



PENNAR INDUSTRIES LIMITED



Dated: Wednesday, December 04, 2019

Place: Hyderabad

The National Stock Exchange of India Limited
Bandra Kurla Complex
Bandra East
Mumbai - 400 051
K.A.: Ms. Snehal

Dear Sir/Madam,

Sub: Clarification for Financial results – PENIND .Statement of Cash Flow not submitted

This is reference to you email dt 03/12/2019 regarding the subject cited above.

We hereby wish to submit that the Statement of Cash flow is appearing on the bottom of page no. 3 of the quick result submitted to the Exchange dated 12-Nov-2019. A copy of the same is also attached for your ready reference.

Thanking you

Yours faithfully,

for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS 29058



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

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CIN No: L27109AP1975PLC001919

Sl. No	Particulars	Consolidated results						Standalone results					
		Quarter Ended		Half-year Ended		Year Ended		Quarter Ended		Half-year Ended		Year Ended	
		30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	31-Mar-19
1	Income												
	(a) Revenue from operations	57,995	53,783	51,817	1,11,778	98,041	2,13,311	57,932	53,473	51,821	1,11,405	97,849	2,11,612
	(b) Other income	862	353	977	1,215	1,403	2,674	804	347	977	1,151	1,403	2,603
	Total income	58,857	54,136	52,794	1,12,993	99,444	2,15,985	58,736	53,820	52,798	1,12,556	99,252	2,14,215
2	Expenses												
	(a) Cost of materials consumed	35,264	32,329	33,759	67,593	64,756	1,27,283	35,354	32,197	33,971	67,551	65,070	1,24,545
	(b) Purchase of traded goods	1,862	1,191	1,149	3,053	1,576	5,135	1,862	1,191	1,149	3,053	1,576	5,135
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,768)	(1,877)	(454)	(3,645)	(4,418)	(865)	(1,768)	(1,877)	(454)	(3,645)	(4,418)	(865)
	(d) Employee benefits expense	4,295	4,220	3,696	8,515	7,550	15,293	4,208	4,118	3,617	8,326	7,416	14,913
	(e) Finance costs	2,667	1,992	1,728	4,259	3,316	7,520	2,261	1,992	1,727	4,253	3,315	7,511
	(f) Depreciation and amortisation expense	1,042	950	683	1,992	1,317	2,789	1,041	948	632	1,989	1,266	2,787
	(g) Other expenses	13,889	12,758	10,443	26,647	21,221	49,148	13,782	12,712	10,348	26,494	21,057	50,838
	Total expenses	56,851	51,563	51,004	1,08,414	95,318	2,06,303	56,740	51,281	50,990	1,08,021	95,282	2,04,864
3	Profit before tax (1-2)	2,006	2,573	1,790	4,579	4,126	9,682	1,996	2,539	1,808	4,535	3,970	9,351
4	Tax expense (Refer note 8)												
	(a) Current tax	266	824	443	1,090	1,202	2,546	264	816	441	1,080	1,165	2,477
	(b) Deferred tax	(612)	88	81	(524)	219	470	(612)	88	81	(524)	219	470
	Total tax expense	(346)	912	524	566	1,421	3,016	(348)	904	522	556	1,384	2,947
5	Net Profit for the period (3-4)	2,352	1,661	1,266	4,013	2,705	6,666	2,344	1,635	1,286	3,979	2,586	6,404
	Attributable to:												
	Shareholders of the Company	2,350	1,651	1,266	4,001	2,705	6,644	2,344	1,635	1,286	3,979	2,586	6,404
	Non-controlling interest	2	10	-	12	-	22	-	-	-	-	-	-
6	Other comprehensive Income												
	Items that will not be reclassified subsequently to profit or loss												
	(a) Remeasurement of the net defined benefit liability	-	-	-	-	-	(475)	-	-	-	-	-	(475)
	(b) Income tax relating to above items	-	-	-	-	-	165	-	-	-	-	-	165
	Total Other comprehensive Income/(Loss), net of tax	-	1	-	1	-	10	-	-	-	-	-	-
	Attributable to:												
	Shareholders of the Company	-	1	-	1	-	(300)	-	-	-	-	-	(310)
	Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
7	Total comprehensive Income (5+6)	2,352	1,662	1,266	4,014	2,705	6,366	2,344	1,635	1,286	3,979	2,586	6,094
	Attributable to:												
	Shareholders of the Company	2,350	1,652	1,266	4,002	2,705	6,344	2,344	1,635	1,286	3,979	2,586	6,094
	Non-controlling interests	2	10	-	12	-	22	-	-	-	-	-	-
8	Paid up equity share capital [Face Value of ₹ 5 per share]	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618	7,618
9	Other equity												
10	Earnings Per Share [Face Value of ₹ 5 per share] (Refer Note 4)												
	(EPS for the quarter and Half-year periods are not annualised)	1.55	1.08	0.83	2.63	1.78	4.36	1.54	1.07	0.84	2.61	1.70	4.20

(₹ in Lakhs)



Consolidated and Standalone Balance Sheet:

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	As at		As at	
	September 30, 2019 (Unaudited)	March 31, 2019 (Audited)	September 30, 2019 (Unaudited)	March 31, 2019 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	56,102	44,051	56,045	43,991
Right-of-Use Assets (Refer Note 6)	3,928	-	3,928	-
Capital work-in-progress	3,673	11,769	3,673	11,769
Other intangible assets	1,363	1,353	1,363	1,353
Financial assets				
(a) Investments	2	2	865	264
(b) Trade receivables	2,183	937	2,183	937
(c) Loans	354	-	354	-
(d) Other financial assets	941	816	941	816
Income tax assets (net) (Refer Note 8)	1,942	1,041	1,941	1,041
Other non-current assets	2,027	1,282	1,986	1,282
Total Non-current assets (1)	72,515	61,251	73,279	61,453
Current assets				
Inventories	46,634	43,855	46,447	43,647
Financial assets				
(a) Investments	3,789	5,211	3,789	5,211
(b) Trade receivables	49,704	46,366	49,696	46,063
(c) Cash and cash equivalents	1,145	1,516	824	1,320
(d) Other bank balances	928	2,321	928	2,321
(e) Loans	2,882	1,954	2,982	1,954
(f) Other financial assets	5,162	3,076	5,122	3,031
Other current assets	9,015	8,806	8,228	8,760
Total Current assets (2)	1,19,259	1,13,105	1,18,016	1,12,307
Total assets (1+2)	1,91,774	1,74,356	1,91,295	1,73,760
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	7,618	7,618	7,618	7,618
Other equity	63,133	59,131	62,860	58,881
Equity attributable to Shareholders of the Company	70,751	66,749	70,478	66,499
Non-controlling interests	34	22	-	-
Total Equity (1)	70,785	66,771	70,478	66,499
LIABILITIES				
Non-current liabilities				
Financial liabilities				
(a) Borrowings	12,844	10,031	12,844	10,031
(b) Lease Liabilities (Refer Note 6)	3,245	-	3,245	-
(c) Other financial liabilities	561	512	561	512
Provisions	1,195	862	1,195	862
Deferred tax liabilities (net) (Refer Note 8)	2,156	2,680	2,156	2,680
Other non-current liabilities	352	604	352	604
Total Non-current liabilities (2)	20,353	14,689	20,353	14,689
Current liabilities				
Financial liabilities				
(a) Borrowings	28,485	31,291	28,426	31,258
(b) Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	505	455	505	455
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	51,841	44,460	51,813	44,329
(c) Lease Liabilities (Refer Note 6)	718	-	718	-
(d) Other financial liabilities	6,576	5,655	6,555	5,655
Income tax liabilities (net) (Refer Note 8)	3,111	1,560	3,108	1,560
Provisions	820	919	820	850
Other current liabilities	8,580	8,556	8,519	8,465
Total Current liabilities (3)	1,00,636	92,896	1,00,464	92,572
Total Liabilities (2+3)	1,20,989	1,07,585	1,20,817	1,07,261
Total Equity and Liabilities (1+2+3)	1,91,774	1,74,356	1,91,295	1,73,760

Unaudited Statement of Cash flows for the Half-year ended September 30, 2019

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	Half-year ended		Half-year ended	
	September 30, 2019	September 30, 2018 (Refer Note 2(b))	September 30, 2019	September 30, 2018 (Refer Note 2(b))
A. Cash flow from operating activities				
Profit before taxes	4,579	4,126	4,535	3,970
Operating profit before working capital changes	9,850	8,090	9,805	7,903
Net cash flow from operating activities	6,593	43	7,280	49
B. Cash flow from / (used in) Investing activities	(3,216)	(9,432)	(4,267)	(9,385)
C. Cash flow from/(used in) financing activities	(3,748)	6,781	(3,509)	6,773
Net Cash outflow during the period	(371)	(2,608)	(496)	(2,563)

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NOTES:

1. The consolidated and standalone financial results of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI") (also refer Note 6 below).
- 2(a). The above consolidated and standalone financial results were reviewed and recommended by the Audit Committee at their meeting held on November 08, 2019 and approved by the Board of Directors at their meeting held on November 12, 2019. The Statutory Auditors have carried out a limited review on the consolidated and standalone financial results for the quarter and half-year ended September 30, 2019 and have issued an unmodified report on these results.

(b). The Unaudited Statement of Cash Flows for the half year ended September 30, 2018 have been approved by the Board of Directors and have not been subjected to review by the Statutory Auditors.

3. The National Company Law Tribunal vide its order dated May 8, 2019 approved the Scheme of Amalgamation ("the Scheme") amongst the Company, Pennar Engineered Building Systems Limited ("PEBS") and Pennar Enviro Limited ("PEL"), subsidiaries of the Company. The Company filed the Scheme on May 23, 2019 with the Registrar of Companies. The Standalone financial results of the Company for quarter and half-year ended September 30, 2018 also includes the results of erstwhile entities, i.e. PEBS and PEL.

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

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

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

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

6. The Company has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. The Company has applied Ind AS 116 using Modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for related prepayments/accruals). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowings rate as at April 1, 2019 for measuring lease liability.

On transition to Ind AS 116, the Group and Company recognised Right-of-use amounting to ₹3,710 lakhs and a lease liability of ₹3,620 lakhs in the consolidated and standalone financials. During the quarter and half-year ended September 30, 2019, the Group and Company has recognised Interest expense on leases amounting to ₹115 lakhs and ₹208 lakhs, respectively, and depreciation on right-of-use assets amounting to ₹149 lakhs and ₹280 lakhs, respectively in the consolidated and standalone financial results.

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

Particulars	Objects of the issue as per prospectus	Utilisation upto September 30, 2019	Unutilised amount upto September 30, 2019
A) Repayment/ prepayment, in full or part, of certain working capital facilities availed by the Company	3,400	3,400	-
B) Financing the procurement of infrastructure (including software and hardware) for the expansion of design and	800	347	453
C) General corporate purposes	1,079	1,079	-
D) Share issue expenses	521	517	4
Total	5,800	5,343	457

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

8. The Company elected to execute the option permitted under section 115 BAA of the Income tax Act, 1961 as introduced by the Taxation laws (Amendment) ordinance 2019. Accordingly the Company has recognised provision for income tax for the half year ended September 30, 2019 and re-measured its deferred tax liability (net) based on the rate prescribed on the said ordinance. The full impact of this change has been recognised in the statement of profit and loss, for the quarter ended September 30, 2019.



SEGMENT REPORTING :

(₹ in Lakhs)

Particulars	Quarter Ended				Half-year Ended				Year Ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18	30-Sep-19	31-Mar-19	31-Mar-19
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment revenue										
Diversified engineering	36,416	35,794	38,074	72,210	72,096	1,55,554				
Custom designed building solutions & auxiliaries	22,924	20,218	16,677	43,142	30,856	75,695				
Total	59,340	56,012	54,751	1,15,352	1,02,952	2,31,249				
Less : Inter segment revenue	1,345	2,229	2,934	3,574	4,911	17,938				
Revenue from operations	57,995	53,783	51,817	1,11,778	98,041	2,13,311				
Segment results										
Diversified engineering	3,598	4,534	3,514	8,132	7,085	15,453				
Custom designed building solutions & auxiliaries	1,717	981	687	2,698	1,674	4,538				
Total	5,315	5,515	4,201	10,830	8,759	19,991				
Less:										
Depreciation and amortisation expense	1,042	950	683	1,992	1,317	2,789				
Finance costs	2,267	1,992	1,728	4,259	3,316	7,520				
Profit before tax	2,006	2,573	1,790	4,579	4,126	9,682				
As at										
Capital employed (Segment assets - Segment liabilities) (See notes below)										
Segment assets										
Diversified engineering			1,19,461	1,23,808	1,13,340	1,09,652				
Custom designed building solutions & auxiliaries			72,313	70,692	56,173	64,704				
Total Segment Assets			1,91,774	1,94,500	1,69,513	1,74,356				
Segment liabilities										
Diversified engineering			78,156	87,134	70,504	75,018				
Custom designed building solutions & auxiliaries			42,833	38,937	35,862	32,567				
Total Segment Liabilities			1,20,989	1,26,071	1,06,366	1,07,585				

Notes:

i. Segment information is presented for the "consolidated financial results" as permitted under the Ind AS 108 - 'Operating Segments'.
ii. The Company is focused on two business segments: Diversified engineering and Custom designed building solutions & auxiliaries. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Company's performance and allocation resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial results are consistently applied to record revenue and expenditure in individual segments.

10. The Board of Directors, at its meeting held on November 12, 2019, approved Buyback of the Company's fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company other than promoters, promoter group and persons who are in control of the company, at a price not exceeding ₹ 45 per equity share (Maximum Buyback price) for an aggregate amount not exceeding ₹ 4,000 lakhs (Maximum Buyback size), payable in cash from the open market route through the stock exchange mechanism under the Buyback Regulations and the Companies Act. The Buyback shall not exceed ₹ 4,000 lakhs (Maximum Buyback size) excluding the transaction charges. The Maximum Buyback Size represents 6.14% and 6.16% of aggregate of the Company's paid up equity capital and free reserves based on the audited Consolidated and Standalone financial statements, respectively, of the Company as at March 31, 2019, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013.

By order of the Board
for Pennar Industries Limited

Aditya N. Rao

Vice Chairman & Managing Director



Place : Hyderabad
Date : November 12, 2019