

// ANNUAL REPORT 18

ENGINEERED FOR GROWTH



Pennar

Forward Looking Statement

In this annual report, we have disclosed forward - looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward- looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Consolidated Gross Revenue of PIL

Rs. 2,043 cr

Growth Rate of 19%

Products and Services



Steel



Industrial
Components



Precision Tubes



Railway



Engineering
Services

Sectors



Warehousing



Solar Power



Railways



Automobile

Global Reach





Annual Report 2017-2018





Contents

06.	Business Overview
08.	Corporate Identity
10.	Clientele
12.	Chairman's Overview
16.	Managing Director's Overview
20.	BU Heads Overview
34.	Awards And Accolades
35.	Business Competencies
36.	Pennar's Impact
38.	Financial Performance
40.	Pennar Evolving Business Mix
42.	Management Discussion And Analysis
47.	Risk Management
49.	Pennar Subsidiaries
54.	Human Resources
55.	Internal Controls And Their Adequacy
57.	Notice
67.	Directors' Report
76.	Corporate Governance Report
118.	Independent Auditors Report (Standalone)
126.	Independent Auditors Report (Consolidated)
133.	Financial Statements (Standalone)
179.	Financial Statements (Consolidated)

Engineered For Growth

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

Over the years, Pennar has toiled towards evolving as an organization by adopting core values such as innovation, integrity, commitment and loyalty. Adapting to these core values is essential to implement strategies and ensure a work

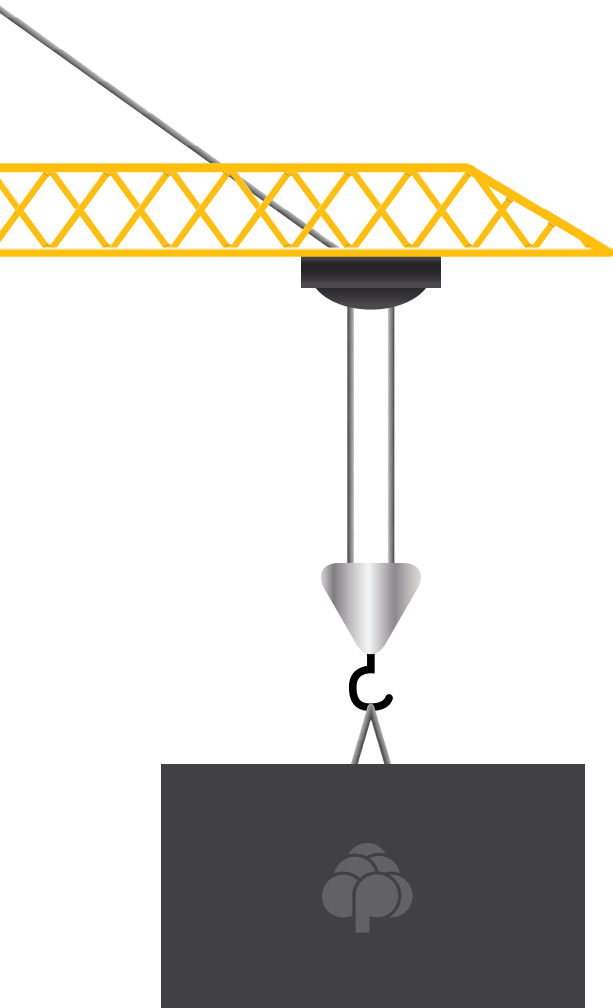
environment that supports the company's objectives and inspires employees to new levels of productivity.

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

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

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

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



Beyond Boundaries

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

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

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



Corporate Identity

Accelerated Growth. Innovative Engineering Products.

Our Mission

Our mission is to leverage modern infrastructure, technical expertise and decades of experience to provide high quality and cost effective products to our customers. We are committed to delivering premium quality products to our customers. We work closely with shareholders, suppliers, customers and employees to pledge high economic returns.

Our Vision

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

Subsidiaries

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

Pennar Industries Limited



Steel



Tubes



Industrial Components



Railway



Engineering Services

Foremost In Diversity, Growth And Magnitude.

Legacy

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

Clientele

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

Quality

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

Subsidiaries

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

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



Pennar Global Inc. Provides comprehensive unmatched Engineering and Detailing Services

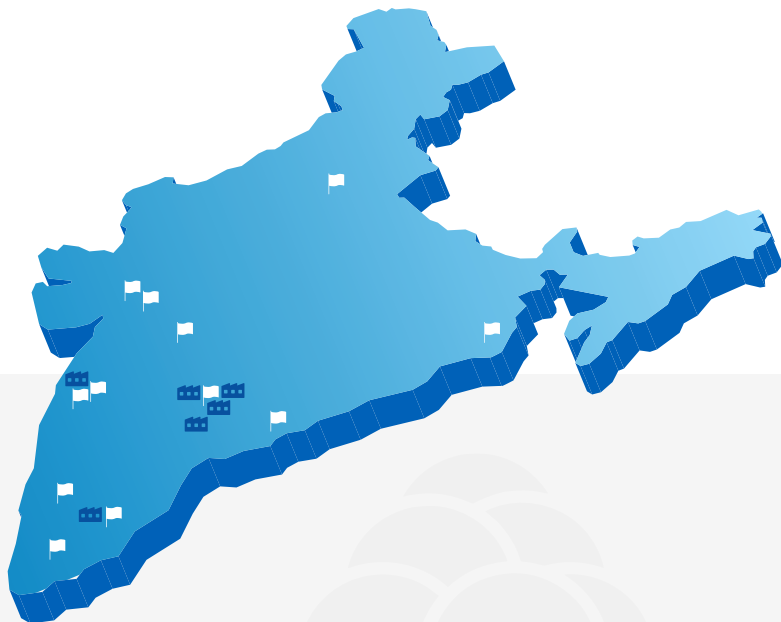
Location

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

Listing

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

-  Manufacturing Plants
-  Sales Office





Clientele

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

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

