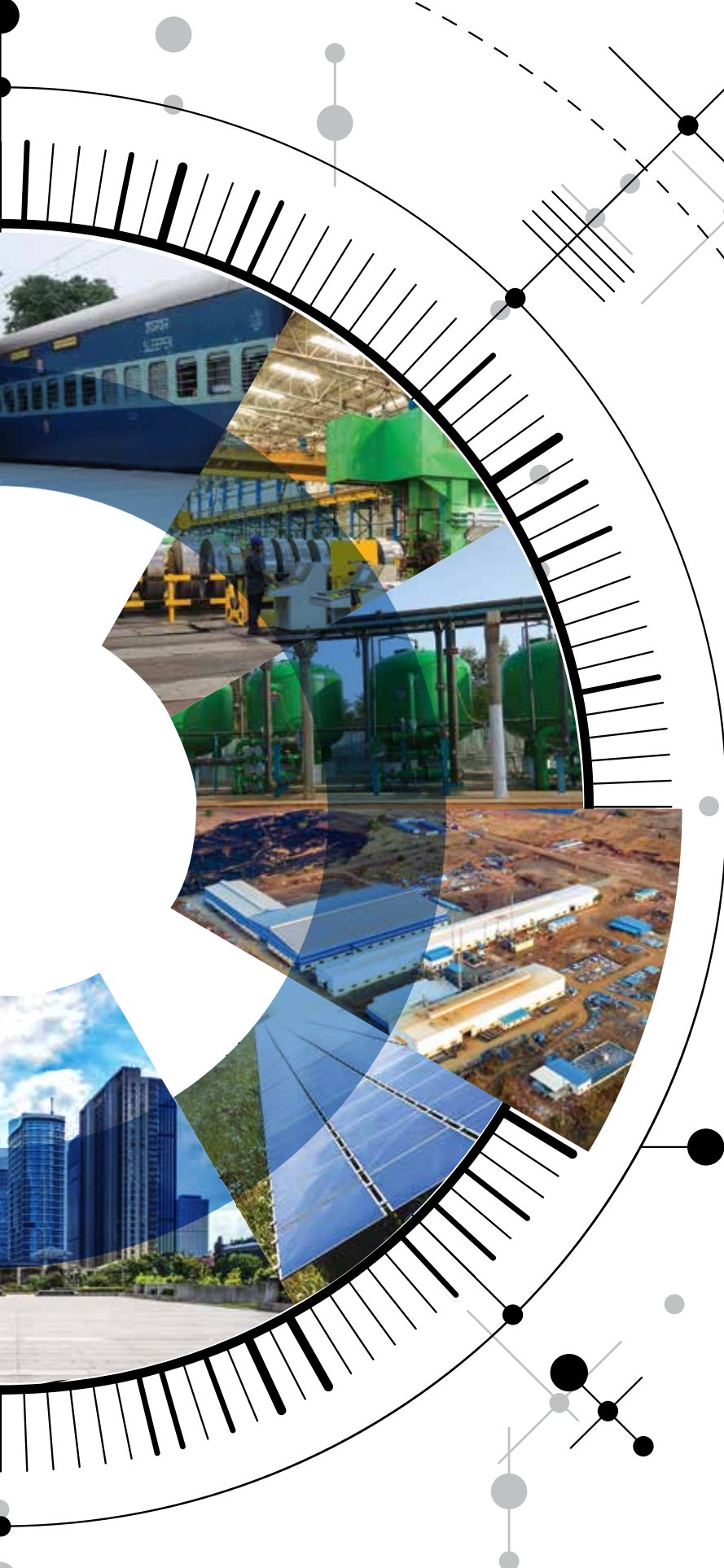


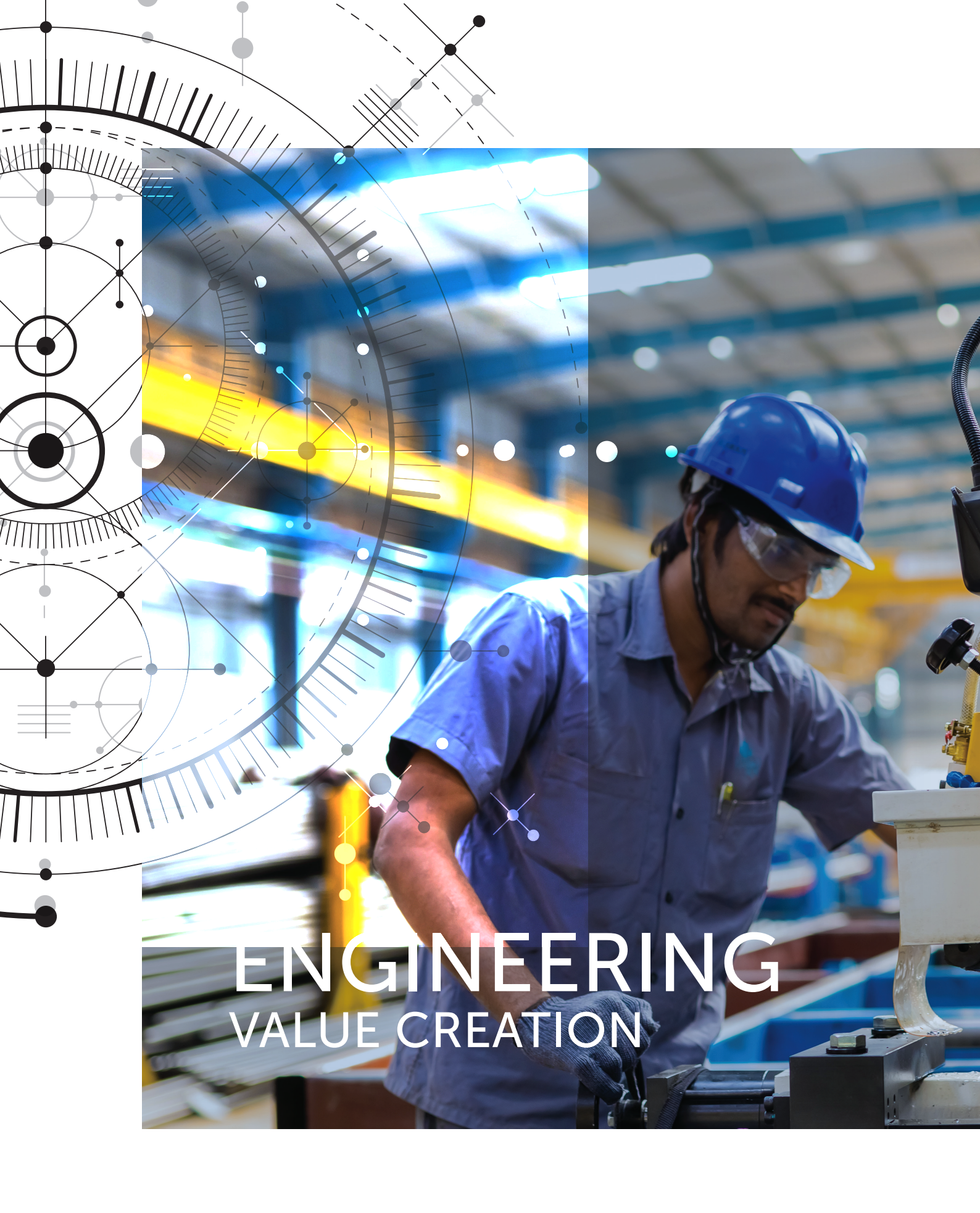


PENNAR INDUSTRIES LIMITED



ENGINEERING VALUE CREATION

ANNUAL REPORT 2019



ENGINEERING
VALUE CREATION



With fast changing market dynamics, generating growth has turned into a contact sport that rewards businesses that can spot opportunities at hyper-granular levels, and then capture them quickly.

Since inception, our emphasis has been on adding value through smartly engineering solutions and products. With our diversified portfolio of engineered ideas, we are able to serve multiple high-growth sectors and strengthen our ability to provide meaningful answers to the challenging demands of today's world.

At Pennar, we take pride in our agility in responding to evolving opportunities of value creation on a real time basis. To that end, we are anchoring various initiatives with our strategic business priorities, which enables us to identify where our growth stands today, and where it will come from tomorrow.

Going forward, we aim to expand our addressable market that demands value engineering and deliver higher operating profit margins. With a resilient foundation, we are confident of standing strong amidst the evolving market dynamics and look forward to serving India through advanced and well-engineered solutions.

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Corporate Information

BOARD OF DIRECTORS

Mr. Nrupender Rao
Executive Chairman

Mr. Vishal Sood
Non-Executive Director

Mr. C Parthasarathy
Independent Director

Mr. Manish Sabharwal
Independent Director

Mr. Chandrasekhar Sripada
Independent Director

Mr. B Kamalaker Rao
Independent Director

Mr. Varun Chawla
Independent Director

Mrs. Bharati Jacob
Independent Director

Mr. Eric James Brown
Non-Executive Director

Mr. K Lavanya Kumar
Executive Director

Mr. P V Rao
Joint Managing Director

Mr. Aditya Rao
Vice Chairman and Managing Director

KEY MANAGERIAL PERSONNEL

Chief Financial Officer
Mr. J S Krishna Prasad

Company Secretary & Compliance Officer
Mr. Mirza Mohammed Ali Baig

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP,
Chartered Accountants
KRB Towers, 1 to 4 & 4A, 1st,
2nd, & 3rd Floor,
Jubilee Enclave, Madhapur,
Hyderabad – 500081

INTERNAL AUDITORS

M/s. R Krishna & Associates
Chartered Accountants
H. No 6-3-883/3/1
Exide Battery Lane
Beside P C Jewellers Punjagutta,
Hyderabad - 500 082

COST AUDITORS

M/s. Shaik & Associates
Cost Accountants
Flat No. 111, Block A,
Gayathri Hills Apartments,
Prashanth Hills, Near Raidurgam Police Station
Junction, Hyderabad - 500 032.

PLANTS

Patancheru Unit:

IDA Patancheru,
Medak (Dist.),
Telangana

Isnapur Unit:

Isnapur Village,
Medak (Dist.),
Telangana

Velchal Unit:

Survey 24, 27 to 38,
Velchal (V) Mominpet
Vikarabad District,
Telangana

Chennai Unit:

Kannigaipair Village,
Uthukottai Tq
Thiruvellore Dist.,
Tamil Nadu

Tarapur Unit:

J-72, MIDC, Tarapur,
Maharashtra

Hosur Unit:

43, SIDCO Industrial Estate,
II Phase, Hosur, Tamil Nadu

PEBS Unit:

Chandapur Village,
Sadasivpet Mandal, Medak (Dist.)

Enviro Unit:

186/A & 188/A,
IDA Mallapur, RR (Dist.)

BANKERS

State Bank of India
Axis Bank Limited
Yes Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Bandhan Bank Limited

SECRETARIAL AUDITOR

Mr. Subhash Kishan Kandrapu
Practicing Company Secretary
Flat No. 203, 2nd Floor,
Nara Paradise Building,
Dinakar Nagar,
Neredmet Secundrabad - 500056

REGISTERED OFFICE ADDRESS

Floor No. 3,
DHFLVC Silicon Towers, Kondapur,
Hyderabad - 500 084
CIN: L27109TS1975PLC001919
e-Mail ID: corporatecommunications@
pennarindia.com
website: www.pennarindia.com

REGISTRAR AND TRANSFER AGENTS

M/s. Karvy Fintech
Private Limited
Karvy Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District, Nanakramguda,
Serilogampalli Mandal, Hyderabad - 500 032

Adding value through smartly engineered solutions and products

Forward Looking Statements

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.

Organisational Overview

Established in 1988, Pennar is ably lead by Mr. Nrupender Rao (Chairman) and Mr. Aditya Rao (Vice Chairman and Managing Director), along with many highly experienced professionals in various leadership positions. As an illustrious engineering company, our business philosophy for wealth creation is firmly grounded on capital efficiency and value creation. This approach makes us an enduring industrial enterprise that consistently serves the interests of all our different stakeholders.

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.

We make a difference through:



The Pennar Edge



Strong Leadership

Headed under the leadership of Mr. Nrupender Rao, Executive Chairman, and Mr Aditya Rao, Vice Chairman & Managing Director, the Company has a strong management team with rich engineering experience.



Technology-driven

Backed by strong technological focus, Pennar has made significant investments in state-of-the-art manufacturing facilities that can prolifically produce engineered and customised products to suit the unique needs of its customers. Today, the Company has an accumulated repository of over 2,500 tools and dies, enabling it to manufacture a large variety of products with reasonable lead times.



Value-added products

Pennar has increased the proportion of value-added products in its revenue mix, resulting in a higher margin-accretive product mix and steadily improving realisations.



Quality focus

The Company is fully committed to provide top quality products to its customers. All manufacturing units of the Company are ISO 9001:2008-certified, resulting in a highly disciplined approach to consistency in quality.



High-growth markets

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



Blue-chip clients

Pennar enjoys a client roster made up of blue chip companies. This includes TATA Motors, L&T, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar, among others. The five leading clients accounted for 25% of the Company's revenues. The PEBS unit developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy's Labs, My Home Group, and Reliance Retail amongst others.



Diversified product mix

The Company's portfolio comprises over 1,000 products, across diverse sectors such as railways, automobiles, general engineering, building and construction among others, thus de-risking the business from overly depending on any one segment.



People strengths

The Company has over 2,500 employees, with a cumulative experience of over a million person-days. This gives the Company unparalleled range of expertise and excellence in multiple fields.



Strong financials

Pennar possesses a strong balance sheet with low gearing, providing it ample headroom for additional or working growth capital whenever needed.

Year at Glance

Engineering Excellence for Today's World.

Our engineering products and solutions have gone into the making of futuristic structures and buildings across the globe.

35+

Years of Experience

7

Manufacturing Plants

1,500+

Engineering Products

2,500+

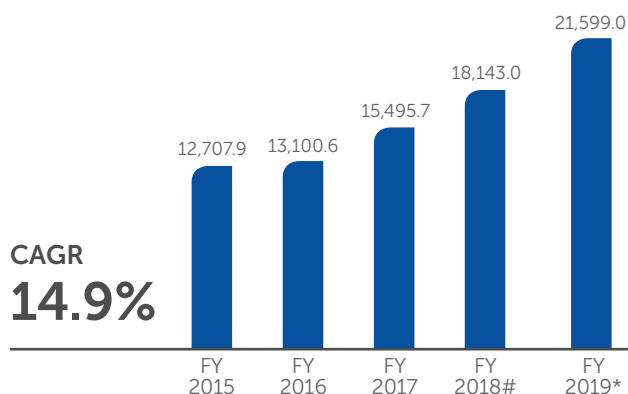
Employee Base

1,000+

Customers Across Industries

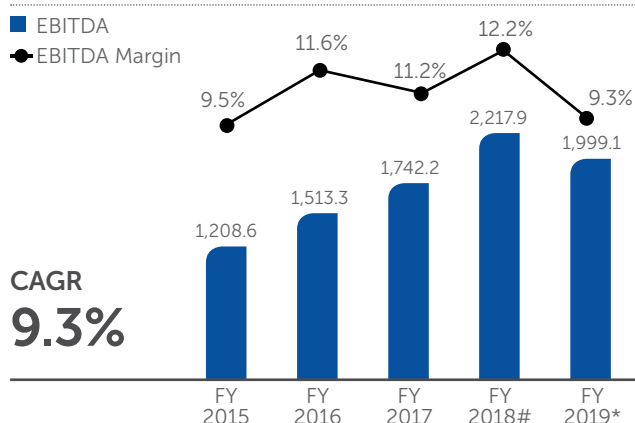
Total Revenues

₹ Million



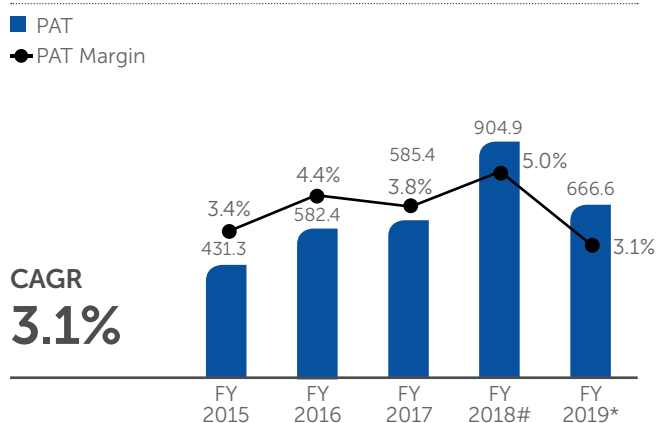
EBITDA & EBITDA Margin

₹ Million

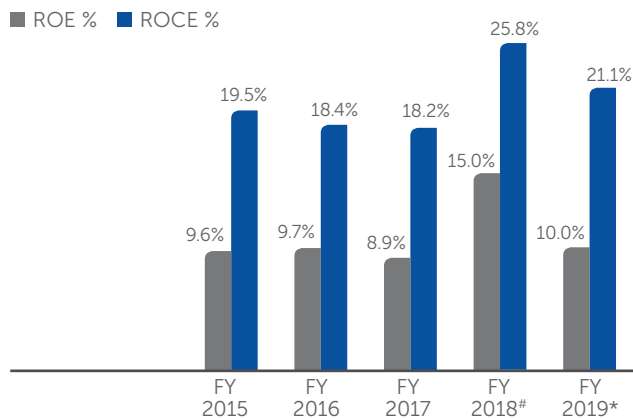


PAT Before MI & PAT Margin

₹ Million

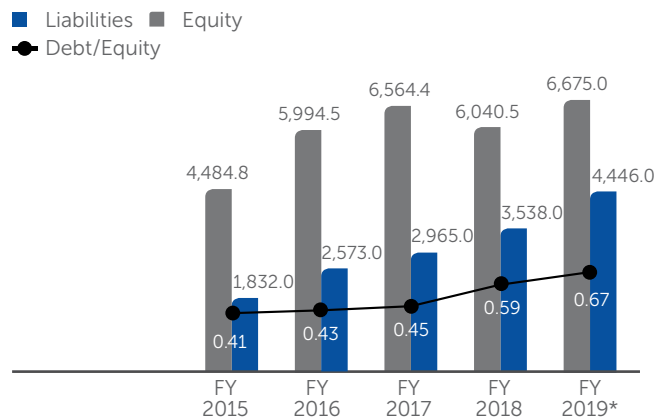


Return Ratios



Leverage Analysis

₹ Million



FY14-16 Figures are as per the I-GAAP, FY17-19 Figures are as per IND-AS

[#] FY18 figures are adjusted to exclude exceptional and non-recurring items

* Post Merger



Operating Highlights

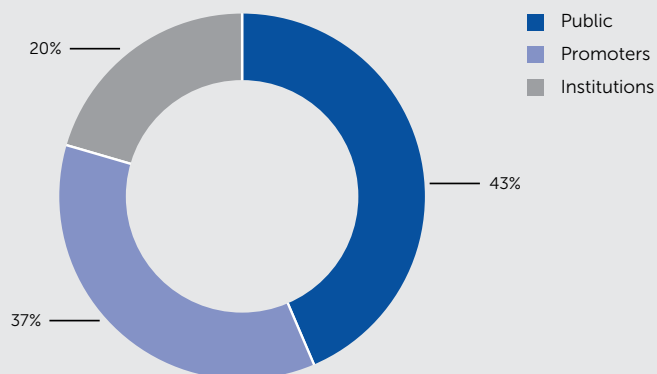
1. Pennar Industries' Build360° branded retail store was opened in 2017 in Vijayawada and currently has 15 operational stores located across Andhra Pradesh. The average store size is around 10,000 sq. ft.
2. Over 1,250 projects successful completed in the span of FY2010-2018 under PEBS.
3. PEBS Pennar has 29,000 sq. m. world-class manufacturing facility built on a 33 acres plot at Sadashivpet near Hyderabad with a total production capacity of 90,000 MTPA.



PEBS Pennar and Pennar Enviro merges with Pennar Industries

During Financial Year 2018-19, PEBS Pennar and Pennar Enviro merged with Pennar Industries to create a leaner group structure, while also resulting in better synergies, optimisation of costs and improved fund utilisation.

Ownership Structure



Diversified Portfolio Across Market



Product	Market Segment
Special Grade (CRSS)	Automobiles, General Engineering
Critical Components	Automobiles
Precision Tubes	Automobiles, General Engineering
Building Components	Construction & Infrastructure
Civil Infrastructure	Construction & Infrastructure
Hydraulic Cylinders	Construction & Infrastructure



Product	Market Segment
Esp Electrodes	General Engineering
Refrigerators & AC Components	White Goods
Rail Coaches (Conventional, Electric Multiple Unit (EMU), Mumbai Railway Vikas Corporation (MVRC)) & Wagons	Railways
Linke Hofmann Busch (LHB) & Metro Coaches	Railways
Solar Module Mounting Solutions For Solar Panels	Solar Industry
Storage Solutions	Solar Industry