



PENNAR INDUSTRIES LIMITED
(CIN: L27109AP1975PLC001919)

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Statement of Audited Consolidated Financial Results for the Quarter and Year ended 31 March 2018

₹ in Lakhs

| S.No. | Particulars | Quarter ended | | | Year ended | |
|-----------|--|----------------------------------|---------------------------------|---|-----------------|------------------------------------|
| | | 31 March 2018 (Refer Note 10) | 31 December 2017 (Unaudited) | 31 March 2017 (Refer Note 2(b) & 10) | 31 March 2018 | 31 March 2017 (Refer Note 2(b)) |
| 1 | Income | | | | | |
| | a) Revenue from operations (Refer Note 5) | 50,308 | 41,491 | 54,184 | 1,79,841 | 1,71,132 |
| | b) Other income | 795 | 196 | 43 | 1,589 | 837 |
| | Total income | 51,103 | 41,687 | 54,227 | 1,81,430 | 1,71,969 |
| 2 | Expenses | | | | | |
| | a) Cost of materials consumed | 33,688 | 22,466 | 32,537 | 1,08,931 | 97,511 |
| | b) Purchase of traded goods | 720 | 957 | 1,428 | 3,095 | 5,708 |
| | c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (4,878) | 1,511 | (5,299) | (4,265) | (10,783) |
| | d) Excise duty (Refer Note 5) | - | - | 7,793 | 3,035 | 17,012 |
| | e) Employee benefits expense | 3,383 | 3,067 | 2,848 | 12,276 | 10,666 |
| | f) Finance costs | 1,968 | 1,472 | 1,861 | 6,740 | 6,226 |
| | g) Depreciation and amortisation expense | 805 | 768 | 385 | 2,926 | 2,539 |
| | h) Other expenses | 9,670 | 9,136 | 11,269 | 36,179 | 35,606 |
| | Total expenses | 45,356 | 39,377 | 52,822 | 1,68,917 | 1,64,485 |
| 3 | Profit before exceptional item and tax (1-2) | 5,747 | 2,310 | 1,405 | 12,513 | 7,484 |
| 4 | Exceptional item (Refer Note 3) | 1,295 | - | - | 1,295 | - |
| 5 | Profit before tax (3+4) | 7,042 | 2,310 | 1,405 | 13,808 | 7,484 |
| 6 | Tax expense | | | | | |
| | a) Current tax | 2,227 | 637 | 716 | 4,016 | 2,644 |
| | b) Deferred tax | 63 | (71) | (650) | 743 | (138) |
| | Total Tax expense | 2,290 | 566 | 66 | 4,759 | 2,506 |
| 7 | Profit after tax (5-6) | 4,752 | 1,744 | 1,339 | 9,049 | 4,978 |
| | Attributable to: | | | | | |
| | Shareholders of the company | 3,590 | 1,325 | 724 | 7,032 | 3,456 |
| | Non-controlling interest | 1,162 | 419 | 615 | 2,017 | 1,522 |
| 8 | Other comprehensive income (net of tax) | | | | | |
| | (i) Items that will not be reclassified to profit or loss in subsequent periods - remeasurement gains/(losses) on employee defined benefit plans | (25) | (17) | (51) | (67) | (98) |
| | (ii) Income tax relating to the above | 9 | 8 | 19 | 23 | 34 |
| | Total other comprehensive income | (16) | (9) | (32) | (44) | (64) |
| | Attributable to: | | | | | |
| | Shareholders of the Company | - | (9) | (32) | (28) | (62) |
| | Non-controlling interest | (16) | - | - | (16) | (2) |
| 9 | Total comprehensive income | 4,736 | 1,735 | 1,307 | 9,005 | 4,914 |
| | Attributable to: | | | | | |
| | Shareholders of the Company | 3,590 | 1,316 | 692 | 7,004 | 3,394 |
| | Non-controlling interest | 1,146 | 419 | 615 | 2,001 | 1,520 |
| 10 | Paid up equity share capital (Face value of ₹ 5/- each) | 6,017 | 6,017 | 6,017 | 6,017 | 6,017 |
| 11 | Other equity | | | | 45,267 | 41,593 |
| 12 | Earnings per share | | | | | |
| | Basic and Diluted Earnings per share (in ₹) | 3.95 | 1.45 | 1.11 | 7.52 | 4.14 |
| | | (not annualised) | (not annualised) | (not annualised) | | |

See accompanying notes to the consolidated financial results



Balance Sheet (Refer Note 2(a))

₹ in Lakhs

| S.No. | Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-------|---|------------------------|------------------------|-----------------------|
| | ASSETS | | | |
| 1. | Non-current assets | | | |
| (a) | Property, plant and equipment | 32,751 | 39,062 | 38,575 |
| (b) | Capital work-in-progress | 2,726 | 1,176 | 266 |
| (c) | Goodwill | - | 3,499 | 4,345 |
| (d) | Other intangible assets | 1,434 | 1,524 | 1,561 |
| (e) | Financial assets | | | |
| (i) | Investments | 2 | 2 | 2 |
| (ii) | Trade receivables | 258 | - | - |
| (iii) | Other financial assets | 711 | 896 | 831 |
| (f) | Deferred tax assets (net) | 650 | 840 | 460 |
| (g) | Income tax assets (net) | 845 | 135 | 18 |
| (h) | Other non-current assets | 1,552 | 3,191 | 1,642 |
| | Total Non-current assets | 40,929 | 50,325 | 47,700 |
| 2. | Current assets | | | |
| (a) | Inventories | 43,263 | 39,867 | 25,629 |
| (b) | Financial assets | | | |
| (i) | Investments | 6,933 | 3,529 | 3,318 |
| (ii) | Trade receivables | 40,200 | 34,720 | 35,148 |
| (iii) | Cash and cash equivalents | 3,287 | 5,844 | 5,733 |
| (iv) | Other balances with banks | 1,706 | 1,984 | 11,358 |
| (v) | Other financial assets | 5,217 | 2,399 | 1,415 |
| (c) | Other current assets | 10,265 | 10,540 | 7,465 |
| | Total Current assets | 1,10,871 | 98,883 | 90,066 |
| | Total Assets (1+2) | 1,51,800 | 1,49,208 | 1,37,766 |
| | EQUITY AND LIABILITIES | | | |
| 1. | Equity | | | |
| (a) | Equity share capital | 6,017 | 6,017 | 6,017 |
| (b) | Other equity | 45,267 | 41,593 | 39,049 |
| (c) | Non-controlling interest | 9,121 | 8,279 | 5,822 |
| | Total equity | 60,405 | 55,889 | 50,888 |
| 2. | Liabilities | | | |
| | Non-current liabilities | | | |
| (a) | Financial liabilities | | | |
| (i) | Borrowings | 10,083 | 10,737 | 7,503 |
| (ii) | Other financial liabilities | 467 | 487 | 337 |
| (b) | Provisions | 541 | 370 | 294 |
| (c) | Deferred tax liabilities (net) | 3,026 | 2,690 | 2,482 |
| (d) | Other Non-current liabilities | 786 | 1,028 | 1,174 |
| | Total Non-current liabilities | 14,903 | 15,312 | 11,790 |
| 3. | Current liabilities | | | |
| (a) | Financial liabilities | | | |
| (i) | Borrowings | 23,556 | 17,963 | 17,132 |
| (ii) | Trade payables | 37,004 | 43,886 | 43,299 |
| (iii) | Other financial liabilities | 2,252 | 3,332 | 3,656 |
| (b) | Income tax liabilities (net) | 2,486 | 957 | 2,010 |
| (c) | Provisions | 1,000 | 1,103 | 687 |
| (d) | Other current liabilities | 10,194 | 10,766 | 8,304 |
| | Total Current liabilities | 76,492 | 78,007 | 75,088 |
| | Total Equity and Liabilities (1+2+3) | 1,51,800 | 1,49,208 | 1,37,766 |



Notes

1. The above consolidated financial results were reviewed and recommended by the Audit Committee at their meeting held on 18 May 2018 and approved by the Board of Directors at their meeting held on 18 May 2018. These results are as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 05, 2016.

2(a). The consolidated financial results of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Indian Accounting Standards ("Ind AS") from 1 April 2017 with transition date of 1 April 2016 and accordingly these consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India, as applicable.

2(b). The results for the quarter and year ended 31 March 2017 are in accordance with Ind AS.

2(c). On account of transition from the previous Generally Accepted Accounting Principles (GAAP) to Ind AS, the reconciliations of Equity, Statement of Profit and Loss and Other Comprehensive Income (OCI) are as under:

Reconciliation of Statement of Profit and Loss and Other Comprehensive Income ₹ in Lakhs

| S.No. | Particulars | Quarter Ended 31 March 2017 (Refer Note 2(b)) | Year Ended 31 March 2017 (Refer Note 2(b)) |
|-------|---|---|--|
| | Profit after tax as reported under previous GAAP (published) | 2,084 | 5,854 |
| i. | Recognition of financial instruments using effective interest rate | 56 | 16 |
| ii. | Allowance for doubtful debts under expected credit loss model | (947) | (947) |
| iii. | Reversal of amount charged to statement of profit and loss from Revaluation Reserve | 187 | - |
| iv. | Re-measurements of employee defined benefit obligations | 51 | 98 |
| v. | Decrease in revenues on account of change in accounting policy in a subsidiary (Refer Note 7 below) | (473) | (469) |
| vi. | Tax adjustments | 381 | 426 |
| | Profit after tax as per Ind AS before OCI | 1,339 | 4,978 |
| | Other Comprehensive Income (net of tax) | (32) | (64) |
| | Total Comprehensive Income as per Ind AS | 1,307 | 4,914 |

Reconciliation of Equity: ₹ in Lakhs

| S.No. | Particulars | As at 31 March 2017 | As at 1 April 2016 |
|-------|---|------------------------|-----------------------|
| | Equity under previous GAAP (published) | 54,998 | 51,425 |
| i. | Effect of previous GAAP revaluation as deemed cost for 'Property, plant and equipment' (Refer Note below) | (1,759) | (2,008) |
| ii. | Effect of fair valuation on trade receivables | (4,121) | (3,175) |
| iii. | Decrease in revenues on account of change in accounting policy in a subsidiary | (5,228) | (4,757) |
| iv. | Effect of financial instruments using effective interest rate | - | (16) |
| v. | Other adjustments | (50) | (42) |
| vi. | Deferred tax adjustments on above, including adjustments on estimates | 1,403 | 941 |
| vii. | Adjustment attributable to Non-controlling interest | 2,367 | 2,698 |
| | Equity under Ind AS | 47,610 | 45,066 |

Note: In accordance with Ind AS 101 - "First-time adoption of Ind AS", the Company has elected to treat previous GAAP revaluation of certain Property, plant and equipment as deemed cost on date of transition.

3. During the year, the Parent Company entered into a definitive agreement with a third party for transfer of the entire shareholding it held in the subsidiary, Pennar Renewables Private Limited (PRPL). The closing conditions contained in the agreement were completed on 1 January 2018 and the accounting for divestment of stake in PRPL has been given effect as of that date. The sale of investment resulted in net gain of ₹ 2,129 lakhs. The gain, net of adjustment of deconsolidation of ₹ 834 lakhs is presented as an exceptional item.

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

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

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

| S.No. | Name of the Company | Country of Incorporation | Nature of relationship | % Holding |
|-------|---|--------------------------|------------------------|-----------|
| 1 | Pennar Engineered Building Systems Limited | India | Subsidiary | 53.98% |
| 2 | Pennar Enviro Limited | India | Subsidiary | 51.03% |
| 3 | Pennar Renewables Private Limited (Till 31 December 2017) (Refer Note 3 above) | India | Subsidiary | 80.69% |
| 4 | Pennar Global Inc. (From 5 June 2017) | USA | Subsidiary | 70.00% |



7. During the year, the Subsidiary Company (Pennar Engineered Building Systems Limited) has changed its accounting policy for recognition of revenue in case of construction contract to percentage of completion method as this would result in more appropriate representation of contract revenue, whereas the revenue was recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. The stage of completion of the project is determined by the proportion that contract costs incurred for shipments made upto the balance sheet date bear to the estimated contract costs for total shipments for the contracts. Had the Company continued to use the earlier policy, the revenue for the year would have been higher by ₹ 271 lakhs, the charge for provision for future loss would have been lower by ₹ 449 lakhs and profit before tax for the current year would have been lower by ₹ 178 lakhs. The impact on account of change in accounting policy is recognised in the opening reserves on the date of transition and consequential impact is recognised in the Statement of Profit and Loss.

8. Segment reporting

| Particulars | Quarter ended | | | Year ended | |
|--|----------------------------------|---------------------------------|---|-----------------|------------------------------------|
| | 31 March 2018 (Refer Note 10) | 31 December 2017 (Unaudited) | 31 March 2017 (Refer Note 2(b) & 10) | 31 March 2018 | 31 March 2017 (Refer Note 2(b)) |
| | ₹ in Lakhs | | | | |
| Segment revenue | | | | | |
| Diversified Engineering | 34,309 | 29,940 | 30,202 | 1,24,864 | 1,06,950 |
| Custom designed building solutions & auxiliaries | 18,098 | 13,894 | 27,226 | 65,136 | 74,688 |
| Total | 52,407 | 43,834 | 57,428 | 1,90,000 | 1,81,638 |
| Less : Inter segment revenue | 2,099 | 2,343 | 3,244 | 10,159 | 10,506 |
| Revenue from operations | 50,308 | 41,491 | 54,184 | 1,79,841 | 1,71,132 |
| Segment results | | | | | |
| Segment profit before finance costs and tax | | | | | |
| Diversified Engineering | 6,135 | 2,643 | 3,012 | 14,171 | 9,224 |
| Custom designed building solutions & auxiliaries | 3,680 | 1,907 | 639 | 9,303 | 7,025 |
| Total | 9,815 | 4,550 | 3,651 | 23,474 | 16,249 |
| Less: | | | | | |
| Depreciation and amortisation expense | 805 | 768 | 385 | 2,926 | 2,539 |
| Finance costs | 1,968 | 1,472 | 1,861 | 6,740 | 6,226 |
| Profit before tax | 7,042 | 2,310 | 1,405 | 13,808 | 7,484 |

Capital employed (segment assets - segment liabilities) (See Notes below)

| Segment assets | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Diversified Engineering | 52,894 | 45,547 | 43415 |
| Custom designed building solutions & auxiliaries | 98,906 | 1,03,661 | 94351 |
| Total segment assets | 1,51,800 | 1,49,208 | 1,37,766 |
| Segment liabilities | | | |
| Diversified Engineering | 60,743 | 46,581 | 44807 |
| Custom designed building solutions & auxiliaries | 30,652 | 46,738 | 42071 |
| Total segment liabilities | 91,395 | 93,319 | 86,878 |

Notes

- Segment information is presented for the "consolidated audited financial results" as permitted under the Ind AS 108 - 'Operating segments'.
- The Company is focused on three business segments: Steel and Engineering Business, Engineering Buildings systems and STP & ETP business. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Company's performance and allocation resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial results are consistently applied to record revenue and expenditure in individual segments.

9. During the year, the Company incorporated a subsidiary Pennar Global Inc., United State of America, which commenced commercial operations during the quarter.



10. The figures of the last quarter are the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to third quarter of the financial year.

11. Comparative figures have been regrouped or reclassified, wherever necessary.

Place : Hyderabad
Date : May 18, 2018



By order of the Board
For Pennar Industries Limited
Aditya N. Rao
Aditya N. Rao
Vice Chairman & Managing Director

