

**10**  
*Years*  
of excellence



# NEW TRAJECTORIES

Annual Report  
**2017-18**

—  
Pennar Engineered Building  
Systems Limited



## Forward Looking Statement

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

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# Vision

To be a leader in the metal building solutions industry by leveraging our engineering expertise.

# Mission

PEBS Pennar delivers end-to-end building solutions for commercial, industrial, logistics, aviation, agriculture, sports stadium and other sectors – powered by technical collaborations with global leaders, to surpass customer expectations through innovation, design versatility, world-class service, high end engineering expertise and cost-effective solutions.

Production Capacity

**90,000**

Metric Tonnes  
(as on March 31, 2018)



Order Book

**₹ 353 Crore**

(as on March 31, 2018)



Employees

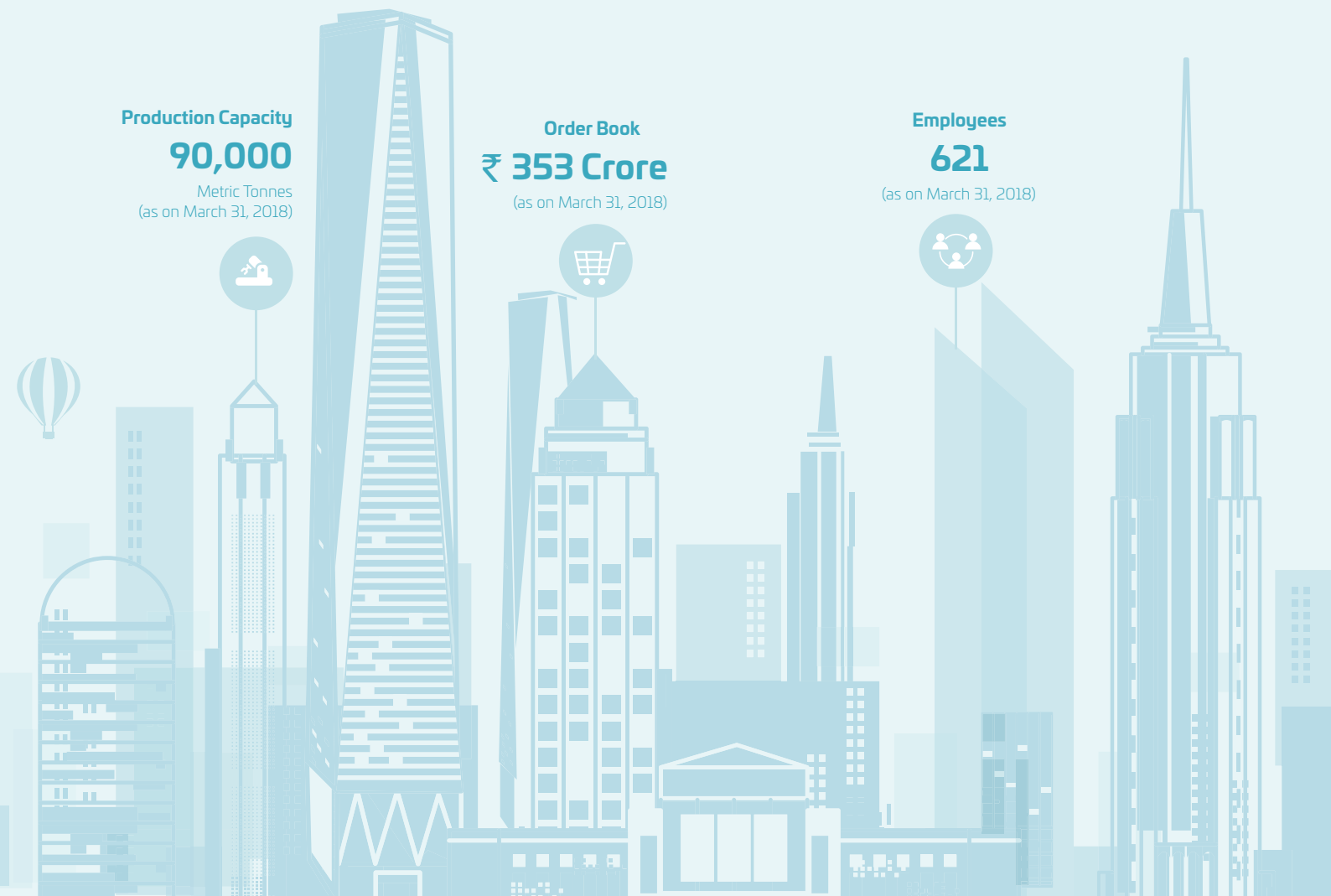
**621**

(as on March 31, 2018)



**3.1 Lakh Square Meters Area Covered**

(as on March 31, 2018)



# Values

Enterprising, Perseverance, Collaboration, Empowerment.

## Where We Are

Headquartered in Hyderabad, Telangana.

Established a state-of-art manufacturing facility in Sadasivpet across an area of 29,000 Sqm and a production capacity of 90,000 metric tonnes per annum.

Listed and traded actively on the Bombay and National Stock Exchanges.

## Who We Are

Pennar Engineered Building Systems Limited (PEBS Pennar) was set up in 2008 with a vision to emerge as a leader in the pre-engineered buildings and structural steel industry space.

The Company is led by Mr. Nrupender Rao (Chairman), Mr. Aditya Rao (Vice-Chairman) and Mr. P.V. Rao (Managing Director) supported by a team of experienced and talented professionals.

## What We Offer

The Company is engaged in designing, fabricating and installing pre-engineered steel buildings, supplying structural steel and components for manufacturing industries, warehouses, aircraft hangars, commercial buildings, High Rises, metro stations, stadiums and power plants, among others. The Company is also engaged in designing, fabricating and installing solar module mounting structures, telecom transmission towers and cold-form buildings for low-cost housing projects, among others.

Production Delivered

**56,805**

Metric Tonnes  
(as on March 31, 2018)





# Clientele

The Company's clientele include diverse businesses across industries such as cement, food, textiles, warehousing, and automotives. As well as working to help them leverage the advantages of Pennar pre-engineered buildings over RCC, we continue to enhance our after-sales service. Reducing response time, exceeding expectations, and improving communication channels across teams form the core of our strategy to improve client relations.



# Accelerating Ahead



Nrupender Rao

Chairman

Pennar Engineered Building Systems Limited (PEBS), established in 2010, provides custom designed building solutions for industrial, agricultural and commercial sectors. We diversified into providing solutions for high rise building sector, solar module mounting systems and engineering services for metal buildings and structural fabrication sectors.

The operational results of the financial year 2017-18 have shown considerable improvement in terms of growth and revenue. My address in this report is a particularly happy occasion as it marks several accomplishments for the company.

A clear vision, backed by a definite plan and strong resources can lead a firm to great heights. I believe that the four steps to achieve anything are – Plan purposefully. Prepare extensively. Proceed with determination and confidence. Pursue persistently.



The financial year 2017-18 proved fruitful as we touched a gross sales of Rs 601.05 crores in terms of revenue. The EBIDTA and PAT are at 45.59 and 15.8 Crores.

**PEBS has the following business verticals**

- Pre-engineered buildings
- High rise buildings
- Solar Module Mounting Systems
- Engineering Services
- Structural Fabrication

The pre-engineered buildings vertical provides turn-key solutions to our customers in various sectors such as manufacturing, warehousing, process industries, commercial and agriculture. This includes designing, manufacturing the building components and erecting these buildings at site. This business division will continue to be an important part of the company's growth strategy. The company currently has a production capacity of 90,000 MT for pre-engineered buildings.



It is not the beauty of a building you should look at, it's the construction of the foundation that will stand the test of time .

High-rise buildings represent a large untapped market opportunity for PEBS. These buildings were traditionally constructed in concrete in India but we offer several distinct advantages which will help us gain market share. In the last financial year 10.47% of our revenue came from this vertical. Strong design capability and effective project management has ensured growth.

India has the potential to become the biggest market for solar power. The growth in this sector has paved way to undiscovered territories. PEBS provides custom designed module mounting systems to developers of large-grid connected solar power plants in India. In the last financial year we recorded sales of Rs 56.65 Crores. The company has also added solar single-axis tracker solutions to our product portfolio in the past year.

Engineering services has proved to be a productive step for PEBS. This endeavor has resulted in mastering the capability to provide design, detailing and drafting services in India as well as in the global market. I am sure that the share of EBIDTA for this business vertical will continue to grow in future. Complex Structural fabrication seeks to monetize

the strong manufacturing capabilities that PEBS possesses. The structural fabrication industry is vast but we intend to build an order book consisting of high margin fabrication work to bring about revenue and profit scalability.

PEBS has every intention to expand in the coming years. We are focusing on diversifying our services and also are looking forward to expand globally. With round the clock offices set up in the United States we are confident about growing in terms of market share and revenue.

The reason for PEBS growing tremendously is the management and the team working constantly to come up with new revenue streams and improved services. With a strong order book and an addressable market, we stand to benefit from growth of infrastructure investments, process industry and warehousing sector opportunities and any gross fixed capital investment growth.

I can ensure each one of you that PEBS is going to touch new heights of success in the years to come.

**Thank you,  
Nrupender Rao  
Chairman**



# Eminence In People



P.V.Rao

Managing Director

I am happy to present to you our annual performance for the FY 2017-18. We reported a Gross Revenue of Rs.601.05 Cr (including all taxes), 5.57% higher than FY 2016-17. EBIDTA of Rs.45.59 Cr, 0.30% over FY 2016-17; PAT of Rs.15.80 Cr, 7.89% decrease over FY 2016-17. The Company reported an ROCE of 20.34% in FY 2017-18. The decrease in profitability is mainly attributable to high volatility in raw material prices.

## Highlights of FY 2017-18

We achieved many milestones during this financial year. We could overcome many challenges related to the external environment and in the process strengthened our internal environment by way of learning, innovation and working always with a sense of urgency.

The year under review represented a significant growth in Engineering Services, Structural Steel and Solar verticals. The Engineering Services business grew by almost 50% compared to the previous year. We opened new Engineering Centre at Visakhapatnam and the Government of Andhra Pradesh has extended benefits under IT Promotion Scheme for fresh employment generation in the state. The manpower in Hyderabad and

Visakhapatnam have almost doubled during the year in Engineering Services vertical.

We have executed sizeable jobs in Structural Steel for JSW Cements, Toyo Engineering, Reliance Industries, etc. Also we have executed structural steel works for IKEA showroom at Hyderabad through Leighton. In view of the potential in Structural Steel vertical, we have expanded the capacity at Sadasivpet Plant by constructing a new building (bay) with the required equipment to augment the current capacity to 1,10,000 MT Per Annum. We continued to focus on Hi-rise buildings and completed the first phase of Trivium commercial building for Phoenix Group and the property is being occupied by Genpact (GE).



In Solar segment, we got repeat orders from Azure Power and Greenko. We augmented the managerial bandwidth and execution capability in Solar to execute large projects.

We secured sizeable PEB jobs from leading Corporates and Industrial houses like Bridgestone, Shapoorji Pallonji Group, TVS, Welspun, Schindler, URC Constructions, Reliance Industries, Sun Pharma, Mylan Laboratories, Hetero Drugs etc.

After the implementation of Good and Services Tax (GST), the Warehousing market has improved a lot and we have executed sizeable jobs for customers like SVS Warehousing, Musaddilal, Amazon India, Renaissance etc. and we foresee significant growth in addressable market size in this segment.

Our Research Designs and Standards Organization (RDSO-Indian Railways) certificate has been revalidated for another three years.

We established Pennar Global in the United States which is a joint venture between PEBS and PIL, primarily to increase our revenues in Engineering Services, Steel Tubes and Hydraulic Cylinders. This venture is led by highly talented and experienced team in related segments. Through Pennar Global, our plan is to significantly improve the geographical coverage and expand Pennar's horizons to international markets.

## New Initiatives

In order to increase the overall revenues and profitability, the Company is studying options to invest in new business verticals such as Solar PV modules manufacturing, Industrial Racking System, Space Frame Structures, HR Angels & Channels,

Fasteners etc., apart from increasing the resource strength for Engineering Services at Visakhapatnam and Hyderabad. Company has started Integrated Internship Programme to impart skill training for Polytechnic and Engineering Graduates to make them employable in Pennar Group companies.

## Awards & Accolades

Our capabilities have won us many awards across various segments. We have been recognized as the "Best Professionally Managed Company in 2018" and been awarded the "CIDC Viswakarma Award". We have also won the IEI Industry Excellence Award 2017 for 5th consecutive year for overall business excellence and industry practices.

We have a healthy order book and we are confident of improving the revenue and profitability significantly in the coming financial year. We have complete faith on our teams' capability and we are confident that the growth will be manifold and exciting to create value to the shareholders.

We are committed to uphold values, maintain quality, ensure timely completion of projects and focus on customer satisfaction. Enhancing stakeholders' value continues to be our corporate approach.

I congratulate the Team PEBS for this achievement and thank our customers for their continued patronage.

**P.V.Rao**  
**Managing Director**



# A Step Forward



**Alteaur Rahman**  
Senior Vice President-Engineering

PEBS has seen continuous growth since its inception and the three areas that we have focused on extensively are Engineering excellence, Project experience, capabilities and value proposition. By strengthening efforts and processes in these areas, we have managed to increase our revenue over the years and expand rigorously.

**Engineering excellence is creating and pursuing the future's most essential commodities today.**

Engineering Services division is the fastest growing and offers diversified engineering services. With over 300 highly qualified engineers, we provide engineering, design, detailing, shop drawings and bill of materials, drafting services, permit drawings, erection drawings, estimating, and 3D BIM modeling services. Our clients include a wide range of Material Fabricators and Suppliers, Contractors and Builders, Design-Build Firms, Consulting Engineers, EPC and Design Firms, Architects and Owners/Operators both in India and abroad.

**Project management can be defined as a way of developing structure in a complex project, where the independent variables of time, cost, resources and human behavior come together**

We work on projects for the largest multinational firms to mid-sized and small companies around the globe. We also have been involved with some of the largest and most renowned projects in India and internationally as well. Going global has been our most important step towards capturing the untapped market share.

**I believe one has to work incessantly to enhance their capabilities, only then they can reach new heights**

Our services allow clients to finish projects on-time or ahead of schedule, increase capacity to take on more work, bid more jobs and larger projects with increased confidence, free up critical internal manpower and ultimately increase revenue and tangible impacts on a client's business. Through a variety of mechanisms – from cost efficient and superior detailing to overseas cost structures, our adherence to these value propositions enable clients to gain several crucial advantages that will put them ahead of the competition.



# Performance Through Persistence



I.V. Ramana Raju

Chief Operating Officer

## All business operations can be reduced to three words: people, product, and profits

I would like to take a moment to thank all the shareholders for having faith in our actions to make PEBS Pennar what it is today. We take immense pleasure in bringing out this Annual report to you, as we consider our shareholders the backbone of our organization.

Our primary mission has always been to serve our customers and shareholders. Providing quality goods and services while protecting our surroundings and environment has been given utmost importance. PEBS has performed well over the years because of our technological advancements that makes any process cost effective. Maximizing capabilities by hiring and training the best workforce, electing the right management has made this company an extensively process-driven player.

The financial year 2017-18 has been marvelous as we overcame many obstacles along the way and have

The achievements of an organization are the results of the combined effort of each individual.

**-Vince Lombardi**

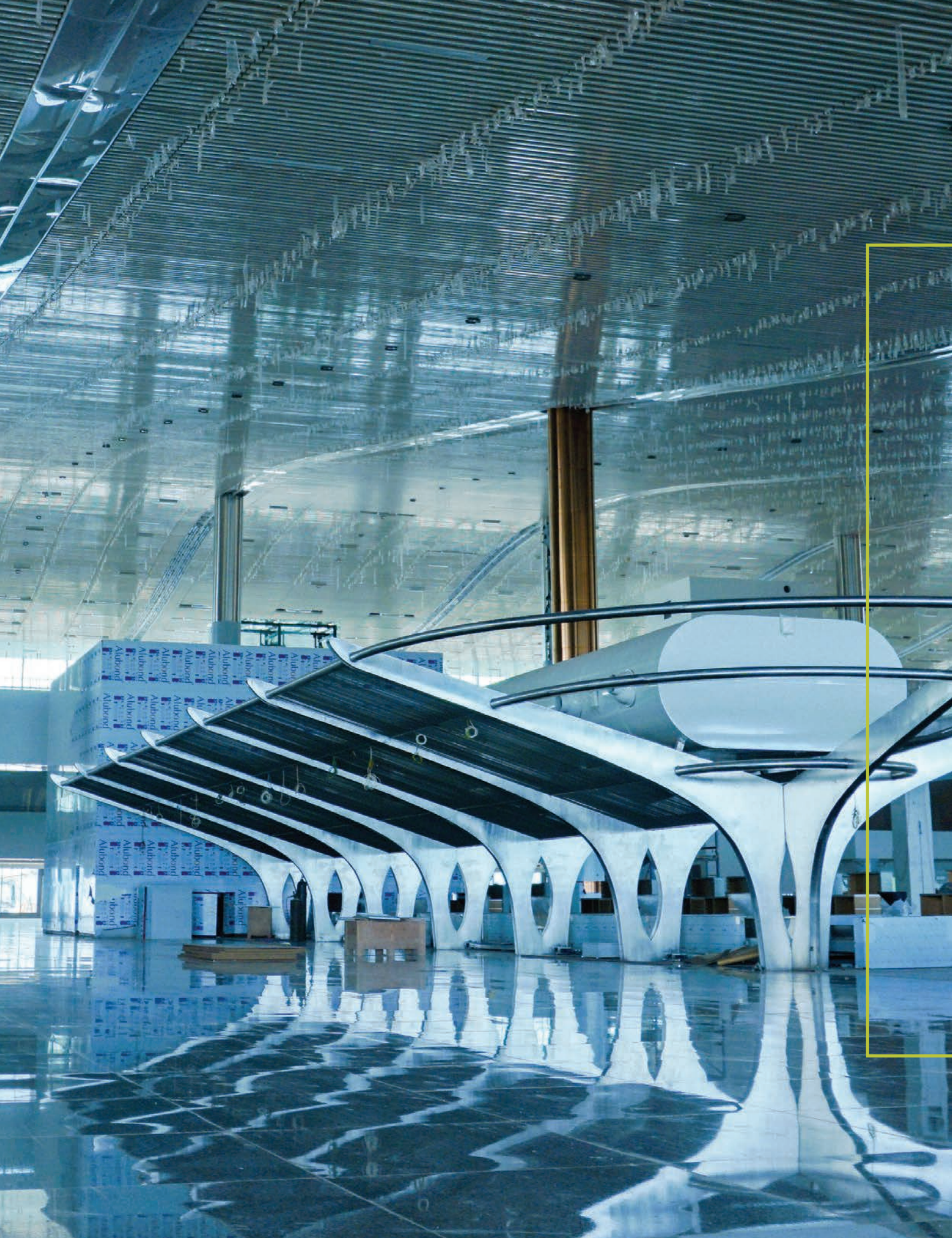
achieved significant progress in building momentum to have a smooth running business. Our main focus this year is to add new revenue segments. For this, we are working on various new projects which are going to improve profitability of our existing products.

## Strong performance is about continuous improvements

Hence we are working on various process improvement strategies in our organization. Also, we concentrate on empowering our employees in the organization with training, skills improvement and all the required tools. Finally utmost importance is given to the employee satisfaction levels in our organization.

We are also well prepared to meet the challenges we face in a this rapidly evolving business environment. We know this is possible by managing operations efficiently and making cost effective decisions, while actively improving customer service and supporting our community.

Thank you once again for your trust and continued confidence in Pebs Pennar.



Growth is never a mere chance, it is the result of hard work, grit and consistency. It is a spiral process, doubling back on itself, reassessing and regrouping. Through all this the company has to be rightly aligned for profitable growth which begins with a strong business strategy.

## Enhanced Capabilities. Improved Engineering.

A strong foundation is the defining element that has driven us to where we are today. We have adapted to the changing market conditions and have focused on our goals all along. Our business model has focused on expanding and diversifying into new territories this year. This has given us the assurance we needed to know we would be growing in the right way for years to come.

This year we have successfully increased our product portfolio and have expanded our range of services. The international expansion has kick started with us providing design services to companies in the United States. This will empower us to leverage the existing market and use it to our growth.

Going forward we want to grow each vertical under PEBS to touch a 100cr revenue and go in depth into complex projects like large span building that is more challenging yet highly profitable.



# A Triumphant Today

Engineering is the art of directing great sources of power in nature for the use and convenience of mankind

The Pennar group, since its inception has focused on creating new possibilities and working towards having a sustainable future. Pennar attained growth and recognition over the years because it has withstood the tests of time and have kept its founding values strong. One of the biggest goals Pennar has focused on this year was to master engineering services. It was a very innovative step to create a network so strong that tapping into unknown markets has become more realistic today. Having a strong team has helped in refining client servicing. The goal now is to optimize capital efficiency and focus on after-sales support and project management to stay ahead in the market. While

our competitors continue to focus on specific segments, we are diversifying our offerings to anticipate and stay proactive in the market.

The company has clocked Rs 601.05 crores(FY 17-18) in gross revenue during last year. Solar, engineering services and all verticals put together have shown tremendous performance across boards. Constant innovation leads to the addition of new business segments – engineering services, solar technology, High Rises, and more. These segments are expected to grow at 70-80% year on year, whereas PEB is expected to grow at a steadier rate this is how we have



aligned ourselves at the apex of a multi-disciplinary industry.

The company's strong purpose-built sales and marketing team has helped improve PEBS's market share. Since the business landscape of tomorrow promises to be highly competitive, the company has also assembled purpose-built sales and marketing design teams for the lucrative High Rise vertical. This is a step up from one collective PEB sales team, ensuring wiser investment today for stronger yields in the years to come.

In terms of global expansion the company has already started business relations with the United States and is looking at various other countries to expand vigorously. The turnkey project initiative and the dealer initiative has shown incredible results and have given us a competitive edge in today's market.

# Growth, Grit & Consistency

Leadership contains certain elements of good management, it also requires that you inspire and build durable trust. For an organization to be not just good but the best out there, leadership means evoking participation larger than the job description, commitment deeper than any contracts, it needs to feel like the organizations goal is your goal

## **Pennar's Key Components To Achieve Higher Capabilities Include:**

**Active Presence in Key Sectors:** PEBS Pennar is active in the fast-growing pre-engineered building segment which enjoys increasing acceptance, replacing RCC and conventional steel structures. The sector is poised to grow even further with the rising demand for warehouses owing to the rise of e-commerce and agricultural enterprise, as well as increasing investments in manufacturing, metro railways, aviation, solar and auto motives. Increasing demand for housing and commercial High Rise buildings adds to the profitability of our investments.

**Through Design Capabilities:** A success driver in pre-engineered products, our technical expertise helps balance structural weight-to-strength with minimum raw material consumption.

**Financial Leadership:** The Company has built its business around margin expansion. Despite the business being working capital-intensive, the Company possesses a strong balance sheet free from long-term debt. This gives us ample space to enhance our capacities in existing locations for marginal additional capital expenditure.



**Commitment and Perseverance:** The Company enjoys a hard-earned and well-deserved reputation for timely delivery. We executed more than 461 projects on time. Our control of the entire ecosystem – from design and procurement to manufacturing and installation – contributes significantly to our ability to complete projects on time and without cost-overruns.

**Integration and Holistic Thinking:** The Company provides total solutions consisting of product concept, design, manufacture, testing, supply and assembly, making us the preferred pre-engineered buildings solution provider.

**Profitable Investments:** The Company has invested in a manufacturing facility with annual capacity of 90,000 MT per annum. Located close to Hyderabad, this helps to service our growing pan-India clientele. It features state-of-the art engineering technology, with output of optimized designs using the latest tools and software.

**Global Presence:** To address national demand with a pan-India integrated service delivery model (through sales offices), the Company plans to commission a manufacturing base in North India to cater to growing regional demand. The company has also been expanding in the global market and is casting a wide network to achieve higher revenue and profitability.

# Impact

## Peps Overview



## Business

	FY 15-16	FY 16-17	FY 17-18
Revenues	446.92	501.62	510.36
EBIDTA	66.59	45.72	45.59
EBIDTA Margin	15.00	9.00	9.00
Profit After Tax	30.16	17.15	15.8
PAT Margin	7.00	3.00	3.00
ROCE	22	22.00	20.00
Cash Profit	36.28	22.61	21.77
Cost Optimisation	80	82	86
Interest Cover	6	2	3
Debt-Equity Ratio	0.002	0.002	0.000







# Strategic Observations

PEBS Pennar is developing products – including solar assets – independent of our parent company. This saves costs and enhances ROI. Returns on engineering services are better. This helps us register stronger returns, directly and without any investment.

Our quest for fiscal efficiency begins with market analysis that highlights key growth sectors. By identifying core areas that offer the opportunity to leverage challenges to our benefit, we have positioned ourselves to meet future market demands in the best possible way.

Due to the effects of GST, demand for warehousing is expected to grow. E-commerce is growing exponentially, along with warehousing requirements for the industry.

The Solar Energy industry is on a steep and steady rise in projects across civil works, foundations, and execution. We also continue to service opportunities in module mounting structure solutions, where a 100% increase in growth is expected next year with rooftop solar projects being designed in-house.

Approximately 50% of component and product outsourcing has been converted to in-house production.

The Company continues to develop large-span buildings, with 90m, 96m clear span building projects currently in hand.

The Company is venturing into low-cost housing models, with a dedicated R&D team in place to cater to the Pradhan Mantri Awas Yojana. This is supported by a tie-up with IIT Hyderabad for developing models.

Certification in bridge girders – fabrication and supply by Research Designs and Standards Organisation (RDSO) – makes us better poised to do business with Indian Railways.



# What drives us

Our business model is now focused on developing the engineering services vertical. The Company plans to enter the USA market with NCI to provide these services. Included in our strategy for international expansion is the hiring of a local sales force at our office in Houston, Texas.

Another unique factor related to capital efficiency is our expertise in developing High Rise buildings. As well as our ongoing 20-floor steel structure for Phoenix, we are confident of acquiring many more such projects in the coming years.

Due to the lack of available skilled labour for civil works, the scope for growth is considerable. Meanwhile, revenues have more than doubled,

reaffirming our confidence and the promise of continuous growth in year-on-year yields.

Together, our USPs and core competencies offer the Company virtually limitless possibilities for financial as well as technical growth, converting success on the balance sheets into favorable brand equity in the process



Core Engineering  
Capabilities



Strong  
Sales Teams



Meticulous  
Project Execution

# Awards



## CIDC Award 2018

Best Professionally  
Managed Company  
Of The Year.



## IEI Excellence Award 2017

# The Future Is Here

An organization accelerates its acumen, performance and success by leveraging the associations it has with spending time on improving processes and technology

We aimed to make PEBS a vertical on its own and hired hi-rise design experts to achieve that cause. We now have a full-fledged team working on multiple hi-rise building designs. Our design team is capable of handling 10 hi-rise designs per month.

Our efforts resulted in our revenues crossing 50 cr from this division and we aim to double this going forward. As there is high competition with many players in the hi-rise industry, we have increased our standards tremendously and also have improved the overall quality of service to the customers with good cost efficiency and better time management.

Our focus this year is to improve the installation capabilities further to enhance the precision with complicated structures. We are planning to collaborate with global experts to further improve our technological capabilities. We also planned to increase dedicated manpower for the hi-rise department to meet the future projections.

As more and more businesses continue to see the advantages of steel over RCC in Hi-rise construction, our goal remains to ensure that PEBS Pennar is the best choice in the business.



# Strengthened Capabilities

The future for solar energy is bright. The means of energy generation from the sun makes energy abundant and a major player going long-term

The solar energy division has been performing exceptionally and has touched a revenue of INR 80 cr for the financial year 2017-18. Our focus on solar energy as a vertical is driven by multiple factors, including a conducive market and favorable government policies. The combination of in-house engineering expertise and dedicated support in sales and project management has given the company Model Mounting Structures on a turnkey basis. This helped in gaining an exceptional reputation in the market and this in turn helped us increase our market share.

Such growth in terms of technology, workforce and capabilities led us to believe we will soon be touching INR 120cr revenue in the year 2019.

## Key Attributes

- PV Mounting Solutions with fixed and seasonal tilt.
- Single-Axis Tracking for efficient payload orientation.
- A legacy of over 650 MW in utility-scale Solar Power projects.
- Rooftop Solar contracts on EPC basis, both CAPEX and OPEX.
- We have adopted certain strategies going forward to utilize the technology and expertise we have in-house to further our growth.

## Strategies for FY18

- In-house manufacturing of major components instead of outsourcings.
- Foray into export market.
- Tie-up with Solar developers for Mega projects in the range of 250MW.





# Management Discussion And Analysis

## A. INTERNATIONAL PERSPECTIVE.

- The World Bank in its most recent “Doing Business 2018” Annual Report India is ranked 100 among 190 countries.
- The International Monetary Fund (IMF) projected a growth rate of 7.3% in 2018 and 7.5% in 2019 for India as against 6.7% in 2017, making it the fastest growing country among major economies.
- As per World Economic Forum’s Global Competitiveness report, India is ranked at 40 among other countries, the position stabilizes this year after its big leap forward of the previous two years. The score improves across most pillars of competitiveness, particularly infrastructure (66th, up two), higher education and training (75th, up six), and technological readiness (107th, up three), reflecting recent public and private investments in these areas.

## B. INDIAN ECONOMIC OVERVIEW

- The GDP grew at 6.3 per cent in the second quarter of 2017-18 and is expected to grow at 7.2-7.5 per cent in the second half of 2017-18. Growth for 2018-19 is forecasted at 7.4 per cent by the International Monetary Fund (IMF).
- Fiscal deficit target for 2018-19 is set at 3.3 per cent of the GDP.
- Fiscal deficit for 2017-18 is revised to Rs 5.95 lakh crore (US\$ 93.54 billion) at 3.5 per cent of the GDP.

## Infrastructure

- Investments in excess of Rs 50 lakh crore (US\$ 786.02 billion) are required in the country’s infrastructure to increase the growth of GDP and connect and integrate country’s transport network.
- Budgetary allocation for infrastructure is set at Rs 5.97 lakh crore (US\$ 93.85 billion) for 2018-19. All-time high allocations have been made to the rail and road sectors.
- Under the Smart Cities Mission, projects worth Rs 2,350 crore (369.43 million) have been completed and projects worth 20,852 crore (US\$ 3.82 billion) are under progress. A total of 99 cities have been selected under the mission with an outlay of Rs 2.04 lakh crore (US\$ 32.07 billion).

## Railways

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

## Manufacturing Sector

- A vibrant manufacturing sector is a must for a vibrant economy and budget 2018 provides the Finance Ministry with a unique opportunity to further push for reforms and boost the manufacturing sector.





In the past the government has stated that it wants and expects 25% of the India's GDP to come from the Manufacturing sector by the year 2022, up from the current 16%.

- Also under the PM Narendra Modi's Make in India scheme the government expects that the manufacturing sector will create 10 crore jobs by 2020. Although in India the manufacturing sector has grown over the years yet the growth has been slower when compared to the rivals in the neighbourhood.
- By 2020, it is expected that India will become the fifth largest manufacturing hub in the world. For India's manufacturing sector to compete and outshine the likes of China much work will be required by the government in the Budget 2018-19.

### **Expectations of the Manufacturing Sector from Budget 2018**

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

According to sources, a rate cut in the MAT (Minimum Alternative Tax) and Corporate Tax are being considered. Experts believe that the corporate tax rates may be reduced to 25 percent; also Special Economic

Zones may get relief from MAT. Many players are also expecting relief from Dividend Distribution Tax (DDT) and cess.

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

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

How Budget 2018 can boost the Manufacturing Sector:

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

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

### Solar Power

- The Indian budget announced a series of measures in Budget 2017-18 to promote clean energy, access to power and energy security, that will result in 20 gigawatts (GW) of solar capacity addition, higher spending on rural electrification, two new strategic oil reserves and lower import duty on liquefied natural gas (LNG) and items used in making solar cells and panels.
- The budget advocated for electrification of 18,452 villages identified in 2015 will be achieved by 1 March 2018, for which Rs4,814 crore will be spent in the next financial year, a 43% jump from what is estimated to have spent this fiscal. Of this, so far, close to 12,000 villages have been electrified.
- The Budget announced setting up of 20 GW of solar power capacity and feeding 7,000 railway stations with solar power, giving a major impetus to the shift to clean energy. Over the last two years, the share of solar power in the country's energy mix has been gradually increasing, while that of thermal power

has been declining. As on 31 December, thermal power capacity accounts for 69% of the country's 310 gigawatt (GW) power generation capacity, while solar power account for 2.7%.

### C: COMPANY'S STRATEGY:

The Company aspires to be leaders in sustainability by promoting their idea of Green Buildings, by this way the company will continue to excel by providing turnkey green and spacious building solutions to their customers. High rise buildings has been one of the key growth segment and the company will continue to focus on it as the market is still nascent in India. We have already developed superior capabilities in design and project amangement and we are best poised to develop and disrupt this market segment.

The Company is focused on providing quality product and services by keeping up to date with latest technology and manufacturing processes. The company is already a market leader in the pre-engineered building systems and commands one of the highest market share. To keep the momentum of growth, the Company's strategy is to undertake related diversification and explore complementary markets and diversify its product portfolio. This will help the company to add additional revenue segments and increase its footprint across the value chain while offering end to end solution to our customers. In this way the Company also aims to bring in significant synergies to their existing products which will help them be more competitive in terms of cost and services offered and consolidate its position as a market leader.

At present the Company has the following business verticals:

1. Pre-Engineered Buildings
2. High Rise Buildings
3. Solar Module Mounting Systems
4. Engineering Services
5. Structural Fabrication

## D: RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS:

- The company reported a Gross Revenue of Rs.601.05 Cr (including all taxes), 5.57% higher than FY 2016-17. EBIDTA of Rs.45.59 Cr, 0.30% over FY 2016-17; PAT of Rs.15.80 Cr, 7.89% decrease over FY 2016-17.
- The decrease in profitability is mainly attributable to high volatility in raw material prices. The company was successful in implementing several cost saving measures and will continue such initiatives.
- The company saw tremendous growth in Engineering Services and Solar verticals clocking 49% and 56% growth respectively over FY 2016-17.
- The company has a healthy order book and current order backlog of 353 Crores.
- The Company reported an ROCE of 20.34% in FY 2017-18.
- We remain committed to the growth potential in the market and we have expanded the capacity at Sadasivpet Plant by constructing a new building (bay) with the required equipment to augment the current capacity to 1,10,000 MT Per Annum

Particulars	FY 2017-18	FY 2016-17
Gross Revenue from Operation (Incl of Taxes)	601.05 Cr	569.32 Cr
Less: Taxes and Duties	90.69 Cr	67.70 Cr
Revenue from Operations (incl other income)	510.36 Cr	501.62 Cr
Expenses	494.56	484.47
PAT	15.80	17.15 Cr

## E. HUMAN RESOURCE AND INDUSTRY RELATIONS

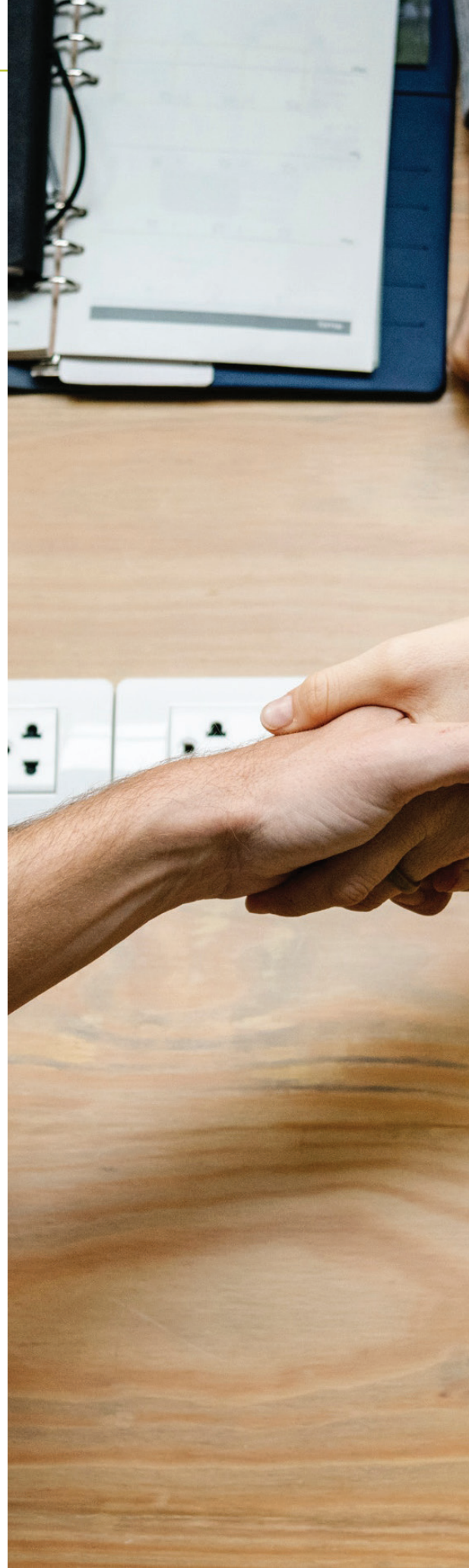
- The Company upholds the value of Respect for individual, open work culture, effective communication, fair and equitable treatment and welfare of employees and draws its strength from a highly skilled and engaged workforce whose collective commitment has helped the organization to scale new heights in its 10(Ten)
- The total human capital of the Company as of 31st March 2018, stood at 621. 57% of the company's human resource is below 30 years, 32% of employees have completed 5+ years of service with the company, while women employees accounts for 12%. About 75% of the company's workforce comprises of technically qualified engineers.
- The company continued with its initiatives for automation of HR systems and processes as well as cost reduction, resulting in improved human capital effectiveness
- Learning and Development continued to be the focus area. In addition to new employee induction, several external training programs were initiated for skill and knowledge enhancement. The Company has provided extensive practical training on safety and undertaken a large number of safety measures, safe construction techniques at projects sites.
- In order to ensure that the employees connect with the organization is strong several initiatives such as health check-up camps, celebrations around important festivals and 10th Anniversary celebration etc. were undertaken.
- It's pride moment for Company , Mr. PV Rao ( Managing Director ) being Member of Board of

Studies stressed the need of familiarizing PEB concepts to engineering students and as a result new courses were adopted by autonomous colleges like VNR Vignana Jyothi Institute of Engineering & Technology-Hyderabad and RVR&JC College of Engineering-Guntur. Also, the Company has established proactive, harmonious industrial relations and inclusive practices with all bodies.

## F. RISK MANAGEMENT

The company acknowledges that their customers are a part of their overall growth and hence the company feels obliged to give its customer a complete picture of their business approach and dependencies. Following are the measures taken by the company to mitigate risks and any other concerns: -

- 1. Stagnation:** The company introduced new segments in their business to diversify clients, products and Expertise in order to overcome and form of slowdown which may affect margins, working capital requirements and profitability.
- 2. Capability & Execution:** In a fast evolving market it is necessary that people have the right skill and execute projects within target deadlines and cost. The company through its continuous tracking of processes at every level and monitoring along with extensive learning & training programs aims to minimize any risks involved due to any inefficiency of its employees.
- 3. Raw material and Suppliers:** The business being sensitive to raw material prices it is important for the company to protect its margins in case of increase in prices by suppliers. In spite of maintaining a diversified sourcing strategy to get the best available prices, the company has to increase the contract value and charge its customers if raw material prices increases above certain thresholds.
- 4. Returns on Asset:** As the steel industry requires a considerable amount of investment to set up plants, the Company aims to keep utilization of its capacity at a maximum by diversifying its product portfolio and entering new market segments.
- 5. Operational:** In order to keep a check on the various operations, the Company very closely monitors every step of its operational processes by assigning budgets and timelines to work accordingly. The company is increasingly automating payments and order management processes and has a dedicated Order Management Department to address any operational issues



# Growth Objective



## Shrikant Bhakkad

Chief Financial Officer

I am glad to present that PEBS have been expanding its business gradually after reduction of profitability in last few years, predominantly due to steep increase in Raw Material Prices and sluggish Demand.

After the implementation of GST businesses have become level playing field for all Competitors with uniform rate. Reduction of interest rates over a period has also helped us in reduction of interest cost.

EBITDA is one indicator of a company's financial performance and is used as a proxy for the earning potential of a business. We reported EBITDA of Rs.45.59Cr. i.e., at 9% of revenue. Our focus is to ensure that we grow EBITDA so that there is a value to the Stakeholders. We are focussing in various business verticals and our focus is to expand margins.

Working capital management (such as: cash management, accounts receivable management, accounts payable management) is an effective management technique tool that has the potential of guaranteeing long-term success. These indices are reviewed and focus is to improve such ratio. Current Ratio for FY'(17-18) is 1.35, up by 0.09 from FY'(16-17), account trade receivables have been increased by 11 number of days, simultaneously Accounts Trade Payables have been decreased by 21 number of days. Investment in Mutual Fund has been increased from 35.29 to 46.41 by Rs.11.12Cr. from FY'(16-17) indicating higher money marked for future growth and capex. Further our company does not have long term debt and plan is to reduce working capital. Long term debt is Nil and our Net working capital debt of the company is Zero. Working Capital is a measure of a company's liquidity, operational efficiency and are committed to improve.

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## CSR ACTIVITIES

# Building a Better Planet



Books Distribution Ankanpally & Chandapur Village School



Ankanpally & Chandapur Village School Uniform Distribution



Eggs distribution to the School children at Ankanpally & Chandapur Village Twice in a week



Milk distribution at Ankanpally & Chandapur Village school students.



Competition for school students at Ankanpally & Chandapur Village



Scholarships to top ranked students from 5th -7th class of Chandapur & Ankanapally village schools

150+

STUDENTS WILL HAVE  
A BETTER FUTURE



# Projects

**Ikea India**  
Hyderabad



**Haier India**  
Pune





## Ultratech

Tadipatri & Andhra Pradesh



## Freight Systems India Pvt. Ltd.

Gujarat



## Involute Technologies Pvt Ltd.

Pune



# Our Team



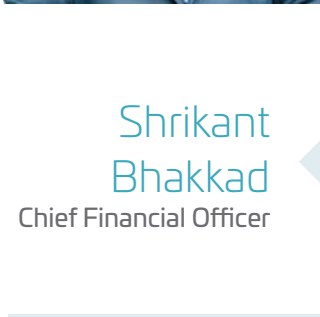
Alteaur  
Rahman

Sr. Vice President-  
Engineering



I V Ramana  
Raju

Chief Operating  
Officer



Shrikant  
Bhakkad

Chief Financial Officer



Durgesh  
Makhijani

Chief Sales (west)



Ramesh  
Babu

Chief - Solar



B V  
Ramakrishna

Asst. Vice President



Hari  
Krishnan

Sr. General  
Manager - Sales



Nataraj  
Money

Chief - OMD & PMD



Sankara Rao  
Reesu

Head - HR & Admin



Mirza  
Mohammed  
Ali Baig

Company Secretary



# NOTICE

NOTICE is hereby given that the 10th Annual General Meeting (AGM) of members of M/s. Pennar Engineered Building Systems Limited will be held on Friday, the 28th day of September, 2018 at 10:00 A.M. at Radisson Hyderabad, HITECH City, Gachibowli, Hyderabad - 500 032, to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the Board of directors and the auditors thereon.
2. To appoint a Director in the place of Mr. Aditya Rao (DIN: 01307343) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Eric James Brown (DIN: 07670880) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:  
 "RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. B S R & Associates LLP, Chartered Accountants (Registration No. 116231W/W100024), Hyderabad, be and are hereby appointed as the Statutory Auditor of the Company, to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General meeting to be held in the year 2018 till the conclusion of the Annual General Meeting to be held in the year 2023 (subject to the ratification of appointment by shareholders in every Annual General Meeting) on such remuneration plus taxes as applicable and reimbursement of out-of-pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors."

## SPECIAL BUSINESS

5. **To designate Mr. Eric James Brown (DIN: 07670880) as Non-Executive Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT consent of the members of the Company be and is hereby accorded to change the designation of Mr. Eric James Brown (DIN 07670880) from Independent Director to Non-Executive Director, liable to retire by rotation with effect from 4th November, 2017"

"RESOLVED FURTHER THAT Mr. Mirza Mohammed Ali Baig, Company Secretary & Compliance Officer of the Company be and is hereby authorized to take such steps and to do all such acts, deeds, matters and things as may be required to give effect to aforesaid resolution

6. **To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Auditors for the financial year ending 31st March, 2019 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. Kandikonda & Associates., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, and also to ratify the remuneration of Rs. 75,000/- 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.”

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

“RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Listing Regulations (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions as entered by the company for the Financial Year 2017-18 of a value of Rs. 9,133 Lakhs and transactions to be entered for Financial Year 2018-19 of a value of Rs. 12,000 Lakhs as per details as set out under item no. 7 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

**By Order of the Board  
for Pennar Engineered Building Systems Limited**

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

**Place : Hyderabad**

**Date : 10.08.2018**

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## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital of the Company.
2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2018 to 21st September, 2018, both days inclusive in connection with the Annual General Meeting.
5. An Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed herewith.
6. Shareholders desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the registered office of the company at least seven days before the date of the Annual General Meeting, so that the information requested may be made available.
7. Members are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting

8. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.
9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500032 in respect of shares held in physical mode and to their depository participants in respect of shares held in dematerialized form.
10. Members are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
11. Copies of the Annual Report 2018 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2018 are being sent by the permitted mode.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
13. Members/Proxies are requested to bring their copy of the Annual Report to the meeting.
14. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s. Karvy Computershare Private Limited, in respect of all resolutions set forth in this Notice. Mr. S Chidambaram, (CP No. 2286). has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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

- a) Open your web browser during the voting period and navigate to '<https://evoting.karvy.com>'
- b) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

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

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

- d) Members can cast their vote online from 25th September, 2018 @ 10:00 A.M. to 27th September, 2018 @ 5.30 P.M. During this period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of 20th September, 2018, may cast their vote electronically.
- e) After entering these details appropriately, click on "LOGIN".
- f) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through M/s. Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- g) You need to login again with the new credentials.
- h) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- i) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your existing login id and password are to be used.
- j) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- k) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- l) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- m) Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to schid285@gmail.com with copy to evoting@karvy.com and cs@pebspennar.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no."

## Explanatory Statement

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

### **Item # 5 To designate Mr. Eric James Brown as Non-Executive Director of the Company**

The Board of Directors appointed Mr. Eric James as Additional Non-Executive Independent Director of the Company with effect from 14th December, 2016. The Members regularized the aforesaid appointment by the Postal Ballot resolution dated 18th February, 2017.

The management of the company appointment Mr. Eric James Brown as CEO of M/s. Pennar Global INC consequent upon such appointment Mr. Eric James Brown deemed to be a Non-Independent Director, further as a part of good Corporate Governance the Management intends to change the category of Directorship from Independent Director to Non-Independent Director with effect from 4th November, 2017 liable to retire by rotation.”

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. Eric James Brown, to whom the resolution relates, is interested or concerned in the resolution.

### **Item # 6 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2019**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. Kandikonda & Associates., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 at a remuneration of Rs. 75,000/- 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. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

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

### **Item # 7 Approval of material related party transactions**

During the Financial Year 2017-18, your Company has entered into certain business transactions with M/s. Pennar Industries Limited (PIL), a Holding Company, which is a “Related Party” as defined under Section 2 (76) of the Companies Act, 2013. The Company is also proposed to enter into certain business transactions with PIL during Financial Year 2018-19. These transactions are worth Rs. 9,133 Lakhs for Financial Year 2017-18 and estimated at Rs. 12,000 Lakhs for Financial Year 2018-19. The details of such transactions are given below:-

**Transaction during 2017-18:**

Sl. No.	Name of the related party	Nature of Transactions	Salient features of the transaction	Amount of Transaction (Rs. In Lakhs)
1	Pennar Industries Limited (Holding Company)	Purchase of Goods, Sale of Goods, Purchase of Fixed Assets, Other Services Received, Other Services Rendered, Receipt of rent and other expenses, Others, if any incidental thereto	As per the sale/purchase orders to be entered into between the Company and PIL at the time of entering into transaction	9,133

**Transaction during 2018-19:**

Sl. No.	Name of the related party	Salient features of the transaction	Nature of Transactions	Amount of Transaction
1.	Pennar Industries Limited (Holding Company)	Purchase of Goods, Sale of Goods, Purchase of Fixed Assets, Other Services Received, Other Services Rendered, Receipt of rent and other expenses, Others, if any incidental thereto	As per the sale/purchase orders to be entered into between the Company and PIL at the time of entering into transaction	12,000

**By Order of the Board  
for Pennar Engineered Building Systems Limited**

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

**Place : Hyderabad  
Date : 10.08.2018**



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

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 31st March, 2018	Chairman of the Committee of other companies on which he is a director as on 31st March, 2018	Member of the Committee of other public companies on which he is a director as on 31st March, 2018	No of Shares held by them in the Company as on 31st March, 2018
Aditya Rao	06.12.1981	17.01.2008	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Industries Limited M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Holdings Private Limited M/s. Mainstay Tech Solutions Private Limited	Nil	M/s. Pennar Industries Limited M/s. Pennar Enviro Limited	10,74,306 Equity Shares of Rs. 10/- each.
Eric James Brown	21.11.1957	14.12.2016	Graduate from University of Hawaii	Experience in field of Management	M/s. Pennar Industries Limited M/s. Pennar Engineered Building Systems Limited	Nil	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Industries Limited	Nil

# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 10th Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2018.

## Financial Results:

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

₹ in lacs

Particulars	2017-18	2016-17
Revenue from operations (Gross)	51,998	54,665
Less: Excise duty	962	4,503
Revenue from operations (Net)	51,036	50,162
Less: Total expenditure except depreciation	49,233	47,847
Profit from operations before depreciation, other income	1,803	2,315
Less: Depreciation	597	546
Profit from operations before other income	1,206	1,769
Add: Other income	1,190	541
Profit before tax	2,396	2,310
Tax Expenses	-	-
Current Tax	606	1,312
Tax pertaining to earlier years	-	-335
Deferred tax	210	-382
Profit for the year	1,580	1,715

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

The gross revenues of the Company for the current financial year are Rs. 51,998.00 Lakhs and net revenues are Rs. 51,036.00 Lakhs. EBITDA for the current financial year is Rs. 4,559 Lakhs, and profit after tax is Rs. 1,580 Lakhs.

The company has received major orders from Bridgestone India Ltd., URC Constructions, Hyundai-KIA motors, JSW Cement Ltd., Reliance Tower, Renaissance Warehouse, Hitex Exhibition Centre, CFCL, JSW Paints Pvt. Ltd., Phoenix, Ikea Retail Store, TVS Infrastructure and Shapoorji & Pallonji.

Repeat orders were received from Reliance Cash And Carry, Toyo Engineering, Shapoorji & Pallonji, KMV Projects, RKV Developers, TVS Infrastructure, Azure Power, Clean Max Solar, Reliance Tower, Asian Fabtech Limited, Hetero Drugs and Aequs Sez Ltd.

Executed projects from L&T, Shapoorji & Pallonji, Mylan Laboratories, Sterling & Wilson, Indus Projects, UTCL, Schindler, Aequs Sez Ltd., Kongavi Electronics and Hetero Drugs.

The utilisation of IPO proceeds of the Company as on March 31, 2018 is as follows:

Sl. No.	Particulars	Objects of the issue as per prospectus	Utilised up to March 31, 2018	Unutilised up to March 31, 2018
1	Repayment/prepayment, in full or part, of certain working capital facilities availed by our Company	3400	3400	-
2	Financing the procurement of infrastructure (including software and hardware) for the expansion of our design and engineering services	800	267	533
3	General Corporate purposes	1079	1079	-
4	Issue related expenses *	521	517	4
	Total	5800	5263	537

\*Company's Share As on March 31, 2018, unutilised funds have been temporarily invested in short-term liquid scheme of mutual funds and in bank balances.

**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:**

Considering future prospects of the Company to become the leading player in providing engineered building system services, and considering the investment required for future projects, the Board has not recommended any Dividend to shareholders for the financial year 2017-2018. Your Company has not accepted any fixed deposits and no amount has been carried to General Reserve during the year.

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

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

**Particulars of Subsidiary/Joint Venture/Associate Companies:**

The Company holds 30% shareholding in Pennar Global INC, USA. The financial position of Pennar Global INC, as per the Companies Act, 2013 is annexed. The Policy for determining material subsidiaries may be accessed on the Company's website [www.pebspennar.com](http://www.pebspennar.com). The information on subsidiaries/joint venture/Associates 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.

**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 viz., [www.pebspennar.com](http://www.pebspennar.com).

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

**Change in the nature of business, if any:**

There is no material change in the nature of business affecting the financial position of the Company for the year ended 31st March, 2018.

**Board of Directors and Key Managerial Personnel:**

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

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

The Board of Directors change the designation of Mr. Eric James Brown from Independent Director to Non-Executive Director at a Board meeting held on 4th November, 2017. The said change in designation of Mr. Eric James Brown has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

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

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

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

**Meetings of the Board:**

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

**Scheme of Amalgamation**

The Scheme of Amalgamation of Pennar Engineered Building Systems and Pennar Enviro Limited with Pennar Industries Limited ('the Company') and their respective shareholders under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder ('Scheme') was approved by the Board of Directors of the Company on 10 November 2017.

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

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

**Directors Responsibility Statement:**

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**Corporate Governance:**

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

Pursuant to the provisions of section 139 of the Act and the rules framed thereunder, M/s. BSR & Associates LLP, Chartered Accountants, were appointed as statutory auditors of the company from the conclusion of the 10th Annual General Meeting of the company held on 28th September, 2018 till the conclusion of the 15th Annual General Meeting to be held in the year 2023, subject to ratification of their appointment at every Annual General Meeting. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

**Cost Auditors:**

The Board at their meeting held on 18th May, 2018 appointed Kandikonda & Associates, Cost Accountant (Membership No. 31775) as Cost Auditors of the Company for conducting cost audit of the Company for the financial year 2018-2019. The remuneration proposed by the Board of Directors, excluding taxes and out-of-pocket expenses, shall be paid on actuals and requires ratification of the shareholders of the Company. The shareholders ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.

**Secretarial Auditor**

The Board has appointed Mr. Dwaraka Prasad Asawa, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended 31st March, 2018 is annexed herewith as Annexure - F. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**Audit Committee:**

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

**Vigil Mechanism/Whistle Blower Policy:**

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

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

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

**Extract of Annual Return:**

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

**Particulars of Employees and related disclosures:**

The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure - I.

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

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

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

**Listing of Equity Shares:**

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

**Dematerialisation of Shares:**

99.99% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2018 and two shares are in physical form.

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

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

**Personnel / Industrial Relations:**

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

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

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

**Management Discussion and Analysis:**

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

**Appreciation:**

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

**By Order of the Board  
for Pennar Engineered Building Systems Limited**

**Place : Hyderabad  
Date : 10.08.2018**

**Nrupender Rao  
Chairman**

## Annexure - A

## Form No. AOC - 1

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

## Part "A": Subsidiaries

₹ in lacs

1	Name of Subsidiary	
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Nil
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	
4	Share Capital	
5	Reserves & Surplus	
6	Total Assets	
7	Total Liabilities	
8	Investments	
9	Turnover	
10	Profit Before Taxation	
11	Provision for Taxation	
12	Profit after Taxation	
13	Proposed Dividend	
14	% of Shareholding	

## 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

## Part "B": Associates/Joint Ventures

1	Name of Associates/Joint Ventures	Pennar Global INC, USA
2	Latest audited Balance Sheet Date	11.05.2018
3	Shares of Associate/Joint Ventures held by the company on the year end	1,20,000
4	Amount of Investment in Associates/Joint Venture	Rs. 78 lakhs
5	Extend of Holding %	30%
6	Description of how there is significant influence	No significant influence
7	Reason why the associate/joint venture is not consolidated	As per Indian Accounting Standards
8	Networth attributable to Shareholding as per latest audited balance sheet	400,000 USD
9	Profit/Loss for the year	0
	i. Considered in Consolidation	No
	ii. Not Considered in Consolidation	Yes

## Additional Information:

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

## for Pennar Engineered Building Systems Limited

**Mirza MohammedAli Baig**  
Company Secretary  
ACS 29058

**Shrikant Bhakkad**  
Chief Financial Officer

**Aditya Rao**  
Vice-Chairman  
DIN 01307343

**PV Rao**  
Managing Director  
DIN 03157581



## 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 Engineered Building Systems Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2017-18.**

a.	Name(s) of the related party and nature of relationship	Nil
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 Industries Limited (Promoter and Holding Company) 2. Pennar Enviro Limited (Fellow Subsidiary Company)
b.	Nature of contracts/arrangements/transactions	Sale of Steel Products, Purchase of Steel products, fixed assets, rent received, job works, Inter Corporate Loans (ICD) etc..
c.	Duration of the contracts / arrangements/transactions	1st April 2017 to 31st March 2018
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	The contract was entered into in the ordinary course of business and on arm's length basis. (for details of transactions during the year refer Note No.40 to the financial statements).
e.	Date(s) of approval by the Board	11.05.2017; 10.08.2017; 04.11.2017; 12.02.2018
f.	Amount paid as advances, if any	Rs. 25 Crores - Pennar Industries Limited

**By Order of the Board  
for Pennar Engineered Building Systems Limited**

**Nrupender Rao  
Chairman**

## Annexure - C

**Corporate Governance Report****1. Company Philosophy on Corporate Governance**

Corporate Governance is about maximising shareholder value legally, ethically and sustainably. At Pennar Engineered Building Systems Limited ("Pebbs Pennar"/"the Company"), the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

Strong leadership and effective corporate governance practices have been the Company's hallmark, inherited from the Pennar culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and its Non-Executive Directors, which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). This code is available on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code")

**2. Board of Directors:**

The Board of Directors of the Company have an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board of the Company comprises twelve Directors that includes one women Director. None of the Directors on the Board is Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2018, have been made by the Directors.

**(a) Composition and Category of Directors as of 31st March, 2018 is as follows:**

Category	No. of Directors	%
Executive Directors	1	10
Non-Executive Non-Independent Directors	4	40
Non-Executive Independent Directors	5	50
<b>Total</b>	<b>10</b>	<b>100</b>

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

Sl. No.	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on 28th September, 2017
1.	Mr. Nrupender Rao	Non-Executive Chairman	5	4	Yes
2.	Mr. Aditya Rao	Non-Executive Vice-Chairman	5	5	Yes
3.	Mr. C Parthasarathy	Independent Non-Executive Director	5	3	No
4.	Mr. B Kamalaker Rao	Independent Non-Executive Director	5	5	Yes
5.	Mr. Manish Sabharwal	Independent Non-Executive Director	5	1	No
6.	Mr. Eric James Brown	Non-Executive Director	5	5	No
7.	Dr. Sita Vanka	Independent Non-Executive Director	5	3	No
8.	Mr. Varun Chawla	Independent Non-Executive Director	5	2	No
9.	Mr. Mukul Gulati	Non-Executive Director	5	3	No
10.	Mr. P V Rao	Managing Director	5	3	Yes

**(c) 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, 2017 to 31st March, 2018. The dates on which the meetings were held are as follows: 11th May, 2017; 10th August, 2017; 4th November, 2017; 10th November, 2017 and 12th February, 2018.

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

Sl. No.	Name of the Director	Number of Directorships in other public Companies		Number of Committee memberships held in other public Companies*	
		Chairman	Director #	Chairman	Member
1.	Mr. Nrupender Rao	2	2	-	-
2.	Mr. Aditya Rao	-	2	1	0
3.	Mr. C Parthasarathy	5	9	3	2
4.	Mr. B Kamalaker Rao	1	2	3	-
5.	Mr. Manish Sabharwal	-	2	-	1
6.	Mr. Eric James Brown	-	1	-	1
7.	Dr. Sita Vanka	-	1	-	-
8.	Mr. Varun Chawla	-	1	-	2
9.	Mr. Mukul Gulati	-	-	-	-
10.	Mr. P V Rao	-	3	-	1

\* 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.

# includes number of companies in which they are Chairman.

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

**(f) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2018:**

Name of the Director	Designation	No. of Shares held
Mr. Nrupender Rao	Non-Executive Chairman	5,16,000
Mr. Aditya Rao	Non-Executive Vice-Chairman	10,74,306
Mr. Eric James Brown	Non-Executive Director	-
Mr. Mukul Gulati	Non-Executive Director	-
Mr. C Parthasarathy	Independent Non-Executive Director	-
Mr. B Kamalaker Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka	Independent Non-Executive Director	-

The Board periodically reviews the compliance reports of all laws applicable to the Company.

During the year 2017-18, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

**(g) 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.

**(1) 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 [www.pebspennar.com](http://www.pebspennar.com).

**(2) 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 [www.pebspennar.com](http://www.pebspennar.com).

**(3) 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.

#### (4) Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 12th February, 2018, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- i) Reviewed the performance of non-independent directors and the Board as a whole;
- ii) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii) Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### 3. Audit Committee

The Audit Committee of the Company is in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Companies Act 2013.

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the SEBI (LODR) Regulations 2015 and Companies Act 2013. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures. The committee has reviewed the internal audit reports; quarterly, half-yearly and annual financial results before their submission and adoption by the board; internal control systems; related party transactions; and all other matters covered under SEBI (LODR) Regulations and provisions of the Companies Act, 2013 read with rules made thereunder as and when applicable. In conducting such reviews, the committee found no material discrepancy.

The audit committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors, and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Board attends 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 previous Annual General Meeting ("AGM") of the Company was held on September 28, 2017 and was attended by Mr. B. Kamalakar Rao, Chairman of the Audit Committee.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2017-18	
		Held	Attended
Mr. B Kamalaker Rao	Chairman	5	5
Mr. Varun Chawla	Member	5	1
Mr. Manish Sabharwal	Member	5	0
Mr. C Parthasarathy	Member	5	3
Mr. Eric James Brown	Member	5	4

Five Audit Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 11, 2017; August 10, 2017; November 04, 2017; November 09, 2017 and February 05, 2018.

The necessary quorum was present for all the meetings.

#### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Companies Act, 2013.

The terms of reference of the nomination and remuneration committee are comprehensive and cover the matters specified for nomination and remuneration committees under the SEBI (LODR) Regulations 2015 and the Companies Act, 2013. This Committee shall identify 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, recommend to the Board their appointment and removal and shall also carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive 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.

The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2017-18	
		Held	Attended
Mr. Varun Chawla	Chairman	1	0
Mr. Nrupender Rao	Member	1	1
Mr. Manish Sabharwal	Member	1	0
Mr. C Parthasarathy	Member	1	1

One Nomination and Remuneration Committee meetings were held during the year i.e., on November 04, 2017 The necessary quorum was present for all meetings.

The Company has ESOP Plan 2014. Until March 31, 2018 the Company has not granted any options under ESOP Plan 2014.

The performance evaluation criteria for Independent Directors are determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality, and independence of behaviour and judgment.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors at a separate meeting held on February 12, 2018. The evaluation also assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties.

## 5. Remuneration policy

Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant with local regulations.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component), and commission (variable component) to its Managing Director based on the performance of the Company, as well as that of the Managing Director and Annual increments are decided by the Nomination and Remuneration Committee and are effective April 1, each year. The payment of sitting fees to non-executive directors for attending meetings of the Board and meetings of committees of the Board has been approved by the Board during the financial year 2017-2018. The nomination and remuneration policy of the Company is disseminated on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)). The remuneration paid to the Directors is within the ceiling of provisions of the Companies Act, 2013.

Apart from the above Director, no other director is receiving any elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc.

The sitting fee of Rs. 64,000 was paid to Mr. Kamalakar Rao Bandari - Independent Director, during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

Details of the Remuneration of Managing Director for the year ended March 31, 2018

Name of Director and Period of appointment	Salary (in Rs. Lakhs)	Benefits, Perquisites and Allowances (in Lakhs)	commission (variable component) (in Lakhs)	ESOPS
Mr. P.V. Rao - Managing Director (w.e.f. April 1, 2017 to March 31, 2018)	80	61.35	14	Nil

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance.

Services of the Managing Director may be terminated by either party, giving the other party three months' notice or the Company paying three months' salary in lieu thereof. There is no separate provision for payment of severance fees.

## 6 Stakeholders Relationship Committee:

The Stakeholders Relationship Committee of the Company is in line with the provisions of Regulation 20 of SEBI Listing Regulations, read with Section 178 of the Companies Act 2013. The committee meets as and when any complaint is received from the shareholders.

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances, and also function in an efficient manner that all issues / concerns of stakeholders are addressed / resolved promptly. The Committee functions under the Chairmanship of Mr. Aditya Rao, a Non-Executive Director.

The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2017-18	
		Held	Attended
Mr. Aditya Rao	Chairman	4	4
Mr. B Kamalaker Rao	Member	4	4
Mr. Varun Chawla	Member	4	1

Four Stakeholder Relationship Committee meetings were held during the year. The dates on which the said meetings were held are as follows:

May 11, 2017; August 10, 2017; November 04, 2017; and February 05, 2018. The necessary quorum was present for all the meetings held.

Mr. Gopal Ladda was the Company Secretary and Compliance Officer until November 4, 2017.

Mr. Mirza Mohammed Ali Baig is the Company Secretary and Compliance Officer from November 4, 2017.

During the financial year, the Company has not received any shareholder complaints and as such, there are no complaints not resolved to the satisfaction of shareholders, nor pending complaints.

## 6. Corporate Social Responsibility (CSR):

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. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2017-18	
		Held	Attended
Mr. B Kamalaker Rao	Chairman	1	1
Mr. Nrupender Rao	Member	1	0
Mr. P V Rao	Member	1	1
Dr. Sita Vanka	Member	1	1

One CSR committee meetings were held during the year ie., on May 11, 2017. The necessary quorum was present for all meetings.

## 7. General body meetings:

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

Date	Year	Type	Venue	Time
28th September, 2017	2016-17	Annual General Meeting	Radisson, Hyderabad	09:30 A.M
30th September, 2016	2015-16	Annual General Meeting	Radisson, Hyderabad	09:30 A.M
12th August, 2015	2014-15	Annual General Meeting	Registered Office	12:30 P.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 held on	Whether special resolution passed	Summary of the resolution
28th September, 2017	Yes	1. Revision in Remuneration of Mr. P V Rao, Managing Director. 2. To serve documents on members. 3. To approve material Related Party Transaction.
30th September, 2016	Yes	Approve material related party transaction with Pennar Industries Limited (Parent Company) for 2016-2017
12th August, 2015	Yes	Related Party Transactions with Pennar Industries Limited (Parent Company) for 2014-2015 Related Party Transactions with Pennar Industries Limited (Parent Company) for 2015-2016

**c) Postal ballot**

Whether any special resolution passed last year through postal ballot - details of voting pattern: No.

**d) Procedure for postal ballot: NA**

**e) Information on Directors re-appointment as required under Listing Regulations with stock exchanges is given as a note appended to the explanatory statement of the AGM notice.**

**8. Means of communication**

- The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.
- The Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in Business Standards' or 'Financial Express' in English and in 'Nava Telangana' or 'Andhra Prabha' regional language dailies (Telugu) within 48 hours of the conclusion of the Board meeting.
- The Company's website [www.pebspennar.com](http://www.pebspennar.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.
- Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2017-18 there were no complaints.
- 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.
- 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.

## 9. General Shareholders Information

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	28th September, 2018 at 10:00 A.M. at Radisson Hi-Tech City, Gachibowli, Hyderabad - 500 032
2.	Financial calendar (Tentative schedule)	Financial year : 1st April, 2018 to 31st March, 2019 Board meetings for approval of quarterly results: 1st Quarter ended on 30th June, 2018: within 45 days from the close of quarter. 2nd Quarter ended on 30th September, 2018: within 45 days from the close of quarter. 3rd Quarter ended on 31st December, 2018: within 45 days from the close of quarter. Annual results for financial year ended 31st March, 2019 (audited): Within 60 days of the close of financial year. Annual general meeting for the year 2018-19 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	20.09.2018 - 21.09.2018 (both days inclusive)
4.	Dividend payment due	-
5.	Listing on stock Exchanges	The Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai – 400001 The National Stock Exchange of India Limited, Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
6.	Stock Code	BSE: Equity- 539333; NSE EQUITY: PENPEBS
7.	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, SenapatiBapatMarg, Lower Parel Mumbai - 400013 2. Central Depository Services (India) Ltd PhirozeJeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
8.	Registered Office (address for correspondence)	9th Floor (West Wing), DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana, India, Tel.No: +91 40 40210525 E-mail Id cs@pebspennar.com
9.	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500032, Phone: 040 67131524 E-mail: mailmanager@karvy.com/ksreddy@karvy.com
10.	Share transfer System	Shares lodged for physical transfer at the Registrar's address arenormally processed within a period of 15 days from the date oflodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Registrar.

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

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

Sl. No.	Category	No.of.Share Holders	% to Shareholders	Shares	% to Shares
1	1 - 5000	7,397	97.7018	24,30,478	7.0911
2	5001 - 10000	79	1.0435	5,63,558	1.6442
3	10001 - 20000	39	0.5151	5,48,685	1.6008
4	20001 - 30000	16	0.2113	3,95,338	1.1534
5	30001 - 40000	4	0.0528	1,34,263	0.3917
6	40001 - 50000	4	0.0528	1,94,608	0.5678
7	50001 - 100000	7	0.0925	5,83,088	1.7012
8	100001 >	25	0.3302	2,94,24,893	85.8497
Total		7,571	100	3,42,74,911	100

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

Sl. No.	Category	No of Holders	Total Shares	% of Cases
1	PROMOTERS BODIES CORPORATE	1	1,85,00,000	53.9753
2	MUTUAL FUNDS	6	45,05,432	13.145
3	RESIDENT INDIVIDUALS	6,765	44,58,964	13.0094
4	PROMOTER GROUP	8	32,50,357	9.4832
5	BODIES CORPORATES	199	20,49,011	5.9782
6	ALTERNATIVE INVESTMENT FUND	1	5,09,965	1.4879
7	FOREIGN PORTFOLIO INVESTORS	1	3,03,023	0.8841
8	H U F	397	2,64,525	0.7718
9	CLEARING MEMBERS	38	1,83,917	0.5366
10	NON RESIDENT INDIANS	101	1,27,747	0.3727
11	NON RESIDENT INDIAN NON REPATRIABLE	46	78,643	0.2294
12	BANKS	1	36,262	0.1058
13	FOREIGN NATIONALS	6	4,210	0.0123
14	INDIAN FINANCIAL INSTITUTIONS	1	2,855	0.0083
Total		7,571	3,42,74,911	100

**11. 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 INE455001019.

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

**12. Plant locations:**

Pennar Engineered Building Systems Ltd., Chandapur village, Sadasivpet Mandal, Dist. Medak, Hyderabad, 500084

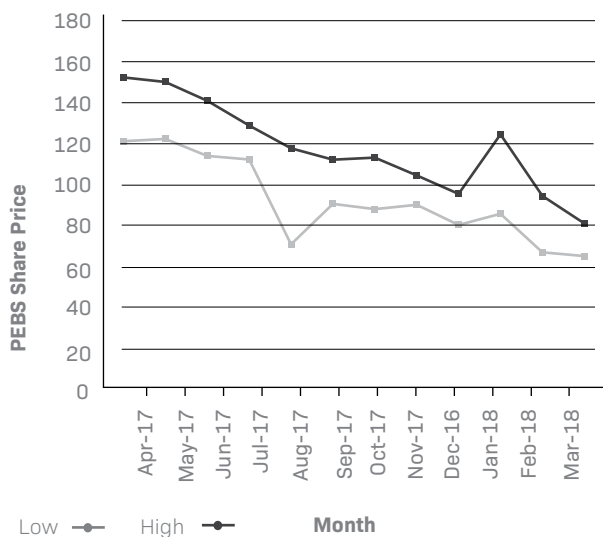
### 13. Market price data:

The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited. Monthly high and low quotations and volume of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2017-18 were as follows:

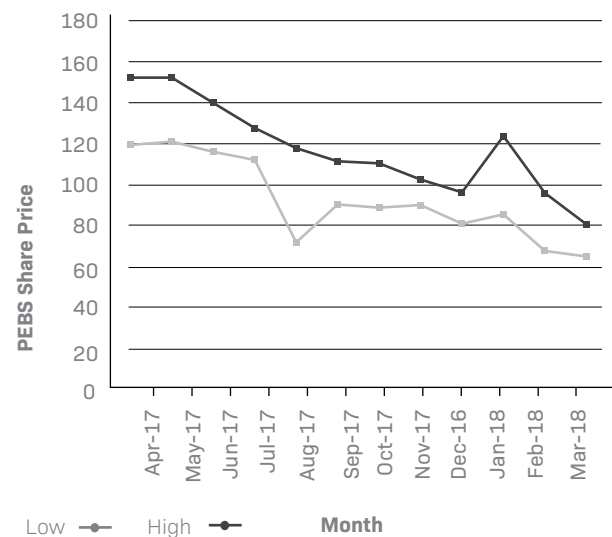
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2017	155.00	127.00	71,480	155.00	125.05	9,99,613
May, 2017	153.00	128.00	54,915	155.00	126.55	3,06,368
June, 2017	144.75	120.55	39,118	143.75	122.00	1,41,545
July, 2017	133.90	119.00	8,33,157	132.60	118.40	9,67,518
August, 2017	123.90	81.75	5,68,035	123.65	81.75	16,22,881
September, 2017	118.90	99.50	1,71,125	117.80	98.60	6,29,850
October, 2017	119.80	97.20	3,41,857	116.90	97.20	14,50,413
November, 2017	112.00	99.10	2,79,921	109.70	98.35	11,66,996
December, 2017	103.90	90.25	1,56,038	104.00	90.05	5,92,117
January, 2018	130.00	95.15	20,04,605	129.00	94.20	70,92,864
February, 2018	103.00	78.25	3,84,428	103.70	77.95	15,19,802
March, 2018	90.95	76.60	2,97,903	89.80	75.50	10,25,360

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

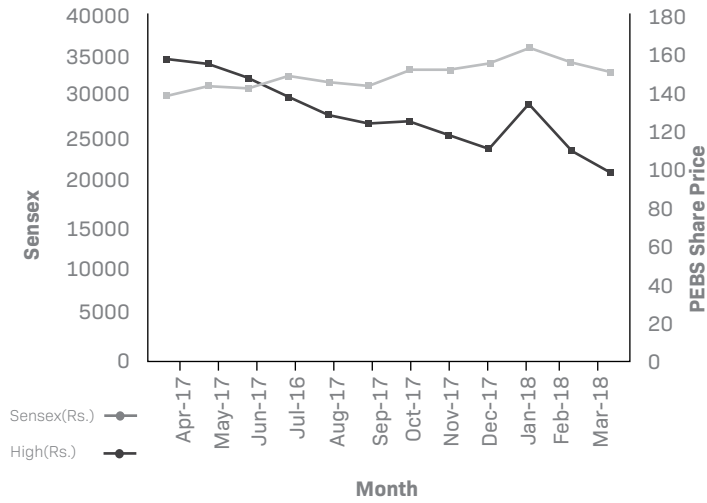
Share prices at BSE



Share prices at NSE

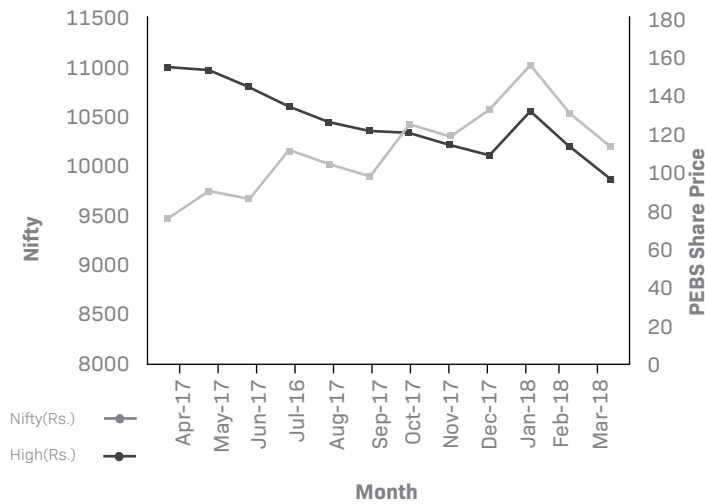


**Performance in comparison to broad based indices such as BSE Sensex:**



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

**14. Unclaimed Dividend Amounts:**

During the year, there was no amount which required to get transferred to the IEPF.

**15. Share Transfer System**

Transfers of shares held in electronic mode are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy Computershare Private Limited at the above mentioned addresses. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The Directors and/or Company Secretary, under the authority of the board, severally approve transfers, which are noted at subsequent board meetings.

**16. 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.

**17. Disclosures:**

- a) **Related Party Transactions:** No transaction of material nature that may have potential conflict with the interests of company at large was entered in to by the Company with the related parties. The transactions with the related parties are disclosed in notes to accounts in the Annual Report. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arm's length basis and were approved by the Audit Committee.
- b) **Disclosure of Accounting Treatment:** The Company has followed the applicable accounting standards in the preparation of its financial statements.
- c) **Details of non-compliance etc.:** There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years.
- d) **Whistle Blower Policy:** The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at: [www.pebspennar.com](http://www.pebspennar.com)
- 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: [www.pebspennar.com](http://www.pebspennar.com).

- g) Policy on Prevention of Insider Trading: The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of the Company during the notified "Trading Window" period.
- h) Proceeds from public issues, rights issues, preferential issues etc.:- During the financial year ended 31st March, 2018, there were no proceeds from public issues, rights issues, preferential issues, among others.
- i) Management Discussion & Analysis is annexed to the Directors' Report and forms part of the Annual Report.
- j) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause: The Company has complied with all the mandatory requirements of the Clauses of the Listing Regulations.
- k) The Company does not have any subsidiary during the financial year 2017-2018.
- 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 [www.pebspennar.com](http://www.pebspennar.com).
- m) Disclosure of Commodity price risks and commodity hedging Activities: Not Applicable

**18. 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.**

**19. 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, Non-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 places all the information communicated to Stock Exchanges on its website ([www.pebspennar.com](http://www.pebspennar.com)), which is accessible to the public at large.
- 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, Non-Executive Director as the Chairman and Mr. P V Rao as 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.

**20. 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.pebspennar.com](http://www.pebspennar.com)

**21. Disclosures with respect to demat suspense account/ unclaimed suspense account-Not Applicable****22. Corporate Identity Number (CIN):**

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L45400TG-2008PLC057182.

**23. Managing Director Certification:**

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

**24. 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.

**25. Declaration of Code of Conduct:**

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company. The Code of Conduct is available on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)).

All members of the Board and senior officials have affirmed compliance to the Code as on March 31, 2018. A declaration to this effect, signed by the Managing Director, forms part of this report.



## Annexure - D

## Independent Auditor's Certificate on the Corporate Governance Report

**To****The Members of Pennar Engineered Building Systems Limited**

1. This Certificate is issued in accordance with the terms of our engagement letter dated 9 November 2017 and 28 March 2018.
2. Pennar Engineered Building Systems Limited ('the Company') requires Independent Auditor's Certificate on Corporate Governance as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 01 April 2017 to 31 March 2018.

**Management responsibility**

1. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company along with the maintenance of all its relevant supporting records and documents. The Management is also responsible for ensuring that the Company complies with the requirements of Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 01 April 2017 to 31 March 2018. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance report and applying an appropriate basis of preparation.

**Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to certify whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the period 01 April 2017 to 31 March 2018.
5. We have examined the compliance of the conditions of Corporate Governance by the Company for the period 01 April 2017 to 31 March 2018 as per Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Ind AS financial statements of the Company.
6. We conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates issued for Special Purposes' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
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.

**Conclusion**

8. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of the Schedule V of the Listing Regulations, as applicable.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**Restrictions on Use**

This Certificate is issued solely for the purpose of complying with Regulations 17-27, Clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the period 01 April 2017 to 31 March 2018 and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**for B S R & Associates LLP****Chartered Accountants****ICAI Firm Registration No.: 116231W/ W-100024****Amit Kumar Agarwal****Partner****Membership No.: 214198****Place: Hyderabad****Date: 18 May 2018**

## Annexure - E

**Annual Report on CSR Activities****1. CSR Policy:**

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

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

The detailed policy as per the regulations has been duly established and the same is uploaded on the website of the company viz., www.pebspennar.com. A Foundation to undertake the CSR activities have been formed namely Pennar Foundation.

**2. Composition:**

The composition of the CSR committee is as hereunder:

1. Mr. B Kamalaker Rao - Chairman (Non-Executive Independent Director)
2. Mr. Nrupender Rao - Member (Non-Executive Chairman)
3. Mr. P V Rao - Member (Managing Director)
4. Dr. Sita Vanka - Member (Non-Executive Independent Director)

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

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

Financial Years	2016-17	2015-16	2014-15	Average Net Profit for the last three years
Net Profits	3,027.00	4,503.00	3,178.80	71.39

**4. Prescribed CSR Expenditure:**

2% of Average net profits i.e. Rs. 71.39lakhs.

**5. Details of CSR during the financial year:**

- a. Total Amount spent during the Financial Year: Rs. 52 Lakhs.
- b. Amount unspent, if any.: Rs. 19.39 Lakhs.
- c. Manner in which the amount spent during the financial year: Attached as Annexure to the report.

6. During the year under review, Company has spent an amount of Rs. 52 lakhs instead of Rs. 71.39 lakhs (i.e 2% of the average net profits). The Company could not spend the balance amount as it could not identify the right project.

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

**for Pennar Engineered Building Systems Limited**

**P V Rao**  
Managing Director

**B Kamalaker Rao**  
Chairman CSR Committee

## Annexure to the Annual Report on CSR

SI No.	CSR Projector Activity Identified	Sector in which project iscovered	Projects / Program - Local Area or Other, Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or Program wise (inRs. Lakhs)	Amount spent on the projects or programs Sub Heads (1) Direct Expenditure on projects or programs (2) Overheads (inRs.Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2017- 2018 (Rs. in Lakhs)	Amount Spent Direct or through Implementing Agency
1.	Shelter for People	Rural Development Project	Isnapur Village, Telangana State	46	46	46	Yadava Sangam
2.	Welfare Activities through Pennar Foundation	Promotion of Education	Hyderabad, Telangana State	-	6	6	Pennar Foundation
				-	52	52	

for Pennar Engineered Building Systems Limited

**P V RaoRao**  
Managing Director

**B Kamalaker Rao**  
Chairman CSR Committee

## Annexure - F

**DWARAKA PRASAD ASAWA**  
*Company secretary in practice*

#511, Raghava Ratna Towers,  
 Chirag Ali Lane, Abids,  
 Hyderabad-500001  
 M: 9490506661/ 040-66635759  
 Email: [asawavickey@gmail.com](mailto:asawavickey@gmail.com)

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
 (Appointment and Remuneration Personnel) Rules, 2014]

To,  
 The Members,  
**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PENNAR ENGINEERED BUILDING SYSTEMS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, 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; (Not applicable to the Company during the Audit Period)



- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other applicable laws, including the following:
- a) The Payment of Gratuity Act, 1972
  - b) Competition Act, 2002
  - c) Employees Provident Fund and Miscellaneous Provisions Act, 1952
  - d) Employees State Insurance Act, 1948
  - e) Income Act, 1961
  - f) Indian Stamp Act, 1899
  - g) Maternity Benefit Act, 1961
  - h) Minimum Wages Act, 1948
  - i) Payment of Bonus Act, 1965
  - j) Payment of Wages Act, 1936
  - k) Shops and Establishments Act, 1948
  - l) The Finance Act, 1994

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.



**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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 at the meeting.

Majority decision is carried through while the dissenting Board members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

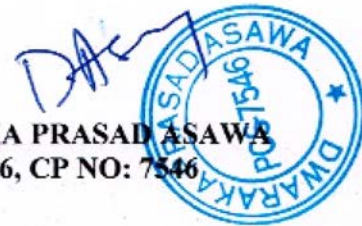
**We further report that** during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Place: Hyderabad**

**Date : 30.04.2018**

**DWARAKA PRASAD ASAWA**

**ACS:20636, CP NO: 7546**



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.

**DWARAKA PRASAD ASAWA**  
*Company secretary in practice*

#511, Raghava Ratna Towers,  
Chirag Ali Lane, Abids,  
Hyderabad-500001  
M: 9490506661/ 040-66635759  
Email: asawavickey@gmail.com

*'Annexure A'*

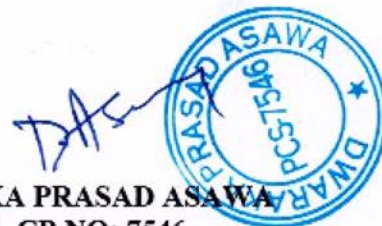
To,  
The Members,  
**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED.**

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

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

**Place: Hyderabad**  
**Date : 30.04.2018**

**DWARAKA PRASAD ASAWA**  
**ACS:20636, CP NO: 7546**



## Annexure - G

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

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

a) Conservation of Energy

Nil

b) Technology Absorption

Nil

c) Research and Development (R&D):

The Company continues to look at opportunities in the areas of research and development in its present range of activities.

d) Foreign Exchange Earnings and Outgo :Rs. 317 Lacs

## Annexure - H

**Form No. MGT-9****Extract of Annual Return**

As on the financial year ended on 31st March, 2018 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. Registration and other details**

i)	Corporate Identification Number (CIN)	L45400TG2008PLC057182
ii)	Registration Date	17.01.2008
iii)	Name of the Company	M/s. Pennar Engineered Building Systems Limited
iv)	Category/Sub Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	9th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana - 500084 Tel: 040-40210525; Fax: 040-40186992
vi)	Whether Listed Company	Yes listed on NSE and BSE Stock Exchanges.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Tel: +91 40 67161700 Fax: +91 40 23114087



## II. Principal business activities of the Company

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

Sl. No.	Name & Description of main product/service	NIC code of Product/service	% to total turnover of the company
1.	Pre Engineered Building/Steel Structure Components and related activities.	28112	100%

## III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
1.	M/s. Pennar Industries Limited 3rd Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	L27109TG1975PLC001919	Holding	53.98	2(87)(ii)

## 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

₹ in lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	5539	Nil	Nil	5539
ii. Interest due but not paid	21	Nil	Nil	21
iii. Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>5560</b>	<b>Nil</b>	<b>Nil</b>	<b>5560</b>
Change in Indebtedness during the financial year				
* Additions	2044	Nil	Nil	2044
* Reductions	Nil	Nil	Nil	Nil
Net Change	2044	Nil	Nil	2044
Indebtedness at the end of the financial year				
i. Principal amount	7566	Nil	Nil	7566
ii. Interest due but not paid	38	Nil	Nil	38
iii. Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>7604</b>	<b>Nil</b>	<b>Nil</b>	<b>7604</b>

**VI. Remuneration of Directors and Key Managerial Personnel**

A) Remuneration to Managing Director, Whole-time Directors and/or ManagerRs. in Lakhs

₹ in lacs

SI No.	Particulars of Remuneration	P V Rao Managing Director	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	80 61.35 -	80 61.35 -
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify	14	14
5.	Others	-	-
	<b>Total</b>	<b>155.35</b>	<b>155.35</b>

B) Remuneration to other directors

The Company is not paying any remuneration to any other Directors apart from Managing Director. The sitting fee of Rs. 64,000 has been paid to Mr. B Kamalaker Rao Bandari, Independent Director of the Company.

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

₹ in lacs

SI No.	Particulars of Remuneration	Shrikant Bhakkad	Gopal Ladda (until 04.11.2017)	Mirza Mohammed Ali Baig (w.e.f 04.11.2017)	Total Amount
		Chief Financial Officer	Company Secretary	Company Secretary	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	50.88 - -	2.78	147 - -	55.13 - -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	- -	-	- -	- -
5.	Others, please specify	-	-	-	-
	<b>Total</b>	<b>50.88</b>	<b>2.78</b>	<b>147</b>	<b>55.13</b>

## VII. Penalties / Punishment/ Compounding of Offences

Type	Sections of the Companies Act	Brief Description	Details of Penalty/	Authority (RD/	Appeal made
<b>A. Company</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>B. Directors</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>C. Other Officers in Default</b>					
Penalty					
Punishment			Nil		
Compounding					

## Annexure-A to Annexure-H

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

CATE- GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSI- CAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSI- CAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	<b>PROMOTER AND PROMOTER GROUP</b>									
(1)	INDIAN									
(a)	Individual /HUF	29,48,549	-	29,48,549	8.60	32,50,357	-	32,50,357	9.48	0.88
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	1,85,00,000	-	1,85,00,000	53.98	1,85,00,000	-	1,85,00,000	53.98	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(1) :</b>	<b>2,14,48,549</b>	<b>-</b>	<b>2,14,48,549</b>	<b>62.58</b>	<b>2,17,50,357</b>	<b>-</b>	<b>2,17,50,357</b>	<b>63.46</b>	<b>0.88</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=A(1)+A(2)</b>	<b>2,14,48,549</b>	<b>-</b>	<b>2,14,48,549</b>	<b>62.58</b>	<b>2,17,50,357</b>	<b>-</b>	<b>2,17,50,357</b>	<b>63.46</b>	<b>0.88</b>

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 01/04/2017				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2018				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>(B)</b>	<b>PUBLIC SHARE-HOLDING</b>									
(1)	INSTITUTIONS	-	-	-	-	-	-	-	-	-
(a)	Mutual Funds /UTI	60,02,126	-	60,02,126	17.51	50,15,397	-	50,15,397	14.63	-2.88
(b)	Financial Institutions / Banks	-	-	-	-	39,117	-	39,117	0.11	0.11
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	8,81,621	-	8,81,621	2.57	-	-	-	-	-2.57
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	11,17,834	-	11,17,834	3.26	3,03,023	-	3,03,023	0.88	-2.38
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(1) :</b>	<b>80,01,581</b>	<b>-</b>	<b>80,01,581</b>	<b>23.35</b>	<b>53,57,537</b>	<b>-</b>	<b>53,57,537</b>	<b>15.63</b>	<b>-7.71</b>
(2)	NON-INSTITUTIONS	-	-	-	-	-	-	-	-	-
(a)	Bodies Corporate	28,41,990	-	28,41,990	8.29	20,49,011	-	20,49,011	5.98	-2.31
(b)	Individuals	-	-	-	-	-	-	-	-	-
	(i) Individuals holding nominal share capital upto Rs.1 lakh	9,27,354	2.00	9,27,356	2.71	26,01,578	2.00	26,01,580	7.59	4.88
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	10,27,795	-	10,27,795	3.00	21,26,119	-	21,26,119	6.20	3.20
(c)	Others	-	-	-	-	-	-	-	-	-
	CLEARING MEMBERS	6,785	-	6,785	0.02	1,83,917	-	1,83,917	0.54	0.52
	NON RESIDENT INDIANS	15,535	-	15,535	0.05	1,27,747	-	1,27,747	0.37	0.33
	NRI NON-REPATRIATION	5,320	-	5,320	0.02	78,643	-	78,643	0.23	0.21
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	<b>Sub-Total B(2) :</b>	<b>48,24,779</b>	<b>2.00</b>	<b>48,24,781</b>	<b>14.08</b>	<b>71,67,015</b>	<b>2.00</b>	<b>71,67,017</b>	<b>20.91</b>	<b>6.83</b>
	<b>Total B=B(1)+B(2) :</b>	<b>1,28,26,360</b>	<b>2.00</b>	<b>1,28,26,362</b>	<b>37.42</b>	<b>1,25,24,552</b>	<b>2.00</b>	<b>1,25,24,554</b>	<b>36.54</b>	<b>-0.88</b>
	<b>Total (A+B) :</b>	<b>3,42,74,909</b>	<b>2.00</b>	<b>3,42,74,911</b>	<b>100.00</b>	<b>3,42,74,909</b>	<b>2.00</b>	<b>3,42,74,911</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A+B+C) :</b>	<b>3,42,74,909</b>	<b>2.00</b>	<b>3,42,74,911</b>	<b>100.00</b>	<b>3,42,74,909</b>	<b>2.00</b>	<b>3,42,74,911</b>	<b>100.00</b>	

## (ii) Shareholding of Promoters :

Sl. No	Name of the Shareholder	Shareholding at the beginning of the Year			Shareholding at the end of the year			% Change in shareholding during the year
		No of Shares	% of total shares of the company	% shares pledge encumbered to total shares	No of Shares	% of total shares of the company	% shares pledge encumbered to total shares	
1	Pennar Industries Limited	1,85,00,000	53.98	33.24	1,85,00,000	53.98	33.24	0.00
2	Venkata Nrupender Rao	5,16,000	1.51		5,16,000	1.51		0.00
3	Aditya N Rao	7,72,498	2.25		10,74,306	3.13		0.88
4	J Avanti Rao	2,54,950	0.74		2,54,950	0.74		0.00
5	D Sudeepta Rao	5,09,899	1.49		5,09,899	1.49		0.00
6	J Nrupender Rao (HUF)	1,97,989	0.58		1,97,989	0.58		0.00
7	Rajyalakshmi Rao Joginapally	6,90,914	2.02		6,90,914	2.02		0.00
8	Pennar Holdings Private Limited	6,299	0.02		6,299	0.02		0.00
	Total	2,14,48,549	62.58	1.79	2,17,50,357	63.46	1.79	0.88

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

Sl No.	Type	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Opening Balance - 31/03/2017	Pennar Industries Limited	1,85,00,000	53.98	1,85,00,000	53.98
	Closing Balance - 31/03/2018				1,85,00,000	53.98
2	Opening Balance - 31/03/2017	Venkata Nrupender Rao	5,16,000	1.51	5,16,000	1.51
	Closing Balance - 31/03/2018				5,16,000	1.51
3	Opening Balance - 31/03/2017	Aditya N Rao	7,72,498	2.25		0.00
	Purchase - 18/08/2017				10,000	0.03
	Purchase - 25/08/2017				2,30,422	0.67
	Purchase - 01/09/2017				61,386	0.18
	Closing Balance - 31/03/2018				10,74,306	3.13
4	Opening Balance - 31/03/2017	Avanti Rao	2,54,950	0.74	2,54,950	0.74
	Closing Balance - 31/03/2018				2,54,950	0.74
5	Opening Balance - 31/03/2017	D Sudeepta Rao	5,09,899	1.49	5,09,899	0.42
	Closing Balance - 31/03/2018				5,09,899	0.42
6	Opening Balance - 31/03/2017	J Nrupender Rao (HUF)	1,97,989	0.58	1,97,989	0.58
	Closing Balance - 31/03/2018				1,97,989	0.58
7	Opening Balance - 31/03/2017	Rajyalakshmi Rao J	6,90,914	2.02	6,90,914	2.02
	Closing Balance - 31/03/2018				6,90,914	2.02
8	Opening Balance - 31/03/2017	Pennar Holdings Private Limited	6,299	0.02	6,299	0.02
	Closing Balance - 31/03/2018				6,299	0.02

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

## SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 01/04/2017 AND 31/03/2018

Sl. No.	Date of Transaction	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1		Opening Balance - 31/03/2017	DSP BLACKROCK SMALL AND MID CAP FUND	23,22,773	6.78	23,22,773	6.78
	14/07/2017	Sale		1,00,000	0.29	22,22,773	6.49
	21/07/2017	Purchase		5,00,000	1.46	27,22,773	7.94
	21/07/2017	Sale		5,14,382	1.50	22,08,391	6.44
	28/07/2017	Purchase		1,44,382	0.42	23,52,773	6.86
	28/07/2017	Sale		30,000	0.09	23,22,773	6.78
	31/03/2018	Closing Balance - 31/03/2018				23,22,773	6.78
2		Opening Balance - 31/03/2017	ZEPHYR PEACOCK INDIA FUND III LIMITED	19,62,473	5.73	19,62,473	5.73
	21/04/2017	Sale		25,700	0.07	19,36,773	5.65
	05/05/2017	Sale		27,239	0.08	19,09,534	5.57
	02/06/2017	Sale		3,300	0.01	19,06,234	5.56
	09/06/2017	Sale		5,334	0.02	19,00,900	5.55
	23/06/2017	Sale		900	0.00	19,00,000	5.54
	07/07/2017	Sale		16,000	0.05	18,84,000	5.50
	14/07/2017	Sale		25,400	0.07	18,58,600	5.42
	21/07/2017	Sale		74,400	0.22	17,84,200	5.21
	28/07/2017	Sale		82,400	0.24	17,01,800	4.97
	04/08/2017	Sale		8,400	0.02	16,93,400	4.94
	29/09/2017	Sale		84,000	0.25	16,09,400	4.70
	06/10/2017	Sale		51,000	0.15	15,58,400	4.55
	13/10/2017	Sale		35,000	0.10	15,23,400	4.44
	27/10/2017	Sale		2,93,900	0.86	12,29,500	3.59
	31/10/2017	Sale		30,000	0.09	11,99,500	3.50
	01/12/2017	Sale		75,300	0.22	11,24,200	3.28
	29/12/2017	Sale		58,000	0.17	10,66,200	3.11
	05/01/2018	Sale		1,32,188	0.39	9,34,012	2.73
	12/01/2018	Sale		9,34,012	2.73	-	-
	31/03/2018	Closing Balance - 31/03/2018				-	-
3		Opening Balance - 31/03/2017	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C	17,83,700	5.20	17,83,700	5.20
	14/04/2017	Purchase		3,66,268	1.07	21,49,968	6.27
	14/04/2017	Sale		3,64,501	1.06	17,85,467	5.21
	28/04/2017	Purchase		3,00,000	0.88	20,85,467	6.08
	28/04/2017	Sale		3,10,529	0.91	17,74,938	5.18
	19/05/2017	Sale		21,100	0.06	17,53,838	5.12
	02/06/2017	Sale		1,200	0.00	17,52,638	5.11
	14/07/2017	Sale		4,00,826	1.17	13,51,812	3.94
	28/07/2017	Purchase		2,00,000	0.58	15,51,812	4.53
	28/07/2017	Sale		2,20,912	0.64	13,30,900	3.88
	31/03/2018	Closing Balance - 31/03/2018				13,30,900	3.88

Sl. No.	Date of Transaction	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
4		Opening Balance - 31/03/2017	KOTAK MAHINDRA BALANCE UNIT SCHEME 99	13,40,358	3.91	13,40,358	3.91
	05/05/2017	Purchase		1,41,370	0.41	14,81,728	4.32
	05/05/2017	Sale		1,41,370	0.41	13,40,358	3.91
	13/10/2017	Sale		15,282	0.04	13,25,076	3.87
	20/10/2017	Sale		19,399	0.06	13,05,677	3.81
	27/10/2017	Sale		8,976	0.03	12,96,701	3.78
	15/12/2017	Sale		13,131	0.04	12,83,570	3.74
	22/12/2017	Sale		32,437	0.09	12,51,133	3.65
	29/12/2017	Sale		50,315	0.15	12,00,818	3.50
	12/01/2018	Sale		1,00,000	0.29	11,00,818	3.21
	02/02/2018	Sale		11,864	0.03	10,88,954	3.18
	09/02/2018	Sale		1,37,580	0.40	9,51,374	2.78
	16/02/2018	Sale		92,576	0.27	8,58,798	2.51
	23/02/2018	Sale		1,56,466	0.46	7,02,332	2.05
	02/03/2018	Sale		46,913	0.14	6,55,419	1.91
	09/03/2018	Sale		24,743	0.07	6,30,676	1.84
	16/03/2018	Sale		1,59,413	0.47	4,71,263	1.37
	23/03/2018	Sale		18,335	0.05	4,52,928	1.32
	30/03/2018	Sale		1,56,464	0.46	2,96,464	0.86
	31/03/2018	Closing Balance - 31/03/2018				2,96,464	0.86
5		Opening Balance - 31/03/2017	IL&FS TRUST COMPANY LIMITED	8,81,621	2.57	8,81,621	2.57
	21/04/2017	Sale		11,100	0.03	8,70,521	2.54
	05/05/2017	Sale		11,800	0.03	8,58,721	2.51
	02/06/2017	Sale		1,500	0.00	8,57,221	2.50
	09/06/2017	Sale		2,221	0.01	8,55,000	2.49
	23/06/2017	Sale		400	0.00	8,54,600	2.49
	07/07/2017	Sale		6,900	0.02	8,47,700	2.47
	14/07/2017	Sale		10,900	0.03	8,36,800	2.44
	21/07/2017	Sale		32,900	0.10	8,03,900	2.35
	28/07/2017	Sale		35,800	0.10	7,68,100	2.24
	04/08/2017	Sale		3,600	0.01	7,64,500	2.23
	29/09/2017	Sale		36,000	0.11	7,28,500	2.13
	06/10/2017	Sale		22,000	0.06	7,06,500	2.06
	13/10/2017	Sale		15,000	0.04	6,91,500	2.02
	27/10/2017	Sale		1,26,200	0.37	5,65,300	1.65
	31/10/2017	Sale		13,500	0.04	5,51,800	1.61
	01/12/2017	Sale		35,800	0.10	5,16,000	1.51
	29/12/2017	Sale		25,000	0.07	4,91,000	1.43
	05/01/2018	Sale		57,096	0.17	4,33,904	1.27
	12/01/2018	Sale		4,33,904	1.27	-	-
	31/03/2018	Closing Balance - 31/03/2018				-	-

Sl. No.	Date of Transaction	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
6		Opening Balance - 31/03/2017	THE NOMURA TRUST AND BANKING CO., LTD AS THE TRUST	8,14,382	2.38	8,14,382	2.38
	18/08/2017	Sale		2,96,300	0.86	5,18,082	1.51
	25/08/2017	Sale		5,18,082	1.51	-	-
	31/03/2018	Closing Balance - 31/03/2018				-	-
7		Opening Balance - 31/03/2017	HDFC TRUSTEE COMPANY LIMITED A/C HDFC GROWTH FUND	5,55,295	1.62	5,55,295	1.62
	31/03/2018	Closing Balance - 31/03/2018				5,55,295	1.62
8		Opening Balance - 31/03/2017	ARUNA FINECAP PVT LTD	4,21,451	1.23	4,21,451	1.23
	25/08/2017	Purchase		53,000	0.15	4,74,451	1.38
	03/11/2017	Sale		98,000	0.29	3,76,451	1.10
	23/02/2018	Purchase		5,549	0.02	3,82,000	1.11
	30/03/2018	Purchase		5,900	0.02	3,87,900	1.13
	31/03/2018	Closing Balance - 31/03/2018				3,87,900	1.13
9		Opening Balance - 31/03/2017	SOUTHEND SECURITIES PRIVATE LIMITED	3,10,440	0.91	3,10,440	0.91
	25/08/2017	Purchase		55,000	0.16	3,65,440	1.07
	22/09/2017	Sale		9,400	0.03	3,56,040	1.04
	02/02/2018	Sale		15,000	0.04	3,41,040	1.00
	31/03/2018	Closing Balance - 31/03/2018				3,41,040	1.00
10		Opening Balance - 31/03/2017	NOMURA SINGAPORE LIMITED	3,03,023	0.88	3,03,023	0.88
	31/03/2018	Closing Balance - 31/03/2018				3,03,023	0.88



## (v) Shareholding of Directors and Key Management Personnel:

SI No.	Name of the Promoter Shareholders Key Management Personnel	Share holding at the beginning of the year		Cumulative Share holding at the end of the year	
		No. of Shares held	% of total shares of the company	No. of Shares held	% of total shares of the company
1	ADITYA NARSING RAO				
	a) At the Beginning of the year	7,72,498	2.25		
	b) Change during the year				
	Purchase - 18/08/2017			10,000	0.03
	Purchase - 25/08/2017			2,30,422	0.67
	Purchase - 01/09/2017			61,386	0.18
	c) At the end of the year			10,74,306	3.13
2	Venkata Nrupender Rao				
	a) At the Beginning of the year	5,16,000	1.51	5,16,000	1.51
	b) Change during the year			-	0.00
	c) At the end of the year	5,16,000	1.51	5,16,000	1.51
3	P V Rao				
	a) At the Beginning of the year	3,00,000	0.88	3,00,000	0.88
	b) Change during the year			-	0.00
	c) At the end of the year			3,00,000	0.88
4	Shrikant Bhakkad				
	a) At the Beginning of the year	0	0.00	0	0.00
	b) Change during the year			0	0.00
	c) At the end of the year			0	0
5	Mirza Mohammed Ali Baig				
	a) At the Beginning of the year	0	0.00	0	0.00
	b) Change during the year			0	0.00
	c) At the end of the year			0	0.00

## Annexure - I

## PARTICULARS OF EMPLOYEES

## Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014									
Sl. No.	Name	Designation/ Nature of Duties	Remuneration in (Rs. Lakhs)	Qualifications	Experience in years	Age in years	Date of Commencement of Employment	Last Employment held	
1	Mr. P.V.Rao	Managing Director	155.35 *	B.Tech. (Civil Engineering)	More than 35 years	58	May 26, 2010 #	Tata Blue Scope Steel	

\* includes variable pay of Rs. 14 Lakhs, and LTA of Rs. 5.12 Lakhs of previous fiscal 2016-17

# Date of Joining 24th January, 2008

## Median Remuneration of Employees Comparison:

Sl. No.	Name	Designation/ Nature of Duties	Remuneration [Rs. in Lakhs] (2017-2018)	Remuneration [Rs. in Lakhs] (2016-2017)	No. of Stock options granted	Increase in remuneration from previous year	Ratio/ median of employee remuneration	Ratio of remuneration to Revenues (fiscal 2018)	Ratio of remuneration to Net Profit (fiscal 2018)t
1	Mr. P.V.Rao	Managing Director	155.35	129.82	Nil	19.67%	48.41	0.30%	9.83%
2	Mr. Shrikant Bhakkad	Chief Financial Officer	50.88	41	Nil	24.09%	15.85	0.10%	3.22%
3	Mr. Gopal Ladda (until 4th November, 2017)	Company Secretary & Compliance Officer	2.78	1.07	Nil	-	0.87	0.01%	0.18%
4	Mr. Mirza Mohammed Ali Baig (w.e.f. 4th November, 2017)	Company Secretary & Compliance Officer	1.47	-	Nil	-	0.46	0.003%	0.09%

The median remuneration of employees was Rs. 3.21 Lakhs for the financial year 2018 respectively. The Company added 33 employees this year, taking the total strength to 621 at the end of the financial year. The remuneration paid to Directors and KMP in the previous is in accordance to the Nomination and Remuneration Policy of the Company. Our market capitalisation as of March 31, 2018 is:

Particulars	2018
Paid up capital as on March 31, 2018	34,27,49,110
Closing price at National Stock Exchange Limited as on March 31, 2018	78.95
Market Capitalisation as on March 31, 2018 (Rs. in lakhs)	27,060
Price Earnings Ratio as at the closing date (MPS/EPS)	17.12

## Annexure - J

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

To,  
The Board of Directors  
M/s. PennarEngineered Building Systems Limited

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Engineered Building Systems Limited for the year ended 31st March, 2018 and to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
  - i) that there are no significant changes in internal control over financial reporting during the year;
  - ii) that there are no significant changes in accounting policies during the year; and
  - iii) that there are no instances of significant fraud of which we have become aware.

**for Pennar Engineered Building Systems Limited**

**Date: 10.08.2018**  
**Place: Hyderabad**

**P V Rao**  
**Managing Director**



# FINANCIAL STATEMENTS

# B S R & Associates LLP

Chartered Accountants

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Orwell, 6th Floor, Unit-3  
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Hyderabad-500081, India

Telephone : +91 40 7182 2000  
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## INDEPENDENT AUDITOR'S REPORT

**To the Members of Pennar Engineered Building Systems Limited**

### Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Pennar Engineered Building Systems Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/ loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

B S R & Associates (a partnership firm with Registration No BA69226) converted into B S R & Associates LLP (a Limited Liability Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

**Registered Office:**  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N.M. Joshi Marg, Mahalakshmi  
Mumbai - 400 011

**B S R & Associates LLP****Pennar Engineered Building Systems Limited  
Independent Auditor's Report on the Ind AS Financial Statements (continued)****Auditor's Responsibility**

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

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

**Opinion**

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

**Other matters**

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 11 May 2017 and 16 May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.



**B S R & Associates LLP****Pennar Engineered Building Systems Limited  
Independent Auditor's Report on the Ind AS Financial Statements (continued)****Report on Other Legal and Regulatory Requirements**

1. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
  - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements - Refer Note 37 to the Ind AS financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 26 to the Ind AS financial statements;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

**B S R & Associates LLP****Pennar Engineered Building Systems Limited  
Independent Auditor's Report on the Ind AS Financial Statements (continued)****Report on Other Legal and Regulatory Requirements (continued)**

- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024



**Amit Kumar Agarwal**

*Partner*

Membership No.: 214198

Place: Hyderabad

Date: 18 May 2018



**B S R & Associates LLP****Pennar Engineered Building Systems Limited  
Annexure A to the Independent Auditor's Report**

The Annexure A referred to in the Independent Auditor's Report of even date, on the Ind AS financial statements, to the Members of Pennar Engineered Building Systems Limited ('the Company') for the year ended 31 March 2018. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was carried out by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any, have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties, as disclosed in Note 4 (a) on fixed assets to the Ind AS financial statements, are held in the name of the Company.
- ii. The inventories, except goods-in-transit and stocks lying with third parties, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the Management.
- iii. According to information and explanations given to us, the Company has granted loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013 ("the Act").
  - (a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the companies listed in the Register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.
  - (b) In the case of the loans granted to the companies listed in the Register maintained under Section 189 of the Act, the borrowers have been regular in the repayment of the principal and payment of interest, wherever stipulated.
  - (c) There are no overdue amounts in respect of loans granted to companies listed in the Register maintained under Section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to grant of loans and investments made. The Company has not provided any guarantees or security to the parties covered under Section 185 and 186 of the Act.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.

## B S R &amp; Associates LLP

**Pennar Engineered Building Systems Limited**  
**Annexure A to the Independent Auditor's Report (continued)**

- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government of India for maintenance of cost records under sub-section (1) of Section 148 of the Act, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income- tax, Sales tax, Service tax, Duty of customs, and Value added tax which have not been deposited with appropriate authorities on account any dispute. According to the information and explanations given to us, the following dues of Duty of excise have not been deposited by the Company on account of dispute:

Name of the Statute	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	3,551,089	June 2010 to March 2013	The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers. The Company does not have any loan or borrowings from any financial institution or government, nor has it issued any debentures during the year.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer have been applied by the Company during the year for the purposes for which they were obtained other than temporary deployment pending application of proceeds. The Company has not raised any money by way further public offer (including debt instrument) and term loans during the year.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

A

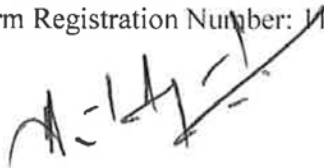
**B S R & Associates LLP****Pennar Engineered Building Systems Limited  
Annexure A to the Independent Auditor's Report (continued)**

- xi. According to the information and explanations given to us and based on our examination of the records on the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act.
- xii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not a Nidhi Company prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with the directors or person connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 16231W/ W-100024



**Amit Kumar Agarwal**

*Partner*

Membership No.: 214198

Place: Hyderabad

Date: 18 May 2018

**B S R & Associates LLP**

**Pennar Engineered Building Systems Limited  
Annexure B to the Independent Auditor's Report**

**Report on the Internal Financial Controls 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 Engineered Building Systems Limited ('the Company') as of 31 March 2018 in conjunction with our audit of the 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 ('the Guidance Note') 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 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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.



**B S R & Associates LLP****Pennar Engineered Building Systems Limited****Annexure B to the Independent Auditor's Report (continued)****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.

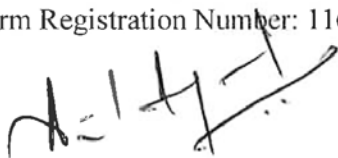
**Opinion**

In our opinion, 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 31 March 2018, 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 issued by the ICAI.

*for B S R & Associates LLP*

*Chartered Accountants*

ICAI Firm Registration Number: 116231W/ W-100024



**Amit Kumar Agarwal**

*Partner*

Membership No.: 214198

Place: Hyderabad

Date: 18 May 2018

**Pennar Engineered Building Systems Limited****Balance Sheet -** (All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

As at	Notes	31 March 2018	31 March 2017	01 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	4(a)	5,927	6,118	6,369
(b) Capital work-in-progress	4(b)	533	111	-
(c) Intangible assets	5	364	409	384
(d) Financial assets				
(i) Investments	6	78	-	-
(ii) Trade receivables	7	258	1,268	831
(iii) Loans	8	216	194	193
(e) Other non-current assets	9	36	31	-
(f) Income tax asset (net)	35	332	24	9
(g) Deferred tax assets (net)	35	650	840	460
<b>Total non-current assets</b>		<b>8,394</b>	<b>8,995</b>	<b>8,246</b>
<b>Current assets</b>				
(a) Inventories	10	20,743	20,607	8,895
(b) Financial assets				
(i) Investments	11	4,641	3,529	3,318
(ii) Trade receivables	12	8,996	7,300	12,188
(iii) Cash and cash equivalents	13(a)	519	1,146	6,289
(iv) Other bank balances	13(b)	348	392	380
(v) Loans	14	2,851	2,052	1,791
(vi) Other financial assets	15	2,078	3,337	2,575
(c) Other current assets	16	2,943	6,049	3,595
<b>Total current assets</b>		<b>43,119</b>	<b>44,412</b>	<b>39,031</b>
<b>Total assets</b>		<b>51,513</b>	<b>53,407</b>	<b>47,277</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	17	3,427	3,427	3,427
(b) Other equity	18	15,294	13,753	12,033
<b>Total equity</b>		<b>18,721</b>	<b>17,180</b>	<b>15,460</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	19	-	28	37
(ii) Other financial liabilities	20	467	567	274
(b) Provisions	21	294	221	254
<b>Total non-current liabilities</b>		<b>761</b>	<b>816</b>	<b>565</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	22	7,566	5,502	5,431
(ii) Trade payables	23	14,178	16,862	13,251
(iii) Other financial liabilities	24	2,544	3,624	2,434
(b) Other current liabilities	25	7,141	8,330	7,983
(c) Provisions	26	547	1,033	625
(d) Current tax liabilities (net)	35	55	60	1,528
<b>Total current liabilities</b>		<b>32,031</b>	<b>35,411</b>	<b>31,252</b>
<b>Total liabilities</b>		<b>32,792</b>	<b>36,227</b>	<b>31,817</b>
<b>Total equity and liabilities</b>		<b>51,513</b>	<b>53,407</b>	<b>47,277</b>
Significant accounting policies	3			

See accompanying notes to the financial statements

As per our Report of even date attached

**for B S R & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024

**Amit Kumar Agarwal**

Partner

Membership number: 214198

Place: Hyderabad

Date: 18 May 2018

**PV Rao**

Managing Director

DIN: 03157581

**Shrikant Bhakkad**

Chief Financial Officer

for and on behalf of the Board of Directors of  
**Pennar Engineered Building Systems Limited**  
CIN: L45400TG2008PLC057182**Aditya N Rao**

Vice Chairman

DIN: 01307343

**Mohammed Ali Baig Mirza**

Company Secretary

**Statement of Profit and Loss**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	For the year ended	Notes	31-Mar-18	31-Mar-17
<b>1</b>	<b>Income</b>			
	(a) Revenue from operations	27	51,998	54,665
	(b) Other income	28	1,190	541
	<b>Total income</b>		<b>53,188</b>	<b>55,206</b>
<b>2</b>	<b>Expenses</b>			
	(a) Cost of material consumed	29	33,471	30,675
	(b) Changes in inventories of finished goods and work in progress	30	(4,762)	(7,045)
	(c) Excise duty		962	4,503
	(d) Erection expenses		5,244	6,062
	(e) Employee benefits expense	31	4,185	3,766
	(f) Finance costs	32	1,566	1,716
	(g) Depreciation and amortisation expense	33	597	546
	(h) Other expenses	34	9,529	12,673
	<b>Total expenses</b>		<b>50,792</b>	<b>52,896</b>
<b>3</b>	<b>Profit before tax (1-2)</b>		<b>2,396</b>	<b>2,310</b>
<b>4</b>	<b>Tax expense</b>	<b>35</b>		
	(a) Current tax		606	1,312
	(b) Deferred tax charge/ (credit)		210	(382)
	(c) Tax pertaining to earlier years		-	(335)
	<b>Total tax expense</b>		<b>816</b>	<b>595</b>
<b>5</b>	<b>Profit for the year (3-4)</b>		<b>1,580</b>	<b>1,715</b>
<b>6</b>	<b>Other comprehensive income</b>			
	Items that will not be reclassified subsequently to profit or loss			
	(a) Re-measurement of defined benefit obligation		(59)	7
	(b) Income-tax relating to above item		20	(2)
	<b>Total comprehensive income (net of tax)</b>		<b>(39)</b>	<b>5</b>
<b>7</b>	<b>Total comprehensive income for the year (5+6)</b>		<b>1,541</b>	<b>1,720</b>
<b>8</b>	<b>Earnings per share (face value of Rs. 10 each)</b>	<b>36</b>		
	Basic [in Rs.]		4.61	5.00
	Diluted [in Rs.]		4.61	5.00

Significant accounting policies

3

See accompanying notes to the financial statements

As per our Report of even date attached

**for B S R & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of  
**Pennar Engineered Building Systems Limited**  
CIN: L45400TG2008PLC057182**Amit Kumar Agarwal**

Partner

Membership number: 214198

**PV Rao**

Managing Director

DIN: 03157581

**Aditya N Rao**

Vice Chairman

DIN: 01307343

Place: Hyderabad

Date: 18 May 2018

**Shrikant Bhakkad**

Chief Financial Officer

**Mohammed Ali Baig Mirza**

Company Secretary

**Statement of changes in Equity**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

Particulars	Equity share capital	Other equity		Total equity attributable to equity holders of the Company
		Reserves and surplus		
		Securities premium	Retained earnings	
<b>Balance at 01 April 2016</b>	<b>3,427</b>	<b>7,611</b>	<b>4,422</b>	<b>15,460</b>
Profit for the year	-	-	1,715	1,715
Other comprehensive income (net of tax)	-	-	5	5
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,720</b>	<b>1,720</b>
<b>Balance as at 31 March 2017</b>	<b>3,427</b>	<b>7,611</b>	<b>6,142</b>	<b>17,179</b>
<b>Balance at 01 April 2017</b>	<b>3,427</b>	<b>7,611</b>	<b>6,142</b>	<b>17,180</b>
Profit for the year	-	-	1,580	1,580
Other comprehensive income (net of tax)	-	-	(39)	(39)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,541</b>	<b>1,541</b>
<b>Balance as at 31 March 2018</b>	<b>3,427</b>	<b>7,611</b>	<b>7,683</b>	<b>18,721</b>

See accompanying notes to the financial statements  
As per our Report of even date attached

**for B S R & Associates LLP**

Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Amit Kumar Agarwal**  
Partner  
Membership number: 214198

**PV Rao**  
Managing Director  
DIN: 03157581

**Shrikant Bhakkad**  
Chief Financial Officer

for and on behalf of the Board of Directors of  
**Pennar Engineered Building Systems Limited**  
CIN: L45400TG2008PLC057182

**Aditya N Rao**  
Vice Chairman  
DIN: 01307343

**Mohammed Ali Baig Mirza**  
Company Secretary

Place: Hyderabad  
Date: 18 May 2018



**Pennar Engineered Building Systems Limited**  
**Statement of cash flows**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

For the year ended	31 March 2018	31 March 2017
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>2,396</b>	<b>2,310</b>
Adjustments for:		
Depreciation and amortization expense	597	546
Finance costs	1,566	1,716
Net loss on sale/ retirement of property, plant and equipment	7	1
Provision for doubtful receivables	-	930
Gain on financial asset measured at fair value through profit and loss	(93)	-
Dividend income on current investments	(26)	(52)
Gain on sale of current investments (net)	(127)	(8)
Interest income	(258)	(368)
Liabilities no longer required written back	-	(44)
<b>Operating profit before changes in assets and liabilities</b>	<b>4,062</b>	<b>5,031</b>
Change in assets and liabilities:		
(Increase)/ decrease in trade receivables and loans	(337)	3,488
Increase in inventories	(136)	(11,712)
Decrease/ (increase) in other financial assets	1,061	(525)
Decrease/ (increase) in other current assets	3,106	(2,454)
Decrease/ (increase) in trade payables	(2,684)	3,655
Decrease/ (increase) in other financial liabilities	(1,226)	1,583
Decrease/ (increase) in provisions	(472)	368
Decrease/ (increase) in other current liabilities	(1,189)	347
<b>Cash generated from/ (used in) operations</b>	<b>2,185</b>	<b>(219)</b>
Income taxes paid (net)	(919)	(2,460)
<b>Net cash generated from/ (used in) operating activities (A)</b>	<b>1,266</b>	<b>(2,679)</b>
<b>B. Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment, capital work-in-progress along with movement in capital advances and capital creditors	(831)	(478)
Proceeds from sale of property, plant and equipment	37	-
Deposits placed/ (matured) having original maturity of more than 3 months (net)	44	(12)
Dividend received	26	52
Interest received	456	131
Purchase of investments in mutual funds (net)	(892)	(203)
Investments in equity instruments	(78)	-
Inter corporate deposit placed	(5,220)	(3,500)
Inter corporate deposit matured	4,050	3,271
<b>Net cash used in investing activities (B)</b>	<b>(2,408)</b>	<b>(739)</b>
<b>C. Cash flow from financing activities:</b>		
Repayment of long-term borrowings	(37)	(8)
Proceeds from short-term borrowings (net)	2,064	71
Finance costs	(1,512)	(1,788)
<b>Net cash generated from/ (used in) financing activities (C)</b>	<b>515</b>	<b>(1,725)</b>

For the year ended	31 March 2018	31 March 2017
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(627)</b>	<b>(5,143)</b>
Cash and cash equivalents at the beginning of the financial year	1,146	6,289
<b>Cash and cash equivalents at end of the year</b>	<b>519</b>	<b>1,146</b>
<b>Note:</b>		
a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flows.		
b) Cash and cash equivalents comprises of:		
<b>As at</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
Cheques on hand	-	200
Balances with banks		
- In current accounts	469	946
- Deposit accounts with original maturity of 3 months or less	50	-
<b>Cash and cash equivalent as per balance sheet</b>	<b>519</b>	<b>1,146</b>

See accompanying notes to the financial statements  
As per our Report of even date attached

**for B S R & Associates LLP**

Chartered Accountants  
ICAI Firm registration number: 116231W/ W-100024

**Amit Kumar Agarwal**  
Partner  
Membership number: 214198

**PV Rao**  
Managing Director  
DIN: 03157581

**Shrikant Bhakkad**  
Chief Financial Officer

for and on behalf of the Board of Directors of  
**Pennar Engineered Building Systems Limited**  
CIN: L45400TG2008PLC057182

**Aditya N Rao**  
Vice Chairman  
DIN: 01307343

**Mohammed Ali Baig Mirza**  
Company Secretary

Place: Hyderabad  
Date: 18 May 2018

## Notes to the financial statements

### 1. Corporate information

Pennar Engineered Building Systems Limited ("the Company") is into design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defense installations, amongst others.

"The Company is a public limited company incorporated and domiciled in India and has its registered office situated at DHFLVC Silicon Towers Kondapur Hyderabad and manufacturing plant is located at Sadashivpet, Medak district of Telangana. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited, in India."

### 2. Basis of preparation

#### A. Statement of compliance

- a. Financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, notified under the Companies Act, 2013 ('the Act') and Rules prescribed thereunder.
- b. These are the Company's first financial statements prepared in accordance with Ind AS, and Ind AS 101, First-time Adoption of Ind AS has been applied.
- c. For all periods up to and including the year ended 31 March 2017, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 45.
- d. The financial statements were authorized for issue by the Company's Board of Directors on 18 May 2018.
- e. Details of the Company's accounting policies are included in Note 3.

#### B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

#### C. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

#### D. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

##### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

**Note 46** - lease classification.

##### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

**Note 42** - measurement of defined benefit obligations: key actuarial assumptions;

**Note 37** - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of

an outflow of resources;

**Note 9 and 16** - impairment test of non-financial assets

**Note 6 to 8 and 11 to 15** - impairment of financial assets

#### E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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 asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

**Note 43** - Financial instruments

### 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet at 1 April 2016 for the purposes of the transition to Ind AS, unless otherwise indicated.

#### (a) Property, plant and equipment

##### i) Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalized borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment acquired and put to use for project purpose are capitalized and depreciation thereon is included in the project cost till commissioning of the project.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as on 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 45).

##### iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### iv) Depreciation

Depreciation on property, plant and equipment is calculated on a straight-line basis as per the useful prescribed and in the manner laid down under Schedule II to the Companies Act 2013 and additions and deletions are restricted to the period of use. If the Management's estimate of the useful life of a fixed asset is different than that envisaged in the aforesaid Schedule, depreciation is provided based on the Management's estimate of the useful life.

Freehold land is not depreciated. Leasehold improvements are depreciated over the duration of the lease term.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

**v) Capital work-in-progress**

Projects under which property, plant and equipment are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Advances given towards acquisition of property, plant and equipment outstanding at each Balance Sheet date are disclosed as Other Non-current assets.

**(b) Intangible assets****i) Recognition**

Intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

**ii) Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

**iii) Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets (refer note 45).

**iv) Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight- line method, and is included in depreciation and amortization in Statement of Profit and Loss.

The estimated useful lives are as follows:

- License fees, over the duration of license or 10 years whichever is less
- Software over the duration of 10 years

Amortization method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

**(c) Financial instruments****i) Recognition and initial measurement**

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

**ii) Classification and subsequent measurement****Financial assets**

Financial assets carried at amortized cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**iii) Derecognition****Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

#### **iv) Offsetting**

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.

#### **(d) Foreign currency transactions and translations**

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

#### **(e) Inventories**

Inventories comprise of raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares and are carried at the lower of cost and net realizable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, stock-in-trade and stores and spares are valued at weighted average cost method (monthly weighted average)

Work-in progress and finished goods are valued at material cost plus fixed production overheads allocated on the basis of normal capacity of production facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products. The comparison of cost and net realizable value is made on an item-by-item basis.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

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).

#### **(f) Impairment**

##### **i) Financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

##### **ii) Non-financial assets**

###### **Intangible assets and property, plant and equipment**

The Company assesses non-financial asset, other than inventories and deferred tax assets, are reviewed at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

#### (g) Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

##### i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

##### ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company providing retirement benefit in the form of provident fund is a defined contribution scheme. The contributions payable to the provident fund are recognised as expenses, when an employee renders the related services. The Company has no obligation, other than the contribution payable to the funds.

##### iii) Defined benefit plans

"A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets."

"The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements."

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense/ (income) on the net defined benefit liability/ (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability/ (asset), taking into account any changes in the net defined benefit liability/ (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

##### iv) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re-measurements gains or losses are recognised in profit or loss in the period in which they arise.

##### v) Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

**(h) Revenue recognition****i) Income from supply of Pre- Engineered Buildings/ steel structurals**

"Revenue from supply of Pre-Engineered Building (PEB)/ steel structurals are recognised on the percentage of completion method in accordance with Ind AS 11 "Construction Contracts". Percentage of completion is determined on the basis of proportion of the costs of shipments made against the total estimated costs of shipments."

Where the total cost of a contract, based on technical and other estimates is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the period in which revisions are made.

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

**ii) Revenue from services**

Revenue from erection services is recognised as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a erection contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

Revenues from engineering services are recognised on accrual basis for services rendered and billed as per the terms of the specific contracts.

**iii) Revenue earned but not billed to customers against erection contracts is reflected as "Unbilled revenue" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as unearned revenue.****(i) Recognition of dividend income, interest income or expense**

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(j) Government grants, subsidies and export incentives**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Income from sales tax and power incentives are recognised on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

**(k) Leases**

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. For arrangements entered into prior to 1 April 2016, the date of inception is deemed to be 1 April 2016 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.



**i) Assets held under leases**

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet.

**ii) Lease payments**

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(l) Income tax**

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

**i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

**ii) Deferred tax**

"Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**iii) MAT credit**

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified year. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**(m) Provisions and contingent liabilities****i) General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**ii) Contingent liabilities**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**iii) Onerous contracts**

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

**iv) Provision for dismantling**

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.

**(n) Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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

**(o) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(p) Cash flow statement**

Cash flows are reported using indirect method as prescribed in Ind AS 7 'Statement of Cash Flows', whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**(q) Share issue expenses**

Share issue expenses are adjusted against the Securities premium account as permissible under Section 52 of the Act to the extent any balance is available for utilization in the Securities premium account. Share issue expenses in excess of the balance in the Securities premium account is expensed in the Statement of Profit and Loss.

**(r) Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**(s) Events after Reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**(t) Recent accounting pronouncements****Standards issued but not effective on Balance sheet date:**

Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective from annual periods beginning on or after 01 April 2018 and will be applied accordingly.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation."

The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The Company is still in the process of evaluating the impact of the aforesaid amendment on its financial statements.

Ind AS 21, The effect of changes in foreign exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of transactions, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company has evaluated the impact of this amendment and concluded that there shall not be any significant impact on its financial statements.

**Pennar Engineered Building Systems Limited**  
**Notes to the financial statements (continued)**

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

**4(a) Property, plant and equipment**

	Freehold land	Leasehold improvements	Buildings	Plant and machinery	Computers	Office equipment	Furniture and fixtures	Electrical equipment	Vehicles	Total
<b>Cost or deemed cost (gross carrying amount)</b>										
<b>Balance as at 01 April 2016</b>	195	41	3,688	2,146	77	15	70	83	54	6,369
Additions	-	4	-	174	46	5	3	2	-	234
Disposals	-	-	-	-	-	-	1	-	-	1
<b>Balance as at 31 March 2017</b>	195	45	3,688	2,320	123	20	72	85	54	6,602
<b>Balance as at 01 April 2017</b>	195	45	3,688	2,320	123	20	72	85	54	6,602
Additions	-	-	-	280	32	4	4	1	62	383
Disposals	-	-	-	-	1	-	-	-	47	48
<b>Balance as at 31 March 2018</b>	195	45	3,688	2,600	154	24	76	86	69	6,937
<b>Accumulated Depreciation</b>										
<b>Balance as at 01 April 2016</b>	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	9	143	228	52	9	21	15	7	484
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2017</b>	-	9	143	228	52	9	21	15	7	484
<b>Balance as at 01 April 2017</b>	-	9	143	228	52	9	21	15	7	484
Depreciation for the year	-	5	141	281	57	7	16	16	7	530
Disposals	-	-	-	-	1	-	-	-	3	4
<b>Balance as at 31 March 2018</b>	-	14	284	509	108	16	37	31	11	1,010
<b>Net carrying amounts</b>										
<b>As at 31 March 2018</b>	195	31	3,404	2,091	46	8	39	55	58	5,927
<b>As at 31 March 2017</b>	195	36	3,545	2,092	71	11	51	70	47	6,118
<b>As at 01 April 2016</b>	195	41	3,688	2,146	77	15	70	83	54	6,369

	As at	31-Mar-18	31-Mar-17
<b>4(b) Capital work-in-progress</b>			
Opening balance as on 01 April			111
Additions during the year		805	423
Capitalized during the year		383	312
<b>Closing balance as on 31 March</b>		<b>533</b>	<b>111</b>

Note: Refer note 22 for details of assets pledged against borrowings.

## 5. Intangible assets

	Computer software	Licenses	Total
<b>Cost or deemed cost (gross carrying amount)</b>			
<b>Balance as at 1 April 2016</b>	<b>237</b>	<b>147</b>	<b>384</b>
Additions	29	58	87
Disposals	-	-	-
<b>Balance as at 31 March 2017</b>	<b>266</b>	<b>205</b>	<b>471</b>
<b>Balance as at 01 April 2017</b>	<b>266</b>	<b>205</b>	<b>471</b>
Additions	-	22	22
Disposals	-	-	-
<b>Balance as at 31 March 2018</b>	<b>266</b>	<b>227</b>	<b>493</b>
<b>Accumulated amortization</b>			
<b>Balance as at 01 April 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortization for the year	32	30	62
<b>Balance as at 31 March 2017</b>	<b>32</b>	<b>30</b>	<b>62</b>
<b>Balance as at 01 April 2017</b>	<b>32</b>	<b>30</b>	<b>62</b>
Amortization for the year	32	35	67
<b>Balance as at 31 March 2018</b>	<b>64</b>	<b>65</b>	<b>129</b>
<b>Net carrying amounts</b>			
<b>As at 31 March 2018</b>	<b>202</b>	<b>162</b>	<b>364</b>
<b>As at 31 March 2017</b>	<b>234</b>	<b>175</b>	<b>409</b>
<b>As at 01 April 2016</b>	<b>237</b>	<b>147</b>	<b>384</b>

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>6 Non-current investments</b>				
[At fair value through other comprehensive income (FVOCI)]				
<b>Unquoted</b>				
<b>Investments in equity instruments</b>				
- Pennar Global Inc.* [120,000 shares (31 March 2017: Nil, 1 Apr 2016: Nil) of face value of USD 0.01, fully paid up]		78	-	-
		<b>78</b>	<b>-</b>	<b>-</b>
Aggregate value of unquoted investments		78	-	-
Aggregate amount of impairment in value of investments		-	-	-

\*As at 31 March 2018, the Company designated the investments shown above as equity shares at FVOCI because these equity shares represent investments that the Company intends to hold long-term for strategic purposes.

No strategic investments were disposed of during the year 2017-18 and there were no transfers of any cumulative gain or loss within equity relating to these investments. No dividend income was recognised during the year 2017-18.

7	Trade receivables		
	(Unsecured, considered good)		
	Trade receivables	258	1,268
		<b>258</b>	<b>1,268</b>
			<b>831</b>

8	Loans		
	(Unsecured, considered good)		
	Security deposits	216	194
		<b>216</b>	<b>194</b>
			<b>193</b>

9	Other non-current assets		
	(Unsecured, considered good)		
	Capital advances	36	31
		<b>36</b>	<b>31</b>
			<b>-</b>

10	Inventories		
	(Valued at lower of cost and net realizable value)		
	<b>i) In hand</b>		
	Raw materials (refer note below)	3,977	8,436
	Work-in-progress	9,679	3,184
	Finished goods	6,558	8,455
	Stores and spares	293	228
	Scrap materials	218	54
		<b>20,725</b>	<b>20,357</b>
	<b>ii) In transit</b>		
	Raw materials	18	243
	Stores and spares	-	7
		<b>20,743</b>	<b>20,607</b>
			<b>8,895</b>

**Note:**

The Company has made a provision for certain raw materials amounting to Rs. 313 lakhs (31 March 2016: Rs. Nil and 01 April 2016: Rs. Nil). The provision is included in cost of material consumed.

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

11	Current investments			
	Units/ Nos.		Amount	
	As at 30 June 2018	As at 31 March 2018	As at 30 June 2018	As at 31 March 2018
<b>At fair value through profit and loss (FVTPL)</b>				
<b>Investments in Mutual Funds - Quoted</b>				
SBI Premier Liquid Fund -Regular Plan	-	-	-	-
SBI Premier Liquid Fund -Direct Plan	-	10,051	-	101
Birla Sunlife Cash Plus Collection	-	4,01,884	-	402
ICICI Prudential Liquid Mutual Fund -Direct Plan	49,990	-	50	-
ICICI Prudential Savings Fund	-	99,855	-	101
Reliance Liquid Fund- Treasury plan	1,181	-	50	-
Axis Bank Liquid Fund Daily Dividend	10,514	10,066	105	101
IDFC Cash Fund	-	-	-	-
Religare Invesco Liquidity Fund	-	-	-	-
Kotak Floater - Short Term - D	19,881	74,787	567	757
Kotak Low Duration Fund	620	25,058	14	301
HDFC RIF STF WP - UST	-	-	-	-
HDFC Liquid Fund	8,26,603	24,665	314	252
Franklin India Ultra Short term Bond	-	-	-	-
UTI-Treasury Advantage Fund-Ins	-	-	-	-
Reliance Medium Term Fund -UST	14,59,248	6,31,963	543	108
ICICI Prudential -UST	-	-	-	-
Birla Sun Life Savings Fund-US	-	-	-	-
DSP Blackrock Liquid Mutual Fund	-	50,282	-	503
Sundaram Income Plus-Monthly dividend	-	75,60,148	-	903
Reliance Monthly Interval Fund- Direct plan	21,74,574	-	502	-
Axis Treasury Advantage Fund	5,321	-	105	-
Axis Liquid Fund	13,278	-	256	-
Kotak Liquid Fund	24,463	-	862	-
L&T Floating Rate Fund-Direct Plan	31,15,063	-	545	-
L&T Liquid Fund-Direct Plan	1,050	-	25	-
UTI-Liquid Cash Plan-Direct Plan	17,605	-	501	-
Principal Low Duration fund-Direct Plan	7,068	-	202	-
<b>Total current investment</b>			<b>4,641</b>	<b>3,529</b>
<b>Aggregate book value of quoted investment</b>			<b>4,641</b>	<b>3,529</b>
<b>Aggregate market value of quoted investment</b>			<b>4,641</b>	<b>3,529</b>

	As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>12 Trade receivables</b>				
(Unsecured)				
Considered good (refer note below)		8,996	7,300	12,188
Considered doubtful		3,203	3,203	2,273
		<b>12,199</b>	<b>10,503</b>	<b>14,461</b>
Less: Provision for doubtful trade receivables		3,203	3,203	2,273
		<b>8,996</b>	<b>7,300</b>	<b>12,188</b>

**Notes:**

- Trade receivables includes retention money aggregating to Rs. 3,012 lakhs (31 March 2017: Rs. 3,429 lakhs and 1 April 2016: Rs. 3,031 lakhs).
- For trade receivables amounting to Rs. 22 lakhs (31 March 2017: Rs. 448 lakhs and 01 April 2016: Rs. 388 lakhs) is held against letter of credit and bank guarantees provided by customers to the Company.
- For details of trade receivables from related parties, refer note 40.

**13 Cash and bank balances**

As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>(a) Cash and cash equivalents</b>			
Cheques on hand	-	200	-
Balances with banks			
- In current accounts	469	946	489
- Deposit accounts with original maturity of 3 months or less*	50	-	5,800
	<b>519</b>	<b>1,146</b>	<b>6,289</b>
<b>(b) Other bank balances</b>			
- Deposit accounts with remaining maturity of 12 months or less*	348	392	380
	<b>348</b>	<b>392</b>	<b>380</b>
	<b>867</b>	<b>1,538</b>	<b>6,669</b>

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

Details of Specified bank notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016:

(Amount in INR)

Particulars	SBNs*	Other demonetization notes	Total
Closing cash in hand as on 8 November 2016 (excluding imprest cash)	4,000	598	4,598
Add : Permitted receipts	-	50,000	50,000
Less : Permitted payments	-	(20,070)	(20,070)
Less : Amount deposited in banks	(4,000)	-	(4,000)
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>30,528</b>	<b>30,528</b>

\* 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

**14 Loans**

As at	31-Mar-18	31-Mar-17	01-Apr-16
(Unsecured, considered good)			
Inter-corporate deposits (refer note 40 and 41)	2,749	1,579	1,350
Security deposits	102	473	441
	<b>2,851</b>	<b>2,052</b>	<b>1,791</b>

**15 Other financial assets**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Unbilled revenue	1,443	2,011	1,387
Incentive receivable	506	589	589
Interest accrued on deposits	48	246	9
Other receivables			
- from related parties (refer note 40)	1	467	524
- from others	80	24	66
	<b>2,078</b>	<b>3,337</b>	<b>2,575</b>



**16 Other current assets**

As at	31-Mar-18	31-Mar-17	01-Apr-16
(Unsecured)			
<b>Considered good</b>			
Prepaid expenses	168	267	285
Advances to contractors, suppliers and others	2,739	4,957	3,192
Balances with government authorities	36	825	118
<b>Considered doubtful</b>			
Advances to contractors, suppliers and others	16	16	16
Less: Provision for doubtful advances	(16)	(16)	(16)
	<b>2,943</b>	<b>6,049</b>	<b>3,595</b>

**17 Share capital**

As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>(a) Authorized</b>			
36,000,000 (31 March 2017: 36,000,000 and 01 April 2016: 36,000,000) Equity shares of Rs. 10 each	3,600	3,600	3,600
6,000,000 (31 March 2017: 6,000,000 and 01 April 2016: 6,000,000) Compulsorily convertible preference shares of Rs. 10 each	600	600	600
	<b>4,200</b>	<b>4,200</b>	<b>4,200</b>
<b>(b) Issued, subscribed and fully paid-up capital</b>			
34,274,911 (31 March 2017: 34,274,911 and 01 April 2016: 34,274,911) Equity shares of Rs. 10 each, fully paid-up	3,427	3,427	3,427
	<b>3,427</b>	<b>3,427</b>	<b>3,427</b>

**Notes:****i) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year :**

As at	31-Mar-18		31-Mar-17	
	Number of shares	Rs. in lakhs	Number of shares	Rs. in lakhs
Shares outstanding at the beginning of the year	3,42,74,911	3,427	3,42,74,911	3,427
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	3,42,74,911	3,427	3,42,74,911	3,427

**(ii) Details of shares held by the Holding Company :**

As at	31-Mar-18	31-Mar-17	01-Apr-16
	Number of equity shares	Number of equity shares	Number of equity shares
Pennar Industries Limited	1,85,00,000	1,85,00,000	1,85,00,000

**(iii) Particulars of shareholders holding more than 5% of total number of equity shares**

As at Name of shareholder	31-Mar-18		31-Mar-17		01-Apr-16	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Pennar Industries Limited	1,85,00,000	53.98%	1,85,00,000	53.98%	1,85,00,000	53.98%
DSP Blackrock Midcap Fund	23,22,773	6.78%	23,22,773	6.78%	18,24,558	5.32%
Aditya Birla Sun Life Trustee Private Limited	12,30,900	3.59%	17,83,700	5.20%	19,54,100	5.70%
Zephyr Peacock India Fund III Limited	-	-	19,62,473	5.73%	19,62,473	5.73%
Birla Sun Life Trustee Company Private Limited	-	-	17,83,700	5.20%	17,83,700	5.20%

As per records the Company including registration of shareholders/ members, the above share holding represents both legal and beneficial ownership of shares.

**(iv) Terms and rights attached to the equity shares**

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the 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 after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(v) Shares reserved for issue under option**

The Company has established an equity-settled share-based payment plan for certain categories of employees of the Company. Refer to note 48 for further details on this plan.

	As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>18 Other equity</b>				
<b>Reserves and surplus</b>				
<b>(i) Securities premium account</b>				
Balance at the commencement of the year		7,611	7,611	7,611
Add: Additions		-	-	-
		<b>7,611</b>	<b>7,611</b>	<b>7,611</b>
Securities premium reserve is used to record the premium on issue of shares. It is utilised in accordance with the provisions of the Act.				
<b>(ii) Retained earnings</b>				
Balance at the commencement of the year		6,142	4,422	4,422
Add: Surplus as per statement of profit and loss		1,580	1,715	-
Items of other comprehensive income directly recognised in retained earnings				
- Remeasurement of defined benefit obligations, net of tax		(39)	5	-
		<b>7,683</b>	<b>6,142</b>	<b>4,422</b>
<b>Total reserves and surplus</b>		<b>15,294</b>	<b>13,753</b>	<b>12,033</b>

**Note:**

Share issue expenses comprise of expenses incurred in connection with issue of equity shares and their listing on stock exchanges. The total expenses in connection with the IPO were shared between the Company and the selling shareholders in the proportion of the amount received from the IPO proceeds. The Company's share of issue expenses were adjusted against securities premium account u/s 52(2)(c) of the Companies Act, 2013.

	As at	31-Mar-18	31-Mar-17	01-Apr-16
<b>19 Borrowings</b>				
<b>(Secured)</b>				
From bank - Vehicle loan (Refer note below)		-	28	37
		<b>-</b>	<b>28</b>	<b>37</b>

**Note:**

Vehicle loan from ICICI Bank (including current maturities of long-term borrowings are disclosed under 'other financial liabilities') of Rs. Nil (31 March 2017: Rs. 37 lakhs and 01 April 2016: Rs. 45 lakhs) is secured by hypothecation of the vehicle financed through the loan arrangement. The loan is repayable in 60 monthly installments of Rs. 1 lakh each commencing from 10 November, 2015 and carries an interest rate of 9.35 % per annum. The loan was closed during the current year.

**20 Other non-current financial liabilities**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Retention money payable	467	567	274
	<b>467</b>	<b>567</b>	<b>274</b>

**21 Provisions**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Provision for employee benefits:			
- Provision for gratuity (refer note 42)	41	38	90
- Provision for compensated absences	155	94	83
Others			
- Asset retirement obligation	98	89	81
	<b>294</b>	<b>221</b>	<b>254</b>

**22 Borrowings**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Secured loan from banks			
- Cash credit [refer note (a) below]	2,166	1,002	3,181
- Working capital demand loan [refer note (b) below]	5,400	4,500	2,250
	<b>7,566</b>	<b>5,502</b>	<b>5,431</b>

**(a) Cash credit**

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

**(b) Working capital demand loans**

- i. The loan of Rs. 3,500 lakhs (31 March 2017: Rs. 4,500 lakhs and 01 April 2016: Rs. 1,000 lakhs) from State Bank of India (SBI) is primarily secured by pari passu first charge on present and future current assets of the Company along with Axis Bank and secured by second charge on property, plant and equipment of the Company including equitable mortgage of acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivapet Mandal, Medak District (the land on which the plant is located), on pari passu basis along with Axis Bank, and pledge of 24.60% of the total paid-up equity share capital (6,150,000 shares of Rs. 10 each) held by Pennar Industries Limited. The facility is further secured by personal guarantee of Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 8.6% per annum (31 March 2017: 9.85% per annum and 01 April 2016: 10.55% per annum).
- ii. The loan of Rs. Nil (31 March 2017: Rs. Nil and 01 April 2016: Rs. 1,250 lakhs) from Yes Bank Limited is exclusively secured by receivables. Pari passu first charge on present and future current assets of the Company and secured by second charge on property, plant and equipment of the Company. The facility is further secured by personal guarantee of Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 8.41% per annum (31 March 2017: 10.25% per annum and 01 April 2016: 10.25% per annum).
- iii. The loan of Rs. 1,900 lakhs (31 March 2017: Rs. Nil and 01 April 2016: Rs. Nil) from HDFC Bank Limited is primarily secured by pari passu first charge on current assets of the Company and pari passu secured by second charge on the property, plant and equipment of the Company. The facility is further secured by personal guarantee of promoter director Mr. Aditya Rao and Corporate guarantee of Pennar Industries Limited. The loan carries an average interest rate of 7.9% per annum (31 March 2017: Nil and 01 April 2016: Nil).

**(c) Details of borrowings guaranteed by Directors and Holding Company :**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Directors	7,566	5,502	5,431
Holding Company	7,566	5,502	5,431

**23 Trade payables**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Total outstanding dues of micro and small enterprises (refer note 39)	361	166	263
Total outstanding dues of creditors other than micro and small enterprises*	13,817	16,696	12,988
	<b>14,178</b>	<b>16,862</b>	<b>13,251</b>

\* Include amount payable to related parties (refer note 40)

**24 Other financial liabilities**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Current maturities of long term borrowings	-	9	8
Capital creditors (refer note 43)	4	3	31
Security deposits	80	80	80
Interest accrued and due	160	106	178
Provision for expenses	1,833	2,828	1,650
Other payables	467	598	487
	<b>2,544</b>	<b>3,624</b>	<b>2,434</b>

**25 Other current liabilities**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Advances from customers	2,211	2,875	3,228
Unearned revenue	4,600	4,329	4,233
Statutory liabilities	330	1,126	522
	<b>7,141</b>	<b>8,330</b>	<b>7,983</b>

**26 Provisions**

As at	31-Mar-18	31-Mar-17	01-Apr-16
Provision for employee benefits			
- Provision for gratuity (refer note 42)	58	48	32
- Provision for compensated absences	39	86	64
Provision for estimated loss on derivatives	-	-	3
Provision for loss on onerous contracts [refer note (a) below]	450	899	526
	<b>547</b>	<b>1,033</b>	<b>625</b>

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

Carrying amount as at 01 April	899	526
Add: Provision made during the year	296	687
Less: Provision reversed during the year	(745)	(314)
<b>Carrying amount as at 31 March</b>	<b>450</b>	<b>899</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>27</b>	<b>Revenue from operations</b>		
	Sale of products (including excise duty) *		
	- Supply of Pre-Engineered Building (PEB)/ steel structurals	42,900	46,859
	Sale of services		
	- Erection services	6,749	6,110
	- Engineering services	1,497	1,004
	Other operating revenue		
	- Scrap sales	852	692
		<b>51,998</b>	<b>54,665</b>

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

	Particulars	31-Mar-18	31-Mar-17
	Gross sales	51998	54665
	Less: Excise duty	962	4503
	<b>Net sales</b>	<b>51,036</b>	<b>50,162</b>

<b>28</b>	<b>Other income</b>	<b>31-Mar-18</b>	<b>31-Mar-17</b>
	Interest income		
	- on bank deposits	22	101
	- on inter corporate deposits (refer note 40)	236	267
	Dividend income on current investments	26	52
	Gain on sale of current investments, net	127	8
	Liabilities no longer required written back	-	44
	Gain on financial asset measured at fair value through profit and loss	93	-
	Reversal of provision for onerous contracts (net)	449	-
	Miscellaneous income	237	69
		<b>1,190</b>	<b>541</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>29</b>	<b>Cost of material consumed</b>		
	Inventory of materials at the beginning of the year	8,436	3,569
	Add: Purchases	29,012	35,542
	Less: Inventory of materials at the end of the year	(3,977)	(8,436)
		33,471	30,675

	For the year ended	31-Mar-18	31-Mar-17
<b>30</b>	<b>Changes in inventories of finished goods, work-in-progress and scrap</b>		
	<b>Opening inventory</b>		
	- Finished goods	8,455	3,020
	- Work-in-progress	3,184	1,589
	- Scrap	54	39
		<b>11,693</b>	<b>4,648</b>
	<b>Closing inventory</b>		
	- Finished goods	6,558	8,455
	- Work-in-progress	9,679	3,184
	- Scrap	218	54
		16,455	11,693
	<b>Increase in inventory</b>	<b>(4,762)</b>	<b>(7,045)</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>31</b>	<b>Employee benefits expense</b>		
	Salaries, wages and bonus	3,704	3,383
	Contributions to provident and other funds	372	210
	Staff welfare expenses	109	173
		<b>4,185</b>	<b>3,766</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>32</b>	<b>Finance costs</b>		
	Interest on borrowings	741	463
	Interest expense on financial liability measured at amortized cost	6	8
	Other borrowing costs	819	1,245
		<b>1,566</b>	<b>1,716</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>33</b>	<b>Depreciation and amortization expense</b>		
	Depreciation of property, plant and equipment	530	484
	Amortization of intangible assets	67	62
		<b>597</b>	<b>546</b>

	For the year ended	31-Mar-18	31-Mar-17
<b>34</b>	<b>Other expenses</b>		
	Consumption of stores and spares	2,434	2,095
	Sub-contract expenses	3,010	4,470
	Power and fuel	208	212
	Other manufacturing cost	68	106
	Repairs and maintenance		
	- Plant and machinery	20	11
	- Others	3	3
	Carriage outward	1,701	1,914
	Rent including lease rentals (net) [refer note 46]	299	305
	Rates and taxes	38	22
	Excise duty on changes in inventories	-	613
	Insurance	65	61
	Legal and professional fees	267	266
	Payment to auditors [refer note (i) below]	26	26
	Marketing and selling expenses	452	331
	Communication	71	71
	Travelling and conveyance	465	523
	Foreign exchange fluctuations, net	4	8
	Loss on sale/ retirement of property, plant and equipment, net	7	1
	Provision for doubtful receivables	-	930
	Provision for onerous contracts (net)	-	373
	Expenditure on corporate social responsibility [refer note (ii) below]	52	9
	Miscellaneous	339	323
		<b>9,529</b>	<b>12,673</b>
	<b>(i) Payment to auditors (exclusive of taxes)</b>		
	<b>As auditor:</b>		
	Statutory audit fee	15	18
	Limited review of quarterly results	9	6
	<b>For other services</b>		
	Certification fees	1	1
	<b>For reimbursement of expenses</b>	<b>1</b>	<b>1</b>
		<b>26</b>	<b>26</b>
	<b>(ii) Details of expenditure on corporate social responsibility expenditure</b>		
	a) Gross amount required to be spent by the Company during the year	71	51
	b) Amount spent during the year (in cash):		
	i) Construction/ acquisition of any asset	46	-
	ii) On purposes other than (i) above	6	9

(All amounts in Indian Rupees in lakhs, except for share data or as otherwise stated)

	For the year ended	31-Mar-18	31-Mar-17
<b>35</b>	<b>Tax expense</b>		
	<b>(A) Amount recognised in statement of profit and loss</b>		
	Current tax	606	1,312
	Deferred tax attributable to temporary differences	210	(382)
	Tax pertaining to earlier years	-	(335)
	<b>Tax expenses</b>	<b>816</b>	<b>595</b>
	<b>(B) Amount recognised in other comprehensive income</b>		
	<b>Deferred tax related to items recognised in OCI</b>		
	Deferred tax on re-measurements of defined benefit plans	20	(2)
	<b>Income-tax income/ (expense) recognised in OCI</b>	<b>20</b>	<b>(2)</b>
	<b>(C) Reconciliation of effective tax rate</b>		
	Profit before tax	<b>2,396</b>	<b>2,310</b>
	Enacted tax rate in India*	34.608%	34.608%
	Tax expense at enacted rates	829	799
	<b>Tax effect of:</b>		
	Non-deductible tax expenses	23	22
	Tax exempt income	(9)	(18)
	Rate difference	(13)	(1)
	Others	(14)	128
		816	930
	Adjustments in respect of income-tax for earlier years	-	(335)
	<b>Income-tax recognised in the statement of profit and loss</b>	<b>816</b>	<b>595</b>

\*The tax rate used for reconciliation above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under Indian tax law.

#### (D) Deferred tax assets, net

	Deferred tax assets and (liabilities) are attributable to the following:			
	Property, plant and equipment and intangible assets	(746)	(737)	(652)
	Allowable for tax purposes on payment basis	102	93	93
	Provisions for doubtful receivables	1,119	1,108	787
	Provision for loss on onerous contracts	157	311	181
	Others	18	65	51
		<b>650</b>	<b>840</b>	<b>460</b>



**(E) Movement in temporary differences**

	"As at 1 April 2017"	"recognised in statement of profit and loss"	"recognised in OCI"	"As at 31 March 2018"
Property, plant and equipment and intangible assets	(737)	(9)	-	(746)
Allowable for tax purposes on payment basis	93	(11)	20	102
Provisions for doubtful receivables	1,108	11	-	1,119
Provision for loss on onerous contracts	311	(154)	-	157
Others	65	(47)	-	18
	<b>840</b>	<b>(210)</b>	<b>20</b>	<b>650</b>

	"As at 1 April 2016"	"recognised in statement of profit and loss"	"recognised in OCI"	"As at 31 March 2017"
Property, plant and equipment and intangible assets	(652)	(85)	-	(737)
Allowable for tax purposes on payment basis	93	2	(2)	93
Provisions for doubtful receivables	787	321	-	1,108
Provision for loss on onerous contracts	181	130	-	311
Others	51	14	-	65
	<b>460</b>	<b>382</b>	<b>(2)</b>	<b>840</b>

**(F) The following table provides the details of income tax assets and income tax liabilities:**

	As at	31 March 2018	31 March 2017	01 April 2016
Income tax assets (net)		332	24	9
Current tax liabilities (net)		(55)	(60)	(1,528)
<b>Net current income tax asset/ (liability) at the end of the year</b>		<b>277</b>	<b>(36)</b>	<b>(1,519)</b>

**The gross movement in the net income tax assets is as follows:**

	31 March 2018	31 March 2017
Net current income tax liability at the beginning of the year	(36)	(1,519)
Income tax paid	919	2,460
Current income tax expense	(606)	(977)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>277</b>	<b>(36)</b>

36	Earnings per equity share	31 March 2018	31 March 2017
	<b>Earnings</b>		
	(a) Net profit attributable to equity shareholders	1,580	1,715
	<b>Shares</b>		
	(b) Weighted average number of equity shares outstanding during the year	3,42,74,911	3,42,74,911
	Basic earnings per share of face value of Rs. 10 (a/b)	4.61	5.00
	Diluted earnings per share of face value of Rs. 10 (a/b)	4.61	5.00
	The Company does not have any potentially dilutive equity shares.		

<b>37</b>	<b>Contingent liabilities and commitments:</b>		
	<b>(i) Contingent liabilities (not provided for) in respect of:</b>		
	Demands raised by excise authorities, being disputed by the Company*	36	-
		<b>36</b>	<b>-</b>

\* The demand raised by the excise authority is mainly towards short payment of excise duty on account of non-inclusion of freight charges in assessable value of the goods supplied by the Company.

The Company is contesting the demands and the Management believe that its position will likely be upheld in the appellate process and accordingly no expense has been accrued in the financial statements for the demand raised/ show cause notice received as the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial statements.

	<b>(ii) Capital Commitments:</b>		
	Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	-

### 38. Operating segments

#### A. Basis for segmentation

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments results are reviewed regularly by the Company's Managing Director (MD) to make decisions about resources to be allocated to the segments and assess their performance.

The chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators at operational unit level and since there is single operating segment, no segment disclosures of the company is presented. The Company's operations fall within a single business segment "Manufacturing and erection of Pre-engineered Building Systems/ Steel Structural".

#### B. 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.

	<b>Revenue from external customers</b>		
	India	50,501	53,214
	Other countries	1,497	1,451
		<b>51,998</b>	<b>54,665</b>

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2018 has been made in the financial statements based on information received and available with the Company. Further, in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ("the MSMED Act") is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	<b>For the year ended</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;			
- Principal		361	166
- Interest		122	85
(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;		-	-
(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;		37	21
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and		122	85
(e) the amount of 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.		-	-

**Note:** The list of undertakings covered under MSMED Act was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

#### 40. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

##### (i) List of related parties and nature of relationship:

Names of related party	Relationship
Pennar Industries Limited	Holding Company
J Rajyalakshmi (Wife of Nrupender Rao)	Relatives of KMP
Avanti Rao & Arathi Rao (Daughters of Nrupender Rao)	Relatives of KMP
Usha Ramani (Wife of PV Rao)	Relatives of KMP
D Sudepta Rao (Wife of Aditya N Rao)	Relatives of KMP
Pennar Enviro Limited (formerly known Pennar Chemical Limited)	Fellow subsidiary Company
"Pennar Renewables Private Limited [formerly known as New Era Enviro Ventures (Karimnagar) Private Limited]"	Fellow subsidiary Company
Pennar Global Inc., USA	Fellow subsidiary Company
PEBS Pennar Gratuity Trust	Post employment-benefit plan entities
Pennar Holdings Limited	Company in which KMP / Relatives of KMP have significant influence
Saffrongrid Limited (formerly known as Pennar Solar Limited)	Company in which KMP / Relatives of KMP have significant influence
Saven Technologies Limited	Company in which KMP / Relatives of KMP have significant influence
<b>Key Management Personnel (KMP)</b>	
Nrupender Rao	Chairman
PV Rao	Managing Director
Aditya N Rao	Vice Chairman
Shrikant Bhakkad	Chief Financial Officer
Mohammed Ali Baig Mirza	Company Secretary (appointed w.e.f. 04 November 2017)
Gopal Ladda	Company Secretary (resigned w.e.f. from 03 November 2017)
Subash Kishan	Company Secretary (resigned w.e.f. from 30 November 2016)

##### (ii) Details of transactions with related parties:

For the year ended	31 March 2018	31 March 2017
<b>Purchase of goods:</b>	4,009	2,307
Pennar Industries Limited		
<b>Sale of goods:</b>		
Pennar Industries Limited	1,090	270
Pennar Enviro Limited	-	28
Pennar Renewables Private Limited	-	14
<b>Sale of services:</b>		
Pennar Industries Limited	127	18
Pennar Enviro Limited	6	-
Pennar Renewables Private Limited	-	189
Pennar Global Inc., USA	747	-
<b>Procurement of services:</b>		
Pennar Industries Limited	30	15
Pennar Enviro Limited	161	-
Pennar Renewables Private Limited	12	-

	For the year ended	31 March 2018	31 March 2017
	<b>Reimbursement of Rent and other expenses:</b>		
	Pennar Industries Limited	113	110
	Pennar Enviro Limited	1	1
	<b>Intercompany deposits given to:</b>		
	Pennar Industries Limited	3,700	-
	Pennar Enviro Limited	-	750
	Pennar Renewables Private Limited	200	2,500
	Saffrongrid Limited	490	-
	<b>Intercompany deposits repaid by:</b>		
	Pennar Industries Limited	3,000	-
	Pennar Enviro Limited	-	1,350
	Pennar Renewables Private Limited	500	1,671
	<b>Interest income on intercompany deposits given:</b>		
	Pennar Industries Limited	64	-
	Pennar Enviro Limited	75	111
	Pennar Renewables Private Limited	56	121
	Saffrongrid Limited	26	-
	<b>Interest expense on intercompany deposits taken:</b>		
	Pennar Industries Limited	1	-
	<b>Intercompany deposits taken from:</b>		
	Pennar Industries Limited	500	-
	<b>Intercompany deposits repaid to:</b>		
	Pennar Industries Limited	500	-
	<b>Guarantees and collaterals:</b>		
	Pennar Industries Limited	37,550	34,765
	KMP	35,050	34,150
	<b>Remuneration to KMP*</b>		
	P V Rao	141	130
	Shrikant Bhakkad	51	41
	Mohammed Ali Baid Mirza	4	-
	Gopal Ladda	3	5
	Subash Kishan	-	5

**(iii) Balances with related parties:**

As at	31 March 2018	31 March 2017	01 Apr 2016
<b>Trade receivables:</b>			
Pennar Industries Limited	715	272	-
Pennar Enviro Limited	33	34	-
Pennar Global Inc., USA	317	-	-
<b>Interest receivable on inter corporate deposit:</b>			
Pennar Industries Limited	46	-	-
Pennar Enviro Limited	-	111	-
Pennar Renewables Private Limited	-	121	-
<b>Unbilled revenue:</b>			
Pennar Industries Limited	3	-	-
Pennar Renewables Private Limited	-	-	229
<b>Other receivables:</b>			
Pennar Industries Limited	1	467	524
<b>Advances to contractors, suppliers and others:</b>			
Pennar Industries Limited	2,500	4,100	1,910
<b>Intercorporate deposits receivable</b>			
Pennar Industries Limited	700	-	-
Pennar Enviro Limited	750	750	1,350
Pennar Renewables Private Limited	529	829	-
Saffrongrid Limited	490	-	-
<b>Trade and other payables:</b>			
Pennar Industries Limited	1,553	573	67
Pennar Enviro Limited	187	-	-
Pennar Renewables Private Limited	7	7	-
<b>Advance from customers:</b>			
Pennar Enviro Limited	-	-	247
<b>Rental deposit:</b>			
Pennar Industries Limited	76	76	76
Pennar Enviro Limited	4	4	4
<b>Guarantees and collaterals</b>			
Pennar Industries Limited	37,550	34,765	33,500
Key Management Personnel (KMP)	35,050	34,150	28,500

\* As the future liabilities for gratuity and compensated absences is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above.

**Note:**

- The above information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.
- All transactions with these related parties are priced on an arm's length basis and resulting outstanding receivables and payables including financial assets and financial liabilities balances are settled in cash. None of the balances are secured.

#### 41. Details of inter corporate deposits

##### Details of inter corporate deposits during the previous year:

Name of the borrower	Nature of relationship	Rate of Interest	Term	"As at 1 April 2016"	Placed during the year	Refunded during the year	"As at 31 March 2017"
Pennar Renewables Private Limited	Fellow subsidiary	13%	90-180 days	-	2,500	1,671	829
Pennar Enviro Limited	Fellow subsidiary	12%	90 days	1,350	750	1,350	750
SVC Ventures Private Limited	Others	12%	180 days	-	200	200	-
Greenbrook Engineering Services (India) Private Limited	Others	13%	90 days	-	50	50	-
				<b>1,350</b>	<b>3,500</b>	<b>3,271</b>	<b>1,579</b>

##### Details of inter corporate deposits during the year:

Name of the borrower	Nature of relationship	Rate of Interest	Term	"As at 1 April 2017"	Placed during the year	Refunded during the year	"As at 31 March 2018"
Pennar Industries Limited	Holding Company	12%	90-180 days	-	3,700	3,000	700
Pennar Enviro Limited	Fellow subsidiary	12%	90 days	750	-	-	750
Pennar Renewables Private Limited	Fellow subsidiary	13%	90-180 days	829	200	500	529
Saffrongrid Limited	Fellow subsidiary	12%	180 days	-	490	-	490
Bombay Duck Dining Company Private Limited	Others	12%	180 days	-	50	50	-
Eight Finance Private Limited	Others	14%	180 days	-	250	-	250
Sharp Ventures Private Limited	Others	12%	180 days	-	500	500	-
Sri Srinivasa Traders and Consultancy Services LLP	Others	12%	180 days	-	30	-	30
				<b>1,579</b>	<b>5,220</b>	<b>4,050</b>	<b>2,749</b>

#### 42. Employee benefit

##### (i) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense towards contribution to provident fund for the year aggregating to Rs. 189 lakhs (31 March 2017: Rs. 156 Lakhs) and is included under contribution to provident and other funds."

##### (ii) Post retirement benefit - Defined benefit

The Company provides its employees with the benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive fifteen days salary for every completed years of service or part thereof in excess of six months at the time of retirement/exit, restricted to a sum of Rs. 20 Lakhs (31 March 2017: Rs. 10 Lakhs) . "

The defined benefit plan for gratuity is administered by a single gratuity fund that is legally separate from the Company. The trust of the gratuity fund comprises three trustees. The trust of the gratuity fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies (e.g. investment and contribution policies) of the fund.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The Company expects to pay Rs. 120 Lakhs in contributions to its defined benefit plans in 2018-19.

**a) Reconciliation of the net defined benefit (asset)/ liability**

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss, the funded status and amount recognised in the balance sheet for the gratuity plan:

	31 March 2018	31 March 2017
<b>Reconciliation of present value of defined benefit obligation</b>		
Balance at the beginning of the year	260	210
Current service cost	53	47
Interest cost	17	15
Actuarial (gains)/ losses arising from:		
- Changes in demographic assumptions	-	-
- Changes in financial assumptions	7	11
- Changes in experience adjustments	47	(8)
Benefits paid	(16)	(15)
Past service cost	8	-
<b>Balance at the end of the year</b>	<b>376</b>	<b>260</b>
<b>Reconciliation of the present value of plan assets</b>		
Balance at the beginning of the year	173	88
Interest income	15	9
Contributions into the plan	110	90
Benefits paid	(16)	(15)
Return on plan assets, excluding interest income	(5)	1
<b>Balance at the end of the year</b>	<b>277</b>	<b>173</b>
<b>Net defined benefit liability recognised in balance sheet</b>	<b>(99)</b>	<b>(87)</b>
<b>Expense recognised in statement of profit and loss</b>		
Current service cost	53	47
Interest cost	2	6
Past service cost	8	-
<b>Total included in 'employee benefits expense'</b>	<b>63</b>	<b>53</b>
Re-measurements recognised in Other comprehensive income		
Actuarial loss/ (gain) on defined benefit obligation	54	3
Return on plan assets excluding interest income	5	(1)
<b>Loss/ (gain) recognised in Other comprehensive income</b>	<b>59</b>	<b>2</b>
<b>Plan assets</b>		
Plan assets comprises of the following:		
Insurance company products	100%	100%
<b>b) Actuarial assumptions</b>		
Discount rate	7.46%	6.69%
Future salary growth	8.00%	8.00%
Rate of return on plan assets	6.80%	8.50%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Future salary growth:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Attrition rate:** Represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

**c) Sensitivity analysis**

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and future salary growth rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all others assumptions constant:

	31 March 2018	31 March 2017
<b>i. Discount rate</b>		
Discount rate – 100 basis points	397	306
Assumptions	6.46%	5.69%
Discount rate + 100 basis points	356	226
Assumptions	8.46%	7.69%
<b>ii. Future salary growth</b>		
Salary rate – 100 basis points	358	228
Assumptions	7.00%	7.00%
Salary rate + 100 basis points	393	293
Assumptions	9.00%	9.00%

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**Maturity profile of the defined benefit obligation**

The defined benefit obligations shall mature after year ended 31 March 2018 as follows:

Particulars	31 March 2018
Within 1 year	58
1-2 year	58
2-3 year	58
3-4 year	61
4-5 year	59
5-10 years	337



#### 4.3. Financial instruments - fair values and risk management

##### A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

Particulars	Notes	31 March 2018			31 March 2017			01 April 2016			Fair value level
		Amortized cost	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	Amortized cost	FVTPL	FVOCI	
<b>Financial assets measured at fair value</b>											
Investments in mutual funds	11	-	4,641	-	-	3,529	-	-	3,318	-	Level 1
Investments in equity instruments	6	-	-	78	-	-	-	-	-	-	Level 3
		-	<b>4,641</b>	<b>78</b>	-	<b>3,529</b>	-	-	<b>3,318</b>	-	
<b>Financial assets not measured at fair value</b>											
Trade receivables	7, 12	9,254	-	-	8,568	-	-	13,019	-	-	
Cash and cash equivalents	13(a)	519	-	-	1,146	-	-	6,289	-	-	
Other bank balances	13(b)	348	-	-	392	-	-	380	-	-	
Loans	8, 14	3,067	-	-	2,246	-	-	1,984	-	-	
Other financial asset	15	2,078	-	-	3,337	-	-	2,575	-	-	
		<b>15,266</b>	-	-	<b>15,689</b>	-	-	<b>24,247</b>	-	-	
<b>Total financial assets</b>		<b>15,266</b>	<b>4,641</b>	<b>78</b>	<b>15,689</b>	<b>3,529</b>	-	<b>24,247</b>	<b>3,318</b>	-	
<b>Financial liabilities not measured at fair value</b>											
Borrowings	19, 22, 24	7,566	-	-	5,539	-	-	5,476	-	-	
Trade payables	23	14,178	-	-	16,862	-	-	13,251	-	-	
Other financial liabilities	20, 24	3,011	-	-	4,182	-	-	2,700	-	-	
		<b>24,755</b>	-	-	<b>26,583</b>	-	-	<b>21,427</b>	-	-	
<b>Total financial liabilities</b>		<b>24,755</b>	-	-	<b>26,583</b>	-	-	<b>21,427</b>	-	-	

"The fair value of trade receivables, loans, other financial assets, cash and cash equivalents, other bank balances, borrowings, trade payables and other financial liabilities approximate their carrying amount largely due to short-term nature of these instruments.

Investments in mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held."

## B. Measurement of fair values

### i. Valuation technique and significant unobservable inputs

Investment in equity instruments: The fair value is determined based on the average of value determined as per discounted cash flows approach and intrinsic value per share as on the reporting date.

### ii. Transfer between Level 1 and 2

There have been no transfers from Level 2 to Level 1 or vice-versa in 2017-18 and no transfers in either direction in 2016-17.

### iii. Level 3 fair values

	FVOCI Equity securities
Balance at 01 April 2017	-
Investment made	78
Net change in fair value (unrealized)	-
<b>Balance at 31 March 2018</b>	<b>78</b>

### Sensitivity analysis

For the fair values of FVOCI equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	OCI, net of tax	
	Increase	Decrease
<b>2017-18</b>		
<b>Annual growth rate (2.5% movement)</b>	1	(1)

### Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- a) Liquidity risk
- b) Credit risk
- c) Market risk

### Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

#### a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables). The Company also monitors the level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts reflect the principal amounts that are gross and undiscounted, and exclude the impact of netting agreements:

As at 31 March 2018	Carrying Amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 Years	More than 5 years
<b>Financial liabilities</b>						
Trade payables	14,178	14,178	14,178	-	-	-
Cash credit	2,166	2,166	2,166	-	-	-
Working capital demand loan	5,400	5,400	5,400	-	-	-
Retention money payable	467	467	-	467	-	-
Capital creditors	4	4	4	-	-	-
Other financial liabilities	2,540	2,540	2,540	-	-	-
	<b>24,755</b>	<b>24,755</b>	<b>24,288</b>	<b>467</b>	-	-
As at 31 March 2017	Carrying Amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 Years	More than 5 years
<b>Financial liabilities</b>						
Trade payables	16,862	16,862	16,862	-	-	-
Cash credit	1,002	1,002	1,002	-	-	-
Working capital demand loan	4,500	4,500	4,500	-	-	-
Vehicle loan	37	43	12	12	19	-
Retention money payable	567	567	-	567	-	-
Capital creditors	3	3	3	-	-	-
Other financial liabilities	3,612	3,612	3,612	-	-	-
	<b>26,583</b>	<b>26,589</b>	<b>25,991</b>	<b>579</b>	<b>19</b>	-
As at 01 April 2016	Carrying Amount	Total	Contractual cash flows			
			Less than 1 year	1-2 years	2-5 Years	More than 5 years
<b>Financial liabilities</b>						
Trade payables	13,251	13,251	13,251	-	-	-
Cash credit	3,181	3,181	3,181	-	-	-
Working capital demand loan	2,250	2,250	2,250	-	-	-
Vehicle loan	45	55	12	12	31	-
Retention money payable	274	274	-	274	-	-
Capital creditors	31	31	31	-	-	-
Other financial liabilities	2,395	2,395	2,395	-	-	-
	<b>21,427</b>	<b>21,437</b>	<b>21,120</b>	<b>286</b>	<b>31</b>	-

Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**b) 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.

**Trade receivables:**

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. Customer's credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 3 months for customer.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix (ECL model). The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. An impairment analysis is performed at each reporting date.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

Trade receivables:	< 180 days	>180 days	Provision	Total
31 March 2018	9,587	2,870	(3,203)	9,254
31 March 2017	9,042	2,729	(3,203)	8,568
01 April 2016	12,020	3,272	(2,273)	13,019

The movement in the allowance for impairment in respect of trade receivables is as follows:	31 March 2018	31 March 2017
Balance at the beginning of the year	3,203	2,273
Loss allowance measured at lifetime expected credit losses	-	930
Balance at the end of the year	3,203	3,203

**c) Market risk**

Market risk is the risk that results from changes in market prices - such as foreign exchange rates, interest rates and others - will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The majority of the Company's assets are located in India and Indian rupee being the functional currency for the Company. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to operating activities.

The Company has majority of its foreign exchange exposure in the form of receivables from customers for supply of services. The Company's foreign currency receivables are unhedged.

**Exposure to currency risk**

"Foreign currency exposures not hedged by derivative instruments are as follows:"

	As at 31 March 2018		As at 31 March 2017		As at 01 April 2016	
	Amount in USD	Rs. in lacs	Amount in USD	Rs. in lacs	Amount in USD	Rs. in lacs
Trade receivables	4,89,287	317	1,75,190	113	1,10,398	73

### Sensitivity analysis

A reasonably possible strengthening/ (weakening) of the INR on a US dollar against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018 USD (5% movement)	15	(15)	10	(10)
31 March 2017 USD (5% movement)	6	(6)	4	(4)

### (ii) Interest rate risk

The Company's main interest rate risk arises from short-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2018	31 March 2017	01 April 2016
Cash credit	2,166	1,002	3,181
Working capital demand loan	5,400	4,500	2,250
<b>Total borrowings</b>	<b>7,566</b>	<b>5,502</b>	<b>5,431</b>

### Sensitivity

Particulars	Impact on profit and loss		
	31 March 2018	31 March 2017	01 April 2016
1% increase in interest rate	(76)	(55)	(54)
1% decrease in interest rate	76	55	54

The interest rate sensitivity is based on the closing balance of loans from banks.

## 44. Capital management

The Company aims to maintain a strong capital base so as to maintain the confidence of investors, creditors and market and to sustain future development of the business.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, including interest-bearing loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the effective portion of cash flow hedges and cost of hedging, if any.

The Company's adjusted net debt to equity ratio at the reporting dates were as follows:

Particulars	31 March 2018	31 March 2017	01 April 2016
Total liabilities	32,792	36,227	31,817
Less: Cash and cash equivalents	(519)	(1,146)	(6,289)
<b>Adjusted net debt (A)</b>	<b>32,273</b>	<b>35,081</b>	<b>25,528</b>
Total equity	18,721	17,180	15,460
<b>Adjusted equity (B)</b>	<b>18,721</b>	<b>17,180</b>	<b>15,460</b>
<b>Adjusted net debt to adjusted equity ratio (A/B)</b>	<b>1.72</b>	<b>2.04</b>	<b>1.65</b>

## 45. First-time adoption of Ind AS

As stated in the accounting policies set out in Note 3, the Company has prepared its first financial statements in accordance with Ind AS. For the year ended 31 March 2017, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('Previous GAAP').

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 March 2018 including the comparative information for the year ended 31 March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2016.

In preparing its Ind AS balance sheet as at 1 April 2016 and in presenting the comparative information for the year ended 31 March 2017, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

#### A.1 Optional exemptions availed

##### 1. Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

- i. measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- ii. use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of revaluation, provided the revaluation was, at the date of revaluation, broadly comparable to:
  - fair value
  - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- iii.
- iv. use carrying values of property, plant and equipment, capital work-in-progress and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and capital work-in-progress. The same election has been made in respect of intangible assets also.

##### 2. Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail the above exemption.

#### A.2 Mandatory exceptions

##### 1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- Impairment of financial assets based on the expected credit loss model.

##### 2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

**B: Reconciliation of equity**

	Notes	As at date of transition 1 April 2016			As at 31 March 2017		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
<b>ASSETS</b>							
<b>Non-current assets</b>							
(a) Property, plant and equipment	D.1	6,298	71	6,369	6,174	(56)	6,118
(b) Capital work-in-progress		-	-	-	111	-	111
(c) Intangible assets		384	-	384	409	-	409
(d) Financial assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables		831	-	831	1,268	-	1,268
(iii) Loans		193	-	193	194	-	194
(e) Other non-current assets		-	-	-	31	-	31
(f) Income tax asset (net)		9	-	9	24	-	24
(g) Deferred tax assets (net)	D.9	-	460	460	-	840	840
<b>Total non-current assets</b>		<b>7,715</b>	<b>531</b>	<b>8,246</b>	<b>8,211</b>	<b>784</b>	<b>8,995</b>
<b>Current assets</b>							
(a) Inventories		8,895	-	8,895	20,607	-	20,607
(b) Financial assets							
(i) Investments	D.2	3,315	3	3,318	3,529	-	3,529
(ii) Trade receivables	D.3	14,020	(1,832)	12,188	9,718	(2,418)	7,300
(iii) Cash and cash equivalents		6,289	-	6,289	1,146	-	1,146
(iv) Other bank balances		380	-	380	392	-	392
(v) Loans		1,791	-	1,791	2,052	-	2,052
(vi) Other financial assets		2,575	-	2,575	3,337	-	3,337
(c) Other current assets		3,595	-	3,595	6,049	-	6,049
<b>Total current assets</b>		<b>40,860</b>	<b>(1,829)</b>	<b>39,031</b>	<b>46,830</b>	<b>(2,418)</b>	<b>44,412</b>
<b>Total assets</b>		<b>48,575</b>	<b>(1,298)</b>	<b>47,277</b>	<b>55,041</b>	<b>(1,634)</b>	<b>53,407</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Shareholders' funds</b>							
(a) Equity share capital		3,427	-	3,427	3,427	-	3,427
(b) Other equity	D.4	17,787	(5,754)	12,033	20,227	(6,474)	13,753
<b>Total equity</b>		<b>21,214</b>	<b>(5,754)</b>	<b>15,460</b>	<b>23,654</b>	<b>(6,474)</b>	<b>17,180</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		37	-	37	28	-	28
(ii) Other financial liabilities		274	-	274	567	-	567
(b) Deferred tax liabilities (net)	D.9	383	(383)	-	340	(340)	-
(c) Provisions	D.1	174	80	254	270	(49)	221
<b>Total non-current liabilities</b>		<b>868</b>	<b>(303)</b>	<b>565</b>	<b>1,205</b>	<b>(389)</b>	<b>816</b>
<b>Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings		5,431	-	5,431	5,502	-	5,502
(ii) Trade payables		13,187	64	13,251	16,862	-	16,862
(iii) Other financial liabilities		2,498	(64)	2,434	3,624	-	3,624
(b) Other current liabilities	D.5	3,750	4,233	7,983	4,000	4,330	8,330
(c) Provisions	D.5	99	526	625	134	899	1,033
(d) Current tax liabilities (net)		1,528	-	1,528	60	-	60
<b>Total current liabilities</b>		<b>26,493</b>	<b>4,759</b>	<b>31,252</b>	<b>30,182</b>	<b>5,229</b>	<b>35,411</b>
<b>Total liabilities</b>		<b>27,361</b>	<b>4,456</b>	<b>31,817</b>	<b>31,387</b>	<b>4,840</b>	<b>36,227</b>
<b>Total equity and liabilities</b>		<b>48,575</b>	<b>(1,298)</b>	<b>47,277</b>	<b>55,041</b>	<b>(1,634)</b>	<b>53,407</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**C. Reconciliation of total comprehensive income for the year ended 31 March 2017**

	Notes	Previous GAAP *	Adjustments	Ind AS	
<b>1</b>	<b>Income</b>				
	(a) Revenue from operations	D.5 and D.6	50,258	4,407	54,665
	(b) Other income		541	-	541
	<b>Total income</b>		<b>50,799</b>	<b>4,407</b>	<b>55,206</b>
<b>2</b>	<b>Expenses</b>				
	(a) Cost of material consumed		30,675	-	30,675
	(b) Changes in inventories of finished goods and work in progress		(7,045)	-	(7,045)
	(c) Excise duty	D.6	-	4,503	4,503
	(d) Erection expenses		6,062	-	6,062
	(e) Employee benefits expense	D.7	3,759	7	3,766
	(g) Depreciation and amortisation expense		546	-	546
	(f) Finance costs		1,716	-	1,716
	(h) Other expenses	D.3 and D.5	11,713	960	12,673
	<b>Total expenses</b>		<b>47,426</b>	<b>5,470</b>	<b>52,896</b>
<b>3</b>	<b>Profit before tax (1-2)</b>		<b>3,373</b>	<b>(1,063)</b>	<b>2,310</b>
<b>4</b>	<b>Tax expense</b>				
	(a) Current tax		1,312	-	1,312
	(b) Deferred tax charge/ (credit)		(44)	(338)	(382)
	(c) Tax pertaining to earlier years		(335)	-	(335)
	<b>Total tax expense</b>		<b>933</b>	<b>(338)</b>	<b>595</b>
<b>5</b>	<b>Profit for the year (3-4)</b>		<b>2,440</b>	<b>(725)</b>	<b>1,715</b>
<b>6</b>	<b>Other comprehensive income</b>				
	Items that will not be reclassified subsequently to profit or loss				
	(a) Re-measurement of defined benefit obligation	D.8	-	(7)	7
	(b) Income-tax relating to above item	D.9	-	2	(2)
	<b>Total comprehensive income (net of tax)</b>		<b>-</b>	<b>(5)</b>	<b>5</b>
	<b>Total comprehensive income for the year (5+6)</b>		<b>2,440</b>	<b>(720)</b>	<b>1,720</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.



## D. Notes to reconciliation

### 1. Property, plant and equipment

In line with the requirement of Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets, for creating a provision towards the costs of dismantling and removing the item of property, plant and equipment and restoring the site on which it is located at the time the item is acquired or constructed, Ind AS 16 requires that the initial estimate of the aforesaid costs should be included in the cost of the respective item of property, plant and equipment.

### 2. Investments:

Under the previous GAAP, investments in mutual funds were classified as non-current investments or current investments based on the intended holding period and realizability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition 1 April 2016 and subsequently in the profit or loss for the year ended 31 March 2017.

### 3. Trade receivables

Provision for bad and doubtful receivables under the previous GAAP was based on 'incurred loss' model where provision was recognised based on the occurrence of credit loss event as against the 'expected credit loss' model under Ind AS wherein lifetime expected losses are recognised when such financial instruments (trade receivables) are first originated on the basis of relevant information about past events, including historical credit loss events for similar financial instruments, current conditions and reasonable and supportable forecasts. Based on the estimates, additional provision was recognised against for impairment of trade receivables as at transition date, with a corresponding charge recognised in the equity. For the year ended 31 March 2017, additional provision of has been recognised for such impairment in the Statement of Profit and Loss.

### 4. Reconciliation of total equity as at 31 March 2017 and 01 April 2016

Particulars	31 March 2017	01 April 2016
<b>Total equity as per previous GAAP</b>	<b>23,654</b>	<b>21,214</b>
<b>Adjustments:</b>		
Increase in provision for bad debts under ECL model	(2,418)	(1,833)
Adjustment on revenue recognition from supply basis to percentage of completion basis under IGAAP	(5,229)	(4,757)
Fair value of mutual funds	-	3
Other adjustments	(7)	(10)
Tax impact on above adjustments	1,180	843
<b>Total adjustments</b>	<b>(6,474)</b>	<b>(5,754)</b>
<b>Total equity as per Ind AS</b>	<b>17,180</b>	<b>15,460</b>

### 5. Changes in the accounting policy for construction contracts

During the year, the Company has changed its accounting policy for recognition of revenue in case of construction contract to percentage of completion method as this would result in more appropriate representation of contract revenue, whereas the revenue was recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. The stage of completion of the project is determined by the proportion that contract costs incurred for shipments made up to the balance sheet date bear to the estimated contract costs for total shipments for the contracts. The impact on account of change in accounting policy is recognised in the opening reserves on the date of transition and consequential impact is recognised in the Statement of profit and loss.

### 6. Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2017. The total comprehensive income for the year ended and equity as at 31 March 2017 has remained unchanged.

### 7. Actuarial gain and loss

Under previous GAAP, actuarial gains and losses were recognised in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability/ asset which is recognised in other comprehensive income. Consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of statement of profit and loss.

### 8. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

### 9. Deferred tax assets/ (liabilities)

The decrease/ (increase) in the deferred tax liabilities are on account of adjustments made on transition to Ind AS.

## E. Reconciliation of statement of Cash flows

There are no material adjustments to the statement of cash flows as reported under previous GAAP.

**46. Leases****Operating lease in the capacity of lessee**

The Company has certain operating leases for office facilities under cancellable as well as non-cancellable operating lease agreements. The operating lease arrangements, are renewable on a periodic basis and the lease term ranges from 24 months to 60 months from their respective dates of inception. Some of these lease agreements have price escalation clauses. Future lease payment on the long term non-cancellable operating leases as per the lease agreements are as follow:

As at	31-Mar-18	31-Mar-17	01-Apr-16
Due within one year	174	73	222
Due later than one year and not later than five years	119	-	736
Due later than five years	-	-	262
	<b>293</b>	<b>73</b>	<b>1,220</b>

**47. Expenditure during construction period (included in capital work-in-progress)**

Particulars	31 March 2018	31 March 2017
Balance brought forward	-	-
<b>Expenditure incurred during the year</b>		
Cost of material consumed	493	-
<b>Total expenditure during construction period</b>	<b>493</b>	<b>-</b>
Allocated to property, plant and equipment	-	-
Balance carried forward	493	-

48. "During the year 2015-16 the Company approved the ""Employee Stock Option Scheme 2014"" for all eligible employees in pursuance of the special resolution approved by the share holders in Extra Ordinary General Meeting held on 11 November 2014. Under the said scheme the number of options to be granted are 1,000,000 (31 March 2017: 1,000,000 and 01 April 2016: 1,000,000). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed. Each option holder entitled to apply for and be allotted one ordinary share of Rs. 10 each upon payment at the exercise price."
49. The Company 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 31 March 2018 an amount of Rs. 537 lakhs (31 March 2017: Rs. 590 lakhs and 01 April 2016: Rs. 712 lakhs) are unutilized funds which have been temporarily invested in short term liquid scheme of mutual funds and in bank balances.
50. The Company is in the process of establishing a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company expects the documentation for the domestic and international transactions entered into with the associated enterprise during the financial year, to be in existence latest by the end of November 2018, as required by law. The Management is of the opinion that its domestic and international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.
51. The Company vide its board meeting dated 10 November 2017 has approved the proposed scheme of amalgamation between the Company, Pennar Enviro Limited (related Company) with Pennar Industries Limited (PIL) effective from 01 April 2018, as per terms and conditions mentioned in the draft Scheme. Subsequent to the year end, PIL has received approval letters from BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on the Scheme of Amalgamation. The Scheme remains subject to the receipt of necessary approvals from National Company Law Tribunal, and the respective shareholders and creditors of the Company.

As per our Report of even date attached

**for B S R & Associates LLP**

Chartered Accountants

ICAI Firm registration number: 116231W/ W-100024

for and on behalf of the Board of Directors of  
**Pennar Engineered Building Systems Limited**  
CIN: L45400TG2008PLC057182

**Amit Kumar Agarwal**

Partner

Membership number: 214198

**PV Rao**

Managing Director

DIN: 03157581

**Aditya N Rao**

Vice Chairman

DIN: 01307343

Place: Hyderabad  
Date: 18 May 2018

**Shrikant Bhakkad**  
Chief Financial Officer

**Mohammed Ali Baig Mirza**  
Company Secretary



## Pennar Engineered Building Systems Limited.

Registered Office: 9th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084  
Tel No. 040 40210525, Fax: 040 40186992 e-Mail ID :cs@pebspennar.com  
Website: www.pebspennar.com, Corporate Identification No. L45400TG2008PLC057182

## ATTENDANCE SLIP

Please fill this attendance slip and hand it over at the entrance of the meeting. Only members or their proxies are entitled to be present at the meeting.

Regd. Folio No:	No. of shares held:
*DP ID:	*Client ID:

I certify that I am a registered shareholder / Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 10th Annual General Meeting held on Friday, the 28th September, 2018 at 10.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032.

Name of the shareholder/proxy (in BLOCK letters):
Signature of the shareholder/proxy:

### NOTE :

- i. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall
- ii. Electronic copy of the Annual Report along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- iii. Physical copy of Annual Report along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

\* Applicable for investors holding shares in electronic form.

# Form No. MGT 11 Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]



## Pennar Engineered Building Systems Limited.

Registered Office: Floor No. 9, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084

Tel No. 40 40210525/26 Fax: 040 40186992, e-Mail ID :cs@pebspennar.com

Website: www.pebspennar.com, Corporate Identification No.L45400TG2008PLC57182

Name of the Member(s):	
Registered address:	
e-Mail ID:	
Folio No. /Client ID:	
DP ID:	

I/We, being the member (s) of \_\_\_\_\_, Shares of the above named Company, hereby appoint:

1	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

**Or failing him/her**

2	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

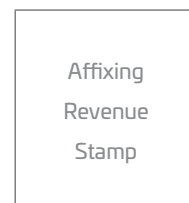
**Or failing him/her**

3	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 10th Annual General Meeting of the Company to be held on Friday, the 28th September, 2018 at 10.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad-500 032 or at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Description	No. of Equity Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
	<b>ORDINARY BUSINESS</b>			
1.	To receive, consider and adopt the audited financial statements of the company for the financial year ended 31st March, 2018 together with the reports of the Board of directors and the auditors thereon.			
2.	To appoint a Director in the place of Mr. Aditya Rao (DIN: 01307343) who retires by rotation and being eligible offers himself for re-appointment.			
3.	To appoint a Director in the place of Mr. Eric James Brown (DIN: 07670880) who retires by rotation and being eligible offers himself for re-appointment.			
4.	To Appoint Auditors and fix their remuneration			
	<b>ORDINARY BUSINESS</b>			
5.	To designate Mr. Eric James Brown (DIN: 07670880) as Non-Executive Director.			
6.	To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Auditors for the financial year ending 31st March, 2019 .			
7.	To approve material related party transaction.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.



Signature of the Member Holder(s)

Signature of the Proxy

**Note:**

- i. The proxy form should be signed across the stamp as per the specimen signature registered with the Company.
- ii. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- iii. The proxy need not be a member of the Company.
- \*iv. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
- v. Please complete all details including detail of member(s) in above box before submission.

# CORPORATE INFORMATION

## **Board of Directors**

Mr. Nrupender Rao - Chairman  
Mr. P V Rao - Managing Director  
Mr. C Parthasarathy - Independent Director  
Mr. B Kamalaker Rao - Independent Director  
Mr. Manish Sabharwal - Independent Director  
Mr. Varun Chawla - Independent Director  
Ms. Sita Vanka - Independent Director  
Mr. Eric James Brown - Non-Executive Director  
Mr. Mukul Gulati - Non-Executive Director  
Mr. Aditya Rao - Vice Chairman

## **Key Managerial Personnel**

Mr. Shrikant Bhakkad  
- Chief Financial Officer  
Mr. Mirza Mohammed Ali Baig  
- Company Secretary & Compliance Officer

## **Statutory Auditors**

B S R & associates LLP  
Chartered Accountants, Salapura Knowledge City  
Orwell 6th Floor Unit-3 Sy no 83/1 Plot no 2, radurg,  
Hyderabad - 500081

## **Registered Office Address:**

9th Floor (West Wing),  
DHFLVC Silicon Towers, Kondapur,  
Hyderabad - 500 084  
CIN: L45400TG2008PLC057182

## **Registrar and Transfer Agents**

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

## **Internal Auditors**

M/s. R Krishna & Associates  
Chartered Accountants  
Flat No.501, Indra Dhanush Pavani Estates,  
Road No.2, Banjara Hills, Hyderabad-500 034

## **Cost Auditors**

M/s. Kandikonda & Associates  
Cost Accountants  
3-12-13/F Ganesh Nagar,  
Ramanthapur,  
Hyderabad - 500 013

## **Bankers**

State Bank of India  
Yes Bank  
Axis Bank  
HDFC Bank

## **Secretarial Auditor**

Mr. Dwaraka Prasad Asawa  
Practicing Company Secretary  
# 511 Raghava Ratna Tower,  
Chirag Ali Lane, Abids - 500001

## **Plant**

Pennar engineered Building Systems Limited  
Chanpur Village, Sadasivpet Mandal Sanga Reddy (Dist)

## **Pashamylaram Unit Address**

Rajyalakshmi Estates, Sno 406, IDA Phase-1 Patancheru  
5002319



## Registered Office

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9th Floor (West Wing),  
DHFLVC Silicon Towers,  
Kondapur, Hyderabad - 500 084  
CIN: L45400TG2008PLC057182

Designed By

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**whitenoise:**  
[www.whitenoise.design](http://www.whitenoise.design)