allowance)	-	226
Revenue from contracts	**72,998**	**51,932**

Revenue from operations include ₹ 24,433 Lakhs (March 31, 2019: ₹ 22,291 lakhs) made to Integral Coach Factory which contributes more than 10% of the Company's revenue

23. Other Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income earned on financial assets		
- Bank deposits	90	130
- Other interest income	999	607
Dividend income on current investments	111	-
Net gain arising from financial instruments designated as fair value through Profit and Loss	24	355
Reversal of provisions on onerous contracts (Net)	10	429
Foreign Exchange fluctuation (Net)	17	-
Liabilities no longer required written back	517	522
Others	260	631
Total	**2,028**	**2,674**

Notes

Forming Part of the Financial Statements

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

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock of inventories		
Work-in-progress	21,185	17,626
Finished goods	7,480	10,302
Scrap	632	504
	29,297	**28,432**
Closing stock of inventories		
Work-in-progress	22,010	21,185
Finished goods	7,837	7,480
Scrap	592	632
	30,439	**29,297**
Decrease / (increase) in inventories of finished goods and work-in-progress	**(1,143)**	**(865)**

25. Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries and wages	14,360	13,603
Contribution to provident and other funds	990	766
Staff welfare expenses	834	924
Total	**16,184**	**15,293**

26. Finance costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest:		
Term loans	1,532	810
Working capital demand loans	2,372	2,733
Others	2	3
Lease interest cost (Refer note 36)	411	-
Bill discounting charges	1,326	2,338
Other bank charges	2,702	1,531
Interest expense on delayed payment of income tax	-	105
Total	**8,345**	**7,520**

Notes

Forming Part of the Financial Statements

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

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on Property, plant and equipment (Refer note 3)	3,555	2,633
Amortisation on Right-of-use assets (Refer note 4)	568	-
Amortisation of intangible assets (Refer note 5)	159	156
Total	**4,282**	**2,789**

28. Other Expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Job work and processing charges	10,314	8,188
Sub-contract expenses	3,936	-
Erection expenses	7,114	4,896
Stores and spares consumed	12,327	16,791
Power and fuel	2,319	2,436
Repairs and maintenance	-	
- Plant and equipment	270	322
- Buildings	43	138
- Others	184	189
Rent	494	740
Carriage and freight	5,345	5,890
Payment to Auditors (Refer note (a) below)	68	67
Loss on sale of plant and equipment	1	140
Foreign Exchange Fluctuation	-	197
Expenditure for Corporate social responsibility (Refer note (b) below)	171	60
Trade and other receivables written off	2,782	1,994
Provision for doubtful debtors	2,536	18
Provision for unbilled revenue	-	226
Advances written off	29	553
Miscellaneous expenses	3,847	6,303
Total	**51,780**	**49,148**

Notes:

a. Payments to Auditors

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019*
Audit fee	40	26
Limited review	15	5
Certificates	8	3
Out of pocket expenses	2	-
Total	**65**	**34**

Note: Amounts given above excludes Goods and Services tax

* Excludes payment to other auditors of erstwhile Subsidiary Companies Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with the Company.

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

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 requirement of the Companies Act, 2013 gross amount required to be spent by the company during the year is ₹ 188 (March 31, 2019 : ₹ 189).

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above	171	60

29. Earnings per share

Particulars	As at March 31,2020	As at March 31,2019
Profit after tax	5,305	6,644
Weighted average number of equity shares	151,161,566	152,357,231
Face value per share	5	5
Basic and Diluted earnings per Equity Share	3.51	4.36

*Refer note 14

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

Particulars	As at March 31,2020	As at March 31,2019
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	258	455
Interest	14	8
(b) the amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	21	122
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	21
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	14	8
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

Notes

Forming Part of the Financial Statements

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

31. Financial Instruments

a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/ short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, investment in mutual funds and Inter-corporate deposits given.

The 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 31,2020	As at March 31,2019
Equity share capital	7,262	7,618
Other equity	62,771	59,131
Total Equity (A)	**70,033**	**66,749**
Non-current borrowings	10,233	10,031
Short term borrowings	29,755	31,291
Current maturities of long-term borrowings	5,286	3,139
Gross Debt	**45,274**	**44,461**
Less: Inter-corporate deposits	(2,164)	(1,954)
Less: Current investments	(4,509)	(5,211)
Less: Cash and cash equivalents	(3,902)	(1,516)
Less: Other balances with banks	(2,020)	(2,321)
Net debt (B)	**32,679**	**33,459**
Net debt to equity (B/A)	0.47	0.50
Interest Coverage Ratio	1.76	2.29

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

b. Financial instruments by category

Particulars	Carrying value as at March 31,2020	Carrying value as at March 31,2019
Financial assets		
Measured at amortised cost		
Other financial assets	5,871	3,892
Loans (Inter-corporate deposits)	2,164	1,954
Trade receivables	43,719	47,303
Cash and cash equivalents	3,902	1,516
Other bank balances	2,020	2,321
Total financial assets measured at amortised cost (A)	**57,676**	**56,986**
Measured at fair value through profit and loss		
Investments in mutual funds	4,509	4,892
Investments in secured, non-convertible debentures	-	319
Non-current investments	-	-
Total financial assets at fair value through profit and Loss (B)	**4,509**	**5,211**
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	**62,187**	**62,199**
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings (including current maturities)	14,279	11,728
Short-term borrowings	29,755	31,291
Trade payables	47,894	44,915
Other financial liabilities	3,270	3,028
Total financial liabilities carried at amortised cost(A)	**95,198**	**90,962**
Measured at fair value through Profit and Loss		
Sales tax deferment loan	1,240	1,442
Lease Liabilities	3,677	-
Financial liabilities at fair value through Profit and Loss (B)	**4,917**	**1,442**
Financial liabilities at Fair value through other comprehensive income (C)	-	-
Total Financial Liabilities (A+B+C)	**100,115**	**92,404**

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.

Notes

Forming Part of the Financial Statements

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

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.

Foreign Currency 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, 2020

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	1,544	35	-	236	1,815
Trade payables	(140)	(8)	-	-	(148)
Total	**1,404**	**27**	**-**	**236**	**1,667**

*Others include currencies such as Malaysian Ringgit, etc

Currency exposure as at March 31, 2019

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Total (INR)
Trade Receivables	1,860	9	-	1,869
Advances to vendors	39	65	-	104
Trade Payables	(34)	-	-	(34)
Advances from Customers	(14)	-	(2)	(16)
Total	1,851	**74**	**(2)**	**1,923**

Unhedged foreign currenty exposure

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2020			
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)	Others (In Lakhs)
Trade receivables	20.48	0.42	-	19.26
Trade payables	(1.85)	-	(0.16)	-

Notes

Forming Part of the Financial Statements

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

Amounts receivable/ payable in foreign currency

Particulars	As at March 31, 2019		
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)
Trade receivables	26.90	0.12	-
Advances to vendors	0.57	0.83	-
Trade payables	(0.49)		
Advances from customers	(0.20)	-	(0.04)

Sensitivity analysis:

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹1 increase and decrease against the US Dollar. ₹1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹1 against the US Dollar. For a ₹1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

Particulars	Impact on profit and loss	
	March 31,2020	March 31,2019
Strengthening	0.24	0.37
Weakening	(0.24)	(0.37)

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 31,2020	As at March 31,2019
Current assets	109,983	113,105
Current liabilities	(97,589)	(92,896)
Working capital	12,394	20,209

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

Sensitivity analysis:

Particulars	Impact on profit and loss March 31,2020	March 31,2019
1% increase in interest rate	(124)	(202)
1% decrease in interest rate	124	202

Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the company can be required to pay.

(i) Liquidity exposure as at March 31, 2020

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	5,575	11,351	129	17,055
Short-term Borrowings	32,556	-	-	32,556
Trade payables	47,894	-	-	47,894
Lease Liabilities	387	3,158	132	3,677
Other financial liabilities	2,097	919	-	2,981
	88,474	**15,428**	**261**	**104,163**

(ii) Liquidity exposure as at March 31, 2019

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	2,764	9,816	215	12,795
Short-term Borrowings	31,291	-	-	31,291
Trade payables	44,915	-	-	44,915
Other financial liabilities	2,891	512	-	3,403
	81,861	**10,328**	**215**	**92,404**

Refer note 16 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).

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Forming Part of the Financial Statements
(All amounts in ₹ lakhs, except share and per share data and where otherwise stated)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2020.

(i) Level wise disclosure of Financial instruments as at March 31, 2020 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	4,509	4,509	-	-
Financial liabilities				
Lease Liabilities	3,677	-	3,677	-
Sales tax deferment loan	1,240	-	-	1,240

(ii) Level wise disclosure of Financial instruments as at March 31, 2019 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	5,211	5,211	-	-
Financial liabilities				
Sales tax deferment loan	1,067	-	-	1,067

(iii) Level wise disclosure of Financial instruments as at March 31, 2020 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	-	-	-	-
Trade receivables	43,719	-	43,719	-
Cash and cash equivalents	3,902	-	3,902	-
Bank balances other than cash and cash equivalents	2,020	-	2,020	-
Loans	2,164	-	2,164	-
Other financial assets	5,871	-	5,871	-
Financial liabilities				
Borrowings	38,748	-	38,748	-
Trade payables	47,894	-	47,894	-
Other financial liabilities	8,556	-	8,556	-

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

(iv) Level wise disclosure of Financial instruments as at March 31, 2019 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	-	-	-	-
Trade receivables	47,303	-	47,303	-
Cash and cash equivalents	1,516	-	1,516	-
Bank balances other than cash and cash equivalents	2,321	-	2,321	-
Loans	1,954	-	1,954	-
Other financial assets	3,892	-	3,892	-
Financial liabilities				
Borrowings	40,255	-	40,255	-
Trade payables	44,915	-	44,915	-
Other financial liabilities	6,167	-	6,167	-

32. Contingent Liabilities

Particulars	As at March 31,2020	As at March 31,2019
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	815	826
ii) Excise duty and service tax	465	477
iii) Good and Services Tax Act	69	69
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	11,585	31,400
c) Financial guarantee given by banks on behalf of the company	19,255	2,997
Total	**32,189**	**35,769**

Notes
Forming Part of the Financial Statements

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

33. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2020	March 31, 2019
Enertech Pennar Defense and Engineering Systems Private Limited	Subsidiary Company	India	51%	51%
Pennar Global Inc.	Subsidiary Company	USA	100%	100%
Pennar GmbH *	Subsidiary Company	Germany	100%	-
Oneworks BIM Technologies Private Limited ** (Refer note 35(A))	Subsidiary Company	India	100%	-
Details of other related parties				
Pennar Holdings Private Limited	Promoter Company			
Pennar Foundation	Trust in which KMP's are trustees			
Joginapally Venkata Nrupender Rao	Executive Chairman			
Aditya Narsing Rao	Vice Chairman and Managing Director			
Lavanya Kumar Rao Kondapally	Whole Time Director			
Potluri Venkateswara Rao (Wef May 27, 2019)	Joint Managing Director			
Kondapalli Siddharth Rao	Relative of KMP			

*The Company acquired 100% equity shares of Pennar GmbH on December 04, 2019.

**The Company acquired 100% equity shares of Oneworks BIM Technologies Private Limited on February 14, 2020.

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

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of goods and services		
Pennar Global Inc.	5,329	6,463
Enertech Pennar Defense and Engineering Systems Private Limited	345	102
	5,674	**6,565**
Purchase of goods and services		
Pennar Global Inc.	320	52
Enertech Pennar Defense and Engineering Systems Private Limited	13	-
Pennar GmbH	56	-
Oneworks BIM Technologies Private Limited	53	-
Kondapalli Siddharth	8	-
	450	**52**
Intercorporate deposits given to:		
Enertech Pennar Defense and Engineering Systems Private Limited	-	100
Oneworks BIM Technologies Private Limited	130	-
Interest income on intercorporate deposits given:		
Enertech Pennar Defense and Engineering Systems Private Limited	14	-
Pennar Global Inc.	24	-
Oneworks BIM Technologies Private Limited	1	-
Paid towards corporate social responsibility		
Pennar Foundation	21	36
Investments in Subsidiaries		
Investment in Enertech Pennar Defense and Engineering Systems Private Limited	-	1
Investment in Pennar Pennar Global Inc.	601	-
Investment in Oneworks BIM Technologies Private Limited	349	-
Investment in Pennar Gmbh	20	-
	1,160	**137**
Director's remuneration		
Joginapally Venkata Nrupender Rao	120	120
Aditya Narsing Rao	100	102
Lavanya Kumar Rao Kondapally	68	60
Potluri Venkateswara Rao	107	-
	395	**282**
Provident Fund, Superannuation & Other Perquisites		
Joginapally Venkata Nrupender Rao	47	47
Aditya Narsing Rao	17	17
Lavanya Kumar Rao Kondapally	12	12
Potluri Venkateswara Rao	26	-
	102	**76**

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Forming Part of the Financial Statements

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

(iii) Balances with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Pennar Global Inc.	-	6
Enertech Pennar Defense and Engineering Systems Private Limited	130	-
Oneworks BIM Technologies Private Limited	94	-
Kondapalli Siddharth	4	-
Total	**228**	**6**
Trade receivables		
Enertech Pennar Defense and Engineering Systems Private Limited	274	25
Pennar Global Inc.	1,141	1,547
Total	**1,415**	**1,572**
Advances to suppliers and others		
Enertech Pennar Defense and Engineering Systems Private Limited	24	-
Investment in subsidiary companies		
Enertech Pennar Defense and Engineering Systems Private Limited	1	1
Pennar Global Inc.	862	261
Oneworks BIM Technologies Private Limited	349	-
Pennar Gmbh	20	-
Total	**1,232**	**262**
Inter corporate deposits receivable		
Enertech Pennar Defense and Engineering Systems Private Limited	100	100
Oneworks BIM Technologies Private Limited	130	-
Total	**230**	**100**
Interest on Inter corporate deposits receivable		
Oneworks BIM Technologies Private Limited	1	-
Enertech Pennar Defense and Engineering Systems Private Limited	2	-
Total	**3**	**-**

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

34. COVID-19 is an infectious disease caused by the most recently discovered Coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic. This outbreak is causing significant disturbances and slowdown of economic activity. The Government of India, declared a nation-wide lockdown on March 25, 2020 in light of the outbreak of COVID-19, On account of which the Company suspended its operations from March 25, 2020. The Company has been taking various precautionary measures to protect its employees from the COVID-19 pandemic. Operations have been resumed, subsequent to the year end, from 1st half of May 2020, wherein the Company has taken all necessary safety measures as laid down by the Government for the purpose and is gradually ramping up capacity since then.

The company has considered internal and certain external sources of information up to the date of approval of the financial statements in assessing the recoverability of Inventories, receivables and other current assets. The Company has used the elements of prudence in applying the judgements and assumptions and based on current estimates expects the carrying amount of these assets will be recovered. The impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

35. Business Combinations

A. Business combinations during the year 2019-20:

Acquisition of Oneworks BIM Technologies Private Limited:

On February 14, 2020, the Company acquired 100% of equity interest in Oneworks BIM Technologies Private Limited(Oneworks). Oneworks is engaged in supporting clients through the technical processes of data collection and BIM management. It deals in 3D digital (Building Information Modelling). Its services include developing, modeling, converting and mapping of buildings with seamless integration of building data in a 3D model. Oneworks provides solutions to various engineering and construction sectors. It is also involved in helping construction companies, general & specialty contractors, architects, engineers, and building owners. The fair value of the purchase consideration ₹ 349, comprises cash consideration of ₹ 72, contingent consideration of upto ₹ 277 payable subject to the satisfaction of certain conditions. The contingent consideration recognised on the acquisition date is payable to the previous owners. The fair value of net assets acquired on the acquisition date amounted to ₹ 27. The excess of purchase consideration over the fair value of the net assets acquired has been attributed towards goodwill in consolidated financial statements.

The Purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

Particulars	Acquiree's carrying value	Fair value adjustments	Purchase price allocated
Net Assets	51	(24)	27
Goodwill			322
Purchase price			**349**

The fair value of each major class of consideration as at the acquisition date is as follows :-

Particulars	Consideration settled
Cash consideration	72
Fair value of contingent consideration	277
Purchase price	**349**

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Forming Part of the Financial Statements

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

B. Business combinations during the year 2018-19:

Merger of erstwhile Subsidiary Companies Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) with the Company.

The National Company Law Tribunal vide its order dated May 8, 2019 approved the Scheme of Amalgamation ('the Scheme') amongst the Company, Pennar Engineered Building Systems Limited ('PEBS') and Pennar Enviro Limited ('PEL'), subsidiaries of the Company and to make the Scheme effective, the Company was required to file the same with Registrar of Companies (ROC). Accordingly, the Company filed the Scheme on May 23, 2019 with the ROC. The financial results of the Company for the years ended March 31, 2019 and March 31, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per requirement of Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. As required by the standard, pooling of interest method has been considered for common control business combination and accordingly, the assets and liabilities were reflected in the books of the Company at their respective carrying amounts. The surplus of the value of the net assets acquired over the face value of the equity shares issued by the Company pursuant to the amalgamation and carrying amount of investments in the equity shares of the aforementioned subsidiaries to the extent held by the Company had been adjusted to 'capital reserve account' in the financial statements of the Company.

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the financial statements in respect of prior periods were restated as if the business combination had occurred from the beginning of the preceding period in the financial statements i.e., April 1, 2017 and consequently, the amounts for the preceding periods included the results of the aforementioned business acquired.

Details of the summarised values of assets and liabilities of Pennar Engineered Building Systems Limited (PEBS) and Pennar Enviro Limited (PEL) as acquired and the treatment of the difference between the net assets acquired over face value of equity shares issued is as under:

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Property, plant and equipment	6,118	137	6,255
Capital work-in-progress	111	246	357
Other intangible assets	409	-	409
Other non-current financial assets	-	8	8
Other non-current assets	31	229	260
Current tax assets (net)	24	-	24
Deferred tax asset (net)	840	-	840
Inventories	20,607	383	20,990
Investments	3,529	2	3,531
Trade receivables	8,568	6,383	14,951

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

	As at April 01, 2017		
	Pennar Engineered Building Systems Limited (PEBS)	Pennar Enviro Limited (PEL)	Total
Cash and cash equivalents	1,146	170	1,316
Bank balances other than cash and cash equivalents	392	135	527
Loans	2,246	-	2,246
Other current financial assets	3,337	455	3,792
Other current assets	6,049	15	6,064
Total Assets (A)	**53,407**	**8,163**	**61,570**
Other non-current financial liabilities	567	-	567
Deferred tax liabilities (net)	-	96	96
Borrowings	5,530	3,096	8,626
Trade payables	16,862	3,243	20,105
Other current financial liabilities	3,624	-	3,624
Current tax liabilities (net)	60	72	132
Provisions	1,254	21	1,275
Other current liabilities	8,330	569	8,899
Total Liabilities (B)	**36,227**	**7,097**	**43,324**
Net assets acquired (C) = (A) -(B)	17,180	1,066	18,246
Less: Consideration paid by the way of equity shares (Refer note 13(a))	1,396	205	1,601
Less: Reserves acquired (E)			
i) Securities Premium	7,611	-	7,611
ii) General Reserve	-	18	18
iii) Retained Earnings	6,137	212	6,349
iv) Other Comprehensive income	5	-	5
Less: Investment in Subsidiary amalgamated(F)	1,849	427	2,276
Balance adjusted against Capital Reserves (G) = (C) -(D)-(E)-(F)	**182**	**204**	**386**

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Forming Part of the Financial Statements

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

36. Leases

The Company has adopted Ind AS 116 " Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "leases" and related interpretation and guidance. The Company has applied Ind AS 116 using Modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for related prepayments/accruals). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowings rate as at April 1, 2019 , for measuring lease liability.

On transition to Ind AS 116, the Company recognised right-of-use amounting to ₹ 3,710 Lakhs and lease liability of ₹ 3,620 Lakhs in the standalone financial results. During the Year ended March 31, 2020, the Company has recognised interest expense on lease amounting to ₹ 411 Lakhs amortization on right-of-use assets amounting to ₹ 568 lakhs, in the standalone financial statements.

i) The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	For the year ended March 31, 2020
Balance at the beginning	3,620
Additions	650
Interest cost accrued during the year	411
Less: Extinguishment of lease liabilities	258
Less: Payment of Lease liabilities including interest	746
Balance at the end	**3,677**

ii) The impact of change in accounting policy on account of adoption of Ind AS 116 is as given below:

Particulars	For the year ended March 31, 2020
Interest on Lease Liability (Refer note 26)	411
Amortization on Right of Use Assets (Refer note 4)	568
Less: Lease rental expenses	746
Impact on Statement of profit and loss	**233**

iii) Maturity analysis of Lease Liabilities as on March 31, 2020 on an undiscounted basis:

Particulars	For the year ended March 31, 2020
Less than one year	387
One to three years	812
More than three years	2,478
Total undiscounted lease liabilities as at March 31, 2020	**3,677**

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

37. Segment information is presented for the consolidated financial statements as permitted under the Ind AS 108 - 'Operating segments'.s.

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, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Diversified Engineering	133,274	155,554	13,943	15,453
Custom designed building solutions & auxiliaries	83,932	75,695	4,996	4,538
Less : Inter segment revenue	(6,551)	(17,938)	-	-
Total	**210,655**	**213,311**	**18,939**	**19,991**
Depreciation and amortisation expense			(4,282)	(2,789)
Finance costs			(8,345)	(7,520)
Profit before tax			6,312	9,682
Tax expense			(972)	(3,016)
Profit after tax			5,340	6,666
Share of non-controlling interest			35	22
Profit for the year attributable to the shareholders of the Company			**5,305**	**6,644**

B. Segment assets and liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Segment assets		
Diversified Engineering	118,015	109,652
Custom designed building solutions & auxiliaries	67,323	64,704
Consolidated total assets	**185,338**	**174,356**
Segment liabilities		
Diversified Engineering	72,190	75,018
Custom designed building solutions & auxiliaries	43,058	32,567
Consolidated total assets	**115,248**	**107,585**

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Forming Part of the Financial Statements

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

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.

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from external customers		
India	203,915	203,190
Other countries	6,740	10,121
	210,655	**213,311**

38. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for business purposes such as repayment/ prepayment of certain working capital facilities availed by the Company, financing the procurement of infrastructure, general corporate purposes and share issue expenses. As on March 31, 2020 an amount of ₹ 437 lakhs (March 31, 2019: ₹ 509 lakhs) are unutilized funds which have been temporarily invested in mutual funds.

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

39 Summary of Net Assets and Profit and Loss

	Name of the Entity	Net Assets*				Share in Profit/(Loss)				Share in other comprehensive income				Share in total comprehensive income			
		As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated Profit/(Loss)	Amount	As % of consolidated Profit/(Loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
		Mar 31, 2020		Mar 31, 2019		Mar 31, 2020		Mar 31, 2019		Mar 31, 2020		Mar 31, 2019		Mar 31, 2020		Mar 31, 2019	
A.	Parent**	98.11%	69,663	99.59%	66499	98%	5,251	96.07%	6404	-139.29%	(39)	103.33%	(310)	97%	5,212	95.73%	6094
B.	Subsidiary incorporated in India																
	Enertech Pennar Defense and Engineering Systems Private Limited	0.16%	115	0.07%	44	1%	72	0.66%	44	0%	0	0%	0	1%	72	0.69%	44
	Pennar GmbH	0.04%	25	0%	0	0%	2	0%	0	0%	0	0%	0	0%	2	0%	0
	Oneworks BIM Technologies Private Limited	0.04%	30	0%	0	0%	2	0%	0	0%	0	0%	0	1%	69	0%	0
C.	Subsidiary incorporated outside India																
	Pennar Global Inc.	1.65%	1,172	0.73%	489.00	0%	13	3.27%	218.00	239%	67	-3%	10	0%	13	3.58%	228
	Total	**101.31%**	**71,005**	**100.39%**	**67,032**	**100%**	**5,340**	**100%**	**6,666**	**100%**	**28**	**100%**	**-300**	**100%**	**5,368**	**100%**	**6,366**
	Consolidated Agjustments	(1.31%)	-915	(0.39%)	-261	0%	-	0%	-	0%	-	0%	-	0%	-	0%	
	Net Amount	100.00%	70,090	100.00%	66,771	100%	5,340	100%	6,666	100%	28	100%	-300	100%	5,368	100%	6,366

*Net Assets means total assets minus total liabilities excluding shareholders funds.

Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter company transactions.The net impact on elimination of intercompany transactions/ profits / consolidations adjustments have been disclosed seperately. Based on the group structure, the management is of the view that the above disclosure is appropraite under the requirements of the companies act , 2013.

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Forming Part of the Financial Statements

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

40. These financial statements were approved by the Company's Board of Directors on June 30, 2020

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: ACS 29058)

Place: Hyderabad
Date: June 30, 2020

NOTICE

NOTICE

NOTICE is hereby given that the 44th Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Wednesday, the 30th September, 2020 at 11:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2020 together with the reports of the Board of directors and the auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

   (a) "RESOLVED THAT the audited financial statement of the Company for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   (b) "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended 31st March, 2020 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint a Director in the place of Mr. Vishal Sood (DIN: 01780814) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vishal Sood (DIN: 01780814), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3. To appoint a Director in the place of Mr. K Lavanya Kumar (DIN: 01710629) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. K Lavanya Kumar (DIN: 01710629), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

4. **To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman 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 one year with effect from 1st April, 2020 to 31st March, 2021, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 11th February, 2020, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.

ii. Special salary shall be ₹ 48,00,000/- per annum.

iii. Perquisites and Allowances shall be ₹ 46,80,000/- per annum.

iv. In addition to the above, company maintained vehicle(s) with driver and fuel and also communication facilities will be provided to Mr. Nrupender Rao. These will be treated as perquisites but will be taxed as per the perquisite tax rules.

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

"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."

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director of the Company for a period of one year with effect from 1st April, 2020 to 31st March, 2021, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 11th February, 2020, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.

ii. Special salary shall be ₹ 30,00,000/- per annum.

iii. Perquisites and Allowances shall be ₹ 17,16,000/- per annum.

iv. In addition to the above, company maintained vehicle(s) with driver and fuel and also communication facilities will be provided to Mr. Aditya Rao. These will be treated as perquisites and will be taxed as per the perquisite tax rules.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club

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fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Aditya Rao.

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

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

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

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

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

Under this mechanism the following would be the remuneration growth:

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

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

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

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. P V Rao (DIN: 03157581) as Joint Managing Director of the Company for a period of one year with effect from 1st April, 2020 to 31st March, 2021, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 11th February, 2020, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 97,90,000/- per annum.

ii. Special salary shall be ₹ 48,38,280/- per annum.

iii. Perquisites and Allowances shall be ₹ 40,88,000/- per annum.

In addition to the above, company-maintained vehicle(s) with driver and fuel and also communication facilities will be provided to Mr. P V Rao. These will be treated as perquisites and will be taxed as per the perquisite tax rules.

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

The remuneration of Mr. P V Rao will be reviewed annually.

Performance Incentive

Mr. P.V. Rao will also be eligible for an annual performance incentive up to a maximum of ₹20,00,000/- per annum basis the below metrics. This payout will be made within the 1st quarter of the next financial year i.e 2021-22.

50% of performance incentive should be linked to the average market cap growth for the year and 50% to the accomplishment of average PAT growth for the year.

Performance Incentive payout grid:

Market Cap growth compared to previous FY 2019-20

Sl. No.	Performance Incentive Weightage	Average Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

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PAT growth compared to previous FY 2019-20

Sl. No.	Performance Incentive Weightage	Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	5,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

Consequently if the average market cap for the year grows 20% from the average of the previous year, the performance incentive paid should be ₹5,00,000. So a 30% increase in market cap should result in performance incentive payment of ₹10,00,000/-. A growth of less than 15% or a decrease in share prices will result in 'Nil' payout of performance incentive.

If the PAT for the year grows 20% from the previous year, the performance incentive paid should be ₹5,00,000. So a 30% increase in PAT should result in performance incentive payment of ₹10,00,000/-. A growth of less than 15% or a decrease in PAT will result in 'Nil' payout of performance incentive.

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

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

7. **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 one year with effect from 1st April, 2020 to 31st March, 2021, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 11th February, 2020, the particulars of which are annexed hereunder:

Particulars of Remuneration:

i. Salary (including dearness and all other allowances) shall be ₹ 40,00,000/- per annum.

ii. Special salary shall be ₹ 39,00,000/- per annum.

iii. Perquisites and Allowances shall be ₹ 21,00,000/- per annum.

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 maintained vehicle(s) 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 be treated as perquisites but will be taxed as per the perquisite tax rules.

The remuneration of Mr. K Lavanya Kumar will be reviewed annually.

Performance Incentive

Mr. K Lavanya Kumar will also be eligible for an annual performance incentive up to a maximum of ₹20,00,000/- per annum basis the below metrics. This payout will be made within the 1st quarter of the next financial year.

50% of performance incentive should be linked to the average market cap growth for the year and 50% to the accomplishment of average PAT growth for the year.

Performance Incentive payout grid:

Market Cap growth compared to previous FY 2019-20

Sl. No.	Performance Incentive Weightage	Average Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

PAT growth compared to previous FY 2019-20

Sl. No.	Performance Incentive Weightage	Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	5,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

Consequently if the average market cap for the year grows 20% from the average of the previous year, the performance incentive paid should be ₹5,00,000. So a 30% increase in market cap should result in performance incentive payment of ₹10,00,000/-. A growth of less than 15% or a decrease in share prices will result in 'Nil' payout of performance incentive.

If the PAT for the year grows 20% from the previous year, the performance incentive paid should be ₹5,00,000. So a 30% increase in PAT should result in performance incentive payment of ₹10,00,000/-. A growth of less than 15% or a decrease in PAT will result in 'Nil' payout of performance incentive.

NOTICE

"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."

8. **To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2021 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, 2021, and also to ratify the remuneration of ₹ 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses."

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

By Order of the Board
for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
e-CSIN Number: EA029058A000037330

Place : Hyderabad
Date : 12.08.2020

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. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to subbok@gmail.com with copy to evoting@karvy.com and mirza.baig@pennarindia.com.

4. The Register of Members and the Share Transfer Books of the company will remain closed from 18th September, 2020 to 19st September, 2020, 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 intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Registrar and Share Transfer Agent, M/s. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited) in case the shares are held by them in physical form.

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. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), 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 who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Registrar and Share Transfer Agent, M/s. Kfin Technologies Private Limited (formerly Karvy Fintech Private Limited) in case the shares are held by them in physical 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. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same.

12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (“IEPF”). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

NOTICE

13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.pennarindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

16. 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.

17. Members are requested to keep their copy of the Annual Report during meeting.

18. 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. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), in respect of all resolutions set forth in this Notice. Mr. Subhash Kishan Kandrapu, (Membership No. 32743) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

Notes for e-AGM Notice

1. In view of the prevailing lock down situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, MCA (Ministry of Corporate Affairs) vide circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, companies are permitted to hold their AGM through VC/OVAM for the calendar year 2020.

2. In compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA circulars the 44th Annual General Meeting of the company being conducted through Video Conferencing (VC) herein after called as "e-AGM".

3. e-AGM: Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.

4. Pursuant to the provisions of the circulars of AMC on the VC/OVAM(e-AGM):

   a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required

   b. Appointment of proxy to attend and cast vote on behalf of the member is not available.

   c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.

NOTICE

5. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

6. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.

7. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

8. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

9. Electronic Copy of all the documents referred to in the accompanying Notice of the 44th Annual General Meeting and the Explanatory Statement shall be available for inspection in the Investor Section of the website of the Company.

Instructions for the Members for attending the e-AGM through Video Conference:

1. Attending e-AGM Video conference : Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com"and click on the "video conference" and access the shareholders/ members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.

2. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

3. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

4. Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

6. AGM Questions prior to e-AGM: Shareholders who would like to express their views/ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on "Post your Questions" may post their queries/views/questions in the window provided by mentioning the name, demat account number/ folio number, email id, mobile number. Please note that, members questions will be answered only, the shareholder continue to hold the shares as of cut-off date benpos. The post of the questions shall commence on 26.09.2020 9.00 AM and closed on 29.09.2020 at 5.00 PM.

7. Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the e-AGM conference.

8. Speaker Registration during e-AGM session: In case of decision to allow the Q&A session in the meeting, meeting may log into https://emeetings.kfintech.com/ and click on "Speaker Registration" by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commence on 26.09.2020 9.00 AM and closed on 29.09.2020 at 5.00 PM.

NOTICE

Instructions for members for e-Voting during the e-AGM session:

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page

2. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

3. Only those shareholders, who are present in the e-AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.

Remote Voting through electronic means:

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the Listing Regulations, the Company is providing facility of remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on 23rd September, 2020 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by KFin or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.

The details of the process and manner for remote e-voting are given below:

i. Initial password is provided in the body of the email.

ii. Launch internet browser and type the URL: https://evoting.karvy.com in the address bar.

iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT i.e. Pennar Industries Limited

viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at subbok@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BAL_EVENT No.'

xii. Members can cast their vote online from 26th September 2020 (9.00 a.m.) till 29th September, 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.

xiii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of https://evoting.karvy.com or call KFin on 1800 345 4001 (toll free).

NOTICE

Explanatory Statement

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

Item # 4 Appointment of Mr. Nrupender Rao as Chairman

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 11.02.2020 has, subject to the approval of members, unanimously approved that the period of appointment of executive directors be in line with the financial year, in view of the same Mr. Nrupender Rao was appointed as Chairman of the Company for a period of one year commencing from 01.04.2020 to 31.03.2021 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. 4 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 # 5 Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 11.02.2020 has, subject to the approval of members, unanimously approved that the period of appointment of executive directors be in line with the financial year, in view of the same Mr. Aditya Rao was appointed as Vice-Chairman and Managing of the Company for a period of one year commencing from 01.04.2020 to 31.03.2021 including payment of remuneration.

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

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

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

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

Item # 6 Appointment of Mr. P V Rao as Joint Managing Director

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 11.02.2020 has, subject to the approval of members, unanimously approved that the period of appointment of executive directors be in line with the financial year, in view of the same Mr. P V Rao was appointed as Joint Managing Director of the Company for a period of one year commencing from 01.04.2020 to 31.03.2021 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 1st April, 2020 to 31st March, 2021.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. P V Rao shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

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

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

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

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

Item # 7 Appointment of Mr. K Lavanya Kumar as Executive director

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 11.02.2020 has, subject to the approval of members, unanimously approved that the period of appointment of executive directors be in line with the financial year, in view of the same Mr. K Lavanya Kumar was appointed as Executive Director of the Company for a period of one year commencing from 01.04.2020 to 31.03.2021 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 1st April, 2020 to 31st March, 2021.
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.

NOTICE

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. 7 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 # 8 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2021

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

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

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2021.

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
e-CSIN Number: EA029058A000037330

Place : Hyderabad
Date : 12.08.2020

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, 2020	Chairman of the Committee of other companies on which he/ she is a director as on 31st March, 2020	Member of the Committee of other companies on which he/ she is a director as on 31st March, 2020	No of Shares held by them in the Company as on 31st March, 2020
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. Saif Advisors Private Limited M/s. KDDL Limited M/s. Lightfoot Consulting Private Limited M/s. Light Ray Advisors LLP M/s. Emtex Engineering Private Limited	Nil	Nil	Nil
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 Holdings Private Limited	Nil	Nil	60,10,786 Equity Shares of ₹ 5/- each.
Aditya Rao	06.12.1981	30.01.2008	BS and M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Holdings Private Limited M/s. Enertech Pennar Defense and Engineering Systems Private Limited M/s. Oneworks BIM Technologies Private Limited	Nil	Nil	84,27,203 Equity Shares of ₹ 5/- each.
Potluri Venkatewara Rao	15.08.1959	30.03.2016	B. Tech (Civil Engineering)	Experience in the field of management	M/s. Calderys India Refactories Limited	Nil	Nil	5,38,589 Equity Shares of ₹ 5/- each.
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	2,34,900 Equity Shares of ₹ 5/- each

CORPORATE INFORMATION

Board of Directors

Mr. Nrupender Rao
Executive Chairman
Mr. Vishal Sood
Non-Executive Director
Mr. Manish Sabharwal
Independent Director
Mr. Chandrasekhar Sripada
Independent Director
Mr. B Kamalaker Rao
Independent Director
Mr. Varun Chawla
Independent Director
Mrs. Bharati Jacob
Independent Director
Mr. Eric James Brown
Non-Executive Director
Mr. K Lavanya Kumar
Executive Director
Mr. P V Rao
Joint Managing Director
Mr. Aditya Rao
Vice Chairman and Managing Director

Key Managerial Personnel

Chief Financial Officer
Mr. J S Krishna Prasad
Company Secretary & Compliance Officer
Mr. Mirza Mohammed Ali Baig

Statutory Auditors

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

Internal Auditors

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

Cost Auditors

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

Plant

Patancheru unit:
IDA, Patancheru, Medak (Dist.), T.S.

Isnapur unit :
Isnapur Village, Medak (Dist.), T.S.

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

Sadashivpet unit :
Chandapur Village, Sadasivpet Mandal, Medak (Dist)

Mallapur unit :
186/A & 188/A, IDA Mallapur, RR (Dist) - 500 076

Chennai unit :
Kannigaipair Village, ThiruvelloreDist, T.N.

Tarapur unit :
MIDC, Tarapur, Maharashtra

Bankers

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

Secretarial Auditor

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

Registered Office Address

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

Registrar and Transfer Agents

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

Pennar

PENNAR INDUSTRIES LIMITED

Floor No.3,
DHFLVC Silicon Towers,
Kondapur, Hyderabad,
Telangana,
India - 500084
www.pennarindia.com

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