



PENNAR INDUSTRIES LIMITED

Dated: 12th August, 2019
Place: Hyderabad



<p>BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai-400 001</p>	<p>The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East, Mumbai - 400 051</p>
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Dear Sir/Madam,

Sub : Outcome of Board Meeting

Ref: SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015

We wish to inform you that at the meeting of the Board of Directors of the company commenced at 02.00 P.M. and concluded at 7.00 P.M. on Monday the 12th day of August, 2019, the following business were transacted:

- 1) Approval of the Un-audited Financial Results for the quarter ended 30th June, 2019.
 - a. Standalone Financial Results of M/s. Pennar Industries Limited.
 - b. Consolidated Financial Results of M/s. Pennar Industries Limited.
- 2) Approval of the Limited Review Report (standalone and consolidated) issued by the Statutory Auditors of the Company for the Quarter ended 30th June, 2019.
- 3) The Nomination and Remuneration Committee at its meeting held on 9th August, 2019 recommended to change the terms of appointment of Mr. Aditya Rao, Vice-Chairman and Managing Director of the Company. The Board subject to the approval of the shareholders at the ensuing Annual General Meeting considered and approved the revised terms of appointment of Mr. Aditya Rao.
- 4) To make further investment of \$ 1,000,000 in Pennar Global INC, USA a wholly owned subsidiary of the Company.
- 5) The Board of Directors cancelled the PEBS 'Employee Stock Option Plan 2014.
- 6) Approval of Notice and Directors report for the 43rd Annual General Meeting of the Company.
- 7) The Board has taken on record the statement of investor complaint under regulation 13(3) and compliance report on corporate governance under regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 201 for the quarter ended 30th June, 2019.

The following are attached herewith for your information and record:

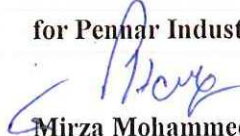
- a. The certified copy of Un-audited Financial Results of the Company for the Quarter ended 30th June, 2019.
- b. The Limited Review Report (Standalone and Consolidated) for the Quarter ended 30th June, 2019 issued by the Statutory Auditors of the Company.
- c. Press Release for the Quarter ended 30th June, 2019.
- d. Profile of Mr. Aditya Rao, Vice-Chairman and Managing Director.

Kindly take the same on your records.

Thanking you

Yours faithfully,

for Pennar Industries Limited

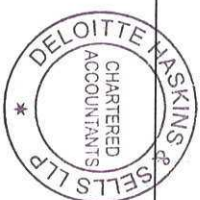

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS No. 29058



Manufacture of Cold Rolled Steel Strips & Formed Sections, Sheet Metal Pressed, Fabricated & Machined Components, Precision Electric Resistance Welded Tubes, Cold Drawn Electric Resistance Welded Tubes and Fabricated Components & Structures. Design, Development, Manufacture of Hydraulic Cylinders
Manufacture of Railway Coach Accessories Include under Frames using 1.1, 1.4, 7.1 and 8.1 group Materials by SMAW, GMAW & GTAW

Corporate Office & Works : IDA, Patancheru-502 319, Sangareddy District, Telangana State, INDIA
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Regd. Office: 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084.
Tel: +91 40 4006 1621 to 24, Fax: +91 40 4006 1618
CIN No: L27109AP1975PLC001919

Sl. No	Particulars	Consolidated results				Standalone results			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		30-Jun-19 Unaudited	31-Mar-19 Audited (Refer Note 9)	30-Jun-18 Unaudited	31-Mar-19 Audited	30-Jun-19 Unaudited	31-Mar-19 Audited (Refer Note 3 & 9)	30-Jun-18 Unaudited (Refer Note 3)	31-Mar-19 Audited
1	Income								
	(a) Revenue from operations	53,783	58,507	46,224	213,311	53,473	59,060	46,028	211,612
	(b) Other income	353	511	426	2,674	347	440	426	2,603
	Total Income	54,136	59,018	46,650	215,985	53,820	59,500	46,454	214,215
2	Expenses								
	(a) Cost of materials consumed	32,329	29,851	30,997	127,283	32,197	28,432	31,099	124,545
	(b) Purchase of traded goods	1,191	1,969	427	5,135	1,191	1,969	427	5,135
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,877)	3,111	(3,964)	(865)	(1,877)	3,111	(3,964)	(865)
	(d) Employee benefits expense	4,220	3,717	3,854	15,293	4,118	3,563	3,799	14,913
	(e) Finance costs	1,992	2,267	1,588	7,520	1,992	2,259	1,588	7,511
	(f) Depreciation and amortisation expense	950	717	634	2,789	948	792	634	2,787
	(g) Other expenses	12,758	14,006	10,778	49,148	12,712	16,084	10,709	50,838
	Total expenses	51,563	55,638	44,314	206,303	51,281	56,210	44,292	204,864
3	Profit before tax (1-2)	2,573	3,380	2,336	9,682	2,539	3,290	2,162	9,351
4	Tax expense								
	(a) Current tax	824	848	759	2,546	816	834	724	2,477
	(b) Deferred tax	88	100	138	470	88	100	138	470
	Total tax expense	912	948	897	3,016	904	934	862	2,947
5	Net Profit for the period (3-4)	1,661	2,432	1,439	6,666	1,635	2,356	1,300	6,404
	Attributable to:								
	Shareholders of the Company	1,651	2,415	1,313	6,644	1,635	2,356	1,300	6,404
	Non-Controlling interest	10	17	126	22	-	-	-	-
6	Other comprehensive Income								
	Items that will not be reclassified subsequently to profit or loss	-	(475)	-	(475)	-	(475)	-	(475)
	(a) Remeasurement of the net defined benefit liability	-	165	-	165	-	165	-	165
	(b) Income tax relating to above items	1	10	-	10	-	-	-	-
	Total Other comprehensive Income/(loss), net of tax	1	(300)	-	(300)	-	(310)	-	(310)
	Attributable to:								
	Shareholders of the Company	1	(300)	-	(300)	-	(310)	-	(310)
	Non-Controlling interests	-	-	-	-	-	-	-	-
7	Total comprehensive Income (5+6)	1,662	2,132	1,439	6,366	1,635	2,046	1,300	6,094
	Attributable to:								
	Shareholders of the Company	1,652	2,115	1,313	6,344	1,635	2,046	1,300	6,094
	Non-Controlling interests	10	17	126	22	-	-	-	-
8	Paid up equity share capital [Face Value of ₹ 5 per share]	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618
9	Other equity				59,131				58,881
10	Earnings Per Share [Face Value of ₹ 5 per share] (Refer Note 4)								
	(for the quarterly periods - not annualised)								
	Basic and Diluted Earnings per share (in ₹)	1.08	1.59	0.86	4.36	1.07	1.55	0.85	4.20



NOTES:

1. The above consolidated and standalone financial results were reviewed and recommended by the Audit Committee at their meeting held on August 09, 2019 and approved by the Board of Directors at their meeting held on August 12, 2019. The Statutory Auditors have carried out a limited review on the consolidated and standalone financial results for the quarter ended June 30, 2019 and have issued an unmodified report on these results.
2. The consolidated and standalone financial results of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI") (also refer Note 6 below).
3. 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. The Company filed the Scheme on May 23, 2019 with the Registrar of Companies. The Standalone financial results of the Company for the year ended March 31, 2019 and quarter ended June 30, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

In accordance with the requirement of Appendix C of Ind AS 103 Business Combination, the financial information in the standalone financial statements in respect of prior periods has been restated as if the business combination had occurred from the beginning of the preceding period in the financial statements i.e., April 1, 2017 and consequently, the amounts for the preceding periods include the results of the aforementioned business acquired.

4. In terms of the aforementioned Scheme, 23 equity shares of the Company of face value of ₹ 5 each (aggregating 27,909,458 equity shares of ₹ 5 each) have been allotted to the equity shareholders of erstwhile PEBS for every 13 equity shares of face value of ₹ 10 each held by them in PEBS. Further, 1 equity share of the Company of face value of ₹ 5 each (aggregating 4,098,259 equity shares of ₹ 5 each) have been allotted to the equity shareholders of erstwhile PEL for every 1 equity share of face of ₹ 10 each held by them in PEL. The equity shares issued have been considered as a part of "Equity" and considered for the purpose of calculation of earnings per share.

5. The consolidated financial results include the results of the following group companies:

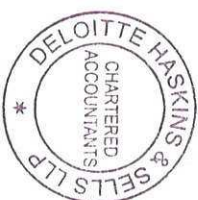
Name of the Company	Country of Incorporation	Nature of relationship	% Holding
Enertech Pennar Defense and Engineering Systems Private Limited (From April 10, 2018)	India	Subsidiary	51.00%
Pennar Global Inc.	USA	Subsidiary	100.00%

6. 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. During the quarter the Company has recognised interest expense on lease amounting to ₹ 93 Lakhs and depreciation on right-of-use assets amounting to ₹ 131 Lakhs in the Standalone financial statement and Consolidated financial statements.

7. The details of funds raised through Initial Public Offer (IPO) by the erstwhile entity PEBS during the financial year 2015-2016, and utilisation of said funds as at June 30, 2019 are as follows:

Particulars	Objects of the issue as per prospectus	Utilisation upto June 30, 2019	Unutilised amount upto June 30, 2019
A) Repayment/ prepayment, in full or part, of certain working capital facilities availed by the Company	3,400	3,400	-
B) Financing the procurement of infrastructure (including software and hardware) for the expansion of design and	800	313	487
C) General corporate purposes	1,079	1,079	-
D) Share issue expenses	521	517	4
Total	5,800	5,309	491

As on June 30, 2019, unutilised funds have been temporarily invested in short term liquid scheme of mutual funds and in bank balances.



8. SEGMENT REPORTING:

(₹ in Lakhs)

Particulars	Quarter Ended				Year Ended	
	30-Jun-19	31-Mar-19	30-Jun-18	31-Mar-19	31-Mar-19	31-Mar-19
	Unaudited	Audited (Refer Note 9)	Unaudited	Audited	Unaudited	Audited
Segment revenue						
Diversified engineering	35,794	44,254	34,022	155,554		
Custom designed building solutions & auxiliaries	20,218	24,884	14,179	75,695		
Total	56,012	69,138	48,201	231,249		
Less : Inter segment revenue	2,229	10,631	1,977	17,938		
Revenue from operations	53,783	58,507	46,224	213,311		
Segment results						
Diversified engineering	4,534	4,616	3,571	15,453		
Custom designed building solutions & auxiliaries	981	1,748	987	4,538		
Total	5,515	6,364	4,558	19,991		
Less: Depreciation and amortisation expense	950	717	634	2,789		
Finance costs	1,992	2,267	1,588	7,520		
Profit before tax	2,573	3,380	2,336	9,682		
Capital employed (Segment assets - Segment liabilities) (See notes below)						
Segment assets						
Diversified engineering						
Custom designed building solutions & auxiliaries						
Total Segment Assets						
Segment liabilities						
Diversified engineering						
Custom designed building solutions & auxiliaries						
Total Segment Liabilities						

Notes:

i. Segment information is presented for the "consolidated financial results" as permitted under the Ind AS 108 - 'Operating Segments'.

ii. The Company is focused on two business segments: Diversified engineering and 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 results are consistently applied to record revenue and expenditure in individual segments.

9. The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures for the financial year March 31, 2019 and figures for the nine months ended December 31, 2018 after giving effect to the Scheme (refer note 3).

Place : Hyderabad
Date : August 12, 2019



By order of the Board
for Pennar Industries Limited

Aditya N. Rao
Vice Chairman & Managing Director



**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE
FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF
PENNAR INDUSTRIES LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **PENNAR INDUSTRIES LIMITED** ("the Company"), for the quarter ended June 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Ganesh Balakrishnan
Partner
(Membership No. 201193)

Hyderabad, August 12, 2019

UDIN: 19201193AAAABY1485

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED
FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF
PENNAR INDUSTRIES LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **PENNAR INDUSTRIES LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended June 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
 - i. Pennar Global Inc.
 - ii. Eneritech Pennar Defense and Engineering Systems Private Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. We did not review the interim financial information / financial results of two subsidiaries included in the consolidated unaudited financial results, whose interim financial information / financial results reflect total revenue of ₹ 1,778 lakhs, total net profit after tax of ₹ 26 lakhs and total comprehensive income of ₹ 27 lakhs for the quarter ended June 30, 2019, as considered in the Statement. These interim financial information / financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our Conclusion on the Statement is not modified in respect of these matters.

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


Ganesh Balakrishnan
Partner
(Membership No.201193)

Hyderabad, August 12, 2019

UDIN: 19201193AAAAABX1595



Press release
For immediate release

Pennar Industries reports 25.8% y-o-y increase in Q1 FY2020 consolidated PAT after minority interest at INR 16.5 crore

Consolidated Net Revenue for Q1 FY2020 at INR 541.4 crore, up by 16% y-o-y

Hyderabad, August 12, 2019: Pennar Industries Limited (PIL), a leading value-added engineering products and solutions company, today announced its financial results for the first quarter ended on June 30, 2019.

Consolidated Financial Highlights – Q1 FY2020

- Net revenue at INR 541.4 crore compared to net revenue of INR 466.5 crore in Q1 FY19; up 16.0% y-o-y
- EBITDA at INR 55.2 crore compared to EBITDA of INR 45.6 crore in Q1FY19; EBITDA margin at 10.2%
- PAT after minority interest at INR 16.5 crore compared to PAT after minority interest at INR 13.1 crore in Q1FY19; up 25.8% y-o-y

Business Highlights

- During Q1, PIL received steady orders across business verticals such as building products, tubes, solar, railways, industrial components and pre-engineered buildings. The order book position for pre-engineered building systems segment was INR 554 crore as on June 30, 2019. The order book position for water treatment & chemicals segment as on June 30, 2019 was INR 86 crore.
- Among the various verticals, gross revenue from Steel BU stood at INR 190 crore, Railways revenue stood at INR 99 crore, Tubes revenue stood at INR 66 crore, Industrial components revenue stood at INR 37 crore, Pre-engineered buildings division revenue stood at INR 174.5 crore in the total gross revenue. The balance came in from other business divisions.

Commenting on Q1 financial performance, Mr. K M Sunil, Vice President - Corporate Strategy, Pennar Industries Limited said, "Pennar Industries started FY2020 on a strong note with a good set of Q1 numbers. Backed by incremental scheduled deliveries and projects completions, the company posted a top line y-o-y growth of 16% and a robust 26% y-o-y growth in profits. With a healthy order book in PEBS division and consistent order inflow from new and repeat customers, we have a positive outlook for rest of the year."

About Pennar Industries Limited:

Pennar Industries (NSE: PENIND, BSE: 513228) is India's leading value-added engineering products and solutions company. The Company has a strong presence across growth sectors in India through business units Railways, Tubes, Industrial Components, Steel Products, PEB, Enviro and its subsidiary companies, Pennar Global Inc. and Enertech Pennar Defense and Engineering Systems Pvt. Ltd. Pennar's all the manufacturing units are ISO 9001:2008-certified and the Company has presence across 10 industry verticals. Pennar has over 30 years of rich experience and more than 1,000 precision engineered products, 2,500 tools and dies, over 600 customers and Eight manufacturing plants located at Patancheru, Sadashivpet, Isnapur, Velchal, and Mallapur near Hyderabad, Chennai in Tamil Nadu and Tarapur in Maharashtra. For more information, please visit www.pennarindia.com

DISCLAIMER:

This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Pennar’s future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Pennar undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances

For further information, please contact:

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Brief Profile of Mr. Aditya Rao

Aditya Rao is the Managing Director and Vice Chairman for Pennar Industries. He has been instrumental in growing the company's revenue and profitability over the past four years. He has 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. His current stated priorities for the company are an improvement in the company's market capitalisation backed with a continuation of consistent, sustainable EPS growth.