



PENNAR INDUSTRIES LIMITED



**Passion**  
makes all the difference

Annual Report 2013-14



when you combine

# passion with

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# engineering...

The business of Pennar Industries Limited rides the growth of prominent national sectors like railways, power, logistics and water treatment.

During a weak 2013-14, these sectors reported a slowdown, which inevitably translated into slower growth at Pennar Industries.

And yet, Pennar Industries reported an EBIDTA margin of 7.2 per cent, a cash profit of ₹27.86 crore and a receivables cycle of no more than 89 days of its turnover equivalent.

**Passion made all the difference.**



# passion is...

**When you can** reconcile such disparate corporate identities of one manufacturing a handful of products with one that is opportunity-seeking.

**When you are** engaged in a thin-margin sector and yet graduate into value-added niches.

**When the broad** industry is focusing on survival and you prioritise continuous transformation instead.

**When you could** play safe within existing businesses and yet ensure that sunrise sectors account for 50 per cent for your revenues.

**When you have** the option to focus on steel products and yet evolve into an engineering enterprise.

**When peer companies** stay safely close to the knitting and you grow from one business to four in four years.

**Surplus:** Our operations generated a cash profit of ₹27.86 crore at a time of general economic weakness in 2013-14

**Indebtedness:** Our business repaid ₹25 crore of debt even as peers consumed more cash to run their businesses

**passion is...**  
...courage in crisis and  
grace under pressure

**Growth:** Our Pennar Enviro business grew by 182 per cent, tubes business by 32 per cent and PEBS by 28 per cent in a challenging year

**Liquidity:** Our Balance Sheet remained largely protected with a gearing of 0.15 during a cash-stressed 2013-14



PASSION MAKES THE DIFFERENCE

Pennar Industries is three companies in one.  
Competently positioned to address  
increasing infrastructure investments with  
a growth in revenues, profits and margins.  
Leading to prospects of profitable  
sustainable growth.

## Parentage

Pennar Industries Limited is a prominent three decade old engineering enterprise respected for its expertise in best-in-class products and services. The Company commissioned its first manufacturing plant at Isnapur (near Hyderabad) in 1988 with an installed capacity to manufacture of 30,000 MTPA of cold-rolled steel strips. Headquartered in Hyderabad, Pennar Industries enjoys a pan-India manufacturing presence with six facilities across the country.

## Products

Pennar is a multi-location, multi-product organisation (300,000 MTPA) manufacturing precision engineering products like cold-rolled steel strips, precision tubes, railway wagons/coaches, pre-engineered building systems, sheet metal components, road safety systems, hydraulics and warehousing solutions.

The Company's products service growing needs of downstream sectors like infrastructure, automobiles, power, general engineering and construction among others. The Company doesn't just offer products to customers but turnkey engineering solutions.



## Subsidiaries

In addition to its core business, Pennar has created two subsidiaries.

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

Pennar Enviro Limited operates in the field of fuel additives, water treatment chemicals and water treatment EPC services.



## Pride

Pennar Industries is an ISO 9001:2008 and ISO/TS 16949:2008 certified company.



## Plant locations

Patancheru,  
Hyderabad

Chennai,  
Tamil Nadu

Isnapur,  
Hyderabad

Tarapur,  
Maharashtra

Mallapur,  
Hyderabad

Sadasivpet,  
Telangana



# Chairman's overview

Dear Shareholders,  
THE FINANCIAL YEAR OF 2013-14 WAS ONE OF THE MOST CHALLENGING ENCOUNTERED BY YOUR COMPANY IN YEARS.

**The** country's manufacturing sector was constrained by expansion challenges, high resource costs, economic slowdown and inadequate infrastructure creation. The automotive and infrastructure sectors, core to the country's manufacturing demand, experienced a demand contraction, coupled with inadequate capacity expansion, economic stagnation, weak customer confidence, persistent inflation and currency volatility.

**The fact that your Company** demonstrated a relative resistance to the sectoral trough and a tendency to rebound faster during periods of recovery, is an index of its deep competitiveness. In doing so, Pennar Industries reported a gross turnover of ₹851.7 crore in FY 14, outperforming the country's manufacturing sector.

**The core reason for Pennar's** outperformance was its sustained emphasis in transitioning from a fabrication outfit into an engineering

organisation. During the slowdown, the Company was faced with the prospect of staggering investments, lying low and waiting for the storm to blow over. On the contrary, Pennar diversified its product range within each segment, increasing its addressable market. The Company introduced products like hydraulic cylinders and pressed components for export as well as CDW tubes and fabricated products. The widened product mix helped extend the Company's risk profile and cushion it against the full brunt of the slowdown.

**And nowhere was the Company's** counter-cyclical positioning better reflected than in the performance of its subsidiary Pennar Engineered Building Systems Limited, now one of the leading pre-engineering building solutions players in India. PEBSL built a strong order book including significant repeat orders from existing customers, showcasing deep customer trust. This trust translated into a superior

.....  
Pennar diversified its product range within each segment, increasing its addressable market.  
.....





performance: the subsidiary recorded sales worth ₹417.2 crore during the year under review, a 28% growth over the previous year; PEBSL recorded a PBIDT of ₹37.14 crore and a post-tax profit of ₹18.3 crore over the previous year, accounting for 5 per cent of the Company's bottomline. As on March 31, 2014, PEBSL enjoyed an order book of ₹325 crore, indicating attractive revenue visibility and prospects of robust growth ahead.

**Pennar Industries widened** its business mix through a growing presence in futuristic sunrise businesses. For instance, Pennar's new subsidiary Pennar Enviro Ltd. is engaged in water and waste water treatment projects, fuel additives and water treatment chemicals. The competitive positioning of the subsidiary is reflected in its robust order book from reputed customers (L&T, JSW, SLN Coffee, NSL Group and Kohinoor Group), which should translate into a significant sales improvement in FY15.

**Even as the year under review was** challenging, the outlook for the Indian economy appears encouraging. The 2014 elections brought about a breath of fresh air to the Indian mood, mindset and economy.

**The new government has promised** to make significant changes to rebuild the Indian economy, outlining a wider vision for various sectors which should translate into higher investments and quicker projects execution. The result is that India's forex reserves increased significantly following the elections, indicating enhanced confidence from foreign investors, while the IMF projected that India's GDP growth could rebound from 4.7% to 5.4% in FY 15.

**The optimism is expected to translate** into optimistic realities for various downstream sectors addressed by your Company's businesses. For instance, the Indian Government outlined significant investments in the country's railways sector, sanctioning a higher Plan outlay of ₹65,445 crore with a budgetary support of ₹30,100 crore.

**With the feel good factor and** renewed confidence of the manufacturing sector, the economy is expected to revert to its erstwhile growth rate. Your Company plans to strengthen its performance in the current year through fresh product development and wider application of existing products, the combination of both translating into higher profits.

**I thank the shareholders for their commitment and promise that your Company shall remain committed to enhance excellence and fortify customer relationships, translating into enhanced value in the hands of all those who hold a stake in the Company.**

With best wishes,

**Nrupender Rao**  
Chairman



## Managing Director's overview

Dear stakeholders,  
PENNAR INDUSTRIES LIMITED  
IS ONE OF INDIA'S LARGEST  
PROVIDERS OF VALUE-ADDED  
ENGINEERED PRODUCTS AND  
SERVICES.

**OVER** the past 35 years,  
the Company has  
evolved into a major engineering  
solutions provider to demanding  
customers from the infrastructure,  
automotive, railways and general  
engineering sectors.

This report gives me the opportunity  
to present our recent performance,  
revenue and profitability. More  
importantly, the report provides me  
with the opportunity to acquaint you  
with our strategy to emerge as a strong  
engineering company with a widening  
footprint (pan-India and global) and a  
billion dollars in revenues over the next  
few years.

### 2013-14 overview

Pennar Industries offers products  
and solutions through four strategic  
business units (SBUs) and two  
subsidiaries.

The four SBUs of the Company  
comprise:

**Systems** and Projects  
**Industrial** Components  
**Precision** Tubes  
**Steel** Products

The two subsidiaries of the Company  
comprise:

**Pennar** Engineered Building Systems  
Limited  
**Pennar** Enviro Limited

These six operating verticals helped Pennar Industries report gross revenues of ₹1,050.71 crore in FY 2014, EBIDTA of ₹93.47 crore and PAT of ₹30.74 crore. The Company leveraged its competencies across seven manufacturing plants (Hyderabad, Chennai, Mumbai and Bangalore) and their locational presence that made it possible to effectively address customer needs, supply chain and quality requirements.

The Company's 13 branch offices act as primary engagement points with customers, enabling us to enter into enduring relationships with major industrial and infrastructure centres across India.

Besides, Pennar Industries leveraged the intellectual capital of its 1,530 employees at our manufacturing plants and 650 in the sales, marketing, engineering, back office and project management functions.

Over the years, the Company showcased engineering and product development capabilities in structural engineering, industrial water and waste water treatment, speciality treatment solutions, mechanical engineering, CNC tooling, profile design, instrumentation engineering, hydraulic cylinders and systems and construction project

management. These capabilities form the core of the Company's value proposition, making it possible to address a widening range of customers who use the Company's products for a variety of applications.

Over the course of FY 2014, the Company made forward-looking investments in capacities and capabilities. The Company invested in a hydraulic cylinder design and manufacturing plant in Chennai in line with the optimism that the country's hydraulics market is expected to grow attractively and that the Company possesses the competence to carve out an attractive market share. The Company also invested in capacity addition at its tubes facility, helping grow the division's revenues from ₹99.3 crore in FY 2013 to ₹131.5 crore in FY 2014. The Company built 3 MW solar power plants in Hyderabad to ensure captive power availability for our growing manufacturing needs in Hyderabad.

### Outlook, 2014-15

At Pennar Industries, we are optimistic of outperforming our sectoral growth and reporting attractive numbers in the current financial year, arising out of proactive investments and changes in our operating model (creation of SBUs

₹ **1,050** cr

These six operating verticals helped Pennar Industries report gross revenues of ₹1,050 crore in FY 2014



The way forward for Pennar Industries will be to leverage its rich engineering and knowledge assets to create high-margin scalable business models.



and subsidiaries) that we expect will translate into attractive growth.

Our systems and projects business, catering to the railways and solar sectors, expects to ride a robust order book. The Company intends to expand its Chennai operations through capacity enhancements in the manufacture of products and assemblies for the Integral Coach Factory. The solar power sector expects to ride on the implementation of National Solar Mission and several state policies.

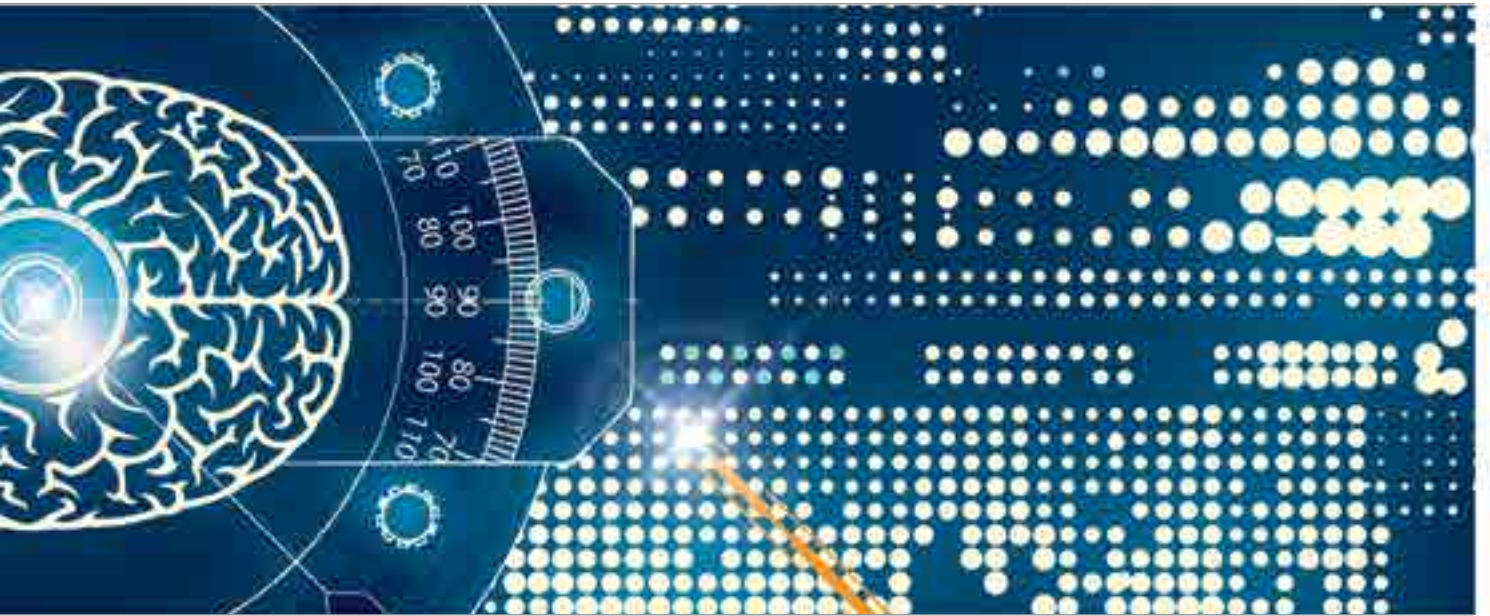
Our tubes division was invested with capital and manpower (online in September 2014) which should enhance revenue and profitability from the second half of the current financial year. Moreover, we enhanced capacity in the higher margin CDW tube product segment, strengthening margins for this SBU.

Pennar Engineered Building Systems performed beyond expectations, the fourth straight year of high growth in

revenues and profitability. The Company expanded its capacity from 60,000 MT to 90,000 MT which will drive revenue growth into FY 2015. The business started offering engineering design services to US customers, which will improve margins in a significant way. The Company bagged orders from Reliance, Ultratech, Sobha Developers, L&T, Schneider India and Saraf which are expected to drive aggressive growth.

Pennar Enviro commenced commercial operations during the last financial year, booking orders in excess of ₹50 crore from prominent customers like JBF, L&T, Amtek Auto and the Sanofi Group, among others. The subsidiary's technology footprint will make it possible for us to accelerate growth over the next few operating periods. The successful execution of the order book will provide references to bid for orders, helping grow the business faster.

The Steel Products and Industrial Components business are poised to record steady revenue growth in FY



2014. While large investments in capacity or capability are not likely in these businesses in the current year, improvements in market share and revenues are likely on account of an expansion in sales, geographic presence and capital expenditure made in the previous financial year.

The result of these initiatives is that Pennar Industries - from a consolidated and standalone perspective – is in an attractive position to record high growth in 2014-15. The Company is expected to protect its Balance Sheet coupled with a turnaround in the infrastructure and automotive spaces.

### Long-term strategy

The way forward for Pennar Industries will be to leverage its rich engineering and knowledge assets to create high-margin scalable business models. The success of our pre-engineered building systems subsidiary validates that a combination of precision engineering design and quality manufacture is a

powerful sales and margins driver. Pennar's building products division was small prior to its entry in custom-designed building systems. By adding engineering design and project management capabilities, we created a fast-growing, high-margin vertical, growing revenues from ₹35 crore to ₹418 crore in just three years.

At Pennar Industries, we feel we are in the early stages of repeating this paradigm with Pennar Enviro, Hydraulics, Railways and Automotive & Industrial Components.

The Company's cash flow is strong; our operating cycle got smaller over the last two quarters. Our low indebtedness make us asset-light and quicker to embrace new opportunities that should translate into incremental revenues and margins over the next few years.

### Conclusion

Pennar Industries' primary strengths comprise its deep engineering and manufacturing capabilities, wide geographic presence, low debt, strong cash flows and rich human capital.

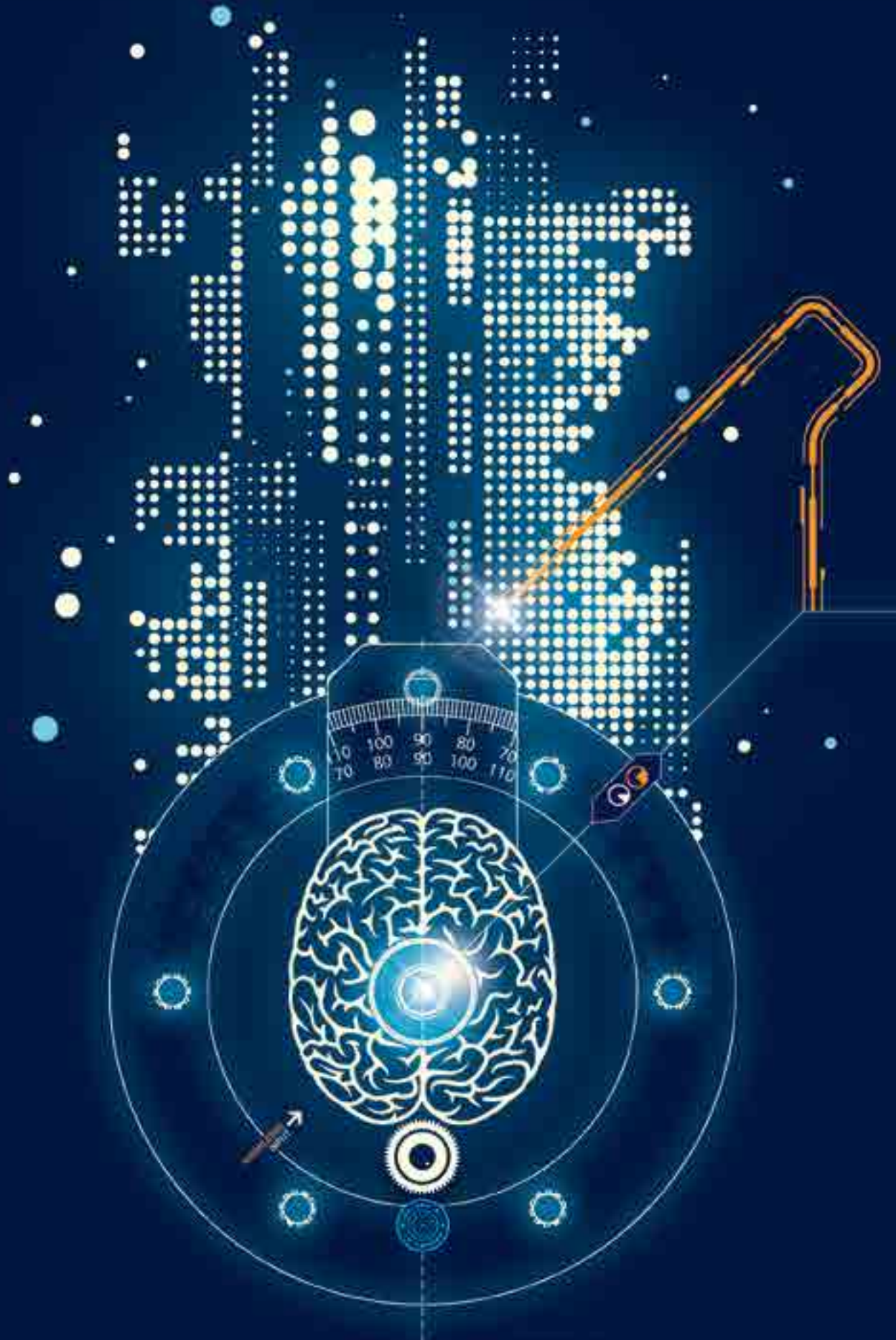
**Our competence in engineering design, manufacturing and project management will allow us to grow each of our businesses, evolving us into one of the premier engineering institutions in the world with projected revenue and market capitalisation worth US\$ 1 billion over the foreseeable future.**

Best wishes,

**Aditya Rao,**  
Managing Director



PASSION MAKES THE DIFFERENCE



**AT**PENNAR, our passion lies in evolving our presence in commodity spaces through constant value-addition.

Over the years, Pennar Industries diversified from being just another cold-rolled steel manufacturer into a prominent engineering-driven enterprise.

While most engineering product companies would have selected to focus on the growth emerging from one sector, Pennar widened its product mix to address growth coming out of four business segments, de-risking itself from an excessive dependence on any one segment.

**The** Company's subsidiary Pennar Engineered Building Systems focused on the design, manufacture and erection of pre-engineered buildings enjoying the advantage of lower overall costs (10 per cent of conventional building) and lower time-to-commissioning (half of those of conventional buildings). The result is that Pennar is India's leading PEBS player today.

Passion is...

## using knowledge to enter new verticals

**The** Company entered the business of water treatment solutions through a technology arrangement with UK-based Tech Universal.

**The** Company acquired the assets of Wayne-Burt Petro Chemicals Private Limited, a cylinder manufacturing company in Chennai, with the objective to extend its presence across the hydraulic equipment value chain from engineering services to systems integration.

**In doing so**, Pennar grew from a ₹109.5 crore corporate a decade ago to ₹851.7 crore corporate in 2013-14 with, no business accounting for more than 16 percent of our revenues (excepting railways) and each attractively positioned to outperform the growth of the respective sectors as the economy revives.

₹ **851.7** cr Pennar grew from a ₹109.5 crore corporate a decade ago to ₹851.7 crore corporate in 2013-14



AT PENNAR, we have gradually vacated the commodity space and extended to the customised manufacture of specialised products in fast-growing segments.

The Company specialised in business spaces warranting an increasing interplay of knowledge and customisation, which graduated the Company from the competitive end of the marketplace towards enhanced margins.

The Company evolved its focus from commodity products to value-added engineering components, accounting for nearly 69 percent of the turnover.

Passion is...

# evolving from commodity to niche

**The result** is that Pennar has over the years extended from mere material provider to a trusted partner; from one-off transactions to repeat engagements; from erratic incomes to reasonable revenue visibility. More than 62 percent of Pennar's customers have been associated with the Company for more than five years; 20 percent of the Company's 2013-14 revenues were derived from longstanding customers.

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69 The Company evolved its focus from commodity products to value-added engineering components, accounting for nearly 69 percent of the turnover.

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# Core competencies

## 01 Experience

Enjoys deep experience derived from its presence of over 35 years.

## 02 Customised

Engaged in the fabrication of customised products; its competence has been enhanced by technological alliances with global giants like NCI Inc. and Tech Universal, among others.

## 03 Blue chip clients

Repeat customers comprise blue-chip organisations like L&T, TATA Motors, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar and Reliance Retail, among others.

Revenues from longstanding customers (five years or more) accounted for 20 per cent of revenues in 2013-14.

## 04 Strong financials

Balance Sheet marked by a moderate gearing of 0.15 and an interest cover of 2.6 (2013-14), a relative rarity within a capital-intensive sector; the Company also had ₹172 crore of free cash on its Balance Sheet as on 31 March 2014.



## 05 Value-added

Progressively evolved to manufacture of niche value-added products; the proportion of revenues from value-added products increased from 15 per cent in 2011-12 to 50 per cent in 2013-14.

## 06 Technology

Invested ₹144 crore in capacities and technologies in the five years leading to 2013-14.

40 percent of the Company's gross block is less than seven years old.

**Operations** are ISO 9001:2008 - certified, resulting in operational consistency.

## 07 Location

Manufacturing facilities located at Hyderabad, Mumbai and Chennai, making it possible for the Company to service the growing needs of proximate downstream customers.

## 08 Presence

**Focuses** on fast growing infrastructural segments like railways, construction, renewable energy, water treatment and automobile manufacture.

**Each** of these segments is marked by relative under-investment compared with the global average; none of these segments accounted for more than 55 per cent of the Company's revenues in 2013-14.



# NOTICE

NOTICE is hereby given that the 38th Annual General Meeting (AGM) of members of M/s. Penmar Industries Limited will be held on Tuesday, the 30th day of September, 2014 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 Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the period ended as on that date, together with the report of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. Vishal Sood (DIN: 01780814) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. J Ramu Rao (DIN: 00460735) 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, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time M/s. Rambabu & Co., Chartered Accountants (ICAI Registration No. 0029765) who retire at the conclusion of this Annual General Meeting (AGM), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the third consecutive Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis to be agreed upon between the auditors and the Board of Directors."

## SPECIAL BUSINESS

5. To designate Mr. Aditya Rao (DIN: 01307343) as Vice

Chairman & Managing Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 152 of the Companies Act, 2013, Section 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and Companies Act, 2013 and subject to the accordance of necessary approvals, if any, and in partial modification of the resolution passed at the Annual General Meeting held on 31st July, 2013 the consent of the members of the company be and are hereby accorded to designate Mr. Aditya Rao as Vice Chairman & Managing Director of the Company liable to retire by rotation w.e.f 5th February, 2014 to 31st March, 2015 and all other terms and conditions for Aditya Rao, as approved at the Annual General Meeting held on 31st July, 2013 shall remain same."

6. To appoint Mr. K Lavanya Kumar (DIN: 01710629) as Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:

"RESOLVED THAT Pursuant to the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder and subject to the Articles of Association of the Company, Mr. K Lavanya Kumar, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 7th May, 2014 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. K Lavanya Kumar as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company liable to retire by rotation."

7. To appoint Mr. K Lavanya Kumar (DIN: 01710629) as Whole-Time Director, and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. K Lavanya Kumar (holding DIN 01710629) as Whole-Time Director of the Company for a period of one year with effect from 7th May, 2014 to 31st March, 2015, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 7th May, 2014, the particulars of which are annexed hereunder:

- a) Salary (including dearness and all other allowances) shall be ₹1,52,000/- per month.
- b) Special salary shall be ₹50,000/- per month.
- c) Perquisites and Allowances shall be ₹98,000/- per month.

In addition to the above, company car with driver and fuel will be provided, and also communication facilities will be provided to Mr. K Lavanya Kumar (holding DIN 01710629). These will not be treated as perquisites. Perquisites and Allowances include accommodation(furnished or otherwise) or house rent allowance in lieu thereof; House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. K Lavanya Kumar (holding DIN 01710629).

"RESOLVED FURTHER THAT so long as Mr. K Lavanya Kumar (holding DIN 01710629) functions as the Whole-Time Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same

not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

**8. To appoint Mr. C Parthasarathy (DIN: 00079232) as an Independent 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 Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and in supersession of the earlier resolution Mr. C Parthasarathy (DIN: 00079232), who was appointed as Independent director liable to retirement by rotation and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 01.04.2014 to 31.03.2019 not liable to retirement by rotation."

**9. To appoint Mr. B Kamalaker Rao (DIN: 00038686) as an Independent 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 Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and in supersession of the earlier resolution Mr. B Kamalaker Rao (DIN: 00038686), who was appointed as Independent director liable to retirement by rotation and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 01.04.2014 to 31.03.2019 not liable to retirement by rotation."

**10. To appoint Mr. Varun Chawla (DIN: 02097425) as an Independent 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 Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and in supersession of the earlier resolution Mr. Varun Chawla (DIN: 02097425), who was appointed as Independent director liable to retirement by rotation and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 01.04.2014 to 31.03.2019 not liable to retirement by rotation.”

11. To appoint Mr. Manish Mahendra Sabharwal (DIN: 00969601) as an Independent 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 Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and in supersession of the earlier resolution Mr. Manish Mahendra Sabharwal (DIN: 00969601), who was appointed as Independent director liable to retirement by rotation and who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 01.04.2014 to 31.03.2019 not liable to retirement by rotation.”

12. To Increase the aggregate Investment ceiling limit under Portfolio Investment Scheme by the SEBI registered FII's from 24% to 35% in the paid-up share capital of the company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 as amended from time to time, subject to other statutory rules and regulations as may be applicable from time to time and subject

to all necessary approvals, the consent of the members of the company be and is hereby accorded to increase the aggregate investment ceiling limit under the Portfolio Investment Scheme by the SEBI registered Foreign Institutional Investors (FII's) / SEBI approved sub accounts of FII's from 24% to 35% in the paid-up share capital of the company.”

“RESOLVED FURTHER THAT Mr. Aditya Rao, Managing Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be required for giving effect to the aforesaid resolution.”

13. To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2015 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. DZR & Co., 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, 2015, and also to ratify the remuneration of ₹2,00,000/- p.a. as an audit fee, the service tax and out of pocket expenses shall be paid on actuals as fixed by the Board of Directors of the Company.”

“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.”

14. To alter the Articles of Association of the Company and in this regard to consider and if thought fit to pass with or without modifications the following resolution as Special Resolution:

“RESOLVED THAT Pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and rules made thereunder, the existing Articles of the Company be and are hereby altered and modified as under:

Article No.	Amendment
1	<p>The existing Article replaced with the following Article:</p> <p>“No regulations contained in Table “F”, in the First Schedule to the Companies Act, 2013, or in the Schedule to any previous Companies Act, shall apply to this Company, but the regulations for the management of the Company and for the observance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alterations of or addition to its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles.”</p>
2	<p>The interpretation of the Act, Year and Financial Year as defined in Article 2 of the Articles of the Association be and is hereby replaced with the following definitions:</p> <p>“Act” or Companies Act” shall mean the Companies Act, 1956 or the Companies Act, 2013 to the extent applicable as amended from time to time and every modification or re-enactment thereof and references to Sections of the Act shall be deemed to mean and include reference to a section enacted in modification or replacement thereof.</p> <p>“Year” means the calendar year and “financial year” shall have the meaning assigned there to Section 2 (41) of the Companies Act, 2013.</p> <p>In the last para the words “Companies Act, 1956” be replace with words “Companies Act, 2013”</p>
3(b)	<p>The words “Companies Act, 1956” wherever used be replaced with the word “Act”</p>
3(c)	<p>The words “Companies Act, 1956” be replaced with the word Act</p>
4	<p>The Words “of Section 80” be deleted.</p>
6	<p>The Words “Section 87 of” and the words “Section 97 of” be deleted.</p>
8	<p>The Words “Section 78,80,100 to 105 inclusive of” be deleted.</p>
9	<p>The Words “Section 94 of” be deleted.</p>
10	<p>The Words “clauses 37,38 and 39 of the Table “A” to Schedule-1 of the Act” be replaced with the words “clause 37 of Table “F” to Schedule – I of the Companies Act, 2013”.</p>
11	<p>The word “Sections 150 and 151 of” be deleted.</p>
13	<p>The existing Article 13 be replaced with the following:</p> <p>“The Board shall observe the restrictions as to allotment of shares to the public contained in the Act, and shall cause to be made the returns as to allotment.”</p>
14.	<p>The Existing Article 14 be replaced with the following:</p> <p>“Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, then allotment of such further shares shall be made in accordance with the provisions of the Act / other enactment / order/ regulation / guideline issued by the Securities and Exchange Board of India (SEBI) or other authority and in force from time to time, as may be applicable to the Company from time to time.</p>
15	<p>The words “78 and 79 of the Act” be replaced with the words “52 and 53 of the Companies Act, 2013” and the Words “provided for in Section 75 of the Act” be deleted.</p>



Article No.	Amendment
16	The Words "Section 81 of" be deleted and the words "78 and 79 of the Act" wherever used be replaced with the words "52 and 53 of the Companies Act, 2013".
16	The Words "Section 81 of" be deleted and the words "78 and 79 of the Act" wherever used be replaced with the words "52 and 53 of the Companies Act, 2013".
20(b)	The words "Section 113 of" be deleted.
24	The words "77A, 77AA and 77B of the Act" be replaced with word "68, 69 and 70 of the Companies Act, 2013".
25	The words "Section 76 of the Act" be replaced with the word "Section 40 of the Companies Act, 2013 read with rules made thereunder".
52	The Existing Article 52 be replaced with the following: 52. The Board may decline to recognise any instrument of transfer unless- (a) "The instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56." (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.
55	The Words "Section 111 of" be deleted".
56	The Existing Article 56 be replaced with the following: "Where an application is made by the transferor alone and relates to partly paid shares, the transfer shall not be registered, unless the company gives the notice of the application, in such manner as may be prescribed, to the transferee and the transferee gives no objection to the transfer within two weeks from the receipt of notice."
63	The words "in Section 108 of" be deleted.
64(a)	The words "Sections 109A and 109B of" be deleted
64(d)	The words "Companies Act, 1956" with the word "Act"
65	The existing Article 65 be replaced with the following: Copies of the Memorandum and Articles of Association of Company and other documents referred to in Section 17 of the Companies Act, 2013 shall be sent by the Company to every Member at his request within seven days on payment of ₹50/- (Rupees Fifty Only) per copy.
65A	New Article 65A be inserted after Article 65 as following: Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the Company shall charge a fee of ₹50/- for inspection registers and returns mentioned in Section 88 and 92 of the Companies Act, 2013 inspection of registers and returns mentioned in Section 88 and 92 by persons other than member, debenture holder, other security holder or beneficial owner and also charge a fee of ₹10/- per page for giving copies of the registers or returns by member, debenture holder, other security holder or beneficial owner or to any other person.
65B	New Article 65B be inserted after Article 65A as following: Subject to the provisions of the Companies Act, 2013 and rules made thereunder, any member shall be entitled to be furnished, within seven working days after he has made a request in that behalf to the company, with a copy of any minutes of any general meeting, on payment of ₹10/- per page.



Article No.	Amendment
65C	<p>New Article 65C be inserted after Article 65B as following:</p> <p>Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the company shall provide extracts from such register maintained under Section 189 read with rules made thereunder to a member of the company on his request, within seven days from the date on which such request is made upon the payment of ₹10/- per page.</p>
65D	<p>New Article 65D be inserted after Article 65C as following:</p> <p>Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the extracts from the register maintained under sub-section (9) of section 186 may be furnished to any member of the company on payment of ₹10/- per page.</p>
65E	<p>New Article 65E be inserted after Article 65D as following:</p> <p>Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the company shall keep the register open atleast for two hours in a day as may decided by the board from time to time.</p>
65F	<p>New Article 65F be inserted after Article 65E as following:</p> <p>Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the company shall provide the copies under these Article 65 to 65E either in physical form or electronic mode.</p>
65G	<p>New Article 65F be inserted after Article 65E as following:</p> <p>Subject to the provisions of the Companies Act, 2013 and rules made thereunder, the company shall provide the copies under these Article 65 to 65E either in physical form or electronic mode.</p>
66	<p>The words "Section 292 and 293 of" be deleted.</p>
69	<p>The Words "Section 143 of the Act" be replaced with the words "Section 85 of the Companies Act, 2013 and the words "Section 118,125 and 127 to 144 (both inclusive) of the Act" be replaced with the words "provisions of the Act".</p>
70	<p>The words "Section 152 of" be deleted.</p>
71	<p>The words "Sections 150, 161 and 220 of" be deleted.</p>
74	<p>The Existing Article 74 be replaced with the following:</p> <p>Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if it does not proceed within twenty-one days from the date of requisition being deposited at the Office to cause a meeting to be called on a day not later than forty five days from the date of deposit of the requisition, the meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.</p>
79	<p>The Existing Article 79 be replaced with the following:</p> <p>The quorum for a General Meeting is as prescribed in Section 103 of the Companies Act, 2013. A body corporate being a Member shall be deemed to be personally present if it represented in accordance with Section 113 of the Companies Act, 2013.</p>
84	<p>The words "Subject to provisions of Act/ other enactment / order/ regulation / guideline issued by the Securities and Exchange Board of India (SEBI) or other authority and in force from time to time" be inserted at the beginning.</p>



Article No.	Amendment
86	The existing Article 86 be replaced with the following:  "The Proceedings of the Meetings shall be conducted in accordance with the Provisions of the Companies Act, 2013 read with rules made therein under and subject to other enactment / order/ regulation / guideline issued by the Securities and Exchange Board of India (SEBI) or other authority and in force from time to time.
87	Deleted
88	Deleted
89	Deleted
91	The words "clause (b) of subsection (1) of Section 87" replaced with the word "Provisions". The words "clause (b) of sub-section (2) of Section 87 of" be deleted.
95	The words "Section 187 of the Act" replaced with the word "Section 113 of the Companies Act, 2013".
101	The existing Article 101 be replaced with the following:  "Every instrument of proxy whether for specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in the Act or the rules made thereunder as may be applicable from time to time."
105(a)	The words "Section 193 of the Act" be replaced with the words "Section 118 of the Companies Act, 2013".
107	The words "Section 260, 261, 262 and 284 (6) of" be deleted.
108	The words "₹500/-" be replaced with words "₹1,00,000/-".
110(i)	The words "Section 255 of" be deleted.
113	The words "Section 309, 310 and 314 of" be deleted.
115	The total existing Article 115 be replaced with the following: 115  (a) No person can be appointed as director if he is disqualified under Section 164 of the Companies Act, 2013.  (b)The Office of a Director shall become vacant if attains disqualification as specified in Section 167 of the Companies Act, 2013.
116	The words "Section 297 of" be deleted.
117	The words "Section 299 (2) of" be deleted.
119	The existing Article 119 be replaced with the following:  The Company shall keep a Register in accordance with Section 188 of the Companies Act, 2013 read with rules made thereunder.
120	The existing Article 120 be replaced with the following:  Subject to the provisions of the Act a Director may be or become a Director of any Company promoted by the Company, or in which it may be Interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company.
121	The existing Article 121 be replaced with the following:  "Subject to the provisions of Section 152 of the Companies Act, 2013 not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation. For the purpose of this Article total number of directors" shall not include independent directors appointed under Section 149 of the Companies Act, 2013

Article No.	Amendment
123	The words "Section 262(2) and 284(5) of" be deleted.
125	The words "Sections 255, 256, 258, 261, 264, 284, 314 and other applicable provisions, if any, of" be deleted.
127(V)	The existing Article 127(V) be replaced with the following: "the provision of Section 162 of the Companies Act, 2013 is applicable to the case
130	The words "Sections 252, 255 and 259 of" and the words "Section 284 of" be deleted.
131(I)	The words "Section 303 of the Act" be replaced with the words Section 170 of the Companies Act, 2013 read with rules made thereunder.
131(II)	Deleted
131(III)	Deleted
131(IV)	Deleted
133	The words "Section 292 of the Companies Act" be replaced with the words "Section 179 of the Companies Act, 2013 read with rules made thereunder".
136	The words "Section 285 of" be deleted.
138	The words "Section 287 of" be replace with the words "provisions".
144	The words "Section 292 of the Act" be replaced with the words "Section 179 of the Companies Act, 2013 read with rules made thereunder".
148	The words "Section 193 of the Act" be replaced with the words "Section 118 of the Companies Act, 2013 read with rules made thereunder".
150	The words "to Section 292 of the Act" be replaced with the words "Section 179 of the Companies Act, 2013 read with rules made thereunder"
152	Deleted
153(b)	The words "Section 50 of" be deleted.
154	The existing Article 154 be replaced with the following: The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board and except in the presence of any one director or the Managing Director, if any, or such other person as the Board/Committee may appoint for the purpose who shall sign every instrument to which the seal of the company is so affixed in his presence.
157(a)	The words "Section 205 of" be deleted.
157(b)	The words "Section 205 (2)" be deleted.
166	The words "Section 205 of the" be deleted.
168(c)	The words "Section 75 of" be deleted.
169(a)	The words "Section 209 of" be deleted.
169(b)	The words "Section 209 of" be deleted
171	The words "Sections 210, 211, 212, 215,216 and 217" be replaced with the words "provisions"
173	The words "Sections 224 to 233 of the Act" be replaced with the words "Section 139 to 147 of the Companies Act, 2013 and rules made thereunder".
185	The words "Section 201 of the Act" be replaced with the words "Section 197 read with rules made thereunder" and the words "Section 633 of the Act" be replaced with the words "Section 463 of the Companies Act, 2013 read with rules made thereunder".



"RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby severally authorized to do all such acts, deeds, matters and things and to sign all such other documents, in each case, as they or any of them may deem necessary, proper or desirable (including without limitation making the appropriate filings with the Registrar of Companies, Hyderabad/ Ministry of Corporate Affairs), in connection with the amendment of Articles of Association as the Articles of Association of the

Company, and/ or generally to give effect to the foregoing resolutions."

By Order of the Board  
for **Pennar Industries Limited**

Place : Hyderabad  
Date : 06.08.2014

**Mirza Mohammed Ali Baig**  
Company Secretary  
& Compliance Officer

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.
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 be closed from 24th September, 2014 to 25th September, 2014 (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, Plot-No. 17 to 24, Near Image Hospital, Vittalrao Nagar, Madhapur, Hyderabad, Andhra Pradesh - 500 081 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 2014 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 2014 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 Clause 35B of the listing agreement, 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, (Membership No. FCS 3935) 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:

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.

- 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.
- c) Please contact our toll free No. 1-800-34-54-001 for any further clarifications.
- d) Members can cast their vote online from 22nd September, 2014 @ 10:00 A.M. to 23rd September, 2014 @ 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 22nd August, 2014, 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 exiting 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/FIIs/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. 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. Aditya Rao as Vice Chairman & Managing Director of the Company

The members of the Company at their Annual General Meeting held on 31st July, 2013 approved the terms of appointment of Mr. Aditya Rao as Vice-Chairman of the Company for a period of two years commencing from 1st April, 2013.

The Board of Directors of the Company at their meeting held on 5th February, 2014 has, subject to the approval of members, unanimously approved to designate Mr. Aditya Rao as Vice-Chairman & Managing Director of the Company subject to other terms and conditions for Mr. Aditya Rao, remain the same as approved at the Annual General Meeting held on 31st July, 2013.

Mr. Aditya Rao has been handling the functions of diversification, projects, various strategies, initiatives of the Company and involved in the operations of Subsidiaries viz., M/s. Pennar Engineered Building Systems Limited and M/s. Pennar Enviro Limited.

Members' approval is required to designate Mr. Aditya Rao as Vice Chairman & Managing Director of the Company w.e.f. 5th February, 2014 to 31st March, 2015.

The Board recommends the resolution set out at item no. 5 of the notice for your approval. None of the Directors, Key Managerial Personnel or their relatives other than Mr. Aditya Rao and Mr. Nrupender Rao are concerned or interested in the aforesaid resolution.

### Item # 6&7 Appointment of Mr. K Lavanya Kumar as Director

The Board, at its meeting held on 7th May, 2014 appointed Mr. K Lavanya Kumar as an Additional Director of the Company with effect from 7th May, 2014, pursuant to Section 161 of the Companies Act, 2013, read with Article 107 of the Articles of Association of the Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. K Lavanya Kumar will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. K Lavanya Kumar for the office of director.

The Company has received from K Lavanya Kumar (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8

of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Further, the Board at its meeting held on 7th May, 2014, also appointed (subject to the approval of members in the general meeting), Mr. K Lavanya Kumar as a Whole-time director of the Company for a period of one year commencing 07.05.2014 to 31.03.2015.

The terms and conditions of his appointment are as follows :

1. Remuneration : As provided in the resolution.
2. Period of appointment : from 7th May, 2014 to 31st March, 2015.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. K Lavanya Kumar shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of K Lavanya Kumar as a Whole-time director for a period commencing from 07.05.2014 to 31.03.2015.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 6&7 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. K Lavanya Kumar, to whom the resolution relates, is interested or concerned in the resolution.

### Item # 8 Appointment of Mr. C Parthasarathy as Independent Director

Mr. C Parthasarathy is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 30th October, 2008. Mr. C Parthasarathy was appointed as a director retiring by rotation under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. C Parthasarathy is proposed to be appointed as an Independent Director for a

term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. C Parthasarathy for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from C Parthasarathy (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. C Parthasarathy as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. C Parthasarathy, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. C Parthasarathy as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. C Parthasarathy as an Independent Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 8 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. C Parthasarathy, to whom the resolution relates, is interested or concerned in the resolution.

### **Item # 9 Appointment of Mr. B Kamalaker Rao as an Independent Director**

Mr. B Kamalaker Rao is a Non-Executive (Independent)

Director of the Company. He joined the Board of Directors on 30th January, 2009. Mr. B Kamalaker Rao was appointed as a director retiring by rotation under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. B Kamalaker Rao is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. B Kamalaker Rao for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. B Kamalaker Rao (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. B Kamalaker Rao as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. B Kamalaker Rao, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. B Kamalaker Rao as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. B Kamalaker Rao as an Independent Director.

The Nomination and Remuneration Committee recommended



the appointment to the Board. The Board recommends the resolution set out at item no. 9 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. B Kamalaker Rao, to whom the resolution relates, is interested or concerned in the resolution.

### **Item # 10 Appointment of Mr. Varun Chawla as an Independent Director**

Mr. Varun Chawla is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 9th November, 2012. Mr. Varun Chawla was appointed as a director retiring by rotation under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Varun Chawla is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. Varun Chawla for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Varun Chawla (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Varun Chawla as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Varun Chawla, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Varun Chawla as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on

working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Varun Chawla as an Independent Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 10 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Varun Chawla, to whom the resolution relates, is interested or concerned in the resolution.

### **Item # 11 Appointment of Mr. Manish Mahendra Sabharwal as an Independent Director**

Mr. Manish Mahendra Sabharwal is a Non-Executive (Independent) Director of the Company. He joined the Board of Directors on 22nd April, 2011. Mr. Manish Mahendra Sabharwal was appointed as a director retiring by rotation under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Manish Mahendra Sabharwal is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹1,00,000/- proposing the candidature of Mr. Manish Mahendra Sabharwal for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Manish Mahendra Sabharwal (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Manish Mahendra Sabharwal as an Independent Director of the Company up to March 31, 2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not



liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Manish Mahendra Sabharwal, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Manish Mahendra Sabharwal as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Manish Mahendra Sabharwal as an Independent Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 11 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Manish Mahendra Sabharwal, to whom the resolution relates, is interested or concerned in the resolution.

#### **Item # 12 Increase in aggregate Investment ceiling limit under Portfolio Investment Scheme by the SEBI registered FII's from 24% to 35% in the paid-up share capital of the company**

The Reserve Bank of India had through its Master circular dated 1st July, 2006 on Foreign Investments in India permitted the companies to increase limit of investments by Foreign Institutional Investors (FII) up to the sectoral cap or statutory limit as applicable, by passing a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. The sectoral cap applicable to the company is 100% of its paid-up capital. The resolution at item no.12 of the notice seeks shareholder approval for increases in the permitted FII Investment limits up to 35%. The Board considers the increased investment by FII to be in the interest of the company.

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 # 13 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2015**

The Board, on the recommendation of the Audit Committee,

has approved the appointment and remuneration of the M/s. DZR& Co., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 at a remuneration of ₹2,00,000/- as audit fee, Service tax and out of pocket expenses shall be paid on actuals.

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. 13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

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 # 14 Alteration of Articles of Association**

The Articles of Association of the Company as currently in force are in accordance with the provisions of Companies Act, 1956. The references to specific sections of the Companies Act, 1956 and some of the Articles in the existing Articles of Association may no longer be in conformity with the Companies Act, 2013.

Considering that substantive sections of the Companies Act which deal with the general working of the companies stand notified, it is proposed to amend the existing Articles of Association to align it with the provisions of Companies Act, 2013 including the Rules framed thereunder and adoption of specific sections from Table "F" to Schedule I to the Companies Act, 2013 which sets out the model articles of association for a company limited by shares.

Since the alteration of the Articles of Association requires the approval of the shareholders in their meeting. Therefore, your Directors recommend the resolution as special resolution for your approval.

None of the Directors, key managerial personnel or their relatives may be deemed to be concerned or interested in the resolution except to the extent of his shareholding in the Company..

By Order of the Board  
for **Pennar Industries Limited**

Place : Hyderabad  
Date : 06.08.2014

**Mirza Mohammed Ali Baig**  
Company Secretary  
& Compliance Officer



## 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 6th August, 2014	Chairman of the Committee of other companies on which he is a director as on 6th August, 2014	Member of the Committee of other companies on which he is a director as on 6th August, 2014	No of Shares held by them in the Company as on 6th August, 2014
J Ramu Rao	30.07.1986	22.04.2011	MSc. Global Business Management. BE Bachelor of Engineering	Experience in field of Management	M/s. 22nd Century Agrotech Private Limited M/s. Madhubala Resorts And Developers Private Limited M/s. My Home Holdings Private Limited M/s. J.B.M. Exports Private Limited M/s. My Home Power Private Limited M/s. J.R.R. Exports Private Limited M/s. My Home Industries Limited M/s. Vinod Horticulture Private Limited M/s. BSR Agros Private Limited M/s. Vinod Agrotech Private Limited M/s. BSR Horticulture Private Limited M/s. Ranjith Industries Private Limited M/s. Pennar Industries Limited M/s. Ranjith Housing And Constructions Private Limited M/s. Ranjith Property Developers Private Limited M/s. Sree Jayajothi Cements Limited M/s. Bhuvija Infra Projects Private Limited	Nil	Nil	Nil
Vishal Sood	23.02.1972	31.01.2012	BE in Computer Science from Gujarat University and a MBA from IIM Ahmedabad	Experience in field of Management	M/s. Speciality Restaurants Limited M/s. Saif Advisors Private Limited M/s. Manpasand Beverages Private Limited M/s. Zooropa Foods Private Limited M/s. TMA Hospitality Services Private Limited M/s. Vrinda Foods & Hospitality Private Limited	Nil	Nil	Nil
Aditya Rao	06.12.1981	30.01.2008	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Management Services Limited M/s. Thapati Trading Private Limited M/s. Palguna Consultants Private Limited M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Solar Limited M/s. 135 Tech Labs Private Limited	Nil	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited	49,62,508 Equity Shares of Rs. 5/- each
K Lavanya Kumar	19.02.1959	07.05.2014	Law Graduate from Kakatiya University	Experience in the areas of law, construction, corporate affairs and liaising with statutory authorities	M/s. Pennar Solar Limited	Nil	Nil	1,22,200 Equity Shares of ₹5/- each

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 6th August, 2014	Chairman of the Committee of other companies on which he is a director as on 6th August, 2014	Member of the Committee of other companies on which he is a director as on 6th August, 2014	No of Shares held by them in the Company as on 6th August, 2014
C Pathasarathy	07.07.1955	30.10.2008	BSC(LLB)/FRCA, Fellow Member of institute of Chartered Accounts of India/FCS Company Secretary	Experience in the field of management.	M/s. Karvy Consultants Limited M/s. Nova Consultants Limited M/s. Karvy Stock Broking Limited M/s. Ocean Sparkle Limited M/s. Karvy Investor Services Limited M/s. Karvy Comtrade Limited M/s. Karvy Computershare Private Limited M/s. Karvy Insurance Broking Limited M/s. Karvy Global Services Limited M/s. Athena InfraProjects Private Limited M/s. Pennar Industries Limited M/s. Karvy Infrastructure Resources Private Limited M/s. Granules India Limited M/s. Financial Intermediaries Association Of India M/s. Karvy Data Management Services Limited M/s. Multidimension Entertainments Private Limited M/s. TMI E2e Academy Private Limited M/s. Karvy Holdings Limited M/s. Athena Energy Ventures Private Limited M/s. Forde Consultants Private Limited M/s. Forde Search (I) Private Limited M/s. Pennar Engineered Building Systems Limited	M/s. Karvy Investor Services Limited M/s. Karvy Global Services Limited M/s. Ocean Sparkle Limited M/s. Pennar Industries Limited	M/s. Karvy Stock Broking Limited M/s. Karvy Data Management Services Limited M/s. Pennar Engineered Building Systems Limited	Nil
B Kamalaker Rao	27.03.1949	30.01.2009	IIT Delhi	Experience in the field of management.	M/s. Aiswarya Holding Private Limited M/s. Fenoplast Limited.	Nil	Nil	Nil
Varun Chawla	03.03.1981	09.11.2012	Magna Cum Laude from Cornell University and BS, Applied Economic and Management from Cornell University	Experience in the field of Management	M/s. Audeamus Financial Consultants Private Limited M/s. My Guest House Accommodation Private Limited M/s. Sidharth Travels Private Limited. M/s. Springboard Solutions Private Limited	Nil	Nil	Nil
Manish Mahindra Sabhanwal	29.12.1969	22.04.2011	MBA from Wharton School	Experience in the field of Management	M/s. Pennar Engineered Building Systems Limited M/s. ICAP India Private Limited M/s. Team Lease Services Private Limited M/s. India Life Capital Private Limited M/s. ICAP Institutional Stock Exchange of India Limited M/s. Lupin Ventures Private Limited M/s. Neev Schools Private Limited M/s. Iijit Education Private Limited M/s. Team Lease Consulting Private Limited M/s. Team Lease Education Foundation M/s. India Tourism and Hospitality Skills Education Private Limited	Nil	M/s. Pennar Engineered Building Systems Limited	Nil



# Directors' report

## Dear Members,

Your directors take pleasure in presenting the 38th Annual Report together with the audited accounts for the financial year ended 31st March, 2014.

## Financial Results:

The Company's financial performance, for the year ended 31st March, 2014 is summarized below:

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Gross sales	1,23,244	1,27,437	85,170	97,213
Operating profit (PBIDT)	9,347	11,830	5,309	8,172
Profit before tax (PBT)	4,816	6,900	1,934	4,709
Income Tax and Deferred Tax	1,742	2,337	676	1,595
Profit after tax (PAT)	2,594	4,186	1,258	3,114
Profit brought forward from previous year	16,289	13,766	14,015	12,564
Surplus available for appropriation	18,883	17,952	15,273	15,678
<b>Appropriations</b>				
Dividend	0	1,220	0	1,220
Corporate tax on proposed dividend	0	207	0	207
Transfer to General Reserve	0	236	0	236
Transfer to Capital Redemption Reserve	0	-	0	-
Balance of profit carried to Balance Sheet	18,883	16,289	15,273	14,015

(₹ in lacs)

## Review of Performance:

The year under review witnessed reduced demand from customers due to slow down in their businesses. Increase in sales of Tubes and Railways segment helped in offsetting the decline in Cold Rolled Steel Business. Pennar started the new business of Hydraulic Cylinders which has a huge opportunity in domestic and global markets. Profits were affected due to increase in input costs and reduced margin as a result of competition.

## Subsidiaries':

The following are the subsidiaries of the Company as on 31st March, 2014

### (a) M/s. Pennar Engineered Building Systems Limited (PEBSL)

Your Company's subsidiary, M/s. Pennar Engineered Building Systems Limited, one of the top players of pre-engineering

building solutions in India, recorded annual sales of ₹417.2 crore representing 28% growth compared with last year. PEBSL recorded an operating profit (PBIDT) of ₹37.14 crore and a net profit of ₹18.26 crore, representing 4.5% and 26.87% growth, respectively as compared to last year. PEBSL continued to build a strong order book including significant repeat orders from existing customers which demonstrates the trust that the Company has built in the short period of time. As at 31st March, 2014, PEBSL had an order book of ₹330 crore.

### (b) M/s. Pennar Enviro Limited (PEL)

Pennar Industries subsidiary, M/s. Pennar Enviro Limited is engaged in water and waste water treatment, Fuel Additives, Water treatment chemicals and Water treatment projects. The company has recorded ₹17.48 crore gross sales with net profit of ₹0.12 crore. The company has order book of ₹40.00 crore. PEL received orders from the reputed customers like L&T, JSW, SLN Coffee, NSL Group and Kohinoor Group.

### Credit Rating:

CARE has reaffirmed the 'CARE A' (Single A) rating assigned to the long term bank facilities of Pennar. This rating is applicable to facilities having tenure of more than one year. Instruments with 'CARE A' rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Further, CARE has also reaffirmed the 'CARE A1' (A One) rating assigned to the short term bank facilities. This rating is applicable to facilities having a tenure upto one year. Instruments with 'CARE A1' rating are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

### Particulars pursuant to Section 212 of the Companies Act, 1956:

Your company has prepared the consolidated financial statements in accordance with the relevant accounting standards and the provisions of the Act. Pursuant to the provisions of Section 212 of the Act, documents in respect of the various subsidiaries viz., Directors' Report, Auditors' Report, Balance Sheet and Profit and Loss Account, are required to be attached to the Balance sheet of the Holding Company. However, in terms of the provisions of Section 212(8) of the Act, the Government of India, MCA, has vide Circular No. 2/2011, dated 8th February, 2011 granted exemption from the provisions of Section 212(1) of the Act. Accordingly, the annual report does not contain the financial statements of the subsidiaries of the company. However, the company will make available, the audited annual accounts and related detailed information of the subsidiaries, to the shareholders upon request in accordance with the applicable law. These documents are also available for inspection at the Registered Office of the company and also at the respective subsidiary companies during business hours.

A statement pursuant to Section 212(1)(e) of the Companies Act, 1956 containing the details of subsidiaries of the company forms part of the Annual Report.

### Liquidity:

The operating efficiencies and prudent working capital management by the company resulted in its maintaining a conservative debt profile with consolidated net debt of 106.67 crore and a debt to equity ratio of 0.26 and net debt to EBITDA ratio of 1.14 as of 31st March, 2014. Your Company continues to focus on generating strong cash flows to meet

its future growth plans from internal accruals. The Company is comfortable with its current liquidity position and foreseeable funds requirement.

### Listing of Equity Shares:

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

The Company's 0.01% Cumulative Redeemable Preference Shares are listed at Bombay Stock Exchange Limited.

### Dematerialisation of Shares:

98.38% of the company's paid-up Equity Share Capital is in dematerialized form as on 31st March, 2014 and balance 1.61% is in physical form.

84.78% of the company's paid-up 0.01% Cumulative Redeemable Preference Share Capital is in dematerialized form as on 31st March, 2014 and balance 15.22% is in physical form.

### Buyback of Equity Shares:

Pursuant to the resolution passed by the Board of Directors of the Company dated 10th June, 2013, the Company has bought back 16,74,486 Equity Shares of ₹5/- each and the same was informed to the Exchanges and the SEBI on 6th June, 2014.

### Redemption of 0.01% Cumulative Redeemable Preference Shares:

The company has redeemed the first annual installment of 1,66,49,119 '0.01% Cumulative Redeemable Preference Shares' of ₹5/- each at a rate of ₹1.66/- per share along with 0.01% dividend on the redemption value of ₹1.66/- as per the terms and conditions of the 'Scheme of Reconstruction and Arrangement' sanctioned by the High Court of Andhra Pradesh.

### Secretarial Audit Report:

As a measure of good Corporate Governance practice, the Board of Directors of the Company appointed Mr. S Chidambaram, Practicing Company Secretary, to conduct the Secretarial Audit. The Secretarial Audit Report for the financial year ended 31st March, 2014, is enclosed as Annexure-A.

The secretarial audit covered the provisions of the Companies Act, 1956 and the Companies Act, 2013, the Depositories Act, 1996, the Listing Agreement with the Stock Exchanges and the SEBI guidelines/ regulations on Insider Trading and Takeover Code.



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

The particulars as prescribed pursuant to provisions of Section 217(1)(e) of the Act read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, is enclosed as Annexure-B.

## Management Discussion and Analysis:

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis enclosed as Annexure-C.

## 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 Clause 49 of the Listing Agreement is enclosed as Annexure-D.

The requisite certificate from the Statutory Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is enclosed as Annexure-E.

## Directors:

None of the directors of the company are disqualified under the provisions of the Act or under the Listing Agreement with the Stock Exchanges.

## Appointments

Mr. Vishal Sood, and Mr. J Ramu Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

Mr. Aditya Rao was redesignated as Vice Chairman & Managing Director of the Company at the meeting of the Board of Directors held on 5th February, 2014.

Mr. K Lavanya Kumar was appointed as Whole-Time Director of the Company at the meeting of the Board of Directors held on 7th May, 2014.

Mr. C Parthasarathy, Mr. B Kamalakar Rao, Mr. Varun Chawla and Mr. Manish Mahender Sabarwal are appointed as Independent Directors of the Company under Section 149 of the Companies Act, 2013.

Pursuant to the provisions of Clause 49 of the Listing Agreement, 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

## Cessations

Mr. Ch Anantha Reddy, Whole-Time Director, Mr. C Rangamani, and Dr. G Vivekanand, Independent Directors of the company resigned from the office of directorship on 8th January, 2014, 10th January, 2014 and 28th July, 2014 the same was taken note by the Board of Directors at its meeting held 22nd January, 2014 and 6th August, 2014. Your Board places on record their appreciation for the contribution made by them during their tenure as Directors.

## Statutory Auditors:

M/s Rambabu & Co., Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if re-appointed. The Audit Committee and the Board of Directors recommend their re-appointment as the Statutory Auditors for the Financial Year 2014-15.

## Audit Observations:

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments..

## Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2013 was reviewed by the Audit Committee at their meeting held on 6th August, 2013 and has been filed on 26th September, 2013 well within the due date.

The Cost Audit for the year ended 31st March 2014 is in progress and the Cost Audit Report will be filed within the stipulated time.

M/s. DZR & Co., Cost Accountants have been reappointed as

the Cost Auditors of the Company for the year ending 31st March, 2015.

### Directors Responsibility Statement:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- 1) In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- 2) The directors had selected such Accounting Policies and applied them consistently and made judgments 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, 2014 and of the profit of the company for that period;
- 3) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The directors had prepared the annual accounts on a 'going concern' basis.

### Dividend, Fixed Deposits and General Reserves:

In order to conserve cash, your Directors are not recommending a dividend on equity shares. However the company has redeemed its first annual installment of 0.01% Cumulative Redeemable Preference shares of ₹5/- each at ₹1.66/- per share along with Dividend at 0.01% during the year 2013-14.

Your Company has not accepted any fixed deposits and no amount has been carried to General Reserves during the year.

### Particulars of Employees:

The information required under Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the

Annexure to the Directors' report. However pursuant to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitles thereto. Any member interested in obtaining such particulars may write to the Company Secretary for a copy.

### Declaration by Vice-Chairman & Managing Director:

Pursuant to the provisions of clause 49(l)(D)(ii) of the Listing Agreement, a declaration by the Vice-Chairman & Managing Director of the company declaring that all the members of the board and the senior management personnel of the company have affirmed compliance with the Code of Conduct of the company is enclosed as Annexure-F.

The Vice-Chairman & Managing Director certification to the board pursuant to clause 49(V) of the listing agreement is enclosed as Annexure-G.

### Acknowledgements:

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 of growth. The Directors would also like to take this opportunity to thank the financial institution, 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 Industries Limited**

Date : 06.08.2014  
Place : Hyderabad

**Nrupender Rao**  
*Executive Chairman*



Annexure - A

# Secretarial Audit report

The Board of Directors  
M/s. Pennar Industries Limited  
Floor No.: 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad - 500 084

I have examined the registers, records, books and papers of M/s. Pennar Industries Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of the Company for the financial year ended on 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, according to the provisions of:

The Companies Act, 1956 and 2013;

The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 2011;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and

The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited

I report the following

## 1. The Company :

- (a) has maintained various statutory registers and documents;
- (b) has closed its Register of Members during the Financial Year for the purpose of Annual General Meeting and Dividend;
- (c) has filed Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and Central Government;
- (d) has duly conducted Board meetings/ Committee Meetings;
- (e) has sent the notices as required to its Members;
- (f) has duly conducted the Annual General Meeting on 31.07.2013;
- (g) has maintained minutes of proceedings of Board Meetings/

Committee Meetings and General Meetings;

- (h) has complied with all the applicable provisions with regard to constitution of the Board of Directors / Committee(s) of directors and appointment, retirement and their re-appointment including that of Managing Director/Whole-time Directors;
- (i) has complied with all the applicable provisions with regard to payment of remuneration to the Directors including the Managing Director and Whole-time Directors;
- (j) has complied with all the applicable provisions with regard to appointment and remuneration of Auditors;
- (k) has delegated power to the committee to process and approve the transfers and transmissions of the Company's shares;
- (l) during the period under review the Company has not allotted any shares.
- (m) has complied with the provisions of the Companies Act, with regard to declaration and payment of dividends;
- (n) has complied with the provisions of Section 372A of the Companies Act, 1956;

## 2. I further report that:

- (a) the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings / debenture holdings and directorships in other companies and interests in other entities;
- (b) the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Business Conduct & Ethics for Directors and Management Personnel as per Clause 49 of the Listing Agreement;
- (c) the Company has complied with the conditions of Corporate Governance as stipulated in Listing agreements with respective Stock exchanges.
- (d) there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties



were imposed on the Company during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers;

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialisation of securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

**4. I further report that:**

(a) the Company has filed the requisite returns, documents, information as per the requirements under the Equity Listing

Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited;

- (b) the Company has duly complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) the Company has filed returns, documents, information as required under the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

**S. Chidambaram**

*Practicing Company Secretary*

Date: 07.05.2014

Place: Hyderabad

C P No: 2286

schid285@gmail.com



## Annexure - B

**Particulars Pursuant to Companies  
(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

Form A

PARTICULARS	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>1. Electricity:</b>		
a. Purchase of Units	1,90,92,351	1,82,33,718
Total Amount (₹)	14,70,91,577	13,37,09,064
Rate Per Units (₹)	7.70	7.33
b. Own Generation		
Through Diesel Generator		
1000KVA units (KWH)	5,67,220	25,40,826
Units per liter of diesel oil	3.15	3.25
Cost of Diesel per KWH (₹)	18.33	14.4
<b>2. Coal :</b>		
Quantity (Tonnes)	722.16	988.36
Total Amount (₹)	29,20,276	39,88,700
Average Rate (₹)	4,044	4,036
<b>3. Diesel Oil :</b>		
Quantity (KL)	233	853
Total Amount (₹)	1,36,63,959	4,07,70,699
Average Rates (₹)	58,598	47,793
<b>4. C IX Oil :</b>		
Quantity (MT)	1,104	1,252
Total Amount (₹)	4,90,35,263	4,77,97,392
Average Rates (₹)	44,429	38,186
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
a. Product		
Unit		
Electricity (KWH)	110	135
Coal (Kgs)	7	12
Diesel (Ltrs)	0.05	0.24
C IX (Kgs)	9.39	14.10
b. Product		
Unit		
Electricity (KWH)	107.19	94.86

## Annexure - C

# Management Discussion and Analysis

## Industry overview

Despite an ongoing slowdown, India reported a GDP growth of 4.7% during 2013-14, marginally surpassing the previous year's 4.5% but unable to meet forecasts of around 4.9%. The country's fiscal deficit was recorded at 4.5% of GDP, than 2012-13 readings by 0.4%. The current account deficit of the country declined from ₹88 billion to ₹32.4 billion.

Manufacturing, the biggest constituent of Indian industry, shrank 0.7 per cent in 2013-14, against 1.1 per cent growth in the previous financial year. Total FDI inflows into various infrastructural sectors were 22.8% higher than in the last fiscal. (Source: IBEF)

The country is optimistic of reporting higher GDP growth on account of quicker government clearance for projects long stuck in procedural delays, easier FDI norms and focus on government project implementation.

## Index of Industrial Production

The Index of Industrial Production contracted by 0.1% in April to March 2013-14 over the corresponding period of the previous year. Production in the mining sector and the manufacturing sector moderated by 0.6% and 0.8% respectively during April to March 2013-14 over the same period in 2012-13. Electricity generation increased by 6.1% during April to March, 2013-14 over corresponding period during the previous year. Interestingly, IIP grew 3.4% in April 2014 over April 2013 mainly on the back of a growth in the electricity generation (11.9%) and manufacturing (2.6%) sectors.

Groups	Weight	Annual		Cumulative	Monthly	
		2011-12	2012-13	April-March, 2013-14	March-2014	April-2014
Mining & Quarrying	141.57	-2.0	-2.3	-0.6	0.3	1.2
Manufacturing	755.27	3.0	1.3	-0.8	-1.3	2.6
Electricity	103.16	8.2	4.0	6.1	5.4	11.9
General Index	1000.00	2.9	1.1	0.1	-0.5	3.4
Use Based Classification						
Basic goods	456.82	5.5	2.4	2.1	4.4	6.8
Capital goods	88.25	-4.0	-6.0	-3.6	-11.6	15.7
Intermediate goods	156.86	-0.6	1.6	3.1	1.6	4.4
Consumer goods	298.08	4.4	2.4	-2.7	-2.1	-5.1
i) Consumer Durables	84.60	2.6	2.0	-12.2	-11.8	-7.6
ii) Consumer Non-Durables	213.47	5.9	2.8	5.0	5.0	-3.3

## Sectoral overview

### 6

Estimated 2014-15 automobile industry growth (%) against 3.53% in 2013-14

### 41,400

Renewable energy capacity (MW) target by 2017 against 32,269.6 MW as on March 31, 2014

### 56.3

Projected government investment (₹ / trn) in infrastructure under the 12th Five Year Plan

### 5,00,000

Projected investment (₹ / cr) in the power sector by 2020.

### 1,25,000

Projected investment (₹ / cr) in metro railways by 2020.

### 1,20,000

Projected investment (₹ / cr) in roadways by 2020.

### 1,00,000

Projected investment (₹ / cr) in water infrastructure by 2020



## Sectoral overview

**1,00,000**

Projected investment (₹ / cr) in ports by 2020.

**50,000**

Projected investment (₹/ cr) in dedicated freight corridors by 2020.

**65,445**

Record 2014-15 Plan outlay (₹cr) for Indian Railways (₹63,363 cr in 2013-14)

**1-2**

Projected incremental GDP growth (%) following GST implementation

**813**

Projected water requirement (billion cubic metres), 2025 against 700 billion cubic metres in 2010

**3.56**

Growth in municipal waste generation (% CAGR), 2005-11

**2.57**

Growth in urban population (% CAGR), 2005-11

**30**

The sewerage treated in India (%)

## Pennar's key market segments

Downstream sectors	Performance review
<p><b>Automotive</b></p> <p>India is extensively under-consumed in automobile offtake. The automobile sector has a multiplier economic impact. India has one of the most globally competitive auto component manufacturing sector. A outsourcing hub for several global automobile manufacturers.</p>	<p>*Although automobile sales increased 3.53%, commercial vehicle sales declined.</p> <p>* Domestic sales of passenger vehicles was 6% lower than the preceding year. Overall passenger car sales declined 4.65% to 17,86,899.</p> <p>*Utility vehicle (including SUVs) sale declined 5% to 525,942 units. Export of utility vehicles grew 298 percent to 41,550 units.</p> <p>*The two-wheeler market grew 7.31%</p>
<p><b>Pennar's sectoral relevance</b></p>	<p>While the sector reported a degrowth, Pennar added 10 customers; 16.2% of the Company's revenue was derived from this segment</p>
<p><b>Solar power</b></p> <p>India is building its solar power capacity thanks to the ambitious National Solar Mission, state solar policies, and increased renewable energy focus.</p>	<p>*The installed capacity of renewable energy touched 32,269.6 MW, or 12.95% of national potential as on March 31, 2014. With this, the renewable energy constitutes 28.8% of the overall installed capacity in India.</p> <p>*The grid-connected solar capacity, commissioned under the National Solar Mission, stood at 2,632 MW as on March 31, 2014. A little over a third of the total capacity was commissioned in Gujarat.</p> <p>During 2013-14, 947 MW was commissioned.</p>
<p><b>Pennar's sectoral relevance</b></p>	<p>Pennar enjoys a leadership position in India's solar structural market (10%). 5.9% of the Company's revenues were derived from this segment in 2013-14.</p>
<p><b>Manufacturing</b></p> <p>India's manufacturing sector contributes about 16 per cent to its GDP.</p>	<p>The manufacturing sector GDP declined 0.7% over 2013-14. In addition to a slowdown in fixed investment, higher interest, infrastructural bottlenecks, inflationary pressure and demand decline contributed to low manufacturing growth. In contrast, the global manufacturing sector gained strength in 2013-14.</p>
<p><b>Pennar's sectoral relevance</b></p>	<p>Pennar supplies many products to auto, engineering and other manufacturing sectors.</p>

## Pennar's key market segments

Growth drivers	Outlook
<p>Impetus on infrastructure, which can rekindle commercial vehicle demand, declining for the third successive year.</p> <p>* The government allocated ₹37,880 crore for National and State Highways; ₹14,389 crore was allocated for road development in rural areas under the Pradhan Mantri Gram Sadak Yojna. Expected to catalyse demand for vehicles and components.</p> <p>*The Government allocated ₹24 crore to boost research in electric vehicles through the National Development Council.</p>	<p>Society of Indian Automobile Manufacturers expects 6% sectoral growth over 2014-15.</p>
<p>*The Ministry of New &amp; Renewable Energy targeted a renewable energy installed capacity of 41,400 MW by 2017, a \$10.51 billion opportunity.</p> <p>* The government allocated ₹1,000 crore for the solar power sector in the 2015 Budget.</p> <p>* India receives nearly 3000 hours of sunshine every year, equivalent to 5000 trillion kWh of energy.</p>	<p>The Indian Railways proposes to harness 20% of its energy demand through renewable sources.</p> <p>Around 500 MW of power would be sourced from rooftop solar applications with annual power demand of the Indian Railways being 4,000 MW.</p>
<p>The Government created National Investment and Manufacturing Zones (NIMZs), promoting clustering and aggregation to catalyse manufacturing growth. These NIMZs will seek to remove infrastructural bottlenecks.</p> <p>Ten NIMZs were announced, eight along the Delhi Mumbai Industrial Corridor (DMIC).</p> <p>The Delhi - Mumbai Industrial Corridor (DMIC) is being implemented on both sides of the 1,483 kilometre long Western Dedicated Rail Freight Corridor between Dadri (Uttar Pradesh) and JNPT (Maharashtra), covering six states supported by ₹17,500 crore across five years.</p> <p>The FDI policy is being liberalised progressively to allow FDI in more industries under the automatic route. 'Invest India', a joint venture of the Department of Industrial Policy &amp; Promotion and FICCI, established a not-for-profit, single window facilitator.</p>	<p>India plans to create 100 million skilled jobs in its manufacturing sector by raising its share of GDP from 16 per cent to 25 per cent by 2025. India's manufacturing sector size could reach US\$ 1 trillion by 2025 (Source: Mckinsey).</p> <p>The HSBC India Manufacturing Purchasing Managers' Index (PMI) increased marginally from 51.3 in April to 51.4 in May, 2014.</p>



Growth drivers	Outlook	Growth drivers	Outlook
<b>Construction</b>	<p>There has been a slowdown in construction over 2013-14 resulting in a capacity underutilisation in steel and cement sectors.</p> <p>The Indian construction industry registered a compounded annual growth rate of 13.52% in nominal terms during the review period (2009–2013), driven by private and public investments in infrastructure, as well as in institutional and commercial construction projects.</p>	<p>The output of the industry during the Twelfth Five Year Plan (2012-13 to 2016-17) is likely to increase from ₹7.67 lakh crore in 2012-13 to ₹13.59 lakh crore in 2016-17.</p> <p>A sum of ₹7,060 crore has been allocated for developing 100 Smart Cities in the budget 2014-15.</p> <p>Growth in the construction industry is linked to growth in the infrastructure and the building sectors. Apart from growth in construction of industrial buildings, the industry catering to commercial real estate in the non-residential sector is likely to grow on the back of IT, hospitality, tourism and logistic sectors.</p>	<p>Industry growth is expected to remain strong as a result of the government’s commitment to making infrastructural improvements and the implementation of the 12th Five-Year Plan under which the government expressed plans to invest ₹56.3 trillion (US\$1.0 trillion) in various long-term development plans.</p> <p>The Indian construction sector is also an attractive proposition for foreign developers as the Indian Government has allowed 100% FDI in the real estate industry thereby stimulating construction activities throughout the country.</p>
<b>Pennar’s sectoral relevance</b>	PEBS Pennar is among the top players in the country for manufacturing pre engineered buildings.		
<b>Warehouse</b>	<p>The size of the Indian warehousing industry (across commodities and modes) is pegged at about ₹560 billion (excluding inventory carrying costs) and the industry is growing at over 10% annually</p> <p>The Central Warehousing Corporation added 3.21 lakh metric tonnes of additional storage capacity in 2013-14 as against 2.02 lakh MT in 2012-13. At the state- level, 17 State Warehousing Corporations met storage requirements and complemented the work of CWC.</p> <p>As on 30 April 2014 these SWCs operated a network of 1,687 warehouses with an aggregate storage capacity of 268.3 lakh metric tonnes.</p>	<p>*Demand for high-end services and infrastructure, driven by the greater presence of MNCs and maturity in end-user industries (such as food, textile, pharmaceuticals, automotive and engineering goods), is creating new storage space requirements.</p> <p>*Rising exports (~13% CAGR between FY08 and FY13) and imports (~14% CAGR between FY08 and FY13) support warehousing growth.</p> <p>*The Government plans to phase out Central Sales Tax (CST) and introduce GST. The move would help the logistics industry rearrange operations and enable manufacturers to store and distribute goods across the country without state boundaries.</p> <p>*The government to allocate ₹5,000 crore for the Warehouse Infrastructure Fund, announced in the Union Budget 2014-15.</p>	<p>The global warehousing and storage industry reported significant growth during five years, a trend expected to sustain.</p> <p>The Indian warehousing industry is set to grow at a CAGR of 8%-10% and modern warehousing at 25%-30% over five years due to increased global demand, organised retail, presence of affordable e-commerce options and growth in international trade.</p>
<b>Pennar’s sectoral relevance</b>	Pennar is a leading player in pre-engineered buildings with many firsts to its credit including setting up one of the largest warehouse in India (10 million sqft).		

Growth drivers	Outlook	Growth drivers	Outlook
<p><b>Water industry</b></p>	<p>According to Indian Infrastructure Research, the market size of the Indian desalination industry stood at about 470 million litres per day in 2010 and expected to reach 1,850 million litres per day by 2015. Some 60% of this growth will come from industrial capacity valued at ₹60 billion</p> <p>Only 43.5% of households have access to piped drinking water. Within urban areas, about 71.2% of households get drinking water within their premises.</p> <p>Between 2005-11, India's urban population grew 2.57% CAGR while municipal solid waste grew 3.56% CAGR.</p>	<p>Per capita water availability declined from 1820 cubic metres in 2001 to 1544 cubic metres in 2011 and projected to decline to 1140 cubic metres by 2050.</p> <p>Population growth and ground water depletion is compelling governments to drive desalination projects.</p> <p>The revised National Water Policy 2012 recommends desalination to increase water availability in urban and industrialised areas. A restriction on ground water use by industries is expected to trigger the need for establishing individual desalination plants.</p>	<p>Massive investment projections have been made for the Twelfth Five Year Plan period. The Planning Commission pegs an investment requirement of ₹2550 billion for the water supply and sanitation sector</p> <p>The industrial water requirement is expected to increase to about 813 billion cubic metres by 2025. Of this, industrial water requirement is estimated at 62 billion cubic metres, growing at a CAGR of about 4% till 2025</p>
<p><b>Pennar's sectoral relevance</b></p>	<p>Pennar intends to move ahead in the product development value chain. Despite being a year into this business, the Company successfully carved out a ₹50 crore order book in 2013-14.</p>		
<p><b>Railways</b> The Indian Railways is Asia's largest railway network and the fourth largest railway networks in the world with a total route network of about 64,600 km spread across 7,146 stations, operating over 19,000 trains every day.</p>	<p>The total approximate earnings of Indian Railways on originating basis during FY 2013-14 were ₹140485.02 crore (US\$ 23.14 billion) compared to ₹121831.65 crore (US\$ 20.06 billion) during the same period of FY 2012-13</p> <p>The total approximate numbers of passengers booked during FY 2013-14 were 8,535 million compared to 8,602.12 million</p>	<p>The Railway Budget 2014-15 announced the highest-ever Plan outlay of ₹65,445 crore (US\$ 10.95 billion) with budgetary support of ₹30,100 crore (US\$ 5.03 billion)</p> <p>Leveraging of railway PSU resources by bringing in their investible surplus funds in infrastructure projects of the Railways</p> <p>Five new Jansadharan trains, five premium and six AC trains, 27 new express trains, eight new passenger services, five DEMU services and two MEMU services to be introduced</p> <p>23 projects were underway in North East; ₹5,100 crore (US\$ 853.8 million) was allocated</p>	<p>The already vast network of Indian Railways is growing. An outlay of US\$ 95.6 billion was approved by the Planning Commission for the Railways, for the 12th Five Year Plan.</p> <p>Freight traffic is set to increase manifold, due to investments and private sector participation. Indian Railways targeted freight market share of 50 per cent by 2030, from 30 per cent in 2010.</p> <p>Investments are expected in metro rail networks in the country to the tune of US\$ 42 billion by 2020.</p>
<p><b>Pennar's sectoral relevance</b></p>	<p>With higher support from the new government, Pennar expects to report higher growth.</p>		



## BUSINESS AND OPERATIONAL REVIEW

Business segment 1

### PENNAR INDUSTRIES LIMITED

<b>₹735.8 crore</b>	<b>₹53.1 crore</b>	<b>7.2%</b>
Revenues, 2013-14	EBIDTA, 2013-14	EBIDTA margins, 2013-14

### A. Steel products

Contributed 38.4% to the Company's revenues, 2013-14

<b>₹426.8 crore</b>	<b>₹24 crore</b>	<b>5.6%</b>
Revenues, 2013-14	EBIDTA, 2013-14	EBIDTA margins, 2013-14

### Highlights, 2013-14

- Revenues stood at ₹426.8 crore against ₹485.5 crore in 2012-13
- EBIDTA stood at ₹24 crore against ₹38.4 crore in 2012-13
- Segment profitability declined from ₹14.8 crore in the previous year to ₹5.8 crore

### Overview

Pennar's steel product strategic business unit comprises structural components comprising special steels and cold rolled formed sections for building products, profiles (infrastructure and auto), road safety systems and sheet piles.

Structural steel has gained growing acceptance as a preferred construction material in fast track projects; Pennar possesses a capacity to deliver large quantities of purlins, cold-roll formed sections and roofing sheets around short lead times, emerging as a leading supplier to construction projects in India and abroad. The company's ready-to-use cold rolled steel possess superior surface finish and uniform thickness with close tolerances, helping customers minimize wastage and maximize yield.

At a time when the country's infrastructure sector is expected to rebound, Pennar is positioned as a one-stop producer of sheet metal products for use in the automobile industry (OEMs), strengthening its preference and leadership.

The Company operates four plants addressing the growing needs of customers like Lloyds Insulation Ltd, Alstom Projects, Lanco Infratech, FLSmidth, Thermax, Johnson Lifts, Adani Power, L&T and Ashok Leyland, among others.

Pennar was among the first companies in India to engage in narrow cold rolling and profiles business, gradually emerging as a market leader. The company possesses an installed capacity of 2,50,000 TPA. The cold rolling business possesses attractive value-added opportunities; the Company uses personalized tools to optimize lead time, leveraging in-house engineering and design capabilities to enduring customer relationships.

### Business overview

Steel Products division has been static in FY 14. However most of the revenue is driven by cold rolled steel business.

### Outlook

In order to further strengthen the division, the company is planning to expand into special profiles and higher margin products. New products like pumping solutions, ESP retro fitting, and specialized sheet piles etc. will be added into the products profile of the company. Apart from this, the company is also looking to expand into International markets. The manufacturing units will also be strengthened with high end equipments to suit requirements of the customers.



## B. Systems and projects

Contributed 10.8% to the Company's revenues, 2013-14

<b>₹119.9 crore</b>	<b>₹12.8 crore</b>	<b>10.7%</b>
Revenues, 2013-14	EBIDTA, 2013-14	EBIDTA margins, 2013-14

### Highlights, 2013-14

- Revenue stood at ₹119.9 crore against ₹190.7 crore in 2012-13
- EBIDTA stood at ₹12.8 crore against ₹25.23 crore in 2012-13
- Segment profitability declined from ₹9.7 crore in the previous year to ₹3.3 crore

### Overview

Pennar caters to the requirement of railway wagon components for Indian Railways. Pennar manufactures cold roll formed profiles and fabricated structures with superior strength-to-weight ratio in the manufacture of railway wagons. The Company developed and supplied stainless steel sections for modern-day stainless steel wagons; the company also emerged as a supplier of several sections (including heavy fabrication parts) for railway coaches. For the railways business, the company addresses the needs of Integral Coach Factory (Perambur), Southern Railways, Texmaco and Besco, among others.

With public transportation facilities assuming rising significance, the requirement of the Indian Railways for railway coaches is also growing. Pennar's Railways business caters to the requirements of the Indian Railways supported by a dedicated manufacturing facility.

Pennar's solar power projects also fall under this segment. The Company also accounted for a 10% market share in solar module mounting structures, demand for which is expected to increase following the implementation of the National Solar Mission. The Company's key clientele for the solar business includes L&T, Tata Power Solar, Navalakha, Lanco Solar, ABB, Schneider Electric and Solaris, among others. Pennar intends to expand its solar business presence from Tamil Nadu, Maharashtra and Andhra Pradesh to Northern India.

With deep expertise in structural steel and pre-engineered

buildings and as an extension to our product offerings Pennar will provide warehousing solutions. As the markets mature, Pennar will focus on delivering new designs and technologies.

### Business overview

During the year under review, the railway business reported a net revenue of ₹75.1 crore accompanied by higher margins. The solar business on the other hand reported a Net Revenue of ₹44.7 crore. Pennar, enjoying a market share 15%, is expected to capitalize on this attractive opportunity.

Pennar's growth has been driven by continuous product extension - from cold rolled steel strips to fabricated structures and solar module mounting structures. With a strategy to expand in related segments, the Company intends to introduce new products and solutions for the infrastructure and warehousing sector.

Pennar's delivery of customized new-age designs and technologies have facilitated quicker delivery, wide range of sectional dimensions and thickness, reduced project costs and optimized mounting structure weight.

Pennar is the largest cold roll formed steel section manufacturer in India, having supplied mounting structures and structural components to various solar plants.

### Outlook

Pennar will utilise its deep expertise in the area of structural steel and pre-engineered buildings to grow its presence in the warehousing solutions space. While exploring newer growth areas, the Company will enhance its focus on stainless steel coaches and the metro rail segment. Going ahead, the Company is expected to expand the business of solar structures with tracking systems.



## C. Tubes

Contributed 11.85% to the Company's revenues, 2013-14

**₹131.5 crore**

Revenues, 2013-14

**₹6.7 crore**

EBIDTA, 2013-14

**5.1%**

EBIDTA margins, 2013-14

### Highlights, 2013-14

- Revenue increased by 32 per cent from ₹99.3 crore in 2012-13 to ₹131.5 crore
- Sales grew 6.8 percent from Q1, FY 14 to Q4, FY 14
- Entered into CDW (Cold Drawn Welded) tube markets

### Overview

The strategic business unit manufacturing tubes across categories addressing four industrial segments. The Company's products comprise electric resistance welded pipes, cold drawn welded tubes, air pre-heater tubes, Indian boiler regulation tubes.

The tubes manufactured by the company are widely used as structural components for various products in the automobile, power, manufacturing, structural and general engineering segments. The company possesses the capability to manufacture tubes of different shapes and dimensions catering to different client requirements.

Pennar brings to each project a rich experience in fabrication, precision engineering and customised client requirements. The in-house tool design and manufacturing capability has helped produce designed rolls at low costs with short lead times.

The Company services the growing needs of prominent automobile companies like Mahindra, Volvo-Eicher commercial vehicles, Hyundai, TVS, Tata Motors and Ashok Leyland.

In the power sector, several major players (Thermax, BGR, Paharpur, Cethar, KCP, Airco Fin, among others) use Pennar's products. Besides, the products are also used by cement plant and sugar plant equipment manufacturers. The Company's

auto-controlled pollution-free wet process plants with bright annealing furnace produce diverse tubes supported by stringent quality norms.

### Advantages of Tubes

- High precision dimensional tolerances.
- Higher strength.
- Controlled and uniform mechanical properties.
- Smooth surface finish - 0.2 Ra for cylinder bore quality.
- Uniform sectional thickness

### Business overview

The company supplemented the manufacture of electric resistance welded tubes with cold drawn welded tubes. The year 2013-14 was the first full year of operations of the Company's cold drawn welded tubes range. During the year under review, the Company streamlined CDW tube operations at its Isnapur facility, marked by precision, dimensional tolerance, strength, controlled mechanical properties and inner surface smoothness.

The Company introduced a new tubular component to cater to the oil and gas segment, whose performance will become visible in 2014-15.

Additional tube mills were commissioned at Isnapur; product distribution and service setups in Chennai and Hosur addressed specific client needs that enhanced revenues.

### Outlook

Going ahead, the company's capex is expected to translate into attractive revenues.

## D. Industrial components division

Contributed 5.1% to the Company's revenues, 2013-14

**₹57.6crore**

Revenues, 2013-14

**₹7.5crore**

EBIDTA, 2013-14

**13%**

EBIDTA margins, 2013-14

### Highlights, 2013-14

- Revenue stood at ₹57.6 crore from ₹72.7 crore in 2012-13
- EBIDTA stood at ₹7.5 crore against ₹10 crore in 2012-13
- Segment profitability declined from ₹3.9 crore in the previous year to ₹1.8 crore

### Overview

The company's business of industrial components comprises press metal components used in the automotive and white goods sectors. The Company's product portfolio comprises refrigerator and A/C compressor shells, four-wheeler parts (car seating system assembly), two-wheeler parts (disc brakes) and heavy vehicle filter parts.

This SBU addresses a market segment estimated around ₹2,800 crore; the company accounts for 2% of the country's market share in this segment. The Company leveraged its longstanding engineering insight to market these components and has capitalized on the growth of the country's automotive and white goods sectors.

Over 50% of the Company's business in this segment is derived from repeat customers like Tecumseh Products, Emerson

Climate Technologies, Endurance Technologies, India Nippon Electricals, IFB Automotive Private Limited, Fleetguard Filters, WABCO India and Brakes India, among others.

The Company's plants in Patancheru and Chennai are equipped with state-of-the-art equipment and facilities (press shops and tool maintenance) that ensure the fabrication of high-precision quality products supported by centralised CNC tool rooms to address the emerging tool manufacturing needs of customers.

The company's commitment to quality and total customer satisfaction facilitated the ISO 9001:2000 accreditation.

### Business overview

The Company added Yamaha, BEML, INEL and many more as its customers and Braking components, Steering componets (in Auto component Segment), Wabco Piston Assy, Air Spring, Guide Bracket, Rotor cup components to its product offerings in 2013-14.

The Company acquired the hydraulics business of Wayne Burt in Chennai.

### Business segment 2

## M/s. PENNAR ENGINEERED BUILDING SYSTEMS LIMITED (PEBS)

**₹417.19 crore**

Revenues, 2013-14

**₹37.14 crore**

EBIDTA, 2013-14

**10.16%**

EBIDTA margins,  
2013-14

### Highlights, 2013-14

- Gross revenues increased 28% per cent from ₹325 crore in 2012-13 to ₹417 crore
- EBIDTA grew 4.5 per cent from ₹35.54 crore in 2012-13 to ₹39.94 crore
- Profit grew 26.87% to ₹18.26 crore
- Order book stood at ₹330 crore as on March 31, 2014

### Overview

PEBS Pennar is engaged in the design, manufacture, supply and installation of pre-engineered steel buildings and components for industries, warehouses, commercial centres, multi-storied buildings, aircraft hangars, sports stadia, cold-form structures, solar mounting structure, among others. PEBS Pennar is also engaged in providing structural EPC solutions for power plants. Over the years, PEBS Pennar has distinguished itself through



## Attractive customer base 500

Customers served till date (As on march 31, 2014)

## Growing market share 10%

Share in the Indian PEB market (against 1% three years ago)

## Growing orderbook 150

Projects commissioned and executed during the year

## Growing size of projects 50

Project executed above ₹5 crore

innovation, distinctive design, expertise and a global quality for customers who aspire towards technological and structural superiority.

PEBS Pennar's design capabilities and engineering expertise are advanced and efficient. The company's state-of-the-art manufacturing facility (29,000 sq m) is equipped with high-precision CNC machines to fabricate and supply high quality and complex steel buildings. The business is equipped to build around 2.5 million square metres of steel buildings a year.

PEBS Pennar started commercial production in 2010 and worked with several Fortune 500 companies engaged in the pharmaceutical, cement, engineering, power, textile, automotive, electronics, logistics and retail sectors. The customers are prominent companies like UltraTech Cement Ltd, L&T, HCC, P&G, Godrej, Dr. Reddy's Laboratories, ABB, JSW, Schneider Electric, Reliance Retail, ACC, IOT Infrastructure & Energy Services Ltd, Schindler, Volvo and Hyderabad Metro Rail.

The Company enjoys a technical association with NCI Group of USA for knowhow related to the leak-proof Double Lock® roofing system.

### Business review, 2013-14

India's ₹4,500 crore pre-engineered building industry comprise nine big players and over 35 small players. Even as the industry remained broadly stagnant, Pennar PEBS outperformed with revenue growth of 28% following proactive diversification into structural steel and cold-form building segments.

The business received tower design approval from RAMBOLL, a leading European telecom tower designing company. RAMBOLL's tower designs are reputed worldwide and widely used in all SAARC countries. PEBS Pennar is among the four Indian companies to pass stringent checks and attain approval from RAMBOLL,

strengthening prospects in addressing the 4G opportunity.

The company leverages optimised designs and a quick turnaround that is shorter than the industry average, reflected in some of the following landmark projects:

- UltraTech Birla White Cement, Jodhpur, Rajasthan: Stacker reclaiming shed of 75 metre clear span, the largest built by any Indian PEB company
- IOT Infra, Dahej, Gujarat: The longest building by a PEB company in India of 1 km length and 145,000 square metre area
- Jayabheri Orange County, Hyderabad: G+10 floor commercial building for Jayabheri Properties, Hyderabad
- Schindler India, Pune, Maharashtra: Factory building covering an area of 25,500 square metre
- Tata Steel Processing & Distribution Limited, Chennai, Tamil Nadu: Factory building at Chennai
- L&T Metro: Building of stations for L&T Metro, Hyderabad
- Shobha Developers multi-level car parking
- Nuevosol for NTPL 50MW (solar).

### Outlook

The Company intends to set up a manufacturing plant in North India and Africa to augment capabilities and local presence by FY16.

### PEBS over conventional building structure

The Indian pre-engineered buildings market is passing through a phase of robust growth catalyzed by the growth of the country's infrastructure development. The product is being extensively used in the Automotive, Power, Logistics, Pharma, FMCG and Capital goods sectors. The Indian PEB market generated ₹5,297 crore in revenues in 2012

and is estimated to grow to ₹13,612 crore in 2016 (Source: Frost & Sullivan's Analysis).

The PEB segment feeds off growth in the industrial and commercial sectors while emerging applications cover sectors like power generation, factory, commercial buildings (offices and retail malls), warehouses, and metro stations. Pre-engineered building systems catalyze the creation of building structures faster than conventional structures, making it possible for downstream commercial users to break even faster.

### PEBS benefits

**Time saving:** Typically delivered twelve weeks after the approval of drawings. Helps reduce construction time by half, pre-poning revenues.

**Cost-effective:** Saves design, manufacturing, transportation and on-site erection costs.

Flexibility of expansion: Can be expanded in length through the addition of bays.

**Quality control:** Manufactured under controlled factory conditions, enhancing quality.

**Low maintenance:** Supplied with quality paint systems for cladding and steel to suit ambient on-site conditions; durable and low maintenance.

**Energy efficient:** Can be reinforced with polyurethane-insulated panels or fiber glass blankets insulation on the roofs and walls.

**Architectural versatility:** Can be supplied with various fascias, canopies and curved eaves; designed to receive pre-cast concrete wall panels, curtain walls, block walls and other wall systems.

**Single-source responsibility:** Complete building package supplied by a single vendor; compatibility of building components and accessories assured.

Business segment 3

## PENNAR ENVIRO LIMITED

₹16.10 crore

Revenues, 2013-14

₹0.69 crore

EBIDTA, 2013-14

4.26%

EBIDTA margins, 2013-14

### Highlights, 2013-14

- Revenues increased per cent from ₹5.67 crore in 2012-13 to ₹16 crore
- EBIDTA grew 105 per cent from ₹0.33 crore in 2012-13 to ₹0.69 crore
- Profits grew 40 per cent to ₹0.14 crore
- Order book stood at ₹50 crore as on March 31, 2014 (₹6 crore as on March 31, 2013)

### Overview

Pennar Enviro Limited (PEL) pioneered the launch of premium high-technology water treatment chemicals and turnkey solutions.

The Company's EPC solutions comprise providing turnkey solutions for the water and environment infrastructure. The

company has also grown its business through annuity-based O&M services as well as the sale of fuel and water additives and standard packaged water treatment plants.

India's urbanization continues, rising from about 28% of the country's population in 2001 to 31% of the population today; the number of cities with populations in excess of 1 million has risen from 35 to 53 (projected 40% by 2031). Every 1% increase in urban population leads to about 1.5% increase in waste generation per day. On the other hand, India is moving from water stress to a water scarcity; per capita water availability declined from 1,820 cubic metres (cum) in 2001 to 1,544 cum in 2011 and a projected 1,140 cum by 2050, warranting improved core civic services (water supply, sewerage and solid waste management).



## Offerings

### Fuel additives

PEL pioneered the manufacture and supply of fuel additives with a technical collaboration with TOTAL. Fuel additives are used in a variety of industrial applications (including additives for heavy fuel oils, storage stability additives, additives for light oils, additives for solid fuels and other products like industrial and agro products).

### Water treatment chemicals

PEL's extensive range of high performance specialty water treatment chemicals (brand PENNTREAT) address the treatment of boiler water, cooling water, raw and effluent water using micro filtration, ultra filtration and reverse osmosis.

### Water treatment solutions

**Standard packaged plants:** PEL's modular packaged water treatment plants offer several advantages over conventional water treatment for smaller volumes resulting in economies-of-scale. Pre-engineered modular components allow wastewater treatment plants to be sized specifically around customer needs. These products can also be designed to handle a variety of influent flow rates and loadings to address discharge requirements. Our standard plant capabilities make it possible to provide fabricated structures / skids and pressure vessels.

**Turnkey solutions:** PEL provides EPC and O&M services in the water and environment infrastructure business. The turnkey environmental-friendly solutions address the industrial and municipal segments (water treatment plants, sewage treatment plants, effluent treatment plants, effluent recycling plants, zero liquid discharge plants as well as sea/brackish water desalination, among others). The business also offers processing and treatment solutions.

### Technology collaboration

PEL grew this business collaborating with global companies resulting in the delivery of innovative solutions for the water, waste water, desalination and municipal solid waste segments.

**Tech Universal:** PEL signed an exclusive technology collaboration agreement with Tech Universal (UK) a 30-year-old reputed EPC and technology provider. Tech Universal specialises

in desalinating water/sewage and industrial effluent treatment, catering to plants throughout Europe and the Middle East.

**Total France:** PEL sourced Total's technology to manufacture fuel additives. Total France is a global leader in the space of fuel additives and petroleum refining.

### Opportunity

**Lack of sanitation:** There are more than 270 sewage treatment plants in India with an aggregated capacity of around 12,100 million litres per day against an estimated total sewage generation of 42,321 million litres per day. The result is that the installed treatment capacity is only 30% of waste water generated annually. The Company built a modular treatment plant instead of centralised process units and developing bio-toilets to address the sanitation challenge in the country.

**Industrial water demand and growth:** Over the years, the two factors catalyzing an increase in industrial water consumption have comprised progressive liberalisation and consequent industrial expansion and the inadequate use of technologies ensuring efficient water use. In 1990, India's total water requirement was estimated at 552 billion cubic metres, of which water for industrial purposes accounted for only about 3% (15 billion cubic metres). In 1997-98, industrial water demand increased 100% to 30 billion cubic metres, accounting for 4.8% of the total water requirement of the country. In 2010, the demand for industrial sector was 37 billion cubic metres, accounting for more than 5% of the total estimated water requirement of about 700 billion cubic metres. The share of surface water and groundwater sources in industrial applications was 70% and 30% respectively. Overall, India's water requirement is expected to increase to about 813 billion cubic metres by 2025. Of this, industrial water requirement is estimated at 62 billion cubic metres, growing at a CAGR of about 4% till 2025.

### Business overview

The business leveraged the rich experience covering disciplines like design, detailed engineering, project execution, commissioning and O&M. The result is a comprehensive capability to design and execute complex water and waste water treatment projects integrating diverse technologies that offer optimum customer solutions. In the first year of commercial operation,

the company's water solutions business reported an order book of ₹40 crore comprising the following prestigious orders:

\* **De-mineralised water plant:** JBL Petroleum's PTA project worth ₹4,500 crore in Mangalore placed an order with the Company for two 110 cubic metres streams of de-mineralised water plant for captive power generation. Equipe, a respected French consultant, examined the Company's capabilities in terms of engineering, design and execution capabilities before sanctioning the contract.

\***Waste water treatment:** The Company is in the process of executing a 30 million litres per day waste water treatment project for a leading pulp and paper manufacturer in Assam. The project involves cutting-edge diffused aeration system and clarifiers of 46 and 50 metre diameters.

\***Recycle and reuse:** The Company will commission a 3.2 million litres per day effluent recycle system using membrane technology for a complex textile effluent for the CETP in Tirupur, Tamil Nadu.

The Company has acquired a contract of 2.4 MLD sea water reverse osmosis project in Visakhapatnam for a leading pharmaceutical group.

## Outlook

The Company is well geared to overhaul its offerings and provide innovation technology-oriented solutions.

The idea has been to grow a business with a difference so as to command a price premium in the market. Going ahead, the Company would also look at export opportunities once it establishes its credentials in the country.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal controls commensurate with its size and business operation to

ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorised use or disposition and compliance with all applicable regulatory laws and Company policies. The Company has control systems to safeguard its assets and ensure that all operational and financial activities are carried out under proper authorisation and with necessary documentation. Internal Auditors of the Company review the internal control systems on a regular basis for its effectiveness and necessary changes and suggestions which are duly incorporated into the system. Internal audit reports are also reviewed by the Audit Committee of the Board.

## SUBSIDIARIES

Pennar created two subsidiaries.

M/s. Pennar Engineered Building Systems Limited is engaged in the design, manufacture, supply and installation of pre-engineered steel buildings and building components; set up with a vision of being one of the most preferred producers of high quality Pre-Engineered buildings in India. Established in

2008, today PEBS possesses world class manufacturing facility at Medak District with a manufacturing capacity of 90,000 metric tonnes per annum (MTPA).

Pennar Enviro Limited operates in the field of fuel additives, water treatment chemicals and water treatment EPC services. PEL is pioneer in the field of additives, supplying specific premium high technology additives based on fuel characteristic requirements and specific performance enhancements.

The above mentioned subsidiaries have been discussed in details in the earlier section of the report.



## RESOURCES

The detail of the Company's resources is given below. The net current assets as on March 31, 2014 stood at ₹218.37 crore against ₹225.21 crore in the previous year.

(₹ in Lakhs)

Particulars	Financial year ended March 31, 2014	Financial year ended March 31, 2013
Sources of funds		
a. Shareholders' funds	31,969	31,643
b. Loan funds	11,328	10,572
c. Deferred tax liability	1,577	1,327
Total	44,874	43,542
Application of funds		
a. Fixed assets (net)	20,760	18,744
b. Investments	2,277	2,277
c. Net current assets	21,837	22,521
d. Deferred tax/ miscellaneous expense, among others	–	–
Total	44,874	43,542

(₹ in Lakhs)

Particulars	Financial year ended March 31, 2014	Financial year ended March 31, 2013
Profit from operations after tax	4,894	6,561
Less: Increase in net working capital	1,931	(1,172)
Net cash flow from operating items (before extraordinary items)	6,825	5,389
Payments for assets acquisitions/investments	(3,778)	(1,040)
Net cash flow from investing activities	(3,778)	(1,040)
Cash flow from financing activities	(2,855)	(4,330)
Net cash inflow / (outflow)	192	19

## FINANCIAL PERFORMANCE

(₹ in Lakhs)

	2013-14	2012-13
Total Income (₹ in lakhs)	73,584	84,806
Operating expenses (₹ in lakhs)	68,484	76,721
Profit before tax (₹ in lakhs)	1,934	4,709
Fixed Assets (Rs. in lakhs)	20,760	18,744
ROCE (%)	14	22.51
EBIDTA margins (%)	7.19	9.63



During fiscal year 2013-14, the Company reported a decline in its revenues, margins and profits owing to the challenging economic scenario and prevailing slow down. However within the prevailing circumstances, Pennar Industries reported a creditable performance.

- Revenues from operation stood at ₹73,584 lakhs against ₹84,806 lakhs in the previous year
- EBIDTA stood at ₹5,309 lakhs against ₹8,172 lakhs in the previous year
- Net Profits declined to ₹1,258 lakhs against ₹3,114 lakhs in the previous year

However, with a view to achieve better results, the Company is focusing on value added products. Pennar's engineering credentials allow it to enter new markets faster than competition. The Company's two strategic investments in sunrise industries (PEBS and PEL) are also likely to yield results in the near future.

With its financial planning and tight control on account receivables, the Company is able to keep its financing cost low. The prudent finance management by the Company also helped to reduce the interest rates on working capital and term loans. The long-term debt to equity ratio stood at 0.13 against 0.10 in the previous year.

## LEARNING AND DEVELOPMENT

We at Pennar, believe that learning and development is instrumental to organisational progress because:

- people need to have the opportunity to grow and develop throughout their careers
- organisations can only grow and develop through their people
- successful organisations ensure their people have the appropriate levels of skills, knowledge and attitude to fulfil their roles
- in times of an economic crisis, only those organisations that are the most efficient and effective will survive – those organisations are the ones with the most efficient and effective people
- only those organisations which evolve dynamically with their environment, the aspirations of the customers move forward – these organisations are propelled forward by people who are eager to learn and grow

Consequently, the Pennar top brass has responded proactively

to the contemporary business environment, where learning is not just a nice thing to do — it is essential for staying on top. Especially during times of an economic standstill, it is important for people to learn new skills and enhance their marketability.

At Pennar we realised that we could not afford to remain stagnant. We needed to ensure that our workforce keeps learning and developing concomitantly. To do this, we created a culture of self-directed learners who are excited about learning and incentivised to advance knowledge and skills.

As a means to this aforementioned end we embarked upon the following initiatives:

**HSE training:** HSE training intends to impart hands-on training on operational safety via a proactive identification of inaccuracies and taking appropriate remedial action thereafter. It also involves implementing on-site applications to guarantee better workplace safety.

A two-day long training programme has been organised for employees below the supervisory level which sheds light on features related to safety aspects in 12 batches covering 350 people hailing from all units across the Company. In addition to this, a one day-long training programme on safety planning, process and review was held for the benefit of all those with the rank of a senior manager or above.

**Process-based management:** Process-based management training have been initiated at the Company to enhance the repertoire of employees. Programmes such as TPM and the Anaar Roadmap have been identified as key tools for ushering in procedural improvement. The details of these have been outlined below:

- The objective of TPM (Total Productive Maintenance) is to set goals that increase employee involvement and maximise overall efficiency by establishing an all-encompassing system of Preventive Maintenance (PM) for the length of the equipment life-cycle. TPM ensures organisation-wide participation in equipment planning, operation and maintenance, from the shopfloor to the top-floor.
- The Anaar Roadmap utilises a unified modular approach for perking up organisational efficiency. It is the product of Dr. W. Edward Deming's famous '14 Points', originally presented in 'Out of the Crisis' and serve as management guidelines. The points cultivate a fertile soil in which a more efficient workplace, higher profits, and increased



productivity may grow. As of 31st March 2014, Pennar has trained more than 200 employees via this method leading to improvements.

**Best-in-Class:** Training drills on Best-in-Class has been initiated to hone leadership, marketing and sales skills.

- A HBDI training programme has been organised covering around 40 people. This was aimed to map those above the managerial level. A strategy workshop was conducted and teams were formed to work on specific projects so as to realise organisational goals.
- A Mercury Gold training programme was initiated to develop entrepreneurial skills and bring about cross-functional sales leadership. The first phase of training programme revolved around selling effectively, on-field work, off-field work and back office work. Around 60 people in three batches were brought under the fold of this programme.
- A training programme entitled Partners in Progress was held to motivate workmen at the supervisory level. The programme which was held in tow with the Central Board of Workers Education covered 115 people.

## HUMAN RESOURCES/INDUSTRIAL RELATIONS

With a team size of over 2,000 members, Pennar Industries has an excellent track record of cordial and harmonious industrial relations and over the years not a single man-day was lost on account of labour unrest.

In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company took steps for upgrading the knowledge base of the employees by continuous training. A systematic learning and development plan is in place to identify training needs, provide training and evaluate the learnings. The Company imparts HSE training on behavioural safety aspects along with process based training to enhance the skillset of the employees and to improve the productivity.

The Company continues to take care of the welfare of the employees. The Company organized camps for checking the health of operatives and staff by ESI and other medical agencies.

## ENVIRONMENT SAFETY, HEALTH AND CORPORATE SOCIAL RESPONSIBILITY

The Company has always been on the forefront in taking up social activities for the benefit of the poor and downtrodden.

During the current year the Company had taken up various social activities under its CSR scheme such as planting saplings in surrounding villages and providing furniture, equipment and notebooks to the local schools; distributing milk and eggs to school children, on a weekly basis.

The Company paid the salaries of Vidya volunteers and provided them to the local schools and conducted health camps and blood donation camps. A mega health camp was organised by the Joint Director of the ESI, benefiting around a 1,000 employees. At the blood donation camps organised by the Lions club of India our employees have voluntarily donated around 260 units of blood which was supplied to the BBR Hospital's blood bank.

Commemorative programmes were held on Safety Day and Environment Day which saw enthusiastic participation from the employees.

The Company has taken a concrete steps towards increasing the green cover in the surrounding villages and minimise pollution to the maximum extent.

## OPPORTUNITIES AND THREATS

The Company orderbook stood at ₹250 crore as on March 31, 2014 to be executed in the next fiscal, reflecting strong business for the fiscal 2014-15.

Pennar entered the hydraulics business with the acquisition of assets of Wayne-Burt Petro Chemicals Private Limited, a hydraulics cylinder manufacturing company in Chennai. Along with the Company's investment in technology, the unit is expected to double its capacity over the next one year.

The Company will venture in the continent of Africa to manufacturer pre-engineered structures (PEBS). With no PEBS player in Africa, where only imports are relied upon, the new geography is likely to open huge opportunity for the Company.

A new Indian government augurs well for the country's economy. The government outlined a wider vision for its infrastructure sector (including railways) which should lead to higher investments and speedy execution translating into sustainable growth. IMF projected that the Indian GDP growth could rebound from 4.7 per cent in 2013-14 to an estimated 5.4 per cent in 2014-15, which should benefit a core sector-servicing company like Pennar.

The Company even caters to highly unstructured sectors

which have strong price competition. However, owing to the Company's continued focus on manufacturing excellence through technological innovations and enhanced productivity, the Company is well positioned to deal with any short term economic or market volatility.

## ADDRESSING BUSINESS RISKS

### How is Pennar de-risking itself from increased competition?

**Product offering:** The Company has created a diversified product portfolio comprising various engineering products. The Company has moved up the value chain - from commodity-based products to value-added products including coldrolled formed products, precision tubes, cold rolled formed profiles, water treatment solutions and building products. The Company has created a repository of over 2,500+ tools and dies, enabling it to manufacture a range of products.

**Enhanced realisations:** The Company added value and margins to its product mix. Subsequently, the Company forayed into high precision fabricated product sectors and water treatment solutions. Value-added products comprised 69 percent of the Company's revenues during 2013-14.

**Client base:** The Company is engaged in providing services to marquee clients in each of its businesses. The Company is among the top-five Indian companies offering pre-engineered building products.

### Could the failure to comply with evolving standards affect the Company's growth?

**Quality:** The Company has a team of dedicated engineers to look into the area of quality management. Pennar has over the years, invested in a sophisticated laboratory with the latest quality control equipment and ISO 9001:2008 certifications.

**State-of-the-art technology:** The Company invested in state-of-the-art technologies at its manufacturing locations. These technologies include laser cutting, plasma cutting, transfer presses and CNC machines. For PEBS, the Company has a technical collaboration with NCI Group, US, a leading global player in the pre-engineered building product segment.

### Will an inability to fund ongoing expenses affect the Company's operations?

**Liquidity:** The Company's current and quick ratios stood at a low 1.66 and 1.08 respectively as on 31st March 2014. The Company also improved its receivables cycle to 70 days of turnover equivalent in 2013-14 (against 75 days in the previous year), reflecting a faster inflow of funds. The Company had free cash worth ₹138.3 crore on its books which were sufficient to meet its working capital requirements

**Funding:** The Company enjoyed a modest debt-equity ratio of 0.13 towards the close of 2013-14 for long-term loans and a healthy interest cover of 2.6



Annexure - D

# Compliance report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement, with the stock exchanges, your Company hereby provides, to the shareholders, the report on Corporate Governance.

## 1. Company's philosophy on Code of Corporate Governance

The Company is committed to ethical values and self-discipline through standards of good governance with transparency, efficiency, efficacy, full disclosure in its dealings and appropriate checks and balances directed at sustaining shareholders' interests and overall organisational goals.

## 2. Board of Directors

a) Composition of the Board: The Company's Board of Directors comprises ten Directors, of which two are Executive Directors and balance eight are Non-Executive Directors of whom five are Independent Directors. The Company has a Chairman and Vice-

Chairman & Managing Director. The Chairman is responsible for the conduct of the business and the day-to-day affairs of the Company. The Vice-Chairman & Managing Director looks after diversification and projects.

b) Number of Board meetings held during the financial year and the dates of the Board meetings:

During 2013-14, the Board met six times on 10th May, 2013; 10th June 2013; 7th August, 2013; 6th November, 2013; 22nd January 2014 and 5th February, 2014.

c) 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 31st July, 2013
1.	Mr. Nrupender Rao	Promoter, Chairman	6	6	Yes
2.	Mr. Ravi Chachra	Non-Executive Director	6	4	No
3.	Dr. G Vivekanand \$	Independent Non-Executive Director	6	Nil	No
4.	Mr. C Parthasarathy	Independent Non-Executive Director	6	3	Yes
5.	Mr. B Kamalaker Rao	Independent Non-Executive Director	6	6	No
6.	Mr. Manish Sabharwal	Independent Non-Executive Director	6	4	No
7.	Mr. J Ramu Rao	Non-Executive Director	6	2	No
8.	Mr. Vishal Sood	Non-Executive Director	6	3	No
9.	Mr. Varun Chawla	Independent Non-Executive Director	6	6	No
10.	Mr. Aditya Rao	Vice-Chairman & Managing Director	6	6	Yes
11.	Mr. C Rangamani @	Independent Non-Executive Director	4	3	Yes
12.	Mr. Ch Anantha Reddy #	Whole-Time Director	4	4	Yes

@ Mr. C Rangamani resigned on 22nd January, 2014. #Mr. Ch Anantha Reddy resigned on 22nd January, 2014. \$ Dr. G Vivekanand resigned on 6th August, 2014.

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 other Companies in which director		Number of Committee memberships held in other Companies	
		Chairman	Director	Chairman	Member
1.	Mr. Nrupender Rao	4	7	1	-
2.	Mr. Ravi Chachra	-	1	-	-
3.	Dr. G Vivekanand \$	-	9	1	-
4.	Mr. C Parthasarathy	6	15	5	1
5.	Mr. B Kamalaker Rao	-	4	-	-
6.	Mr. Manish Sabharwal	-	9	-	1
7.	Mr. J Ramu Rao	-	15	-	-
8.	Mr. Vishal Sood	-	6	-	-
9.	Mr. Varun Chawla	-	4	-	-
10.	Mr. Aditya Rao	-	7	-	2
11.	Mr. C Rangamani @	-	2	1	-
12.	Mr. Ch Anantha Reddy #	-	2	-	-

@ Mr. C Rangamani resigned on 22nd January, 2014. # Mr. Ch Anantha Reddy resigned on 22nd January, 2014. \$ Dr. G Vivekanand resigned on 6th August, 2014.

### 3. Audit Committee

#### a) Brief description of the terms of reference

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the Listing Agreements with stock exchanges. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures.

#### b) Composition, name of members and chairperson

The Committee comprises of the following:

1.	Mr. C Rangamani	- Chairman (Independent Non-Executive Director) *
2.	Mr. B Kamalaker Rao	- Member (Independent Non-Executive Director)
3.	Mr. C Parthasarathy	- Member (Independent Non-Executive Director) @
4.	Mr. Varun Chawla	- Member (Independent Non-Executive Director)
5.	Mr. Aditya Rao	- Member (Non-Independent Executive)

\* Mr C Rangamani resigned on 22nd January, 2014.

@ Mr. C Parthasarathy appointed as Chairman 22nd January, 2014.

#### c) Meetings and attendance during the year

During the year under review, the Committee met four times on 10th May, 2013; 6th August, 2013; 5th November, 2013; and 5th February, 2014. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. C Rangamani*	3	2
2.	Mr. B Kamalaker Rao	4	3
3.	Mr. C Parthasarathy	4	2
4.	Mr. Varun Chawla	4	4
5.	Mr. Aditya Rao	4	4

\* Mr C Rangamani resigned on 22nd January, 2014.

The M/S. Rambabu & Co, Statutory Auditors and Internal Auditors are invited to attend the Audit Committee meetings and the Company Secretary acts as the Secretary of the Committee.

The Chairman of the Board will attend the meetings as he deems appropriate. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.



## 4. Remuneration Committee

### a) Brief description of terms of reference

To formulate the remuneration policy and approve the remuneration or revision in the remuneration payable to Executive Directors/Whole time Directors

### b) Composition, name of members and chairperson

The Company constituted a Remuneration Committee on June 11, 2004. The Remuneration Committee comprises of the following:

1. Mr. C Parthasarathy - Chairman (Independent Non-Executive Director)
2. Mr. B Kamalaker Rao - Member (Independent Non-Executive Director)
3. Mr. C Rangamani - Member (Independent Non-Executive Director) \*
4. Mr. Varun Chawla - Member (Independent Non-Executive Director)

5. Mr. Varun Chawla - Member (Independent Non-Executive Director)

\* Mr C Rangamani resigned on 22nd January, 2014.

### c) Meetings and attendance during the year

During the Period under review the Company was not required to conduct any Remuneration Committee Meeting.

### d) Remuneration policy

To recommend/review the remuneration package, periodically, to the Executive Directors. The remuneration payable to them is in accordance with the existing industry practice and also with the provisions of the Companies Act, 1956 and amendment if any.

e) At present, all the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. The actuals of remuneration paid to all the Director's for 2013-14 is given below:

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites (Rs.)	Sitting Fee	Total
Mr. Nrupender Rao	Chairman	98,10,000	33,06,000	21,00,000		1,47,16,000
Mr. Ch Anantha Reddy *	Whole-Time Director	27,00,000	-	-		27,00,000
Mr. Aditya Rao	Vice-Chairman & Managing Director	63,80,000	22,04,000	28,20,000		1,14,04,000
Mr. Ravi Chachra	Non-Executive Director	-	-	-	11,000	11,000
Dr. G Vivekanand \$	Independent Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy	Independent Non-Executive Director	-	-	-	31,000	31,000
Mr. C Rangamani #	Independent Non-Executive Director	-	-	-	24,000	24,000
Mr. B Kamalaker Rao	Independent Non-Executive Director	-	-	-	38,000	38,000
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	-	-
Mr. J Ramu Rao	Non-Executive Director	-	-	-	14,000	14,000
Mr. Vishal Sood	Non-Executive Director	-	-	-		
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	55,000	55,000

\*Mr. Ch Anantha Reddy resigned on 22nd January, 2014. # Mr. C Rangamani resigned on 22nd January, 2014. \$ Dr. G Vivekanand resigned on 6th August, 2014.

Mr.C Parthasarathy, Chairman of the Remuneration Committee was present at the last Annual General Meeting.

f) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March, 2014:

Name of the Director	Designation	No. of Shares held
Mr. Ravi Chachra	Non-Executive Director	-
Mr. C Parthasarathy	Independent Non-Executive Director	-
Dr. G Vivekanand \$	Independent Non-Executive Director	-
Mr. B Kamalaker Rao	Independent Non-Executive Director	11,900 Equity Shares of ₹5/- each.
<b>Mr. C Rangamani *</b>	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. J Ramu Rao	Non-Executive Director	-
Mr. Vishal Sood	Independent Non-Executive Director	-
Mr.Varun Chawla	Independent Non-Executive Director	-

\*Mr.C Rangamani resigned on 22nd January, 2014. \$ Dr. G Vivekanand resigned on 6th August, 2014.

## 5. Shareholders'/Investors' Grievances Committee

A Committee of the Board, designated as 'Shareholder's/ Investor's Grievances Committee' was constituted on 1st February, 2002, to specifically look into the redressal of shareholder/investor complaints and to strengthen investor relations.

a) Name of Non-Executive Director heading the Committee:

The Committee functions under the Chairmanship of Mr. B Kamalaker Rao, a Non-Executive and Independent Director.

Other members include Mr. C Rangamani\*, Independent Non-Executive Director, Mr. Aditya Rao, Vice- Chairman & Managing Director and Mr. Varun Chawla, Independent Non-Executive

Director.

\*Mr.C Rangamaniresigned on 22nd January, 2014.

b) Name and designation of Compliance Officer: Mr. Mirza Mohammed Ali Baig, Company Secretary.

c) Number of complaints received from shareholders: During the period under review, the Company has received and resolved 44 complaints and there were no pending complaints as at the year end.

d) Number of pending share transfers and complaints: Nil

e) Details of meetings and attendance by the members: During the year the Committee met four times on 10th May, 2013; 7th August, 2013; 6th November, 2013; and 5th February, 2014.

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. C Rangamani *	3	3
2.	Mr. B Kamalaker Rao	4	3
3.	Mr. Varun Chawla	4	3
4.	Mr. Aditya Rao	4	4

\*Mr.C Rangamani resigned on 22nd January, 2014.



## 6. General body meetings

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

Date	Year	Type	Venue	Time
31st July, 2013	2012-13	Annual General Meeting	Aditya Sarovar Premiere, Hyderabad	10:00 A.M
23rd July, 2012	2011-12	Annual General Meeting	Aditya Sarovar Premiere, Hyderabad	9:30 A.M.
12th September, 2011	2010-11	Annual General Meeting	FAPCCI, Red Hills, Hyderabad	10:30 A.M.

### b) Special resolutions

All resolutions moved at the last Annual General Meeting were passed by a show of hands 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/EGM held on	Whether special resolution passed	Summary of the resolution
31st July, 2013	No	NA
23rd July, 2012	No	NA
12th September, 2011	Yes	Special resolution passed for keeping the Register of members and index of members at the office of the Registrar and Share Transfer Agents

### c. Whether any special resolution passed last year through postal ballot - details of voting pattern.

No Postal Ballot was conducted during 2013-14.

d) Person who conducted the postal ballot exercise: Not applicable.

e) Whether any special resolution is proposed to be conducted through postal ballot: No

f) Procedure for postal ballot - Not Applicable.

g) Information on Directors re-appointment as required under Clause 49 VI (G) of the Listing Agreement with stock exchanges is given as a note appended to the explanatory statement of the AGM notice.

## 7. 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.

### b) Disclosure of Accounting Treatment:

The Company has followed the accounting standards notified under Companies (Accounting Standards) Rules, 2006 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. A Statement of Compliance with all laws and regulations as certified by the Managing Director and Company Secretary is placed at every meeting of the Board of Directors.

### d) Whistle Blower Policy:

The Company is yet to establish a whistle blower policy. However we affirm that during the year 2013-14 no personnel have been denied to access the Audit Committee.

### e) Code of Conduct:

The Company has adopted the Code of Conduct which is applicable to the members of the Board and top management of the Company. The Code of Conduct is available on the Company's website.

### f) Proceeds from public issues, rights issues, preferential issues etc.:

During the financial year ended 31st March, 2014, there were no proceeds from public issues, rights issues, preferential issues, among others.



**g) 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 Clause 49 of the Listing Agreement.

**Compliance with Non-Mandatory requirements:**

We comply with the following non-mandatory requirements:

(i) The Board - 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.

(ii) Remuneration Committee - We have constituted a Remuneration Committee.

(iii) Shareholder Rights - The Company publishes its results on its website i.e, [www.pennarindia.com](http://www.pennarindia.com) which is accessible to the public at large. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having wide national circulation and also in a Telugu newspaper having wide circulation in Telangana. Hence, half-yearly results are not sent to the shareholders individually.

(iv) Audit qualifications - During the period under review, there is no audit qualification in Company's financial statements.

(v) Training of Board members - The Company is yet to evolve a

plan to train the Board members.

(vi) Mechanism for evaluating Non-Executive Board members - Yet to evolve

As regards other non-mandatory requirements, the Board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

The Company has not adopted the Corporate Governance Voluntary Guidelines, 2009. The Board will adopt the same as and when deemed appropriate.

## 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 quarterly/half-yearly/annual financial results of the Company are published in English newspaper having a wide national circulation and also in a Telugu newspaper having a wide circulation in Andhra Pradesh within 48 hours of the conclusion of the Board meeting.

The Company's website [www.pennarindia.com](http://www.pennarindia.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.



## General information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	30th September, 2014 at 10:00 A.M. at Radisson Hi-Tech City, Gachibowli, Hyderabad - 32
2.	Financial calendar (Tentative schedule)	Financial year : 1st April to 31st March: Board meetings for approval of quarterly results: 1st Quarter ended on 30th June, 2014: within 45 days from the close of quarter 2nd Quarter ended on 30th September, 2014: within 45 days from the close of quarter 3rd Quarter ended on 31st December, 2014: within 45 days from the close of quarter Annual results for financial year ended 31st March, 2015 (audited): Within 60 days of the close of financial year Annual general meeting for the year 2014-15 : In accordance with Section 166 of Companies Act, 1956 and amendment if any.
3.	Date of book closure (both days inclusive)	24th September, 2014 to 25th September, 2014 (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 MCX Stock Exchange Limited 2nd Floor, Exchange Square Suren Road, Chakala, Andheri (East), Mumbai – 400 093
6.	Stock Code	BSE: Equity- 513228 0.01% cumulative redeemable preference shares- 700107 NSE EQUITY: PENIND MCX EQUITY: PENIND
7.	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai – 400013 2. Central Depository Services (India) Ltd Phirozejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
8.	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 A.P. India, Tel.No: +91 40 4006 1621 to 22 E-mail: pilhyd@bsnl.in, corporatecommunications@penmarindia.com
9.	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	Karvy Computershare Pvt Ltd Plot no. 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500081, Phone: 040 23420818 – 828, Fax: 040 23420814 E-mail: mailmanager@karvy.com/ksreddy@karvy.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants
10.	Share transfer System	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, 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 Share Transfer Committee.

9. As required under Clause 49 of the Listing Agreement, a certificate duly signed by Mr. Aditya Rao, Vice Chairman & Managing Director, and Mr. Mirza Mohammed Ali Baig Company Secretary & Compliance Officer was placed at the meeting of the Board of Directors held on 7th May, 2014.

10. Distribution of shareholding as on 31st March, 2014 was as under:

Category (shares)	No of shareholders	% of Holders	No of Shares	% of Shares
Upto 1-1000	23,956	92.11	48,46,230	4.02
1001-2000	884	3.40	13,70,112	1.14
2001-4000	446	1.71	13,18,823	1.09
4001-6000	249	0.96	12,50,833	1.04
6001-8000	77	0.30	5,44,187	0.45
8001-10000	92	0.35	8,75,280	0.73
10001-20000	117	0.45	17,07,848	1.42
20001 & Above	187	0.72	10,85,48,097	90.11
Total	26,008	100.00	12,04,61,410	100.00

Shareholding Pattern as on 31st March, 2014 was as under:

Sl. No.	Particulars	No. of Shares	% to total shares
1	Promoter and Promoter Group	4,89,01,040	40.59
2	Mutual Funds/ UTI	950	-
3	Financial Institutions/Banks	7,62,250	0.63
4	Foreign Institutional Investors	2,69,07,899	22.34
5	Foreign Funds	87,11,854	7.23
6	Bodies Corporate	1,42,96,018	11.87
7	Individuals	1,95,75,506	16.26
8	Trust	5,955	-
9	NRI	10,52,926	0.87
10	Clearing Members	2,47,012	0.21
	Total	12,04,61,410	100.00

## 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 INE932A01024. 98.38% of equity shares are held in dematerialised form as on 31st March, 2014.

### b) Preference shares

The Company's 0.01% cumulative redeemable preference shares issued as per the scheme of reconstruction and arrangement

approved by Hon'ble High court of Andhra Pradesh are listed on the Bombay Stock Exchange. International Securities Identification Number (ISIN) allotted to these preference shares is INE932A04010. 84.78% of 0.01% cumulative redeemable preference shares are held in dematerialised form as on 31st March, 2014.

c) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity. During the financial year 2013-14, the Company has not issued



any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

## 12. Plant locations

- a) Patancheru unit : IDA, Patancheru, Medak (Dist.), A.P.
- b) Isnapur unit : Isnapur Village, Medak (Dist.), A.P.
- c) Tarapur unit : MIDC, Tarapur, Maharashtra
- d) Chennai unit : Kannigaipair Village, ThiruvelloreDist, T.N.
- e) Hosur unit : SIDCO Industrial Estate, Hosur, T.N.

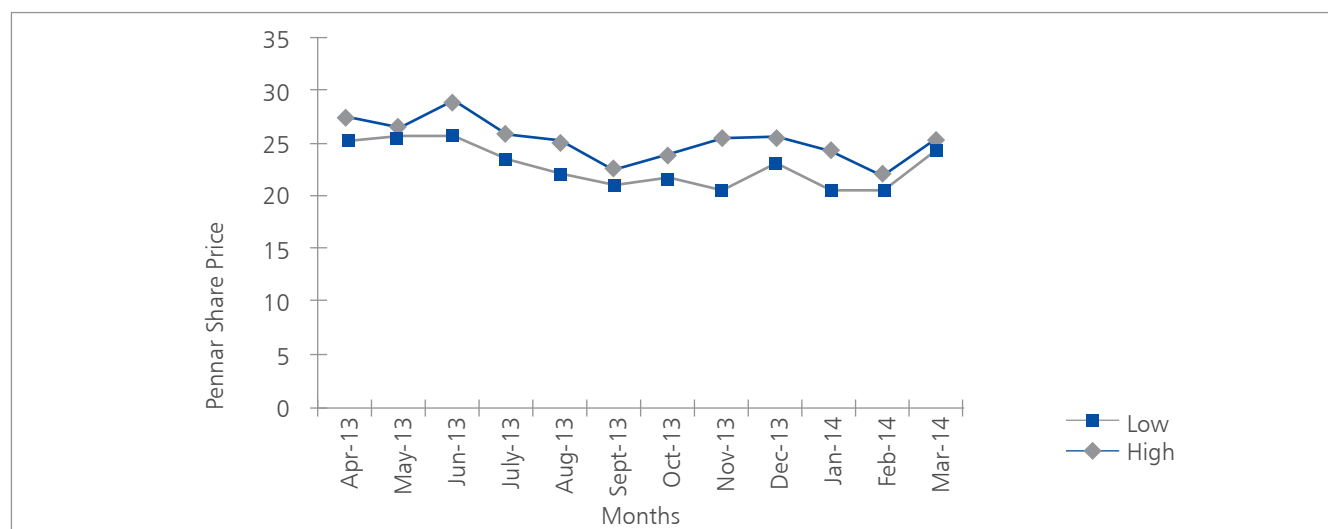
## 13. Market price data

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 2013-14 were as follows:

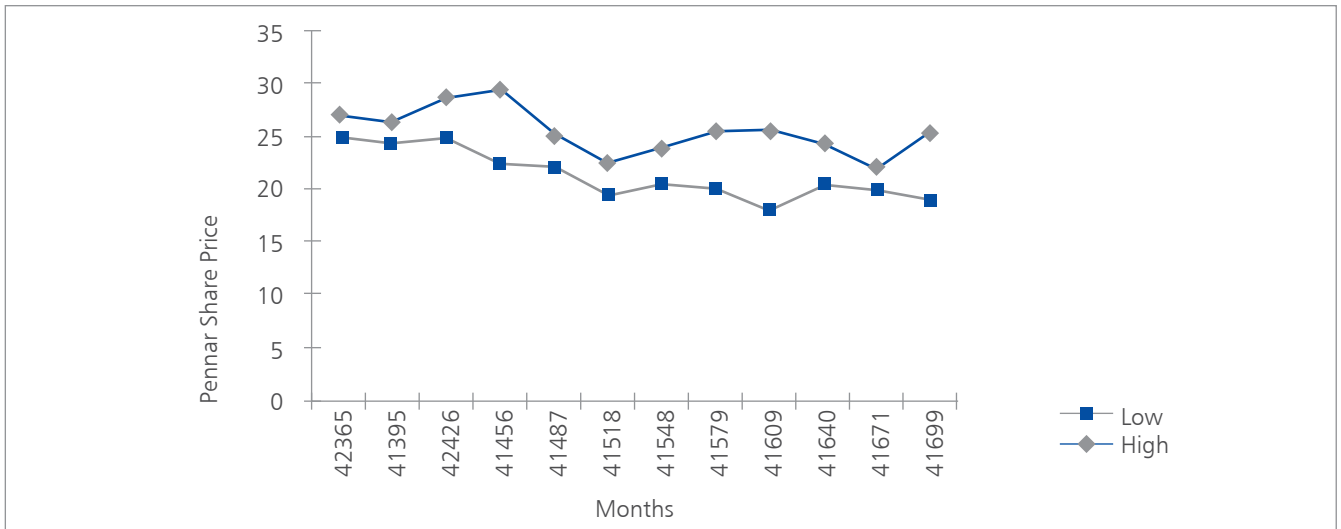
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2013	27.30	25.35	2,38,579	27.20	25.00	6,64,492
May 2013	26.50	25.45	2,04,008	26.30	24.30	5,33,002
June 2013	28.95	25.50	11,50,938	28.90	25.00	14,51,748
July 2013	25.85	23.60	3,35,395	29.50	22.50	6,30,581
August 2013	25.15	22.10	5,01,536	25.15	22.10	6,31,465
September 2013	22.50	21.05	4,13,693	22.50	19.40	5,76,011
October 2013	23.80	21.65	3,02,753	24.00	20.50	3,85,290
November 2013	25.40	20.55	6,69,620	25.20	20.10	7,64,130
December 2013	25.65	23.40	4,35,248	25.75	18.00	7,50,683
January 2014	24.30	20.75	2,07,217	24.70	20.40	4,70,683
February 2014	22.00	20.50	1,51,466	21.95	19.95	2,24,049
March 2014	25.40	24.25	57,15,46	25.35	19.05	12,80,163

(Source: [www.bseindia.com](http://www.bseindia.com)&[www.nseindia.com](http://www.nseindia.com))

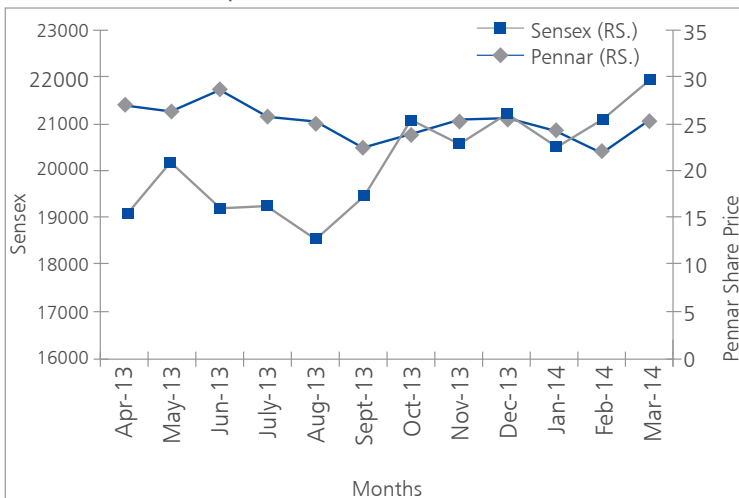
### Share prices at BSE



### Share prices at NSE

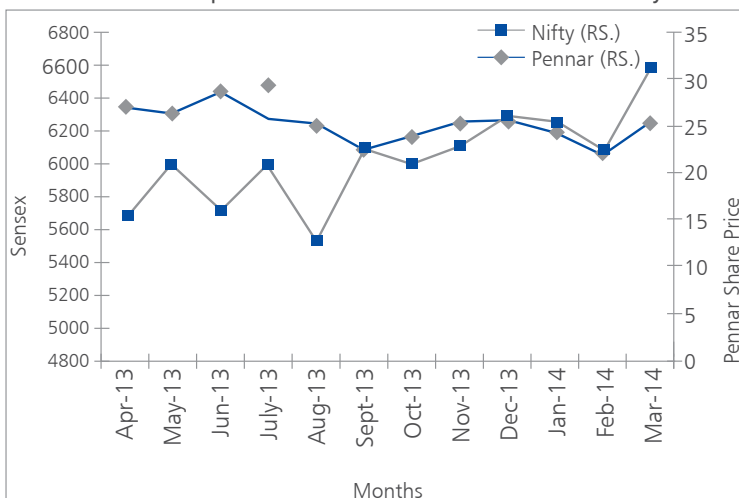


### Performance in comparison to broad based indices such as BSE Sensex:



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.

### Declaration of Code of Conduct

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 31st January, 2014, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website. In accordance with Clause 49 I (D) of the Listing Agreement with the stock exchanges, We hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2014.

for Pennar Industries Limited

Date : 06.08.2014

**Aditya Rao**

Place : Hyderabad Vice-Chairman & Managing Director



Annexure - E

## Auditors' Certificate regarding compliance of conditions of Corporate Governance pursuant to Clause 49 of Listing Agreement

To

The Members

M/s. PENNAR INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by M/s. PENNAR INDUSTRIES LIMITED ("the Company") for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement entered by the Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management.

Our examination was limited to a review of the procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said agreements. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Shareholders/Investor Grievance Committee has maintained records to show the investor grievance as at 31st March, 2014, there were no investor grievances remain unattended / pending for more than one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 07.05.2014

Place: Hyderabad

for RAMBABU & Co.,  
Chartered Accountants  
Firm Reg. No: 002976S

RAVI RAMBABU  
*Partner*  
Membership. No. 18541

Annexure - F

## Declaration

I, Mr. Aditya Rao, Vice-Chairman & Managing Director of the company do hereby declare that pursuant to the provisions of Clause 49(I) (D) (ii) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company.

for **Pennar Industries Limited**

Date: 06.08.2014

Place: Hyderabad

**Aditya Rao**

*Vice-Chairman & Managing Director*

Annexure - G

## Managing Director Certification pursuant to Clause 49(V) of the Listing Agreement

To,

The Board of Directors

M/s. Pennar Industries Limited

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2014 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 Industries Limited**

Date: 06.08.2014

Place: Hyderabad

**Aditya Rao**

*Vice-Chairman & Managing Director*



## Auditors' Report on Abridged Financial Statements

To the Members of  
**Pennar Industries Limited**

The accompanying abridged financial statements, which comprises the abridged Balance Sheet as at March 31, 2014, the abridged Statement of Profit and Loss, and abridged Cash Flow Statement for the year then ended, and related notes, are derived from the audited financial statements of Pennar Industries Limited ('the Company') for the year ended March 31, 2014.

The abridged financial statements do not contain all the disclosures required by the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ('the Act') applied in the preparation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

### **Management responsibility for the abridged financial statements**

Management is responsible for preparation of summary of the audited financial statements in accordance with Rule 7A of the Companies (Central Governments') General Rules and Forms, 1956 read with an amendment thereto, and or based on the audited financial statements for the year ended March 31, 2014, prepared in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ('the Act') and accounting principles generally accepted in India.

### **Auditor's Responsibility**

Our responsibility is to express opinion on the abridged financial statements based on our procedures, which were conducted in accordance with the Standards on Auditing SA 810 "Engagements to report on summary financial statements" issued by the Institute of Chartered Accountants of India.

### **Opinion**

In our opinion, the abridged financial statements, prepared in accordance with Rule 7A Companies (Central Government's) General Rules and Forms, 1956 read with an amendment thereto are derived from the audited financial statements of the Company for the year ended March 31, 2014 and are a fair summary of those financial statements.

For **RAMBABU & Co.**  
*Chartered Accountants*  
Firm Registration No: 002976S

**Ravi Rambabu**  
*Partner*

Place: Hyderabad  
Date: 15-05-2014

Membership No: 018541



## Independent Auditor's Report

To the Members of  
Pennar Industries Limited

### Report on Financial Statements

We have audited the accompanying financial statements of M/s. PENNAR INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Managements Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion and to the best of our information and according

to the explanations given to us, the 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:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
    - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
    - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **RAMBABU & Co.**  
*Chartered Accountants*  
Firm Registration No: 002976S

**Ravi Rambabu**  
*Partner*

Place: Hyderabad  
Date: 07-05-2014

Membership No: 018541



## Annexure to the Independent Auditor's Report

The Annexure referred to in paragraph 1 of Our Report of even date to the members of Pennar Industries Limited on the accounts of the company for the year ended 31st March, 2014.

1. In respect of Fixed Assets:
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion, the company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories
  - (a) As explained to us, inventories have been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The company has maintained proper records of inventories. In our opinion and according to the information and explanations given to us, no discrepancies noticed on physical verification as compared to the book records.
3. In respect of the loans, secured or unsecured granted or taken by the company to/or from companies, or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii(b), iii(c) and iii(d) of the order are not applicable to the Company.
  - (b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) and (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses & for sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. In respect of contracts or arrangements preferred to in Section 301 of the Companies Act, 1956:
  - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹5,00,000/- in respect of each party covered above during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an independent internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(d)(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate

authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there is no amounts payable in respect of income

tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.

- (c) According to the information and explanations given to us, an amount of ₹209.30 lakhs of Sales tax, Customs duty, and interest which have not been deposited on account of dispute as given below:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (₹ in lakhs)	Deposit Amount (₹ in lakhs)	Unpaid Deposit Amount (₹ in lakhs)
Customs Act, 1962	Interest on Customs Duty Paid	The Commissioner of Custom(Appeals)	44.70	-	44.70
A.P. VAT Act,2005	Entry Tax on Cix	The Supreme Court of India	218.60	54.00	164.60
		<b>Total</b>	<b>263.30</b>	<b>54.00</b>	<b>209.30</b>

10. The Company does not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions, bank and debenture holders.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in Shares, securities, debentures, mutual funds and other Investments. Accordingly, the provisions of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
15. According to the information and explanations given to us,
- a) The Company has given corporate guarantees for a loan of ₹17,473 lakhs taken by its Subsidiary M/s. Pennar Engineered Building Systems Ltd (PEBSL). The company further provided collateral security by way of lien on fixed deposits of ₹200 lakhs and pledge of 61,50,000 shares of ₹10/- each of Pennar Engineered Building Systems Limited for securing the said Loan.
- b) The company has given corporate guarantee for loan of ₹1,000 lacs taken by its subsidiary M/s. Pennar Enviro Ltd.
16. Based on our audit procedures and on the information given by the management, we report that the term loans raised during the year were applied the same purpose for which they were obtained.
17. In our opinion, according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. According to the information and explanations given to us, the Company has not issued debentures during the period covered by our report. Hence, the Company is not required to create or register or modify any security or charge.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures and the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For **RAMBABU & Co.**  
Chartered Accountants  
Firm Registration No: 002976S

**Ravi Rambabu**  
Partner

Place: Hyderabad  
Date: 07-05-2014

Membership No: 018541

**Abridged Balance sheet** as at 31st March, 2014

(Statement containing the salient features of Balance sheet as per Sec 219(1)(b)(iv) of the Companies Act, 1956)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>I EQUITY AND LIABILITIES</b>		
<b>1) Shareholders' Funds</b>		
a) Paid-up Share Capital		
(i) Equity	6,023	6,101
(ii) Preference	556	878
	6,579	6,979
b) Reserves & Surplus		
(i) Capital Reserves	3,135	2,988
(ii) Securities Premium	5,031	5,310
(iii) General Reserve	1,951	2,351
(iv) Statement of Profit and Loss	15,273	14,015
	25,390	24,664
<b>Total (1a+1b)</b>	<b>31,969</b>	<b>31,643</b>
<b>2) Non Current Liabilities</b>		
a) Long Term Borrowings		
- Secured	1,976	938
- UnSecured	2,304	2,304
b) Deferred Tax Liability (Net)	1,577	1,327
c) Long Term Provisions	89	91
	5,946	4,660
<b>3) Current Liabilities</b>		
a) Short Term Borrowings		
- Secured	7,048	7,330
b) Trade Payables	10,308	6,196
c) Other Current Liabilities	3,425	2,211
d) Short Term Provisions	28	1,459
	20,809	17,196
<b>Total (1+2+3)</b>	<b>58,724</b>	<b>53,499</b>
<b>II ASSETS</b>		
<b>1) Non Current Assets</b>		
a) Fixed Assets		
- Tangible Assets	19,035	18,537
- InTangible Assets	1,303	130
- Capital Work In Progress	422	77
b) Non Current Investments	2,277	2,277
c) Long Term Loans and Advances	570	576
d) Other Non Current Assets	475	404
	24,082	22,001
<b>2) Current Assets</b>		
a) Inventories	12,121	11,937
b) Trade Receivables	18,853	17,441
c) Cash and Cash Equivalents	1,249	1,045
d) Short Term Loans & Advances	2,023	856
e) Other Current Assets	396	219
	34,642	31,498
<b>Total (1+2)</b>	<b>58,724</b>	<b>53,499</b>

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at link [www.pennarindia.com](http://www.pennarindia.com).

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 002976S

**Ravi Rambabu**  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

**Aditya N Rao**  
Vice Chairman and MD

**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman

**JS Krishna Prasad**  
GM Finance

Place : Hyderabad  
Date : May 7, 2014

**Abridged Statement of Profit & Loss** for the year ended 31st March, 2014

(Statement containing the salient features of Statement of Profit &amp; Loss as per Sec 219(1)(b)(iv) of the Companies Act, 1956) ₹ in lakhs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>I Revenue from operations</b>		
Sale of Products	84,980	96,706
Sale of Services (Job work)	190	507
	85,170	97,213
Less : Excise Duty/Service Tax	8,677	9,129
Less: Sales Tax	2,909	3,278
	11,586	12,407
	<b>73,584</b>	<b>84,806</b>
<b>II Other Operative Revenue</b>	133	-
<b>III Other Income</b>	76	87
<b>IV Total Revenue (I + II + III)</b>	<b>73,793</b>	<b>84,893</b>
<b>V Expenses :</b>		
Raw Material Consumed	52,427	61,005
Change in Inventories	(114)	65
Manufacturing Expenses	8,277	8,031
Employee Benefits Expense	4,474	4,212
Other Expenses	3,420	3,408
	<b>68,484</b>	<b>76,721</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	5,309	8,172
Finance Cost	1,847	1,971
Depreciation and amortisation expense	1,528	1,492
	<b>3,375</b>	<b>3,463</b>
<b>Profit before Tax</b>	<b>1,934</b>	<b>4,709</b>
<b>VI Tax Expenses</b>		
a) Current Tax	426	1,486
b) Deferred Tax	250	109
	<b>676</b>	<b>1,595</b>
<b>Net Profit after Tax</b>	<b>1,258</b>	<b>3,114</b>
Earning Per Share (having a face value of ₹5 each)		
- Basic and Diluted	1.04	2.55

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 002976S**Ravi Rambabu**  
Partner  
Membership.No:018541Place : Hyderabad  
Date : May 15, 2014**Aditya N Rao**  
Vice Chairman and MD**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman**JS Krishna Prasad**  
GM FinancePlace : Hyderabad  
Date : May 7, 2014

**Abridged Cash Flow Statement** for the year ended 31st March, 2014

₹ in lakhs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>A CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax	1,934	4,709
Add: Loss from sale of assets	7	(8)
Add : Depreciation	1,528	1,492
Add : Finance Cost	1,847	1,971
Less: Rent Received	(1)	(13)
<b>Operating Profit before working capital changes</b>	<b>5,315</b>	<b>8,151</b>
Adjustment for:		
Trade receivables	(1,412)	(715)
Inventories	(184)	(118)
Loans and Advances & other assets	(410)	(532)
Trade payables and Other Payables	3,937	193
	<b>1,931</b>	<b>(1,172)</b>
<b>Cash Generated From Operation</b>	<b>7,246</b>	<b>6,979</b>
Less : Income Tax Paid	(421)	(1,590)
<b>Net cash from operating activities " A "</b>	<b>6,825</b>	<b>5,389</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	(3,779)	(657)
Proceedings from sale of fixed assets	-	8
Investment in Subsidiary - Pennar Enviro Limited	-	(404)
Rent Received	1	13
<b>Net cash used in investing activities " B "</b>	<b>(3,778)</b>	<b>(1,040)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Repayment of Equity share capital	(357)	-
Repayment of preference share capital	(45)	-
Proceeds from Long Term Borrowings	1531	-
Repayment of Long Term Borrowings	(428)	(457)
Net increase/(decrease) of working capital borrowings	(282)	(484)
Finance Cost	(1,847)	(1,971)
Dividends and Dividend Distribution Tax paid	(1,427)	(1,418)
<b>Net Cash used in financing activities " C "</b>	<b>(2,855)</b>	<b>(4,330)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>192</b>	<b>19</b>
<b>Cash and Cash Equivalents at the beginning</b>	<b>524</b>	<b>505</b>
<b>Cash and Cash Equivalents at the end</b>	<b>716</b>	<b>524</b>

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 0029765

**Ravi Rambabu**  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

**Aditya N Rao**  
Vice Chairman and MD

**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman

**JS Krishna Prasad**  
GM Finance

Place : Hyderabad  
Date : May 7, 2014

## Notes Forming Part of Financial Statements

### NOTE 1. CORPORATE INFORMATION

Pennar Industries Limited is a multi-location, multi-product company manufacturing Cold Rolled Steel Strips, Precision Tubes, Cold Rolled Formed Sections, Electro Static Precipitators, Profiles, Railway Wagons and Coach Components, Press Steel Components and Road Safety Systems. Pennar Industries Limited has manufacturing facilities at Patancheru and Isnapur (in A.P.), Chennai and Hosur(Tamil Nadu) Tarapur (Maharashtra).

### NOTE 2 : REVALUATION RESERVE (Refer to Note 4 of the Annual Standalone Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Opening Balance	2,759		3,013	
Less : Transferred to statement of Profit and Loss on account of depreciation on revalued assets.	253		254	
<b>Closing Balance</b>		<b>2,506</b>		<b>2,759</b>

2.1 Cumulative amount withdrawn from the Revaluation reserve on account of depreciation on revaluation of Fixed Assets is ₹3,790 lakhs as on 31.03.2014 out of the total Revaluation reserve of ₹6,296 lakhs.

### NOTE 3

An amount of ₹400 lakhs is transferred from General reserve to Capital Redemption reserve on account of (i) ₹45 lakhs being nominal value of 9,04,180 Cumulative redeemable Preference Shares of ₹5/- each which were issued to IFCI on conversion of Funded Interest Term Loans (ii) ₹277 lakhs being 1/3rd of nominal value of 1,66,49,119 Cumulative redeemable Preference shares of ₹5/- each. and (iii) ₹78 lakhs being the nominal value for 15,62,590 Equity shares of ₹5/- each brought back during the year.

### NOTE 4

Persuant to board of directors approval for buy back of equity shares under section 77 A of the companies act, 1956, the company has bought back 15,62,590 shares of ₹5/- each through open market for an aggregate amount of ₹357 lakhs. Out of the said amount, an amount of ₹279 lakhs debited to share premium account and the balance amount ₹78 lakhs has been reduced from share capital.

### NOTE 5 : TRADE RECEIVABLES (Refer to Note 17 of the Annual Standalone Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good (Note 5.1)	1,011	817
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good (Note 5.2)	17,842	16,624
<b>Total</b>	<b>18,853</b>	<b>17,441</b>

5.1 Trade receivables outstanding for a period exceeding 6 months includes an amount of ₹155 lakhs which is doubtful for recovery, Company has filed legal cases against customers for recovery of such dues. Hence, management is confident of recovering the same.

5.2 Other Trade Receivables includes an amount of ₹1473 lakhs from subsidiary M/s Pennar Engineered Building Systems Limited.



## Notes Forming Part of Financial Statements

### NOTE 6 : CASH AND BANK BALANCES (Refer to Note 18 of the Annual Standalone Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>i) Cash and Cash Equivalents</b>		
a. Cash on hand	9	7
b. Balances with banks		
- in current accounts	101	46
- in Collection accounts	606	471
<b>ii) Other Bank Balances</b>		
a. unclaimed dividend accounts	68	42
b. margin money accounts (Note 6.1)	265	279
c. Fixed Deposit under lien (Note 6.2)	200	200
<b>Total</b>	<b>1,249</b>	<b>1,045</b>
<b>Cash and Cash Equivalents for Cash Flow Statement</b>	<b>716</b>	<b>524</b>

- 6.1 Out of the Margin money Deposits, an amount of ₹155 lakhs has maturity period of more than 12 months.
- 6.2 The company has provided a collateral security by way of a lien on fixed deposit of ₹200 lakhs towards the Term Loans and Working Capital Loans taken by subsidiary M/s Pennar Engineered Building Systems Limited from State Bank of India.

### NOTE 7 : OTHER OPERATING REVENUE (Refer to Note 22 of the Annual Standalone Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Incentives on Sales tax & Power ( Note 7.1)	133	-
<b>Total</b>	<b>133</b>	<b>-</b>

- 7.1 During the year, company has filed applications with District Industries Centre under Andhra Pradesh Industrial Investment Promotion Policy 2010-15 for claiming sales tax incentive of ₹128 lakhs and power incentive for an amount of ₹5 lakhs totalling to ₹133 lakhs.

### NOTE 8 : CONTINGENT LIABILITIES (Refer to Note 31 of the Annual Standalone Financial Statements)

₹ in lakhs

Sl No	Particulars	As at 31st March, 2014	As at 31st March, 2013
i)	Bank Guarantees	1,038	666
ii)	Corporate Guarantee given for loans taken by subsidiary (Note 8.1 & 8.2)	18,473	16,826
iii)	Claims by Customs & Sales Tax (Note 8.3 & 8.4)	210	210
iv)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	983	154
v)	LC/Bills Discounted	347	4,128

- 8.1 Corporate guarantee has been given to State bank of India and Axis Bank Limited to the tune of ₹9,973 lakhs and ₹7,500 lakhs respectively for Working capital loans and Term Loans taken by the subsidiary M/s Pennar Engineered Building Systems Ltd (PEBSL). The company also provided a collateral security by way of lien on fixed deposit of ₹200 lacs and pledge of shares of Pennar Engineered Building Systems Ltd to the extent of 61,50,000 shares of ₹10/- each amounting to ₹615 lakhs.



## Notes Forming Part of Financial Statements

### NOTE 8 : CONTINGENT LIABILITIES (Refer to Note 31 of the Annual Standalone Financial Statements) (contd.)

8.2 Corpoarte guarantee to Axis Bank Limited to the tune of ₹1,000 lakhs for Working capital loans, Letter of credit and Bank gurantee facilities taken by the subsidiary M/s Pennar Enviro Ltd.

### 8.3 Details of disputed dues to customs & Sales tax are given below:

₹ in lakhs

SI No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45
2	AP VAT Act	Entry Tax on Cix	The Supreme Court of India	219

8.4 Out of the disputed due amount of ₹219 lakhs against Entry Tax on CIX, an amount of ₹54 lakhs has been deposited. The Unpaid amount is ₹165 lakhs.

### NOTE 9 : RELATED PARTY DISCLOSURES (Refer to Note 34 of the Annual Standalone Financial Statements)

SI No	Relationship	Name
1	Subsidiary Companies	Pennar Engineered Building Systems Limited
		Pennar Enviro Limited
2	Significant Influence	Saven Technologies Limited
3	Key Management Personnel	Mr. Nrupender Rao
		Mr. CH. Anantha Reddy
		Mr. Aditya N Rao
		Mr. Suhas Baxi
4	Relatives of Key Management Personnel	Mrs J Rajya Lakshmi
		Mrs CH Prabha

### NOTE 10

Figures for the previous year have been regrouped / reclassified / recast wherever necessary. Figures are rounded off to the nearest lakh of rupees.

In terms of our report attached.

For RAMBABU & Co.,  
Chartered Accountants  
Firm Reg No: 002976S

Ravi Rambabu  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

Aditya N Rao  
Vice Chairman and MD

Mirza Mohammed Ali Baig  
Company Secretary

For and on behalf of the Board of Directors

Nrupender Rao  
Chairman

JS Krishna Prasad  
GM Finance

Place : Hyderabad  
Date : May 7, 2014



## M/s. Pennar Industries Limited

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956

1.	Name of the Subsidiary	M/s. Pennar Engineered Building Systems Limited	M/s. Pennar Enviro Limited
2.	Financial Year of the subsidiary ended on	31st March, 2014	31st March, 2014
3.	Shares of the subsidiary held by the Company on the above date:		
	a) Number of Shares	1,85,00,000	42,70,000
	b) Face Value	Equity shares of ₹10/- each	Equity shares of ₹10/- each
	c) Extent of Holding	74%	51%
4.	Net aggregate amount of profits / (losses) of the Subsidiary so far as they concern members of the company		
	a) dealt with in the accounts of the company for the year ended 31st March, 2014	–	–
	b) not dealt within the accounts of the company for the year ended 31st March, 2014	₹1,827 lakhs	₹12 lakhs
5.	Net aggregate amount of Profits/(Losses) for previous years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:		
	a) dealt within the accounts of the company for the year ended 31st March, 2014	–	–
	b) not dealt within the accounts of the company for the year ended 31st March, 2014	₹1,440 lakhs	₹6 lakhs
6.	Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and that of the Company.	Nil	Nil
7.	Material Changes between the end of the financial year of the subsidiary and end of the financial year of the Company in respect of the subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting their current liabilities.	Nil	Nil
8.	Remarks	Nil	Nil

for and on behalf of Pennar Industries Limited

**Aditya Rao**  
Vice Chairman & Managing Director

**Nrupender Rao**  
Executive Chairman

Date : 06.08.2014  
Place : Hyderabad

**J S Krishna Prasad**  
General Manager - Finance

**Mirza Mohammed Ali Baig**  
Company Secretary

# Consolidated Financial Statements



## Auditors' Report on Abridged Consolidated Financial Statements

To the Board of Directors of  
**Pennar Industries Limited**

The accompanying abridged consolidated financial statements, which comprises the abridged Consolidated Balance Sheet as at March 31, 2014, the abridged Consolidated Statement of Profit and Loss, and abridged Consolidated Cash Flow Statement for the year then ended, and related notes, are derived from the audited financial statements of Pennar Industries Limited ('the Company') for the year ended March 31, 2014.

The abridged consolidated financial statements do not contain all the disclosures required by the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ('the Act') applied in the preparation of the audited financial statements of the Company. Reading the abridged financial statements, therefore, is not a substitute for reading the audited financial statements of the Company.

### **Management responsibility for the abridged consolidated financial statements**

Management is responsible for preparation of summary of the consolidated audited financial statements in accordance with Rule 7A of the Companies (Central Governments') General Rules and Forms, 1956 read with an amendment thereto, and or based on the audited consolidated financial statements for the year ended March 31, 2014, prepared in accordance with the requirements of Accounting Standard 21 – Consolidated financial statements prescribed by the Company Accounting Standard Rules, 2006.

### **Auditor's Responsibility**

Our responsibility is to express opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with the Standards on Auditing SA 810 "Engagements to report on summary financial statements" issued by the Institute of Chartered Accountants of India.

### **Opinion**

In our opinion, the abridged consolidated financial statements, prepared in accordance with Rule 7A Companies (Central Government's) General Rules and Forms, 1956 read with an amendment thereto are derived from the audited consolidated financial statements of the Company for the year ended March 31, 2014 and are a fair summary of those consolidated financial statements.

For **RAMBABU & Co.**  
*Chartered Accountants*  
Firm Registration No: 0029765

**Ravi Rambabu**  
*Partner*  
Membership No: 018541

Place: Hyderabad  
Date: 15-05-2014

## Independent Auditor's Report

To the Board of Directors of  
Pennar Industries Limited

### 1. Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of M/s. PENNAR INDUSTRIES LIMITED ('the Company') which comprise the consolidated Balance Sheet as at 31st March 2014, and the consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant Accounting policies and other explanatory information.

### 2. Managements Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### 5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated 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:

- In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### 6. Other Matters

We have audited the Financial statements of the subsidiary namely M/s. Pennar Enviro Limited which reflects total assets (net) of ₹1,717.64 lakhs as at March 31, 2014, total revenue (net) of ₹1,610.46 lakhs and net cash flows amounting to (₹115.36) lakhs for the year ended 31st March, 2014.

We did not audit the financial statements of Subsidiary namely M/s. Pennar Engineered Building Systems Limited, whose financial statements reflect total assets (net) of ₹26,417.95 lakhs as at March 31, 2014, total revenues (net) of ₹36,540.84 lakhs and net cash flows amounting to (₹2,389.04) lakhs for the year ended 31st March, 2014. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

For **RAMBABU & Co.**  
*Chartered Accountants*  
Firm Registration No: 0029765

**Ravi Rambabu**  
*Partner*

Place: Hyderabad  
Date: 07-05-2014

Membership No: 018541

**Abridged Consolidated Balance sheet** as at 31st March, 2014

(Statement containing the salient features of Balance sheet as per Sec 219(1)(b)(iv) of the Companies Act, 1956)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>I EQUITY AND LIABILITIES</b>		
<b>1) Shareholders' Funds</b>		
a) Paid-up Share Capital		
(i) Equity	6,023	6,101
(ii) Preference	556	878
	<b>6,579</b>	<b>6,979</b>
b) Reserves & Surplus		
(i) Capital Reserves	3,157	3,011
(ii) Securities Premium	7,066	6,158
(iii) General Reserve	1,951	2,351
(iv) Statement of Profit and Loss	18,883	16,289
	<b>31,057</b>	<b>27,809</b>
c) Minority Interest	3,647	2,452
	<b>41,283</b>	<b>37,240</b>
<b>2) Non Current Liabilities</b>		
a) Long Term Borrowings		
- Secured	1,996	945
- UnSecured	2,304	2,327
b) Deferred Tax Liability (Net)	1,872	1,484
c) Other Long Term Liabilities	229	166
d) Long Term Provisions	243	199
	<b>6,644</b>	<b>5,121</b>
<b>3) Current Liabilities</b>		
a) Short Term Borrowings		
- Secured	10,667	12,274
b) Trade Payables	17,867	10,943
c) Other Current Liabilities	6,208	7,532
d) Short Term Provisions	556	2,251
	<b>35,298</b>	<b>33,000</b>
<b>Total (1+2+3)</b>	<b>83,225</b>	<b>75,361</b>
<b>II ASSETS</b>		
<b>1) Non Current Assets</b>		
a) Fixed Assets		
- Tangible Assets	25,303	23,172
- InTangible Assets	1,468	299
- Capital Work In Progress	1,282	1,699
b) Non Current Investments	2	2
c) Long Term Loans and Advances	593	583
d) Other Non Current Assets	1,035	674
	<b>29,683</b>	<b>26,429</b>
<b>2) Current Assets</b>		
a) Current Investments	2,550	330
b) Inventories	18,881	16,583
c) Trade Receivables	24,977	23,326
d) Cash and Cash Equivalents	1,905	4,108
e) Short Term Loans & Advances	3,851	1,675
f) Other Current Assets	1,378	2,910
	<b>53,542</b>	<b>48,932</b>
<b>Total (1+2)</b>	<b>83,225</b>	<b>75,361</b>

Note: Complete Balance Sheet, Statement of Profit and Loss, other statements and notes thereto prepared as per the requirements of Schedule VI to the Companies Act, 1956 are available at the Company's website at link [www.pennarindia.com](http://www.pennarindia.com).

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 002976S

**Ravi Rambabu**  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

**Aditya N Rao**  
Vice Chairman and MD

**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman

**JS Krishna Prasad**  
GM Finance

Place : Hyderabad  
Date : May 7, 2014

**Abridged Consolidated Statement of Profit & Loss** for the year ended 31st March, 2014

(Statement containing the salient features of Statement of Profit &amp; Loss as per Sec 219(1)(b)(iv) of the Companies Act, 1956) ₹ in lakhs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>I Revenue from operations</b>		
Sale of Products	1,19,630	1,24,098
Contract Sales	1,080	-
Sale of Services	2,534	3,339
	1,23,244	1,27,437
Less : Excise Duty/ Service Tax	12,308	11,810
Less: Sales Tax	3,885	4,113
	16,193	15,923
	<b>1,07,051</b>	<b>1,11,514</b>
<b>II Other Operative Revenue</b>	395	305
<b>III Other Income</b>	368	178
<b>IV Total Revenue (I + II + III)</b>	<b>1,07,814</b>	<b>1,11,997</b>
<b>V Expenses :</b>		
Raw Material Consumed	70,619	73,518
Change in Inventories	(1,391)	210
Manufacturing Expenses	15,415	14,880
Employee Benefits Expense	7,035	6,094
Other Expenses	6,789	5,465
	<b>98,467</b>	<b>1,00,167</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>9,347</b>	<b>11,830</b>
Finance Cost	2,647	3,126
Depreciation	1,884	1,804
	<b>4,531</b>	<b>4,930</b>
<b>Profit before Tax</b>	<b>4,816</b>	<b>6,900</b>
<b>VI Tax Expenses</b>		
a) Current Tax	1,354	2,349
b) Deferred Tax	388	(12)
	<b>1,742</b>	<b>2,337</b>
<b>Net Profit after Tax</b>	<b>3,074</b>	<b>4,563</b>
Less : Minority Interest	480	377
<b>Net Profit after Tax after Minority Interest</b>	<b>2,594</b>	<b>4,186</b>
<b>Earning Per Share (having a face value of ₹5 each)</b>		
- Basic and Diluted	2.14	3.43

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 002976S**Ravi Rambabu**  
Partner  
Membership.No:018541Place : Hyderabad  
Date : May 15, 2014**Aditya N Rao**  
Vice Chairman and MD**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman**JS Krishna Prasad**  
GM FinancePlace : Hyderabad  
Date : May 7, 2014

**Abridged Consolidated Cash Flow Statement** for the year ended 31st March, 2014

₹ in lakhs

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>A Cash Flows from operating activities :</b>		
Net Profit Before Tax	4,816	6,900
Add: Loss from sale of assets	14	-
Add: Depreciation	1,887	1,809
Add: Finance Cost	2,648	3,097
Add: Bad Debts written off	(1)	2
Add: Provision for doubtful trade and other receivables, loans and advances	204	71
Add: Net unrealised exchange loss	-	29
Less: Interest Received	(269)	(45)
Less: Rent Received	(164)	(54)
Less: Proceeding from sale of fixed assets	-	(8)
<b>Operating Profit before working capital changes</b>	<b>9,135</b>	<b>11,801</b>
Adjustment for:		
Trade receivables	(2,794)	(2,124)
Inventories	(2,124)	(370)
Loans and Advances & other assets	561	(424)
Trade payables and Other Payables	5,401	1,701
	1,044	(1,217)
<b>Cash Generated From Operation</b>	<b>10,179</b>	<b>10,584</b>
Less : Income Tax Paid	(1,812)	(1,773)
<b>Net cash from operating activities " A "</b>	<b>8,367</b>	<b>8,811</b>
<b>B Cash Flows from Investing activities :</b>		
Purchase of fixed assets	(5,079)	(2,046)
Proceedings from sale of fixed assets	6	8
Purchase of Current Investments	(2,550)	(330)
Purchase of Long Term Investments	-	(1)
Investments	-	(406)
Interest Received	261	20
Rent Received	165	54
<b>Net cash used in investing activities " B "</b>	<b>(7,197)</b>	<b>(2,701)</b>
<b>C Cash Flows from Financing activities :</b>		
Repayment of Equity share capital	(357)	-
Repayment of preference share capital	1,857	-
Proceeds from issues of preference shares	-	1,394
Proceeds from Long Term Borrowings	1,531	-
Repayment of Long Term Borrowings	(796)	(869)
Net increase/(decrease) of working capital borrowings	125	245
Proceeds from other short term borrowings	-	1,976
Repayment of other short-term borrowings	(1,732)	(2,539)
Finance Cost	(2,686)	(3,047)
Dividends and Dividend Distribution Tax paid	(1,427)	(1,418)
<b>Net Cash used in financing activities " C "</b>	<b>(3,485)</b>	<b>(4,258)</b>
<b>Net ( Decrease ) / Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(2,315)</b>	<b>1,852</b>
<b>Cash and Cash Equivalents at the beginning #</b>	<b>3,236</b>	<b>1,384</b>
<b>Cash and Cash Equivalents at the end</b>	<b>921</b>	<b>3,236</b>

# Cash and Cash equivalents includes cash and cash equivalents of the company and subsidiaries Pennar Engineered Building Systems Limited and Pennar Enviro Limited.

In terms of our report attached.

For **RAMBABU & Co.,**  
Chartered Accountants  
Firm Reg No: 002976S

**Ravi Rambabu**  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

**Aditya N Rao**  
Vice Chairman and MD

**Mirza Mohammed Ali Baig**  
Company Secretary

For and on behalf of the Board of Directors

**Nrupender Rao**  
Chairman

**JS Krishna Prasad**  
GM Finance

Place : Hyderabad  
Date : May 7, 2014



## Notes Forming Part of Consolidated Financial Statements

### NOTE 1. CORPORATE INFORMATION

Pennar Industries Limited is a multi-location, multi-product company manufacturing Cold Rolled Steel Strips, Precision Tubes, Cold Rolled Formed Sections, Electro Static Precipitators, Profiles Railway Wagons and Coach Components, Press Steel Components and Road Safety Systems. Pennar Industries Limited has manufacturing facilities at Patancheru and Isnapur (in Andhra Pradesh), Chennai and Hosur (Tamil Nadu) Tarapur (Maharashtra). Further Pennar Industries Limited has two subsidiaries viz i) Pennar Engineered Building Systems Limited, which at its state of the art manufacturing facility at Sadashivpet, near Hyderabad designs, manufactures and erects pre-engineered steel buildings and ii) Pennar Enviro Limited which is engaged in the business of manufacturing and distribution of Fuel Additives and Water Treatment Chemicals, Water and Waste Water Treatment Solution Providers and EPC contracts.

### NOTE 2 : REVALUATION RESERVE (Refer to Note 4 of the Annual Consolidated Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014		As at 31st March, 2013	
Opening Balance	2,759		3,013	
Less : Transferred to statement of Profit and Loss on account of depreciation on revalued assets.	254		254	
<b>Closing Balance</b>		<b>2,505</b>		<b>2,759</b>

2.1 Cumulative amount withdrawn on account of depreciation on revaluation reserve is ₹3,790 lakhs as on 31.03.2014 out of ₹6,296 lakhs.

### NOTE 3

An amount of ₹400 lakhs is transferred from General reserve to Capital Redemption reserve on account of (i) ₹45 lakhs being nominal value of 9,04,180 Cumulative redeemable Preference Shares of ₹5/- each which were issued to IFCI on conversion of Funded Interest Term Loans (ii) ₹277 lakhs being 1/3rd of nominal value of 1,66,49,119 Cumulative redeemable Preference shares of ₹5/- each. and (iii) ₹78 lakhs being the nominal value for 15,62,590 Equity shares of ₹5/- each brought back during the year.

### NOTE 4

Persuant to board of directors approval for buy back of equity shares under section 77 A of the companies act, 1956, the company has bought back 15,62,590 shares of ₹5/- each through open market for an aggregate amount of ₹357 lakhs. Out of the said amount, an amount of ₹279 lakhs debited to share premium account and the balance amount ₹78 lakhs has been reduced from share capital.

### NOTE 5 : CURRENT INVESTMENTS (Refer to Note 17 of the Annual Consolidated Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Investment in equity instruments of subsidiaries (unquoted, fully paid up)		
9,999 equity shares of ₹10/- each in Pennar Building Systems Private Limited	1	1
Less: Provision for diminution in value of current portion of long-term investments	1	1
<b>Total</b>	<b>-</b>	<b>-</b>
Investment in mutual funds (Note 5.1)	2,550	330
<b>Total</b>	<b>2,550</b>	<b>330</b>
<b>Aggregate value of quoted Investment</b>	<b>2,550</b>	<b>330</b>
<b>Aggregate market value of quoted Investment</b>	<b>2,552</b>	<b>331</b>
<b>Aggregate value of un-quoted investment</b>	<b>-</b>	<b>-</b>



## Notes Forming Part of Consolidated Financial Statements

### NOTE 5 : CURRENT INVESTMENTS (Refer to Note 17 of the Annual Consolidated Financial Statements) (contd.)

#### 5.1 Investment in mutual funds

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
102089.156 (31 March 2013 - Nil) units of Birla sun life cash plus - Daily dividend-Regular Plan -Reinvestment face value of ₹100.3288 each	102	-
2006898.915 (31 March 2013 - Nil) units of HDFC liquid fund dividend daily investment Reinvest face value of ₹10.1982	205	-
317029.972 (31 March 2013 - Nil) units of ICICI pru liquid - Regular Plan -Daily dividend face value of ₹100.0662	317	-
1994733.701 (31 March 2013 - Nil) units of JM Floater Short Term Fund-Daily dividend Option (73) face value of ₹10.0883	201	-
2000000 (31 March 2013 - Nil) units of IDBI FMP-Dividend Pay-out face value of ₹10.0993	200	-
24719.84 (31 March 2013 - Nil) units of L N T Liquid Fund Daily dividend Reinvestment plan - INF917K01JB4 face value of ₹1011.6349	250	-
56771.866 (31 March 2013 - Nil) units of SBI Debt fund Series - 90 DAYS Plan dividend face value of ₹1003.25	570	-
29740.328 (31 March 2013 - Nil) units of Reliance liquid -treasury plan face value of ₹1528.74	455	-
24996.995 (31 March 2013 - Nil) units of Axis Liquid - Daily Dividend face value of ₹1000.1178	250	-
998.07 (31 March, 2012 - Nil) units of SBI Magnum Insta Cash Fund (Growth) face value of ₹1000 each	-	20
16843.07 (31 March, 2012 - Nil) units of SBI Premier Liquid Fund (Growth) face value of ₹1000 each	-	310
<b>Total</b>	<b>2,550</b>	<b>330</b>

### NOTE 6 : TRADE RECEIVABLE (Refer to Note 19 of the Annual Consolidated Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Outstanding for more than 6 months</b>		
Secured	5	-
Unsecured (Note 6.1)	2,077	1,494
Doubtful	204	45
	2,286	1,539
Less : Provision for doubtful trade receivables	(204)	(45)
	<b>2,082</b>	<b>1,494</b>
<b>Other Trade Receivables (Note 6.2)</b>		
Secured	2,602	1,889
Unsecured	20,293	19,943
	<b>22,895</b>	<b>21,832</b>
<b>Total</b>	<b>24,977</b>	<b>23,326</b>

6.1 Trade receivables outstanding for a period exceeding 6 months includes an amount of ₹158 lakhs which is doubtful for recovery. Company has filed legal cases against customers for recovery of such dues. Hence, management is confident of recovering the same.

6.2 Other Trade Receivables Includes an amount of ₹2,279 lakhs (31 March, 2013 ₹3,632 lakhs) which in accordance with the terms of the contract were not due for payment.

## Notes Forming Part of Consolidated Financial Statements

### NOTE 7 : CASH AND BANK BALANCES (Refer to Note 20 of the Annual Consolidated Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>i) Cash and Cash Equivalents</b>		
a. Cash on hand	10	7
b. Cheques on hand	-	63
c. Balances with banks		
- in current accounts	305	699
- in deposit accounts	-	1,996
- in Collection accounts	606	471
<b>ii) Other Bank Balances</b>		
a. unclaimed dividend accounts	68	42
b. margin money accounts (Note 7.1)	677	625
c. Fixed Deposit under lien (Note 7.2)	239	205
<b>Total</b>	<b>1,905</b>	<b>4,108</b>
<b>Cash and Cash Equivalents for Cash Flow Statement</b>	<b>921</b>	<b>3,236</b>

7.1 Out of the margin money balance, an amount of ₹155 lakhs has maturity period of more than 12 months.

7.2 The company has provided a collateral security, a lien on fixed deposit of ₹200 lacs towards the Term Loans and Working Capital Loans taken by subsidiary M/s Pennar Engineered Building Systems Limited from State Bank of India and ₹39 lacs towards the Working capital Loan taken by subsidiary M/s Pennar Enviro Limited from Axis Bank Limited.

### NOTE 8 : OTHER OPERATING REVENUE (Refer to Note 24 of the Annual Consolidated Financial Statements)

₹ in lakhs

Particulars	As at 31st March, 2014	As at 31st March, 2013
Incentives on Sales tax & Power (Note 8.1)	395	305
<b>Total</b>	<b>395</b>	<b>305</b>

8.1 During the year, company has filed applications with District Industries Centre under Andhra Pradesh Industrial Investment Promotion Policy 2010-15 for claiming sales tax and power incentive for an amount of ₹395 lakhs.

### NOTE 9 : CONTINGENT LIABILITIES (Refer to Note 33 of the Annual Consolidated Financial Statements)

₹ in lakhs

Sl No	Particulars	As at 31st March, 2014	As at 31st March, 2013
i)	Bank Guarantees given by banks	1,038	666
ii)	Claims by Customs & Sales Tax	210	234
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	983	177
iv)	LC/Bills Discounted	347	4,128

#### 9.1 Details of disputed dues to customs & Sales tax are given below:

₹ in lakhs

Sl No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45
2	AP VAT Act	Entry Tax on Cix	The Supreme Court of India	219

9.2 Out of the disputed due amount of ₹219 lakhs against Entry Tax on CIX, an amount of ₹54 lakhs has been deposited. The Unpaid amount is ₹165 lakhs



## Notes Forming Part of Consolidated Financial Statements

### NOTE 10 : RELATED PARTY DISCLOSURES (Refer to Note 36 of the Annual Consolidated Financial Statements)

SI No	Relationship	Name
1	Significant Influence	Saven Technologies Limited
2	Key Management Personnel	Mr. Nrupender Rao
		Mr. Aditya N Rao
		Mr. CH. Anantha Reddy
		Mr. Suhas Baxi
3	Relatives of Key Management Personnel	Mrs J Rajya Lakshmi
		Mrs CH Prabha

#### 10.1 Aggregate Related Party Transactions:

₹ in lakhs

SI No	Particulars	Significant Influence		Key Managerial Personnel		Relatives of Key Managerial Personnel	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013	For the year ended 31st March, 2014	For the year ended 31st March, 2013
1	Purchases Made during the year	-	-	-	-	-	-
2	Sales Made during the year	-	-	-	-	-	-
3	Other Services Rendered	-	-	-	-	-	-
4	Other Services Received	17	13	-	-	-	-
5	Remuneration	-	-	288	305	-	-
6	Rent	-	-	-	-	3	26

### NOTE 11

The Board of Directors of the Subsidiary M/s Pennar Engineered Building systems Limited at its meeting held on 8th February, 2013 passed a resolution for closure of its Wholly Owned Subsidiary, M/s. Pennar Building Systems Private Limited (PBSPL). The Company has filed required documents with the Registrar of Companies, Uttarakand on 7th May, 2013 for striking off its name from the register of Companies, and upon receiving necessary approvals investment would be written off. (Refer to Note 41 of the Annual Consolidated Financial Statements).

### NOTE 12

Figures for the previous year have been regrouped / reclassified / recast wherever necessary. Figures are rounded off to the nearest lakh of rupees.

In terms of our report attached.

For RAMBABU & Co.,  
Chartered Accountants  
Firm Reg No: 002976S

Ravi Rambabu  
Partner  
Membership.No:018541

Place : Hyderabad  
Date : May 15, 2014

Aditya N Rao  
Vice Chairman and MD

Mirza Mohammed Ali Baig  
Company Secretary

For and on behalf of the Board of Directors

Nrupender Rao  
Chairman

JS Krishna Prasad  
GM Finance

Place : Hyderabad  
Date : May 7, 2014







**Pennar Industries Limited**

Corporate Identification No. L27109AP1975PLC001919

Registered Office: Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084

Tel No. 40 4006 1621 and 22 • E-Mail ID: corporatecommunications@pennarindia.com • Website: WWW.Pennarindia.com

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 38th Annual General Meeting of the Company to be held on Tuesday, the 30th September, 2014 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:

Resolution No.	Resolutions	Optional*	
		For	Against
	<b>Ordinary Business:</b>		
1.	To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit & Loss Account for the period ended as on that date, together with the report of the Directors and the Auditors thereon.		
2.	Reappointment of Mr. Vishal Sood who retires by rotation and being eligible offers himself for re-appointment.		
3.	Reappointment of Mr. J Ramu Rao who retires by rotation and being eligible offers himself for re-appointment.		
4.	Appointment of Auditors for a period of 3 years (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and authorizing Board of Directors to fix their remuneration		
	<b>Special Business:</b>		
5.	To designate Mr. Aditya Rao as Vice Chairman & Managing Director, liable to retire by rotation w.e.f 5th February, 2014 to 31st March, 2015.		
6.	Appointment of Mr. K Lavanya Kumar as Director, liable to retire by rotation.		
7.	Appointment Mr. K Lavanya Kumar as Whole-Time Director		
8.	Appointment of Mr. C Parthasarathy as an Independent Director		
9.	Appointment of Mr. B Kamalaker Rao as an Independent Director		
10.	Appointment of Mr. Varun Chawla as an Independent Director		
11.	Appointment of Mr. Manish Mahendra Sabharwal as an Independent Director		
12.	Increase the aggregate Investment ceiling limit under Portfolio Investment Scheme by the SEBI registered FII's from 24% to 35% in the paid-up share capital of the company		
13.	Approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2015		
14.	Alteration of Articles of Association of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of the Member

Signature of the Proxy Holder(s)

Affixing Revenue Stamp

**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.







## Pennar Industries Limited

Corporate Identification No. L27109AP1975PLC001919

Registered Office: Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084

Tel No. 40 4006 1621 and 22 • E-Mail ID: corporatecommunications@pennarindia.com • Website: WWW.Pennarindia.com

### 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 38th Annual General Meeting held on Tuesday, the 30th September, 2014 at 10.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032.

Name of the Member/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.





PENNAR INDUSTRIES LIMITED  
THIRTY-EIGHTH ANNUAL REPORT 2013 - 14

## Corporate information

### Board of Directors

Mr. Nrupender Rao - *Chairman*

Mr. C Parthasarathy

Mr. Ravi Chachra

Mr. B Kamalaker Rao

Mr. Manish Sabharwal

Mr. J Ramu Rao

Mr. Vishal Sood

Mr. Varun Chawla

Mr. K Lavanya Kumar

Mr. Aditya Rao - *Vice Chairman & Managing Director*

### Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

#### Registered Office Address

Floor No. 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad - 500 084

#### Registrar and Transfer Agents

M/s. Karvy Computershare Private Limited  
Plot No. 17-24, Vithalrao Nagar, Madhapur,  
Hyderabad - 500 081

#### Statutory Auditors

M/s. Rambabu & Co.,  
Chartered Accountants  
31, Pancom Chambers, 6-3-1090/1/A, Rajbhavan Road,  
Somajiguda, Hyderabad - 3

#### Bankers

State Bank of India  
State Bank of Patiala  
M/s. Axis Bank Limited

### Plants

#### Patancheru Unit:

IDA Patancheru - 502 307  
Medak (Dist), Telangana.

#### Isnapur Unit:

Isnapur Village - 502 307  
Medak (Dist), Telangana.

#### Chennai Unit:

Kannigaipair Village,  
Uthukottai Tq Thiruvellore Dist,  
Tamil Nadu - 601 102

#### Tarapur Unit:

J-72, MIDC, Tarapur, Maharashtra - 401 506

#### Hosur Unit:

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

#### Pennar Engineered Building Systems Limited

Chandapur Village, Sadasivpet Mandal,  
Medak (Dist)

#### Pennar Enviro Limited

186/A & 188/A, IDA Mallapur,  
RR (Dist) - 500 076



PENNAR INDUSTRIES LTD  
FLOOR NO. 3, DHFLVC SILICON TOWERS  
KONDAPUR  
HYDERABAD - 500 084  
TELANGANA  
INDIA