PARTNERS IN TECHNOLOGY

Pennar

Pennar Industries Limited

ANNUAL REPORT 2011–12

Corporate Information

Board of Directors

Mr. Nrupender Rao	*Executive Chairman*
Mr. Ravi Chachra	
Dr. G Vivekanand	
Mr. C Parthasarathy	
Mr. B Kamalaker Rao	
Mr. A Krishna Rao	
Mr. C Rangamani	
Mr. Manish Sabharwal	
Mr. J Ramu Rao	
Mr. Vishal Sood	*Additional Director*
Mr. Ch Anantha Reddy	*Managing Director*
Mr. Aditya Rao	*Executive Director*

Mr. R Ravi *CFO and Company Secretary*

Auditors

M/s Rambabu & Co.,
Chartered Accountants,
31, Pancom Chambers,
6-3-1090/1/A, Rajbhavan Road,
Somajiguda, Hyderabad - 500 082

Bankers

State Bank of India, Axis Bank Limited,
State Bank of Patiala.

Registered Office

Floor No.: -1, DHFLVC Silicon Towers,
Madhapur Road, Kondapur,
Hyderabad - 500 084, India

Registrars and Share Transfer Agents

Karvy Computershare Pvt. Ltd.,
Plot No.: 17-24, Vithalrao Nagar,
Madhapur, Hyderabad - 500 081

Plants

Patancheru Unit
IDA, Patancheru - 502 319,
Medak (Dist.), A.P.

Isnapur Unit
Isnapur Village - 502 307
Medak (Dist), A.P.

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

ACROSS THE PAGES

We at Pennar have been steadily
moving up the value chain
from a steel company
to a technology company.

Today we pride ourselves
in being a technology-driven,
value-added, engineering company.
We possess a wide range of
state-of-the-art manufacturing capabilities,
as well as design strengths
and intellectual properties.

In addition, we are
constantly evaluating
new technologies to invest in.

Today we don't just offer products to
our customers, we provide turnkey
engineering solutions.

We are highly client-centric,
and work alongside our clients
as technology partners –
understanding their challenges,
anticipating their needs
and opportunities,
and innovating customized solutions
in a proactive manner.

And that is why we are seen today
as our customers'

Partners in Technology

Looking Forward

Pennar's strategy is geared to address the needs of three sectors of the Indian economy which, we believe, offer great growth opportunities in the future. They are the Infrastructure, Engineering and Automotive industries. As they grow, so shall we.

Our emphasis last year was on major expansion in two highly promising areas of the Infrastructure industry, where we see very attractive business opportunities. These two key areas were:

1. Solar Structures

2. Pre-engineered Buildings (PEBS)

In both these areas, our R&D program has resulted in products specially conceived for the Indian market, and building on these, we created significant capacities to address the market's needs.

In the area of Solar structures, we created a capacity of 32,400 MT in 2011-12. We were also one of India's biggest players in this field, supplying to all the major solar energy companies and accounting for nearly 45% of their needs.

Looking forward, our emphasis for the coming year will be an expansion drive to meet the needs of the Automotive industry, in the high-potential area of:

3. CDW Tubes

We also aim to intensify the production of CDW tubes, thereby helping our customers meet the challenges in the hydraulics space more effectively. To this end, we plan to ramp up our manufacturing capacity in the coming year.

In addition to the above, our thrust on expanding our capacities in Solar and PEBS will continue.

Vision

Our vision is to be a globally reputed engineered metal products company. We endeavour to have a strong and enduring relationship with our customers, based on quality and service.

Mission

Our mission is to leverage our modern infrastructure, technical expertise and decades of experience to provide high-quality and cost-effective metal products to our customers. We are committed to ensure a rewarding experience to our customers. We work closely with shareholders, suppliers, customers and employees to ensure attractive economic returns for every stakeholder.

Core Competencies

1 **Leadership factor:** The Company has a strong management team with rich engineering experience. It is headed by Mr. Nrupender Rao, Executive Chairman, Mr. Ch. Anantha Reddy, Managing Director, and Mr Aditya Rao, Executive Director who have well-established professional and leadership capabilities.

2 **Technology-driven:** The Company has a strong technology focus. It has invested in state-of-the-art manufacturing facilities comprising laser cutting, plasma cutting, transfer presses and CNC machines, resulting in customised product manufacture. Besides, the Company created a repository of over 2,500 tools and dies, enabling it to manufacture a large product portfolio.

3 **Value-added products:** The Company increased the proportion of value-added products in its revenue mix from 50.8% in 2006-7 to 76.5% in 2011-12, resulting in a higher margin-accretive product mix and improved realisations.

4 **Quality focus:** The Company is committed to provide quality products to customers. All manufacturing units are ISO 9001:2008-certified, resulting in a high-quality discipline.

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

6 **Blue-chip clients:** The Company has a blue-chip client roster, which includes TATA Motors, L&T, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar, among others. The five leading clients accounted for 25% of the Company’s revenues. The building subsidiary developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy’s Labs, My Home Group, Reliance Retail and others.

7 Diversified product mix: The Company's portfolio comprises over 1,000 products, across diverse sectors like railways, automobiles, general engineering, building and construction among others, thus derisking the business.

8 People strengths: The Company has over 1,450 employees with a cumulative experience of over a million person-days, resulting in expertise in different fields.

9 Strong financials: The Company possesses a strong balance sheet with low gearing, providing it room for additional borrowing whenever needed.

10 Replacement cost: The Company's replacement cost is estimated at ₹ 700 crores, considerably higher than its gross block of ₹ 315 crores, an adequate hedge against greenfield competition.

Multiplying Shareholder Value

Significantly, Businessworld magazine, in its special issue on 'Companies That Make you Rich', dated 28 May, 2012, mentioned us as No.2 in its list of companies with revenues of ₹ 500 – 1,000 crores, stating that our share price has increased 6,160% in the past 10 years, and that we have beaten the BSE 500 Index 7 times in 10 years.

Corporate Snapshot, 2011-12

Operational Snapshot

- Increased cumulative capacity from 2,45,000 TPA in 2010-11 to 3,14,200 TPA in 2011-12
- Increased sales 4% from 1,83,028 TPA in 2010-11 to 1,90,231 TPA in 2011-12
- Increased sales of value-added products– 14.0% from 1,18,112 MT in 2010-11 to 1,34,603 MT in 2011-12
- Introduced CDW Tubes, Sheet Piles, Solar Structures

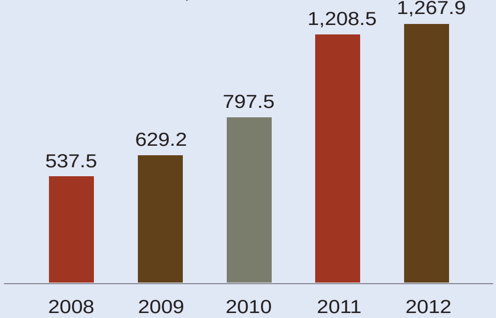
Financial Snapshot

- PEBS gross revenue increased 68.3% from ₹ 165.9 crores in 2010-11 to ₹ 279.2 crores
- Consolidated net revenue increased 4.9% from ₹ 1,208.2 crores in 2010-11 to ₹ 1,267.9 crores
- PEBS EBIDTA increased 55.8% from ₹ 16.8 crores in 2010-2011 to ₹ 26.2 crores
- Consolidated EBIDTA in 2011-12 was ₹ 134.8 crores
- PEBS net profit increased 60.2% from ₹ 6.5 crores in 2010-11 to ₹ 10.4 crores in 2011-12
- Consolidated net profit in 2011-12 was ₹ 62 crores

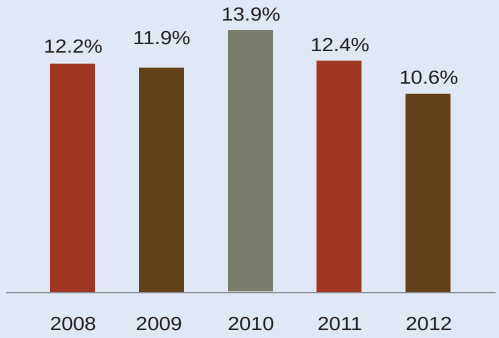
Consolidated Performance At A Glance

Revenue(Net)

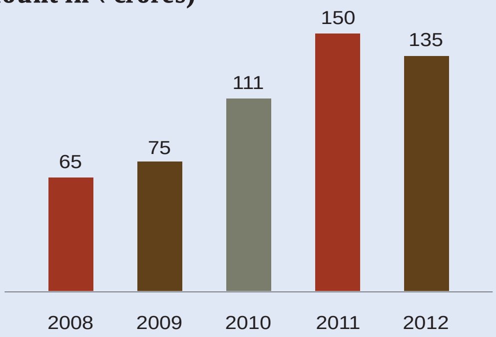
(Amount in ₹ crores)



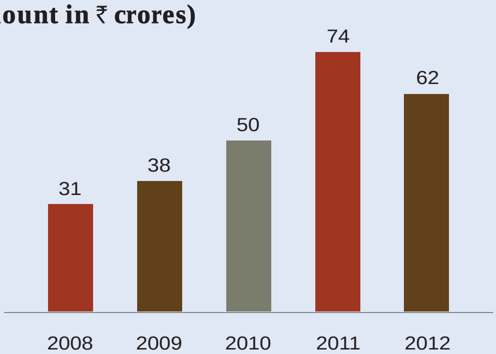
EBIDTA Margin



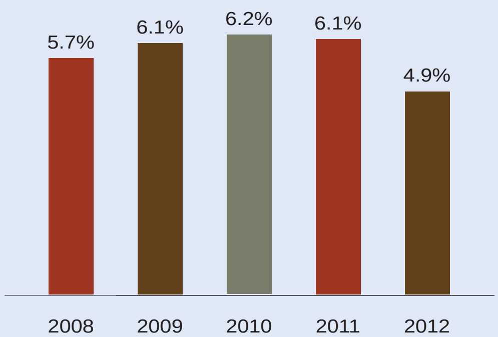
EBIDTA
(Amount in ₹ crores)



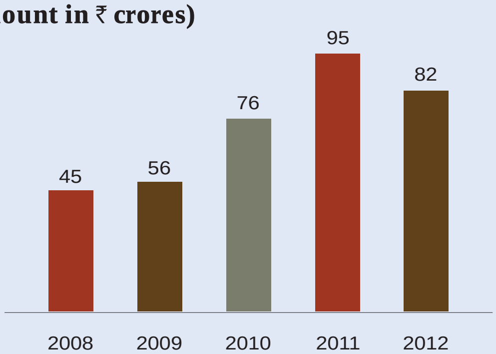
Post Tax Profit
(Amount in ₹ crores)



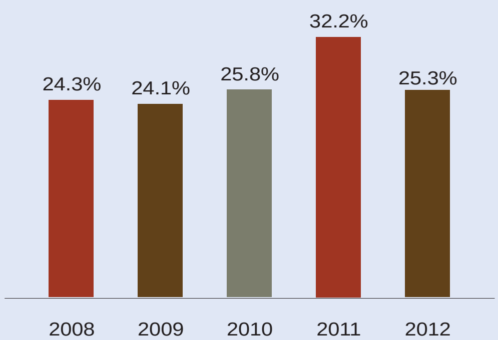
PAT Margin %



Cash Profit
(Amount in ₹ crores)



ROCE



Diversified. And De-risked

Our diversification strategy has paid off with the Pre-engineered Buildings business performing extremely well. Our Engineering and Infrastructure businesses also performed well. Together, they more than compensated for our Heavy Engineering business, which saw a lean year, owing to the policy issues relating to the Railway sector, and consequent delays in obtaining orders.

Revenue Mix: 2011-12

1. Pre-Engineered Buildings	20%
2. Infrastructure	22%
3. Heavy Engineering Products	14%
4. Engineered Products	21%
5. Cold Rolled Steel Strips	23%

From the Chairman

Dear Shareholder,

I am pleased to present the financial results for Pennar Industries Limited for the financial year 2011-2012. These results have been achieved in an environment of escalating global economic uncertainty and macroeconomic slowdown in the Indian economy – specifically in the manufacturing sector.

The Company's consolidated gross revenue of ₹ 1,438 crores reflects an increase of 5% over the previous year. This performance was a result of our continuous focus on product innovation and portfolio diversification. This was a part of our planned transformation from a commodity steel manufacturer to a specialized engineered products company.

The global economic environment remained challenging during the year. High interest rates, rising inflation, depreciation in the Indian currency, coupled with global macroeconomic uncertainties resulted in FY2012 estimated GDP growth of 6.5% as compared to 8.4% in the previous year. Investment in infrastructure has slowed down with a rapid decrease in fresh projects and delays in commissioning of projects in the power sector. The investment growth scenario is expected to continue to be under pressure.

Key Strategic Initiatives

During the year, we started several new product lines to mitigate the cyclical risk in various industry segments. We started catering to the fast growing Solar and precision engineering segments. Our approach is customer centric and provides design flexibility and speedy response to customer's requirements.

- **Solar Structural Systems:** We are among the first movers to capitalize on the recent growth in the Indian Solar industry. We are one of the largest suppliers of custom-designed solar structural systems to the leading players in the industry including L&T, Tata BP Solar and Moser Baer
- **Sheet Piles:** We are also one of the largest suppliers of cold rolled sheet piles to the infrastructure industry. With the expected growth in the infrastructure industry in India this segment is bound to experience strong growth
- Pre-engineered Buildings (PEBS) division continued to outperform. With its proven and trusted design and execution capabilities, PEBS was able to secure multiple repeat orders from existing customers while building a strong order book from new clients
- PEBS subsidiary attracted prestigious customers like L&T, Ultratech Cement, My Home Cements, Schindler, ITC and Reliance Retails. The subsidiary executed 78 projects and recorded a strong order book of ₹ 215 crores as on 31st March 2012
- We evolved from 10 business segments 5 years ago to 16 business segments in 2011-12, with some of the very fast-growing businesses. Our PEBS business recorded over 65% growth and contributes to 20% of the net revenues
- We also increased capacity across our manufacturing facilities to respond to the demands of the key growth segments of the economy. The Company completed the first phase of capacity expansion project at Isnapur and Tarapur plants, increasing the capacity of these plants by 31,200 MT to 92,900 MT. The expansion added new production capacity for CDW tubes and increased capacities for electro static precipitator electrodes and precision tubes for automobiles
- We reinforced our commitment to quality and customer service, which has lead to several repeat orders from our customers. Around 70% of our 2011-12 revenue was generated from repeat orders

Strong Foundation for Growth

Our relentless focus on generating and conserving cash flows resulted in several improvements to our cash conversion cycle:

- Pennar Industries Limited added assets of ₹ 109 crores in last three financial years out of which ₹ 84 crores is funded by cash accruals
- Working capital as a proportion of our total employed capital was a modest 26% in 2011 – 12
- Our leverage ratio remained quite conservative with current net debt to EBIDTA of 1.30x as of March 31, 2012
- CARE reaffirmed the rating of “CARE A” (Single A) assigned to the long-term and assigned an improved rating of “CARE A1” (A One) to the short-term bank facilities of the Company
- We reported a 5-year average return on capital employed of over 25%, an effective tool for measuring returns for every rupee invested in the business

Outlook

Over the past year the Indian economy has been under pressure due to high interest rates, inflation and currency depreciation over global economic uncertainties. As we look forward we expect continued volatility in the global economic environment. We continue to focus on manufacturing excellence through technological innovations, productivity and capacity utilization improvements to take us through the challenging years ahead.

Message to the shareholders

We reiterate our commitment to enhance value in the hands of our shareholders. We are thankful for your continued confidence and support for the Company’s growth and look forward to a bright future for your Company.

Regards,

Nrupender Rao
Executive Chairman

Business Verticals

1 Pre-engineered Buildings

Annual Review

Performance: 2011-12

- Segment revenue: ₹ 279 crores
- Segment EBIDTA: ₹ 26.2 crores
- Contribution to overall revenue: 20%
- Cumulative capacity: 60,000 TPA

Key Information

- Increased sales volume 59.4% from 20,459 tonnes in 2010-11 to 32,608 tonnes
- Completed 78 new projects
- Added 94 clients
- Increased average realisation per tonne 2.4% from ₹ 66,669 in 2010-11 to ₹ 68,282

Business Overview

Our subsidiary, Pennar Engineered Building Systems (PEBS), was formed to develop opportunities in the growing construction sector. It has a technical collaboration with NCI Group, USA – a leading global player in the pre-engineered building products segment for the manufacture of leak-proof roofing sheets. It provides 360° solutions to clients, from design to manufacture to erection. It has manufactured global-standard buildings, incorporating leak-proof roofing systems.

Pre-engineered buildings are suitable for industries, commercial houses, warehouses, multi-storied buildings, aircraft hangers, malls, defence establishments and stadiums, among others. Such pre-engineered buildings are cost-effective and take a lower time for construction. We have marketing offices across the country to cater to various customer needs.

We have created a blue-chip clientele, which includes L&T, Ultratech, ACC, ABB, Schneider Electric, Dr. Reddy's, P & G, Bosch, Toyota, Ambuja Cements, My Home Cements, JSW and HCC among others. Timely supply of quality products has enabled us to bag significant repeat orders from clients. In addition to meeting the needs of the Indian market, we have also exported to Africa.

Competitive Advantages

Technical collaboration: We have a technical collaboration with the NCI Group, USA, which is a leading player in the global pre-engineered building products market. This enables us to design and manufacture world-class products and roofing systems.

- **People:** The business is led by a strong management team and professionals with rich industry experience
- **Equipment:** We have invested in state-of-the-art equipment including CNC plasma, Double-Lock standing seam mobile roll former, CNC 16 mm shear, pull-through welder and roll formers among others, to manufacture high-quality, highly durable products
- **Infrastructure:** We have invested in the latest design codes and software, making it possible to customize a solution for a client expeditiously

- **Manufacturing facility:** Our manufacturing facility is spread across 23,000 sq.mt. and is equipped with the latest equipment and a modern, state-of-the-art laboratory
- **360° solutions:** We provide end-to-end range of solutions - from design to after-sales service
- **Green Building Certification:** We provide US-GBC and IGBC-certified LEED points for green buildings, as these buildings provide a high degree of energy-efficiency. Our manufacturing unit, using the pre-engineered building product, is the first IGBC-Gold certified green building in India's factory segment
- **Quality:** We are an ISO 9001:2008 certified company, ensuring quality consistency. Our manufacturing unit is equipped with a sophisticated quality laboratory with the latest equipment. Our Standing Seam Roofing System Double-Lok has got FM and UL approvals

Way Forward

Going forward, we will focus on the creation of more value-added products. Capacity expansion is being executed at the Hyderabad plant to enhance capacity from 60,000 to 90,000 TPA, which is slated to be completed by end of 2012.

We are looking for land in Gujarat and Rajasthan for setting up a second plant to cater to the North and some parts of West Bengal.

Pennar Brands

Prime Build

- 100% leak proof Double-Lok Standing Seam Roofing with a 10-year warranty
- Purlins / Girts / Eave struts pre-galvanised with 275 gsm
- Primary structures shot-blasted to Sweden standards
- SA 2.5 with epoxy primer
- Continuous supervision at site during installation

Value Build

- Trapezoidal roof sheeting
- Purlins / Girts / Eave struts pre-galvanized with 120 gsm
- Primary structures with sweep blast and alkyd primer
- Periodic supervision at site during installation

Completed Projects:

Schneider

PEBS Pennar has successfully completed 8100 m^2 manufacturing facility at Bengaluru for Schneider Electric, and has bagged a repeat order for their main circuit breaker plant at Chennai. The building is completed with 100% leak-proof standing seam Double-Lok Roofing system.

Schwing Stetter

PEBS Pennar had bagged the order from CCCL for Schwing Stetter for its Manufacturing and assembly plant of ready-mix concrete trucks at Chennai covering an area of 13817 m^2 and completed it.

On-going Projects:

Ultratech

Ultratech, Kotputli project is India's first 99 m clear span building by a PEB company. This building is a Stacker Reclaimer Shed with length 300 m and peak height 31 m. The building covers an area of 28800 m^2. The construction of the building is under progress along with the stacker reclaimer which is being used for production at the cement plant.

Bharat Biotech

Bharat Biotech International Limited (BBIL / Bharat Biotech), is a multidimensional biotechnology company, which is coming up with a new Lab and Formulation center in Hyderabad. This Lab and Formulation Building is a multistoried building which has ground plus seven stories. PEBS Pennar shows its expertise in design, manufacture, supply and installation of multistoried buildings up to ten floors with clear spans of up to 100 m.

Reliance NDC

Reliance's first distribution center in PEB covering an area of 4 lakh sq.ft. is being constructed by PEBS Pennar at Pune, Maharashtra. This is a distribution center which includes a mezzanine flooring. PEBS Pennar is using the revolutionary 100% leak-proof Double-Lok® standing seam roofing system with 10 years weather-tight warranty.

Business Verticals

2 Engineered Products

Annual Review

Performance: 2011-12

- Segment revenue: ₹ 285 crores
- Segment EBIDTA: ₹ 24 crores
- Contribution to overall revenue: 21%
- Cumulative capacity: 65,000 TPA

Key Information

- Increased sales volume 7.2% from 41,366 tonnes in 2010-11 to 44,326 tonnes
- Introduced 2 new products
- Added 15 clients
- Increased average realisation per tonne 8.1% from ₹ 51,886 in 2010-11 to ₹ 56,083

Business Overview

Our Engineered Products segment is engaged in the manufacture of state-of-the-art engineered products, such as automobile products, pressed steel components, precision tubes and cold rolled formed profiles. The manufacture of these Engineering Products requires extensive engineering expertise, supported by a large repository of dies and tools. These quality and customised products have diverse applications in downstream sectors.

We have created sophisticated manufacturing facilities for these products, with the latest equipment from India and overseas. Further, these manufacturing facilities are backed by a large team of professionals, with capabilities in design and manufacture.

Competitive Advantages

- **Product mix:** We have created a strong product mix, catering to diverse sectors such as automotive, bearings, electricals, white goods and general engineering
- **Operational efficiency:** We have superior process integration
- **Backward integration:** Our engineered products are manufactured with a captive supply of customised raw material from our own cold rolling facility
- **Human capital:** We possess a talented human resource pool of over 400 engineering professionals, with rich industry experience
- **Technology:** We have invested in state-of-the-art press shop technology, with tool maintenance facilities (2,500 tools and dies) to manufacture high-precision products

Way Forward

Going forward, we will focus on the creation of more value-added products, for which ramping up the capacity of CDW tubes will be of higher priority. We are also putting efforts to penetrate deeper into serving the pan-India market.

Product Range

Automobile Products

- Panels and profiles for buses and light commercial vehicles
- Bumpers and fenders for heavy commercial vehicles
- Precision tubes for buses
- Auto components made of sheet metal

Cold Rolled Formed Profiles

- Profiles used extensively in commercial and passenger vehicles

Pressed Steel Components

- Compressor shells
- Seating systems and rotor cups for automobiles
- Brake components

Precision Tubes

- Applications in sectors such as automotives, electrical – transformer cooling tubes, construction, furniture and general engineering

Business Verticals

3 Infrastructure Products

Annual Review

Performance: 2011-12

- Segment revenue: ₹ 302 crores
- Segment EBIDTA: ₹ 28 crores
- Contribution to overall revenue: 22%
- Cumulative capacity: 62,100 TPA

Key Information

- Increased sales volume 20.3% from 37,155 tonnes in 2010-11 to 44,690 tonnes
- Introduced 1 new product
- Added 19 clients
- Average realisation per tonne dipped 11.3% from ₹ 68,011 in 2010-11 to ₹ 60,298

Business Overview

Our Infrastructure products are cold-roll formed structural steel products, which are required in steel construction, road safety barriers, pollution control systems and material handling systems. Our products are painted / powder-coated / galvanized to make them maintenance-free. Being factory-finished, they minimise wastage and installation time. And owing to cold-forming they have extra strength and safety.

Our Infrastructure product segment is also engaged in the manufacture of various building products, such as purlins, roofing sheets and deck plates, among others. We have pioneered the manufacture of crash barriers for road safety. We manufacture fabricated structural products for engineering industries (including a range of collecting electrodes and discharge electrodes for electrostatic precipitators, for controlling pollution in cement, mineral industries and power plants). Our fabricated products are also used for boilers, conveyors, racking systems, exhaust systems and seed drying chambers.

Our Infrastructure Product business unit makes easy-to-erect standard profiles, as well as customized decks, as per specific customer requirements. We make composite floor decks with ribbed / embossed profiles that bind with concrete slabs and interlock with the floor structure. This creates a reinforced concrete slab that serves the dual purpose of permanent form and positive reinforcement. In addition, we have state-of-the-art roofing mill, crimping machine, press brake and down spout manufacturing, thereby integrating all components under one roof.

In addition, we have started to manufacture mounting structures for solar panels and various sections used in mounting structures. FY 2011-12 saw us supply mounting structures for 250 MW worth of Solar power projects, which accounts for more than 45% of the market for solar mounting structures with the existing capabilities.

Competitive Advantages

- **Design capability:** We design and manufacture a range of products to meet specific customer needs
- **Infrastructure:** We have invested in modern infrastructure, such as laser cutting

machines, hydraulic presses, plasma cutting machines, sheet metal bending equipment and sophisticated welding equipment among others

- **Skilled manpower:** We have a team of skilled, trained welders for the welding of steel structurals and pressure vessels

Way Forward

Going forward, we will focus on the creation of more value-added products. With regard to Solar structures, further expansion in terms of designing and manufacturing ability has been done to capitalize on the nascent yet lucrative market.

Product Range

Building Products

- Primary frames
- Z and C purlins
- Roofing sheets
- Deck plates

Material Handling Systems

- Fabrication of heavy structures for Industrial buildings
- Conveyors
- Racking systems

Road Safety Systems

- Metal crash barriers including beams and posts for safety on highways and bridges

ESP Electrodes

- Collecting electrodes
- Discharge electrodes

Solar Structures

- Mounting structures for Solar Panels

Business Verticals

4 Heavy Engineering Products

Annual Review

Performance: 2011-12

- Segment revenue: ₹ 194 crores
- Segment EBIDTA: ₹ 33 crores
- Contribution to overall revenue: 14%
- Cumulative capacity: 20,800 TPA

Key Information

- Sales volume dipped 28.4% from 18,161 tonnes in 2010-11 to 12,980 tonnes
- Average realisation per tonne dipped 7.7% from ₹ 142,711 in 2010-11 to ₹ 1,31,716

Business Overview

Our Heavy Engineering business unit caters to the specific needs of the railway segment. We are engaged in manufacturing floors, side walls, end walls, and under-frame components for rail wagons and coaches. Heavy engineering products are custom-designed cold-formed profiles, requiring high-level engineering skills. We are among the three leading manufacturers of products for the railway sector.

The superior strength-to-weight ratio of our custom-designed cold rolled profiles enables them to find application in rail wagon manufacture. A reduction in the tare weight of a wagon results in increased payload. We supply stainless steel integrated trough floor assemblies for coaches in increased lengths, saving material and reducing costs. We have also started supplying under-frame assemblies, including longitudinal beam, body bolster and head stock for rail coaches.

Competitive Advantages

Value-added products: We offer value-added and customized products, such as under-frame assemblies of railway wagons, stainless steel integrated trough floor assemblies and side wall assemblies, for rail wagons.

- **Cost saving:** We supply stainless steel integrated trough floor assemblies for coaches in precise lengths, thus saving material cost
- **Latest technology:** We have installed state-of-the-art CNC machines, robotic welding equipment and laser cutting machines, ensuring quality product manufacturing
- **Experience:** We have rich engineering experience, which is translated into customized product manufacturing and client retention

Way Forward

Considering the long-term prospects of the rail industry, we believe that this sector has a very good future. We are well-positioned to take advantage of this.

Product Range

Rail Wagons and Coaches

Under-frame assembly:

- Longitudinal beam
- Stainless steel integrated trough floor assemblies
- Body bolster
- Head stock modular frame
- Lower spring beam

Roof:

- Cant rail assembly
- U-stiffener
- Trough for roof mounted A/C

Furnishing:

- Hand rails
- End construction

Side wall assembly:

- Body pillar
- Door corner sheet
- Light spring beam

Shell assembly:

- Partition frames

Profiles:

- Side stanchion
- Stringer
- Centre sill
- Sole bar

LHB coaches

- Side wall assembly
- Roof assembly
- End wall construction

Metro Rail Coaches

- Cant rail
- Sill side
- Roof panel

Business Verticals

5 CRSS

Annual Review

Performance: 2011-12

- Segment revenue: ₹ 380 crores
- Segment EBIDTA: ₹ 27 crores
- Contribution to overall revenue: 23%
- Cumulative capacity: 1,04,000 TPA

Key Information

- Decreased sales volume 14.3% from 64,916 tonnes in 2010-11 to 55,628 tonnes
- Decreased average realisation per tonne 9.1% from ₹ 51,682 in 2010-11 to ₹ 47,380

Business Overview

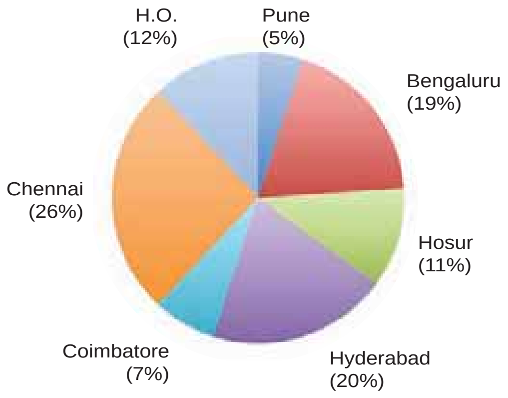
India has traditionally been one of the top steel producers in the world. It is also believed to have the greatest growth potential, preceded only by China.

Orissa and Jharkhand have been identified as key potential steel destinations. Indian steel companies like TATA have established themselves as important forces in the world steel scenario, or are emerging as future players. In addition, a number of global steel players like Arcelor Mittal have come to India to participate in its growing opportunities, and others are looking at the market with great interest.

However, there are, admittedly, certain challenges the industry faces today.
In recent years the industry has been hit by domestic oversupply and falling prices. Also, there are important challenges in terms of infrastructure facilities and skill levels. We need to therefore focus sharply on improving infrastructure facilities, so that steel production can be taken to the next level. Likewise, skill levels need to be upgraded, and India's steel industry needs to attract the best talent from the world of technology.

Our Cold Rolled Close Annealed (CRCA) business focusses mainly on the Southern region, which accounts for 95% of our sales. The break-up of this is as follows:

2011-2012



Way Forward

Automotive production in India has seen a decline across the board in recent times, and this trend may continue in 2012-13, especially given the recent petrol price hike.

However, looking at the longer term, it's estimated that world steel production will double in the next 25 years. Moreover, quality improvement, combined with the low-cost advantage of steel, is cause for great optimism in the export markets. Given Pennar's core competence in the field of steel, we believe we will benefit greatly from this market trend in the future.

Product Range

Rolled Steel Products

- Steel strips up to 720 mm width and thickness range of 0.25 – 4.5 mm, both in coil and sheet form, for components for the Auto, White Goods and Engineering sectors.

Our Clients

Segment	Customers
Building Products	LARSEN & TOUBRO; Shapoorji Pallonji & Co. Ltd; NCC
Pollution Control	THERMAX; BHEL; ABB
Pressed Steel Components	EMERSON; TECUMSEH; TVS; WABCO; Brakes India Limited
Railway Products	TEXMACO LIMITED; beml; Integral Coach Factory
Fabricated Products	THERMAX; metso minerals; ABB
PEBS	DR.REDDY'S; UltraTech Cement; HCC; Schneider Electric; P&G; MY HOME GROUP
Solar Structures	LARSEN & TOUBRO; LANCO; moserbaer; TATA BP SOLAR; Indu group; Schneider Electric
Automobile Products	TATA MOTORS LIMITED; ASHOK LEYLAND; VE COMMERCIAL VEHICLES A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

Pennar

Pennar Industries Limited
Standalone Financial Statements

Directors' Report

Pennar

Dear Members,

Your Directors are pleased to present the 36th Annual Report along with the audited accounts for the year ended March 31, 2012. The financial highlights of the Company are as follows:

(S in Lacs)

Particulars	12 months ended March 31, 2012	12 months ended March 31, 2011
Gross sales	1,16,158	1,21,523
Operating profit (PBIDT)	11,115	13,307
Profit before tax (PBT)	8,509	11,270
Income Tax and Deferred Tax	3,083	4,323
Profit after tax (PAT)	5,426	6,946
Profit brought forward from previous year	8,966	4,491
Surplus available for appropriation	14,392	11,437
Appropriations		
Dividend	1,220	1,525
Corporate tax on proposed dividend	198	246
Transfer to General Reserve	410	700
Transfer to Capital Redemption Reserve	-	–
Balance of profit carried to Balance Sheet	12,564	8,966

Performance

Pennar continues to strengthen its product offerings and introduced several new product lines. For FY2012, your Company reported annual sales revenue of S 1,162 Crore compared with S 1,215 Crore recorded in FY2011. The Company recorded an operating profit (PBIDT) of S 111 Crore compared with S 133 Crore in the previous year and a net profit of S 54 Crore compared with S 69 Crore last year.

During the year, the Company continued its focus on transforming itself into an engineering Company by increasing the sale of value added products coupled with diversification of offerings. The Company introduced several new product lines including CDW/ERW tubes, sheet pilings and solar structurals. The expansion of manufacturing facilities at its Isnapur and Tarapur plants for value-added products also contributed to strong revenue growth. The expansion added new production capacity for CDW tubes and increased capacities for precision tubes for automobiles and fabrication facilities.

Pennar Engineered Building Systems Limited (PEBS)

Your Company's subsidiary, Pennar Engineered Building Systems Limited (PEBS), one of the leading providers of pre-engineering building solutions in India, recorded annual sales of S 279 Crore representing a 68.3% growth compared with last year. PEBS recorded an operating profit (PBIDT) of S 29.3 Crore and a net profit of S 10.4 Crore, representing a 58.4% and 60.2% growth, respectively as compared to last year. PEBS 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 March 31, 2012, PEBS had an order book of S 215 Crore.

Consolidated result

For the year ended March 31, 2012, Pennar achieved on a consolidated basis, gross sales of S 1,438 Crore (S 1,371 Crore in FY2011), gross profit (EBIDTA) of S 135 Crore (S 149 Crore), profit before tax (PBT) of S 101 Crore (S 122 Crore) and a net profit of S 62 Crore (S 74 Crore in FY2011). Cash EPS for the year was S 6.7 (S 7.8) and the basic EPS was S 5.08 (S 6.06) per share of S 5 each.

Liquidity

Your Company's ongoing initiatives to improve operating efficiencies resulted in prudent working capital management. Pennar continues to maintain a conservative debt profile with consolidated net debt of S 174.8 Crore and a debt to equity ratio of 0.59X and net debt to EBIDTA ratio of 1.3x as of March 31, 2012. 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 and in the National Stock Exchange of India Limited.

Dividend

Your Directors recommended a dividend of 20% i.e. ₹ 1 per equity share of ₹ 5 each. Directors have also recommended a dividend on cumulative redeemable preference shares of ₹ 5 each of the Company at a coupon rate of 0.01% p.a.

Secretarial Audit Report

As a measure of good Corporate Governance practice and as recommended by the Ministry of Corporate Affairs' (MCA) Corporate Governance Voluntary Guidelines, 2009, the Board of Directors of the Company appointed Mr. S Chidambaram, Company Secretary in Practice, to conduct Secretarial Audit of records and documents of the Company.

The Secretarial Audit Report for the financial year ended March 31, 2012, is provided in the Annual Report.

The Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, and SEBI guidelines / regulations on Insider Trading and Takeover Code.

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 assigned an improved 'CARE A1' (A One) rating 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.

Directors

Mr. Vishal Sood, Partner, SAIF Partners, has been inducted into the Board of Pennar Industries as an Additional Director with effect from January 31, 2012, and would hold office up to the conclusion of the ensuing Annual General Meeting. It is proposed to appoint Mr. Vishal Sood as the company's Director.

Mr. C Rangamani, Mr. Ravi Chachara and Dr. G Vivekanand retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors of the Company at its meeting held on September 12, 2011, accepted the request of Mr. P Bhaskara Rao to resign from the directorship of the Company. The Board is thankful to Mr. P Bhaskara Rao for his many contributions to the company during his long tenure as a Director.

For perusal of the shareholders, a brief resume of the Directors being appointed / re-appointed along with other necessary particulars are given in the explanatory statement to the notice. The Board of Directors recommend their appointment / re-appointment.

Auditors

The Statutory Auditors, M / s Rambabu & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and confirmed their eligibility and willingness to accept the office, if re-appointed.

Cost Auditors

The Central Government approved the appointment of M / s. DZR & Co., Cost Accountants, Hyderabad as the Cost Auditor of the Company for conducting Cost Audit for the financial year 2011-12.

The Cost Audit Report for the FY 2011-12 shall be submitted to the Central Government within the stipulated period.

Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors would like to state that:

i. In the preparation of the annual accounts, the applicable accounting standards were followed

ii. The Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the Company's state of affairs at the end of the financial year and of the profit or loss of the Company for 2011-12.

iii. The Directors took proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities.

iv. The Directors prepared the Company's annual accounts on a going concern basis.

Management discussion and analysis

The report on Management Discussion and Analysis forming part of Directors' Report, is annexed.

Corporate Governance

A separate section on Corporate Governance with a detailed compliance report thereon is annexed and forms a part of the Annual Report. The Auditor's Certificate in respect of compliance with the provisions concerning Corporate Governance, as required by Clause 49 of the Listing Agreement, is also annexed.

Public deposits

The Company has no amount outstanding towards public deposits as on March 31, 2012.

Corporate Social Responsibility

Your Company believes that it should be a responsible corporate citizen and contribute to society. We encourage the following initiatives: health, social infrastructure, enriching human capabilities, and regularly organising welfare camps.

You will be happy to know that your Company supported education and sanitation in schools in villages near our plants and some backward areas. PIL is an active participant in the District Administration's drive for channelizing the CSR funds and had contributed to the District Administration for rural development activities (up-gradation of SC/ST/BC hostels) in remote areas in Medak Dist. like Narayankhed. PIL is also closely associated with the rural development/rural development programs and had contributed :

a) Towards augmenting drinking water supply to Bandalguda and other neighbourhoods

b) Towards construction of modern toilets at Govt. High School, Isnapur Village, Medak District

c) Initiated proposals to construct Anganwadi School at Bandlaguda village

d) Extending support for building of a temple at Bandalguda village

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

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, the required information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

Awards and Recognitions

During the year under review, your Company has been chosen by FAPCCI (The Federation of Andhra Pradesh Chambers of Commerce and Industry) for the award of "Excellence in All Round Performance for the FY2011". The award reiterates our commitment to serve the interests of various stakeholders including our business associates, employees and the society at large.

Acknowledgement

Your directors wish to place on record their sincere gratitude to employees at all levels for their commitment, hard work and dedication. Their continuing support and unstinting efforts have resulted in an excellent all round operational performance. As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure-II to the Directors' Report.

The Board would also like to put on record appreciation to all the suppliers, customers, distributors, sales channel and business partners who have been associated with the Company as partners of growth. The Directors would also like to take this opportunity to thank all the financial institutions, banks, regulatory and government authorities for their continued co-operation and support.

We reiterate our commitment to enhance value in the hands of our shareholders. We are thankful for your continued confidence and support for the Company's growth and look forward to a bright future for your Company.

For and on behalf of the Board

Place: Hyderabad
Date: 29th May 2012

Nrupender Rao
Executive Chairman

Annexure I to Directors' Report

Form A

(S in Lacs)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A	**Power & Fuel Consumption**		
	1 Electricity:		
	a. Purchased Units	23,076,912	21,594,600
	Total Amount (S)	101,341,801	89,572,088
	Rate per Unit (S)	4.4	4.2
	b. Own Generation		
	Through Diesel Generator		
	1000 KVA Units (KWH)	1,790,250	1,350,689
	Units per litre of diesel oil	3.3	3.3
	cost of diesel per KWH (S)	13.2	11.8
	2 COAL:		
	Quantity (Tonnes)	1,233	1,261
	Total Amount (S)	4,097,777	4,162,274
	Average Rate (S)	3,324	3,301
	3 Diesel Oil:		
	Quantity (KL)	640.8	626.8
	Total Amount (S)	27,693,832	24,696,431
	Average Rate (S)	43,218	39,401
	4 C IX Oil:		
	Quantity (MT)	1,449	1,417
	Total Amount (S)	48,434,554	40,260,176
	Average Rate (S)	33,425	28,404
B	**Consumption per unit of production**		
	a Product : Cold Rolled Steel Strips		
	Unit : Tonnes		
	Electricity (KWH)	193.4	174.0
	Coal (Kgs)	15.3	14.0
	Diesel (Ltrs)	0.7	1.8
	C IX (Kgs)	17.7	15.4
	b Product: Cold Rolled Metal Profiles		
	Unit: Tonnes		
	Electricity (KWH)	90.5	71.1

Annexure I to Directors' Report

Form B

1. **Research and Development (R&D)**

   Quality, Cost, customer satisfaction, Safety and Environment have always been the focus of R&D at Pennar besides the business development. During the year a modern spectrometer, profile projector and contour measuring machine (CMM) were installed at Chennai plant for facilitating the testing of various grades of steels and to enable faster deliveries.

   The thickness measuring systems on the rolling mills were modernised to improve the quality.

   Dedicated Roll forming mills were installed at Isnapur & Tarapur plant to improve the productivity, quality and delivery.

   The following business developments were carried during the year.

   a Developed Solar structures for Moserbaer, Tata-BP, L&T other prestigious customers

   b Developed new models of long members for M/s VE Commercial

   c Developed Special grade steels for automotive applications

   d developed profiles for BEML Metro coaches

2. **Initiatives for cleaner and greener environment**

   The RO plant was established at Isnapur plant similar to Patancheru as part of Clean and green programme.

3. **New facilities in various plants**

   a. Designed and developed variety of tools at short notice and installed more than thirty presses to meet the tight delivery schedules of solar segment

   b. Installed automated C, Z, mills at Tarapur plant to improve productivity

   c. Installed a 400T imported press for coil blanking line for automobile and white good sector

   d. Created manufacturing facilities to develop precision CDW components for Automotive and general engineering applications

4. **Future plan of action**

   a. To create facilities for precision light weight profiles for solar and general engineering

   b. To develop Window frame sections & cable tray systems for industrial applications

   c. To develop IBR grade tubes for Boiler and special grades for Automotive applications

5. **Expenditure on R&D**

   Over S 669 Lacs

6. **Foreign exchange earnings and outgo**

   The information on Foreign exchange earnings and outgo is furnished in the notes on accounts

Annexure II to Directors' Report

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956

Name of the employee	Mr. Nrupender Rao	Mr. Ch Anantha Reddy	Mr. Aditya N Rao
Designation	Executive Chairman	Managing Director	Executive Director
Age (Years)	67	65	30
Qualification	B.Tech, MS	B.E (Metallurgical), P.G.D.M.M	B.S., M.Eng
Nature of Employment	Contractual	Contractual	Contractual
Other Terms & Conditions	-	-	-
Nature of dutes	Managerial	Managerial	Managerial
Experience (years)	44	41	7
Remuneration (S in Lacs)	206.9	161.9	115.5
Date of commencement of employment	September 1, 1998	January 1, 1986	May 2, 2007
Details of last employment	Executive Vice Chairman, Pennar Aluminium Co. Ltd.	Manufacturing Manager, Nagarjuna Signode Ltd.	Corporate Planning Manager, Karvy Consultants
% of equity shares held by the employee	2.05	1.06	4.07

Management Discussion and Analysis Report

1. **The global economy**

Global economic growth remained under pressure as developed nations were unable to generate any sustained momentum. The UK and the Euro Zone (except Germany) have been under recessionary situation, with many of the highly indebted countries being pressured by intensifying fiscal measures and sharply increasing unemployment rate, particularly for young workers. The disruptions to international trade and bank credit caused by the decline in European demand and the consolidation of many of its financial institutions are now impacting the global economy.

The second bailout of Greece and the steps taken by the European Central Bank has helped in managing a downturn. Though, United States has continued to grow at decent pace but the market remains cautious as the signs of trouble have not faded completely. Increase in the employment level in USA has helped to re-gain the confidence of consumers and spending levels, also the increased competitiveness has helped in reviving the industrial output. Despite, recent improvement in hiring levels and declined savings, concerns over the sustainability of this improved performance still prevails.

Developing economies were not able to capitalize on their earlier momentum due to reversal of earlier fiscal stimulus. They have faced an increased pressure due to reduced credit and inflation. The situation was further worsened due to euro zone crisis that resulted in lower trade flows. The slowdown also indicates industry and labour market adjustments and efforts taken to improve the economic efficiencies through various reforms have not yielded the desired results.

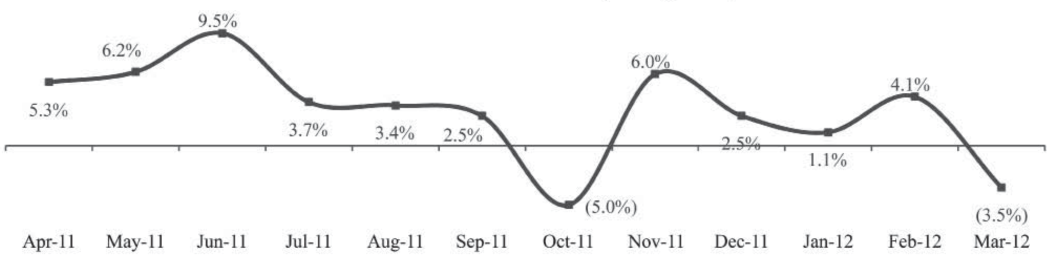
Nevertheless, the larger economies have started showing some improvement in the growth, which provides some comfort. The governments of different countries seem much focused and are taking steps to divert the growth towards domestic activities. Strong homebuilding activity in China and infrastructure upgrades in Brazil is expected to result in a boost to job markets and has helped in increasing the consumer spending. Countries, like Brazil and India, have begun to lower interest rates with declining inflation pressures.

The Global real GDP growth is forecasted to decline to about 3.5% in 2012, from about 4.0% in 2011, and to return to 4% in 2013. In the developed economies, growth is projected around 1.5% in 2012 and 2.0% in 2013, driven by lack of confidence, fiscal consolidation, and due to the prevailing stretched financial conditions, Euro area GDP is forecasted to contract in 2012 by approximately 0.25%, after expanding by about 1.5% in 2011. Expansion in the emerging and developing economies is projected to remain at about 5.5 to 6.0% through 2013.

2. **Indian Economy**

Currently, India is facing a very challenging economic scenario and the fiscal policy is primarily being driven by inflation. Prevailing volatility in the forex market and depreciation of rupee poses a challenge for the policy formulation. India's GDP growth is estimated to be 6.5% for FY2012, lower than the 8.4% growth in FY2011 and 10% in FY2010. GDP is expected to grow at ~7.0% in FY2013 as compared to 6.5% in the previous fiscal year. According to CRISIL, interest rate cuts, without supportive reform measures, would not be sufficient to raise growth beyond 7.0%. This forecast assumes a mild recession in the Euro Zone in 2012 and assumes that there is no significant progress on domestic policy reforms. The services sector which is currently growing at 8.7% will remain the key driver of growth. Industrial growth rate is expected to be 5.6% which will be relatively higher than the previous year due to RBI's supportive monetary stance. Assuming a normal monsoon, the agriculture sector is expected to grow by 3.0%.

Index of Industrial Production (Y-o-Y growth)



In FY2012, Index of Industrial Production (IIP) registered a growth of 2.8% compared to 8.2% in FY2011. Except Electricity which grew by 8.2%, the remaining two sectors viz. – Mining and Manufacturing remained under pressure at (2.0)% and 2.9% y-o-y, respectively in FY2012.

In FY2013, WPI based inflation is expected to be ~6.5%. This assumes the momentum in food inflation and the impact of the impending pass-through of global oil prices into retail fuel prices. The increases in the indirect and services tax rates in FY2013 budget are likely to add to the inflationary pressures

3. Operational Performance

During FY2012, the Company achieved an increase in sales volume and revenues. This increase in sales was achieved due to the increase in production volumes and improved product mix with focus on value added products: pre engineered buildings, CDW/ERW tubes, sheet piling and solar structurals. Due to aggressive marketing efforts, Pennar increased the sales volume from 183,028 metric tonnes (MT) in FY2011 to 190,231 MT in FY2012, an increase of 4%. This helped it to achieve a sales turnover of S 1,438 Crore against S 1,370 Crore in the previous year.

3.1 Engineering Products

Performance

During the period under review, Engineering Products segment recorded a revenue growth of 15.8% and volume growth of 7.2%. Both the volume and value growths were primarily driven by increased contribution from higher value added products including engineering components and tubes.

Outlook

Performance of the Engineering Products segment will be driven by growth in the ERW and CDW tubes and the components division. The Company has incurred significant capex for developing the ERW and CDW manufacturing capacities and expects to capitalize on increasing demand for the products of this segment. Increased capacity utilizations and the ramp up of capacities will result in the growth of this segment.

Particulars	Unit	FY2012	FY2011	Growth (%)
Sales	(S Crore)	285.5	246.5	15.8%
Sales	(MT)	44,326	41,366	7.2%
EBIDTA	(S Crore)	23.7	21.4	10.7%
EBIDTA Margin	(%)	9.5%	9.9%	-

3.2 Cold Rolled Steel Strips (CRSS)

Performance

During the period under review, CRSS recorded a revenue declined by 6.5% as the Company continues to shift capacity utilization to higher value added products. Volume in the segment declined by 14.3%. However, the volume decline was offset to some extent by higher price realization.

Outlook

The Company's commodity product sales have been steady for the past few years and will continue to be so. Management of the Company has taken a strategic decision to enhance process efficiencies and implement cost saving measures to increase profitability while maintaining the segment's sales numbers.

Particulars	Unit	FY2012	FY2011	Growth (%)
Sales	(S Crore)	380.2	390.4	(2.6)%
Sales	(MT)	55,628	64,916	(14.6)%
EBIDTA	(S Crore)	26.7	28.3	(5.7)%
EBIDTA Margin	(%)	9.3%	9.2%	-

3.3 Heavy Engineering

Performance

During the period under review, performance of the Heavy Engineering segment which consisted of primarily railways was impacted by slower off-take from the railway industry during the second half of the fiscal year.

Outlook

The slowdown in the railways sector and subsequent drop in orders for wagon and coach components is expected to make this a tough year for heavy engineering. We remain cautious on our approach and strategy for this segment.

Particulars	Unit	FY2012	FY2011	Growth (%)
Sales	(S Crore)	194.1	292.8	(33.7)%
Sales	(MT)	12,980	18,161	(28.5)%
EBIDTA	(S Crore)	32.9	48.0	(31.4)%
EBIDTA Margin	(%)	19.3%	18.5%	-

3.4 Infrastructure

Performance

During the period under review, Infrastructure segment recorded a revenue growth of 6.6%. This growth was primarily driven by improved sales mix. Volumes from fabrication for infrastructure declined during the second half of the year, which was offset by significant volumes from solar and sheet piles. During the year under review, the Company expanded the total capacity of the segment to 62,100 MT. A few of the new customers included are Tata BP Solar, Moser Baer, Schneider Electric, Indu Projects and Lanco Solar.

Outlook

The addition of sheet piling and solar business divisions is expected to contribute significantly to Infrastructure segment's performance. We expect this segment to perform above our expectations in the coming year.

Particulars	Unit	FY2012	FY2011	Growth (%)
Sales	(S Crore)	301.8	285.5	5.7%
Sales	(MT)	44,690	37,155	19.8%
EBIDTA	(S Crore)	27.8	35.4	(21.5)%
EBIDTA Margin	(%)	10.3%	14.0%	-

3.5 Pre-Engineered Building Systems (PEBS)

Performance

During the period under review, PEBS segment recorded a robust revenue growth of 68.3%. This growth was primarily driven by increased capacity utilization levels and significant new orders. This segment executed 78 new projects during the year. A significant portion of the orders executed were repeat orders from same customer. The segment continued to bag new orders at the same time building stronger relationship with existing customers. The Company is in the process of increasing the capacity by 30,000 MT to take the total capacity to 90,000 MT by end 2012. New customers include ABB, Bosch, Dr Reddy's Laboratories, Godrej, ITC, L&T, Reliance Retail Distribution Centers, Schneider Electric and Ultratech. Repeat orders included orders from Indian Logistics, Ultratech and L&T.

Outlook

PEBS segment is expected to continue to grow strongly this year. Strengthening order book and expanded capacities will help the Company achieve higher topline and bottomline growth this year. Margin expansion is also a priority going forward.

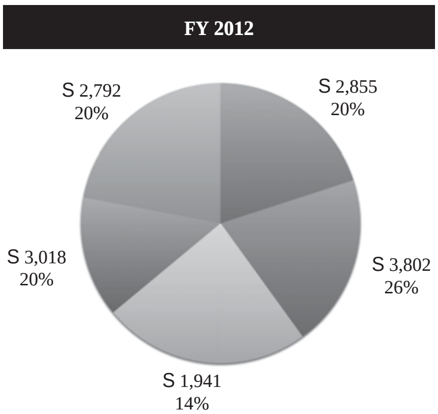
Management Discussion and Analysis Report

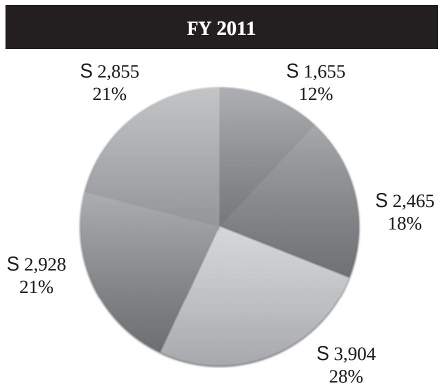
Particulars	Unit	FY2012	FY2011	Growth (%)
Sales	(S Crore)	279.2	165.9	68.3%
Sales	(MT)	32,608	20,459	59.4%
EBIDTA	(S Crore)	26.2	16.8	40.5%
EBIDTA Margin	(%)	9.4%	10.1%	-

4. Financial performance and internal controls

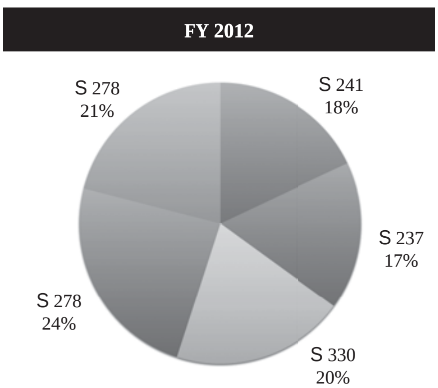
Pennar continues to strengthen its product offerings and introduced several new product lines. For FY2012, your Company reported consolidated sales revenue of S 1,438 Crore compared with S 1,370 Crore recorded in FY2011, S 135 Crore compared with S 150 S 62 Crore compared with S 74 Crore last year.

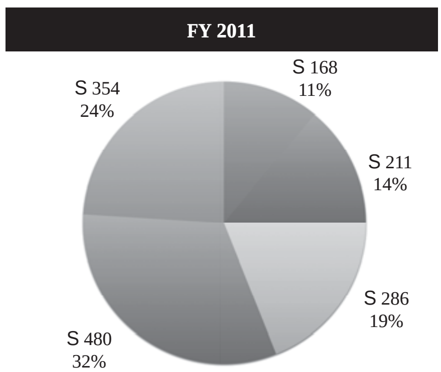
Segment Revenue Breakup (S in Millions)





Segment EBIDTA Breakup (S in Millions)





Engineered Products | Cold Rolled Steel Strips | Heavy Engineering Products | Infrastructure | Pre-Engineered Buildings

S 174.8 Crore and a debt to equity ratio of 0.59x and net debt to EBIDTA ratio of 1.30x as of March 31, 2012

continued growth in the years to come enabled the Board to declare a dividend of 20% to its equity shareholders.

5. Resources

The net current assets as on March 31, 2012 increased from S 207.8 crores in 2010-11 to S 211.8 crores.

(S in Lacs)

Particulars	12 months ended March 31, 2012	12 months ended March 31, 2011
Sources of funds		
a. Shareholders' funds	30,210	26,455
b. Loan funds	11,479	11,433
c. Deferred tax liability	1,218	985
Total	**42,907**	**38,873**
Application of funds		
a. Fixed assets (net)	19,873	16,234
b. Investments	1,850	1,850
c. Net current assets	21,184	20,789
d. Deferred tax / miscellaneous expense, among others	-	–
Total	**42,907**	**38,873**
Profit from operations after tax	7,617	9,744
Less: Increase in net working capital	-155	-2,554
Net cash flow from operating items (before extraordinary items)	7,462	8,467
Payments for assets acquisitions / investment	-5,254	-2,709
Net cash flow from investing activities	-5,207	-2,662
Cash flow from financing activities	-2,237	-5,888
Net cash inflow / (outflow)	18	-83

The Company earned S 76.2 Crore cash inflow from operations. After meeting working capital requirements, the Company earned net cash inflow of S 74.6 Crore. After providing for tax liability, the net profit stood at S 54.3 Crore.

6. Research & Development

Quality, cost, customer satisfaction, safety and environment have always been the focus of R&D at Pennar besides the business development. During the year a modern spectrometer, profile projector and contour measuring machine (CMM) were installed at Chennai plant for facilitating the testing of various grades of steel and to enable faster deliveries. The thickness measuring systems on the rolling mills were modernized to improve the quality. Dedicated roll forming mills were installed at Isnapur and Tarapur plants to improve productivity, quality and delivery time. Technologically upgraded manufacturing facilities were set up across the plants to improve productivity, quality and delivery.

The various developments are as follows:

i) Designed and developed variety of tools at short notice and installed more than thirty presses to meet the tight delivery schedules of solar segment

ii) Installed automated C, Z mills at Tarapur plant to improve productivity

iii) Installed a 400T imported press for coil blanking line for automobile and white good sector

iv) Created manufacturing facilities to develop precision CDW components for automotive and general engineering applications

7. Subsidiaries

Pennar Engineered Building Systems (PEBS Pennar) was set up with a vision of being one of the most preferred producers of high quality Pre-Engineered buildings in India. The growth story began in 2008 when PEBS Pennar set up a world class manufacturing facility near Hyderabad (Sadasivpet, Medak District) with an initial manufacturing capacity of 30,000 metric tonnes per annum (MTPA). To meet the increasing demand and to stand by its commitment of delivering high quality products, the manufacturing capacity was expanded to 60,000 MTPA. The Company further expanded this capacity by an additional 6,000 MTPA in late 2011. With modern technology and high precision equipment sourced from leading suppliers all over the world, the Company's manufacturing facility is one of the best in the country. PEBS Pennar has developed blue chip customer base across various industry verticals. Customers include L&T, Procter and Gamble, ITC Nepal, Dr. Reddy's Laboratories, HCC, My Home Industries, Schneider Electric, Bosch and Thermax.

PEBS Pennar is the first company in India to receive the prestigious Gold Rating from the Indian Green Building Council for its practices complying with Green Building Technology.

PEBS Pennar also received the ISO 9001:2008 certification and PEBS Pennar's flagship product DOUBLE – LOK® in technical association with NCI Group USA, received the highly acclaimed FM Approval in India.

8. Opportunities and threats

Material handling: We have the opportunity to move from being a components supplier to a systems integrator and provide complete solutions including coal handling, ash handling and ESPs.

Engineering design: We see the opportunity to move ahead in the product development value chain of the engineering design of the products we are working on. Presently our engineering design works are at the back-end of this value chain

At this point of time, Pennar is geared to utilise its resources effectively by virtue of its strength of its work force and improved capacity utilisation of its assets. It further aims that diligence will help in improving yields and productivity, thereby improving its financial strength.

Pennar's business may be impacted by the general slowdown in the economy. This may also lead to elongated operating and working capital cycles. Some of the sectors that the Company caters to are highly unstructured and have strong price competition. However, the management remains confident due to its continued focus on manufacturing excellence through technological innovations, productivity and capacity utilization improvements, the Company is well positioned to deal with any short term economic or market volatility.

9. Risks and Concerns

1) User Industry Risk: The Company's businesses are also dependent upon the policies of the Indian government and any change whether positive or adverse, has a direct impact on the Company's business.

   The Company has introduced new product lines to mitigate user industry concentration risk.

2) Raw Material Risk: The Company's operations require substantial amounts of steel & specialized components and are exposed to volatility in prices and availability.

   Pennar has alliance with leading steel producers in the country. The Company is also focused on rationalization and standardization of grades. It is also focusing on moving to products with high value addition.

3) Exposure to Interest Rate Hikes: Over the past year, Indian economy has been facing a very challenging economic scenario with high interest rates and increasing inflation. The Company's operations are therefore exposed to higher interest rate environment.

   Pennar maintains a very conservative leverage profile and has a total debt to equity ratio of 0.56x to keep down the interest burden to minimum. This also provides balance sheet flexibility for future growth.

10. Internal control systems and their adequacy

The Company has in place effective internal controls to aid improved decision-making by making the operating information available online across the country. The Company implemented SAP-based ERP. The Company put in place proper checks and balances and control systems to safe guard its assets and ensure that all operational and financial activities were carried out under proper authorisation and with necessary documentation. Internal audit by a firm of Chartered Accountants is carried out at regular intervals. The internal audit reports, the quarterly and annual financial statements are placed before the Audit Committee of the Board, for their review, discussion and follow-up actions.

11. Environment Safety, Health and Energy Conservation

At Pennar, we recognize how business growth is closely associated with community uplift, workplace safety and environment protection. The Company adopted a number of measures to enhance community uplift and environment friendliness. The Company strictly monitors energy and water consumption. The senior management ensures that sustainability is at the forefront of its strategic planning in harmony with employees, customers and community commitment. Pennar's subsidiary Pennar Engineered Building Systems Limited (PEBS) was awarded the Gold Rating by the Indian Green Building Council, and is the first factory in the country to receive the Gold Award

At Pennar, a safe and secure workplace is of utmost importance. The Company emphasizes safer processes and minimises effluent discharge potential. The Company is committed to the ideal of zero workplace injuries.

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to energy conservation is attached as an appendix to this report.

12. Industrial relations/human resources

The Company 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, during the year, augmented its manpower with experienced personnel in the technical, marketing and finance areas. The Company took steps for upgrading the knowledge base of the employees by continuous training. The Company continues to take care of the welfare of the employees. The Company organised camps for checking the health of operatives and staff by ESI and other medical agencies.

13. Outlook

Over the past year, moderating economic growth and a high interest rate environment have resulted in uncertainty in the Indian economy. This volatility is expected to impact demand for steel, engineering and infrastructure products in the near term. However, Pennar expects to continue to report steady annual growth and profitability as it continuously tries to innovate to take advantage of new business opportunities. Management remains cautious in its approach while making decisions, at the same time, optimistic about the medium term domestic growth story.

PEBS Pennar has state-of-the-art technology to make complex structures and provide special leak proof standing seam roofing sheets for its pre-engineered building products in technical association with NCI, USA. This positions the Company as one of the preferred vendors in the industry. The new client wins during the year along with repeat orders from existing clients clearly demonstrates the trust that the Company has built in the short period of time. The increased capacity at the PEBS plant enables the Company to capitalize on the attractive growth dynamics of the Indian pre-engineered buildings sector. Going forward, Pennar expects this segment to make increasing contributions to growth and profitability.

Pennar continues to focus on pre engineered buildings, profiles, cold rolling, engineering components and with special thrust on precision tubes and sheet piles. The recent capacity additions within various facilities will enable the Company to capitalize on the growth in heavy vehicles, two wheelers and infrastructure sectors.

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 twelve Directors, of which three are Executive Directors and balance nine are Non-Executive Directors of whom six are Independent Directors. The Company has an Executive Chairman, Managing Director and Executive Director. The Executive Chairman, Managing Director and Executive Director are responsible for the conduct of the business and the day-to-day affairs of the Company.

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

   During 2011-12, the Board met six times on April 22, 2011, July 20, 2011, September 12, 2011, October 12, 2011, January 31, 2012 and March 26, 2012.

   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 meeting attended	Attendance at the last AGM held on September 12, 2011
1	Mr. Nrupender Rao	Promoter, Executive Chairman	6	6	Yes
2	Mr. Ravi Chachra	Non-Executive Director	6	4	No
3	Mr. C Parthasarathy	Independent Non-Executive Director	6	4	Yes
4	Dr. G Vivekanand	Independent Non-Executive Director	6	1	No
5	Mr. B Kamalaker Rao	Independent Non-Executive Director	6	6	Yes
6	Mr. C Rangamani	Independent Non-Executive Director	6	5	Yes
7	Mr. A Krishna Rao	Independent Non-Executive Director	6	6	Yes
8	Mr. P Bhaskara Rao*	Non-Executive Director	2	-	No
9	Mr. Manish Sabharwal	Independent Non-Executive Director	6	3	No
10	Mr. J Ramu Rao	Non-Executive Director	6	3	No
11	Mr. Vishal Sood#	Independent Non-Executive Director	2	1	NA
12	Mr. Ch Anantha Reddy	Managing Director	6	6	Yes
13	Mr. Aditya Rao	Executive Director	6	6	Yes

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

Mr. Vishal Sood was appointed as Additional Director with effect from January 31, 2012.

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	5	1	1
2	Mr. Ravi Chachra	-	1	-	-
3	Mr. C Parthasarathy	8	14	-	-
4	Dr. G Vivekanand	-	7	-	1
5	Mr. B Kamalaker Rao	-	1	-	-
6	Mr. C Rangamani	-	2	1	-
7	Mr. A Krishna Rao	-	2	-	-
8	Mr. P Bhaskara Rao*	-	1	-	-
9	Mr. Manish Sabharwal	-	11	-	-
10	Mr. J Ramu Rao	-	12	-	-
11	Mr. Vishal Sood**	-	4	-	-
12	Mr. Ch Anantha Reddy	-	1	-	-
13	Mr. Aditya Rao	-	7	-	-

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

**Mr. Vishal Sood was appointed as Additional Director with effect from January 31, 2012.

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

1. Mr. C Rangamani - Chairman (Independent Non-Executive Director)
2. Mr. B Kamalaker Rao - Member (Independent Non-Executive Director)
3. Mr. A Krishna Rao - Member (Independent Non-Executive Director)
4. Mr. P Bhaskara Rao* - Member (Non-Executive Director)

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

c) Meetings and attendance during the year

During the year under review, the Committee met five times on April 22, 2011, July 20, 2011, September 12, 2011, October 12, 2011 and January 31, 2012. The details of attendance are given below:

S. No.	Name of the member	Number of meetings held	Number of meetings attended
1	Mr. C Rangamani	5	5
2	Mr. B Kamalaker Rao	5	5
3	Mr. A Krishna Rao	5	5
4	Mr. P Bhaskara Rao	5	-

The Managing Director, 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

1. Mr. A Krishna Rao - 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. P Bhaskara Rao* - Member (Non-Executive Director)

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

c) Meetings and attendance during the year

During the Period under review the Company has conducted Remuneration Committee Meeting on March 26, 2012. The details of attendance are given below:

S. No.	Name of the member	Number of meetings held	Number of meetings attended
1	Mr. C Rangamani	1	-
2	Mr. B Kamalaker Rao	1	1
3	Mr. A Krishna Rao	1	1
4	Mr. P Bhaskara Rao	-	-

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

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.

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 2011-12 is given below

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites (S)	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	36,00,000	1,34,96,074	36,00,000	-	2,06,96,074
Mr. Ch Anantha Reddy	Managing Director	36,00,000	89,97,382	36,00,000	-	1,61,97,382
Mr. Aditya Rao	Executive Director	24,00,000	67,48,037	24,00,000	-	1,15,48,037
Mr. Ravi Chachra	Non-Executive Director				23,500	23,500
Mr. C Parthasarathy	Independent Non-Executive Director				27,000	27,000
Dr. G Vivekanand	Independent Non-Executive Director				5,000	5,000
Mr. B Kamalaker Rao	Independent Non-Executive Director				79,000	79,000
Mr. C Rangamani	Independent Non-Executive Director				60,000	60,000
Mr. A Krishna Rao	Independent Non-Executive Director				75,500	75,500
Mr. P Bhaskara Rao*	Non-Executive Director				Nil	Nil
Mr. Manish Sabharwal	Independent Non-Executive Director				Nil	Nil
Mr. J Ramu Rao	Non-Executive Director				15,000	15,000
Mr. Vishal Sood#	Independent Non-Executive Director				5,000	5,000

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

Mr. Vishal Sood was appointed as Additional Director with effect from January 31, 2012.

The 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 March 31, 2012**

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
Mr. C Rangamani	Independent Non-Executive Director	-
Mr. A Krishna Rao	Independent Non-Executive Director	-
Mr. P Bhaskara Rao*	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. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

Mr. Vishal Sood was appointed as Additional Director with effect from January 31, 2012.

Compliance report on Corporate Governance

5. **Shareholders'/Investors' Grievances Committee**

A Committee of the Board, designated as 'Shareholder's / Investor's Grievances Committee' was constituted on February 1, 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. C Rangamani, a Non-Executive and Independent Director.

Other members include Mr. A Krishna Rao, Independent Non-Executive Director, Mr. P Bhaskara Rao*, Non- Executive Director and Mr. B Kamalaker Rao, a Non- Executive and Independent Director.

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

b) Name and designation of Compliance Officer: Mr. R Ravi, V.P Finance and Company Secretary.

c) Number of complaints received from shareholders: During the period under review, the Company has received and resolved 158 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 April 22, 2011, July 20, 2011, October 12, 2011 and January 31, 2012.

Sl. No.	Name of the member	Number of meetings held	Number of meetings attended
1	Mr. C Rangamani	4	4
2	Mr. B Kamalaker Rao	4	4
3	Mr. A Krishna Rao	4	3
4	Mr. P Bhaskara Rao*	2	0

*Mr. P Bhaskara Rao resigned as the Director of the Company with effect from September 12, 2011

Other Committees

During the year, the company constituted sub-committees to deal with matters relating to Human Resource Strategy, Corporate Plan, Corporate Social Responsibility, Investment, and Finance.

6. **General body meetings**

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

Date	Year	Type	Venue	Time
September 12, 2011	2010-11	Annual General Meeting	FAPCCI, Red Hills, Hyderabad	10.30 am
July 29, 2010	2009-10	Annual General Meeting	FAPCCI, Red Hills, Hyderabad	4.00 pm
August 19, 2009	2008-09	Annual General Meeting	FAPCCI, Red Hills, Hyderabad	10.30 am

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
September 12, 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
July 29, 2010	No	-NA-
August 19, 2009	Yes	Members consent to the Company pursuant to Regulation 23(1)(c) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997 for Buyback of equity shares

c) **Postal ballot:** No Postal Ballot was conducted during 2011-12

d) Procedure for postal ballot - Not applicable.

e) 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 was entered in to by the Company with the related parties i.e, Directors or the management, their subsidiaries or relatives conflicting with the Company's interest. 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 periodic intervals for review by the Board.

d) Whistle Blower Policy:

The Company has not established a whistle blower policy. We further affirm that during the year 2011-12 no personnel have been denied access to 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 March 31, 2012, 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. A detailed note on it is provided in the Remuneration Committee section.

(iii) Shareholder Rights – The Company publishes its results on its website i.e, 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 a wide national circulation and also in a Telugu newspaper having a wide circulation in Andhra Pradesh. 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.

The Company continues to adopt best practices to ensure regime of unqualified 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 yet 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 Business Standard and Surya within 48 hours of the conclusion of the Board meeting.

The Company's website www.pennarindia.com contains a separate dedicated section "Investors" where latest information for shareholders is available. The quarterly / halfyearly / 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.

Presentations were made to analysts during the financial year 2011-12.

General information

1. Date, time and venue of Annual General Meeting	July 23, 2012 at 9:30 AM at Aditya Sarovar Premiere, HITEC City, Gachibowli, Hyderabad - 500 032.
2. Financial calendar (Tentative schedule)	Financial year: April 1 to March 31 Board meetings for approval of quarterly results: 1st Quarter ended on June 30, 2012: within 45 days from the close of quarter 2nd Quarter ended on September 30, 2012: within 45 days from the close of quarter 3rd Quarter ended on December 31, 2012: within 45 days from the close of quarter Annual results for financial year ended March 31, 2013 (audited): Within 60 days of the close of financial year Annual general meeting for the year 2012-13: In accordance with Section 166 of Companies Act, 1956
3. Date of book closure (both days inclusive)	July 13, 2012 to July 14, 2012 (both days inclusive)
4. Dividend payment due	August 23, 2012
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
6. Stock Code	BSE: Equity- 513228, 0.01% cumulative redeemable preference shares- 700107 NSE 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., Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400023
8. Registered Office (address for correspondence)	Floor -1, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084 A.P. India, Tel.No: +91 40 23117043 / 7045, 23114072 Fax No: +91 40 23117041 E-mail:pilhyd@bsnl.in / corporatecommunications@pennarindia.com
9. 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. Ch Anantha Reddy, Managing Director and Mr. R Ravi, V. P. Finance and Company Secretary was placed at the meeting of the Board of Directors held on May 29, 2012

10. Distribution of shareholding as on March 31, 2012 was as under

Sl. No	Category	Numbers of shareholders	% of shareholders	Number of shares	% of shares
1.	1 to 1000	25,372	91.87	52,48,568	4.30
2.	1001-2000	968	3.50	15,07,896	1.24
3.	2001-4000	504	1.82	14,72,837	1.21
4.	4001-6000	273	0.99	13,67,506	1.12
5.	6001-8000	70	0.25	4,93,004	0.40
6.	8001-10000	99	0.36	9,35,518	0.77
7.	10001-20000	140	0.51	20,34,798	1.67
8.	20001 & Above	192	0.70	10,89,63,873	89.30
	Total	**27,618**	**100**	**12,20,24,000**	**100**

Shareholding Pattern as on March 31, 2012 was as under

Sl. No	Particulars	No. of Shares	% to total shares
1	Promoter and Promoter Group	4,81,02,655	39.42
2	Mutual Funds / UTI	950	0.00
3	Financial Institutions / Banks	8,16,344	0.67
4	Foreign Institutional Investors	2,49,52,803	20.45
5	Foreign Funds	87,14,052	7.14
6	Bodies Corporate	1,46,75,983	12.03
7	Individuals	2,36,43,107	19.38
8	Trust	11,880	0.01
9	NRI	10,66,100	0.87
10	Clearing Members	40,126	0.03
	Total	**12,20,24,000**	**100**

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. 98.20% of equity shares are held in dematerialised form as on March 31, 2012.

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. 84.46% of 0.01% cumulative redeemable preference shares are held in dematerialised form as on March 31, 2012.

c) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.

During the financial year 2011-12, 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, Thiruvellore Dist, T.N.

e) Hosur unit : SIDCO Industrial Estate, Hosur, T.N.

13. Market price data

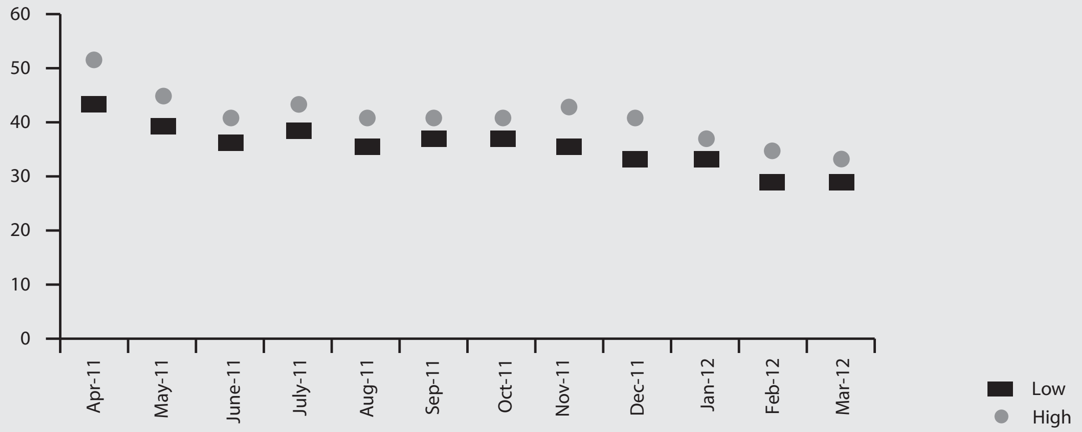
The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited.

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 2011-12 were as follows:

Month	BSE			NSE		
	High (S)	Low (S)	Volume	High (S)	Low (S)	Volume
April 2011	52.00	43.50	10,88,616	53.50	43.70	7,65,699
May 2011	44.65	39.50	7,12,681	45.00	39.00	7,13,975
June 2011	41.10	36.50	7,24,746	41.40	36.40	8,87,204
July 2011	43.00	38.75	9,56,914	42.85	38.75	10,05,575
August 2011	40.40	36.00	9,03,268	40.50	36.05	3,70,636
September 2011	40.70	37.25	4,73,548	40.80	37.35	3,85,613
October 2011	41.20	37.00	4,68,440	41.95	36.1	43,86,938
November 2011	43.05	36.05	4,34,042	40.00	36.45	2,35,384
December 2011	41.00	34.00	54,59,341	40.45	33.75	8,32,532
January 2012	36.50	34.05	3,10,805	37.85	34.00	3,51,852
February 2012	35.00	29.30	6,53,519	35.00	28.10	7,14,850
March 2012	33.40	29.50	8,05,630	34.20	26.80	6,97,609

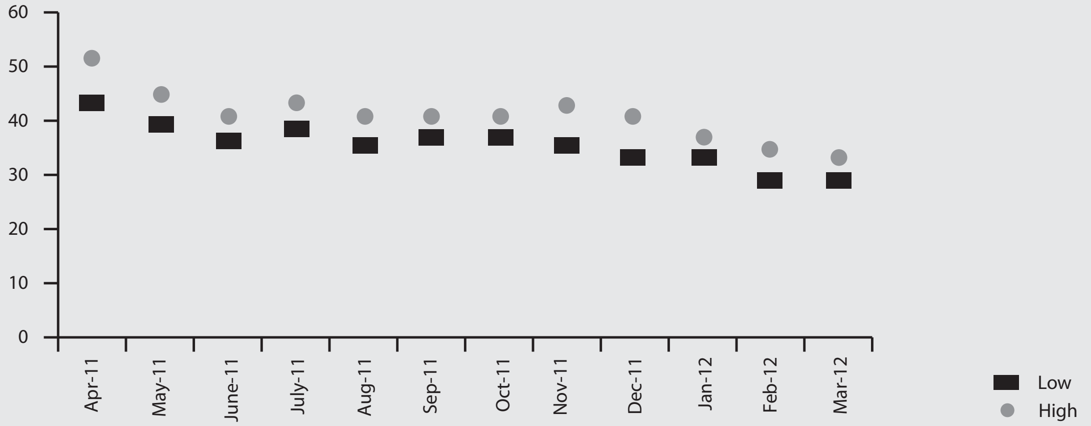
(Source: www.bseindia.com&www.nseindia.com)

Share Prices at BSE

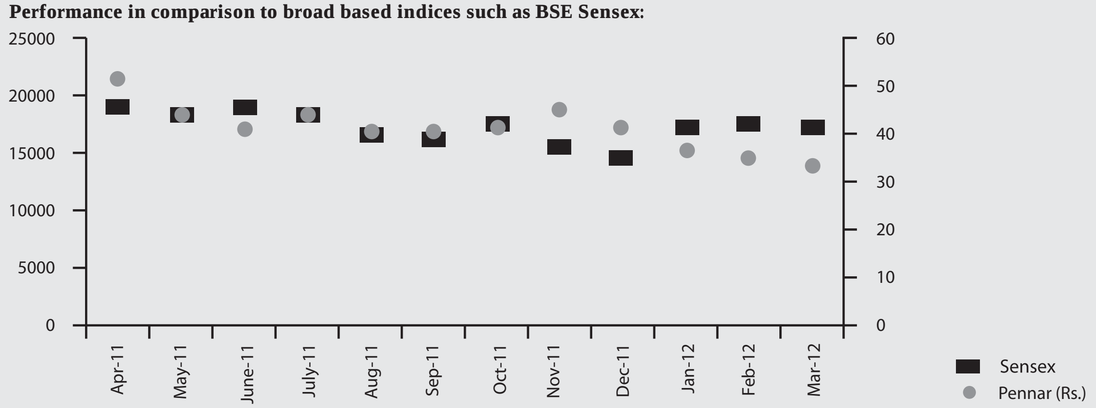


Compliance report on Corporate Governance

Share Prices at NSE

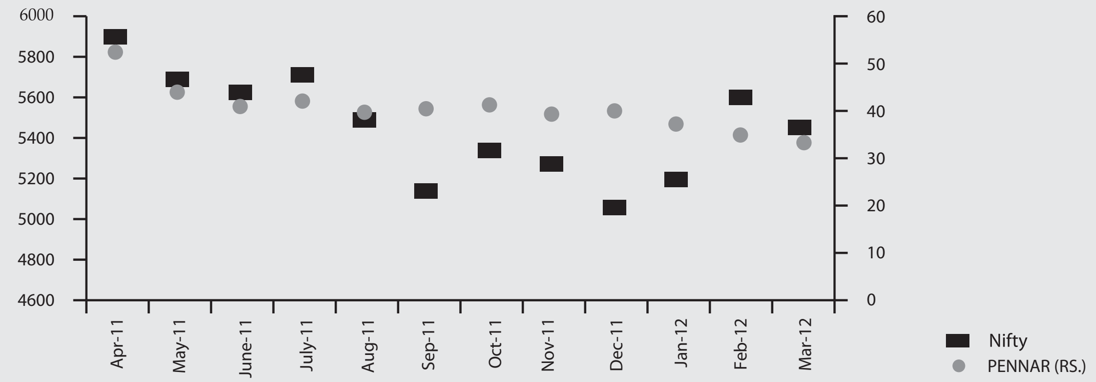


Performance in comparison to broad based indices such as BSE Sensex:



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 Pennar Industries Limited, at their meeting held on January 31, 2006, 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, I 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 March 31, 2012

Place: Hyderabad
Date: May 29, 2012

sd/-
Managing Director

Auditors' Certificate on Compliance with the Provision of Corporate Governance Pursuant to Clause 49 of the Listing Agreement

To
The Members
PENNAR INDUSTRIES LIMITED
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by PENNAR INDUSTRIES LIMITED for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been 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 Clause. 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, and based on our reliance upon the representations made by the management, we certify that the company has complied in all material respects 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 have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/ Investor's Grievance Committee.

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.

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

RAVI RAMBABU
Partner
Membership. No : 018541

Place: Hyderabad
Date: 29th May, 2012

Secretarial Audit Report

Pennar

To
The Board of Directors
Pennar Industries Limited
Floor No. -1, DHFLVC Silicon Towers,
Kondapur, Hyderabad – 500 084.

I have examined the registers, records, books and papers of 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, 2012. 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;

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) Regulations, 1997 and 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 12.09.2011;

   (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 Registrar and Transfer Agent 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) 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, 1997 and 2011 including the provisions with regard to disclosures and maintenance of records required under the Regulations;

   (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;

Signature:
S. Chidambaram
Practicing Company Secretary:
C P No: 2286
schid285@gmail.com

Place: Hyderabad
Date: May 29, 2012

Auditors' Report

To
The Members,
PENNAR INDUSTRIES LIMITED
HYDERABAD.

We have audited the attached Balance Sheet of PENNAR INDUSTRIES LIMITED, HYDERABAD, as at 31st March, 2012 and the statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to in paragraph 1 above, we report that:

   i) 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.

   ii) 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.

   iii) 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.

   iv) In our opinion, the Balance Sheet, statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v) In our opinion and based on written representation received from directors, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012

      b) In so far as it relates to statement of Profit and Loss, of the Profit of the Company for the year ended on that date. And

      c) In so far as it relates to Cash Flow Statement, of the cash flows of the Company for the year ended on 31st March, 2012.

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

Place: Hyderabad
Date: 29th May, 2012

RAVI RAMBABU
Partner
Mebership.No. 18541

Annexure to the Auditors' Report:

Referred to as in Paragraph 1 of our report of even date

1. In respect of its Fixed assets:

    (a) The company has maintained proper records showing full particulars including details and situation of fixed assets.

    (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.

    (c) During the year, the company has not disposed of substantial part of the Assets. According to the information and explanations given to us, we are of the opinion that no transactions are effected involving disposal of assets so as to affect going concern status of the company.

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, the discrepancies noticed on verification between the physical stocks and the book records were not material, have been properly dealt with in the books of account.

3. In respect of loans secured or unsecured, granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

    a) The Company has not taken / granted loans from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

    b) As the Company has not taken / granted loans from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the rate of interest and other terms and conditions on which Company has taken / granted loans from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 does not arise.

    c) As the Company has not taken / granted loans from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the regular payment / receipt of the principal and interest amounts as stipulated does not arise.

    d) As the Company has not taken / granted loans from / to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, the question of statement on the steps taken for recovery / payment of the Principal and interest on overdue amount of more than one lakh does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, based on our audit procedures applied, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. In respect of transactions covered under 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 Rs. 5,00,000 / - with parties covered above during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 and the Company is regular in filing compliance reports with the Company Law Board.

7. In our opinion, the company has independent internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub section (1) of section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made maintained. We have not, however, made a detailed examination of the 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 and as per the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed Statutory dues including Provident fund, Investor education & protection fund, Employee's state insurance, Wealth tax, Custom duty, Income tax, Excise duty, Cess and other material statutory dues applicable to it.

   (b) According to the information and explanations given to us, no disputed amounts payable in respect of Wealth tax, Income tax, Sales tax, Customs duty, Excise duty and Cess were outstanding, as at 31st March, 2012 for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, an amount of Rs. 210.3 Lacs of Sales tax, Customs duty, and interest which have not been deposited on account of dispute as given below:

10. In our opinion, the company neither has accumulated losses at the end of the year exceeding fifty percent of its net worth, nor incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

11. As per the records of the Company and according to the information and explanations given to us, we are of the opinion the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

S.No.	Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (Rs. In Lacs)	Deposit Amount (Rs.in Lacs)	Unpaid Deposit Amount (Rs.in Lacs)
1	Customs Act, 1962	Interest on Customs Duty Paid	The Commissioner of Custom (Appeals)	44.7	-	44.7
2	A.P. VAT Act, 2005	Entry Tax on Cix	The Supreme Court of India	218.6	53.0	165.6
	Total			263.3	53.0	210.3

12. According to the information and explanations given to us, the company has not given any loans and advances 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. Accordingly the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

14. In our opinion, the company is not dealing in or trading in shares, securities, and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

15. According to the information and explanations given to us, the Company has given corporate guarantee for securing loans taken by the Pennar Engineered Building Systems Ltd (PEBSL) from State Bank of India to the tune of Rs. 13,813 Lacs and further the company has provided collateral security by way of lien on fixed deposits of Rs.200 Lacs and pledge of 61,50,000 shares of Pennar Engineered Building Systems Ltd amounting to Rs. 615 Lacs for securing the said loan.

16. In our opinion, during the year the company has raised fresh term loans upto an amount of Rs 15,00,00,000 from Axis Bank Ltd and the same were applied for the purpose for which the loans were obtained.

17. In our opinion, according to the information and explanations given to us and on an overall examination of statements and records of the company, that the funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

Annexure to the Auditors' Report:

18. In our opinion, the Company has not made any preferential allotment of shares / securities during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. In our opinion, the Company has not raised money by way of public issue for any specific purpose during the year.

20. 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 / register / modify any Security / Charge

21. According to the information and explanations given to us and based on audit procedures performed, no fraud on or by the Company has been noticed during the year.

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

Place: Hyderabad
Date: 29th May, 2012

RAVI RAMBABU
Partner
Mebership.No. 18541

Balance Sheet as at 31st March 2012

Pennar

(S in Lacs)

S.No	Particulars	Note	As at 31.03.2012	As at 31.03.2011
I	**EQUITY AND LIABILITIES**			
1	**SHAREHOLDERS' FUNDS**			
	a Share Capital	1	6,979	6,979
	b Reserves & Surplus	2	23,231	19,476
			30,210	26,455
2	**NON CURRENT LIABILITIES**			
	a Long Term Borrowings	3		
	- Secured		1,334	219
	- Unsecured		2,331	2,408
	b Deffered Tax Liability (Net)	4	1,218	985
	c Long Term Provisions	5	86	91
			4,969	3,703
3	**CURRENT LIABILITIES**			
	a Short Term Borrowings			
	- Secured	6	7,814	8,806
	b Trade Payables	7	6,608	3,408
	c Other Current Liabilities	8	1,705	2,620
	d Short Term Provisions	9	1,418	1,063
			17,545	15,897
	Total of 1+2+3		**52,724**	**46,055**
II	**ASSETS**			
1	**NON CURRENT ASSETS**			
	a Fixed Assets	10		
	- Tangible Assets		19,699	15,476
	- Intangible Assets		164	101
	- Capital Work In Progress		10	657
	b Non Current Investments	11	1,850	1,850
	c Other Non Current Assets	12	275	97
			21,998	18,181
2	**CURRENT ASSETS**			
	a Inventories	13	11,819	10,389
	b Trade Receivables	14	16,726	14,850
	c Cash and Cash Equivalents	15	1,002	1,145
	d Short Term Loans & Advances	16	579	1,640
	e Other Current Assets	17	600	(150)
			30,726	27,874
	Total of 1+2		**52,724**	**46,055**

Significant Accounting Policies and Notes on Financial Statements 1 to 34

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Statement of Profit and Loss for the year ended 31st March 2012

(S in Lacs)

S.No	Particulars	Note	For the year ended 31.03.2012	For the year ended 31.03.2011
I	**Revenue from operations**	18	102,410	107,209
II	**Other Income**	19	103	107
III	**Total Revenue (I + II)**		102,513	107,316
IV	**Expenses:**			
	Raw Material Consumed	20	76,317	77,627
	Change in Inventories	21	-1,392	1,050
	Manufacturing Expenses	22	8,123	7,161
	Employee Benefits Expense	23	3,852	3,195
	Other Expenses	24	4,395	4,848
	Total Expenses		91,295	93,880
	Profit before Interest, Depreciation & Tax		**11,218**	**13,436**
	Finance Cost	25	1,292	1,051
	Depreciation and amortisation expense	10	1,417	1,116
			2,709	2,166
	Profit before Tax		**8,509**	**11,270**
V	**Tax Expense**			
	Current Tax		2,850	3,746
	Deferred Tax		233	578
			3,083	4,323
	Net Profit after Tax		**5,426**	**6,946**
Earning Per Share (having a face value of S 5 each)				
	- Basic and Diluted (S)	26	4.4	5.7

Significant Accounting Policies and Notes on Financial Statements 1 to 34

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Cash Flow Statement for the year ended 31st March 2012

(S in Lacs)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A.	**Cash Flows from operating activities:**		
	Net Profit Before Tax	8,509	11,270
	Add: Loss from sale of assets	-	14
	Add: Preliminary Exp written off	-	47
	Add: Depreciation	1,417	1,116
	Add: Interest	1,219	1,029
	Add: Bad Debts written off	18	16
	Less: Interest Received	(35)	(35)
	Less: Rent Received	(13)	(12)
	Operating Profit before working capital changes	**11,116**	**13,443**
	Adjustment for:		
	Trade receivables	(1,894)	(3,202)
	Inventories	(1,430)	1,417
	Loans and Advances	210	(647)
	Trade payables and Other Payables	2,959	1,154
		(155)	(1,277)
	Cash Generated From Operation	**10,961**	**12,166**
	Less: Income Tax Paid	(3,499)	(3,699)
	Net cash from operating activities "A"	7,462	8,467
B.	**Cash Flows from Investing activities:**		
	Purchase of fixed assets	(5,254)	(2,709)
	Interest Received	35	35
	Rent Received	13	12
	Net cash used in investing activities " B "	**(5,207)**	**(2,662)**
C.	**Cash Flows from Financing activities:**		
	Proceeds from long term borrowings - (Net of payments)	1,038	(1,251)
	Proceeds from Short term borrowings - (Net of payments)	(992)	(1,829)
	Interest	(1,219)	(1,029)
	Dividends paid	(1,064)	(1,779)
	Net Cash used in financing activities " C "	(2,237)	(5,888)
	Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	**18**	**(83)**
	Cash and Cash Equivalents at the beginning	**530**	**613**
	Cash and Cash Equivalents at the end	**548**	**530**

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Notes forming part of the Financial Statements

I. 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).

II. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. Accounting Conventions:

The financial statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India including the Accounting Standards notified by the Government of India and issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2) Use of Estimates:

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts / advances / contingencies, allowances for slow / non moving inventories, useful lives of fixed assets, provision for taxation, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

3) Inventories:

Inventories have been valued as under:

i) Raw materials, stores and spares and traded goods have been valued at cost. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.

ii) Due allowance is made for slow / non moving items, based on Management estimates

iii) Finished goods and work-in-progress have been valued at cost or net realizable value whichever is lower. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition.

iv) Excise duty on closing stock of finished goods has been provided in the accounts and considered for valuation of closing stock. A corresponding liability is created for the same amount.

4) Cash and Cash equivalents (for purposes of Cash Flow Statement):

Cash comprises of cash on hand, amount in current accounts and deposit accounts.

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

5) Depreciation and Amortization:

Depreciation on Fixed Assets including on the additions on account of revaluation has been provided on a straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956.

Depreciation on the additional value due to revaluation has been charged to the Revaluation Reserve account.

Intangible assets are amortized over the estimated useful life as follows:

Licence fee – 6 years (3 years remaining as on Balance Sheet Date)

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to effect the changed pattern.

6) **Revenue Recognition**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from Works Contracts is recognized by reference to the completion of the contract activity at the reporting date, where the contract activity extended beyond the reporting date, on the basis of percentage of completion method.

Dividend income on investments is accounted for when the right to receive the payment is established.

7) **Expenditure:**

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

8) **Tangible Fixed Assets:**

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets and excludes duties and taxes to the extent recoverable from tax authorities.

Fixed Assets which are revalued are stated at the amounts revalued as reduced by the depreciation.

9) **Intangible assets:**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

10) **Foreign Exchange Transactions:**

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

11) **Investments**

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value.

12) **Employee Benefits:**

a) **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and short term compensated absences etc. are recognized in the period in which the employee renders the related service.

Notes forming part of the Financial Statements

b) **Long Term Employee Benefits**

Defined Contribution Plan

The Company makes contribution in respect of selected employees to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

Defined Benefit Plans

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC using the Projected Unit Credit method. Actuarial gains / losses are immediately recognized in the Statement of Profit and Loss.

In respect of Provident Fund and Pension Fund, Contributions are made by the Company in accordance with the relevant rules and fully charged off to Statement of Profit and Loss.

The company provides for leave encashment based on valuations, as at the balance sheet date, made by independent actuaries.

13) Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

14) Taxes on Income

Income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the Company. Deferred tax is recognized on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

15) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. The recoverable amount of such assets is estimated. Where the carrying amount of the asset exceeds the recoverable amount, the impairment loss is recognized in the Statement of profit and loss.

16) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

Notes forming part of the Financial Statements

Pennar

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
1. SHARE CAPITAL		
Authorised Share Capital		
Equity Shares		
15,00,00,000 Equity Shares of S 5/- each (previous year 15,00,00,000 equity shares of S 5/- each)	7,500	7,500
1.2 Preference Shares		
Series - A : 5,00,000 Cumulative Redeemable Preference Shares of S 100/- each (previous year 5,00,000 Cumulative Redeemable Preference Shares of S 100/- each)	500	500
Series - B : 4,00,00,000 Cumulative Redeemable Preference Shares of S 5/- each (previous year 4,00,00,000 Cumulative Redeemable Preference Shares of S 5/- each)	2,000	2,000
	10,000	**10,000**
1.3 ISSUED, SUBSCRIBED & PAID UP		
Equity Shares		
12,20,24,000 Equity Shares of S 5/- each (previous year 12,20,24,000 equity shares of S 5/- each)	6,101	6,101
1.4 Preference Shares - Series B		
1,75,53,299 Cumulative redeemable Preference Shares of S 5/- each	878	878
Total	**6,979**	**6,979**

1.3.1 All Equity Shares issued by the company carry equal voting and participatory rights

1.3.2 44,53,479 shares out of the issued, subscribed and paid up capital were bought back and extinguished in the last five years

1.3.3 The details of share holders holding more than 5% shares:

Name of the share holder	As at 31.03.2012		As at 31.03.2011	
	No of Shares	%held	No of Shares	%held
My Home Constructions P Ltd	11,573,375	9.5	-	-
Saif Advisors Mauritius A/C Saif India IV FII Holdings Ltd	9,442,728	7.7	-	-
Eight Capital Master Fund Limited	8,711,854	7.1	8,711,854	7.1
Copthall Mauritius Investment Limited	6,490,148	5.3	8,720,148	7.1
Palguna Consultants Private Limited	8,319,457	6.8	-	-
Thapati Trading Private Limited	6,666,737	5.5	-	-
Vinod Real Estates Private Ltd	-	-	13,007,000	10.7

1.3.4 The reconciliation of the no of shares outstanding is set out below:

Particulars	As at 31.03.2012	As at 31.03.2011
Equity Shares at the beginning of the year	122,024,000	122,024,000
Equity Shares at the end of the year	122,024,000	122,024,000

Notes forming part of the Financial Statements

1.4.1 "1,66,49,119 number of Cumulative Redeemable Preference Shares of S 5/- each fully paid up and carrying 0.01% rate of interest are redeemable at par in three equal annual instalments of S1.66, S1.67 and S1.67 per share respectively commencing from the year 2013 – 14 and ending in the year 2015-16."

1.4.2 9,04,180 number of Cumulative Redeemable Preference Shares of S 5/- each issued to IFCI on conversion of Funded Interest Term Loans and carrying interest rate of 0.01% are redeemable at par in 10 quarterly instalments from 01.10.2013 to 01.01.2016

2 Reserves and Surplus

(S in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
Revaluation Reserve				
Opening Balance	3,267	-	3,520	-
Less: Transferred to Profit and Loss Account on account of depreciation on revalued assets.	254	-	253	-
Closing Balance	-	3,013	-	3,267
Capital Redemption Reserve				
Opening Balance	-	223	-	223
Profit on forfeiture of shares				
Opening Balance	-	6	-	6
Securities Premium				
Opening Balance	-	5,310	-	5,310
General Reserve				
Opening Balance	1,705	-	1,005	-
Add: Transferred from Profit and Loss Account	410	-	700	-
Closing Balance	-	2,115	-	1,705
Balance in Profit and Loss				
Opening Balance	8,966	-	4,491	-
Add: Profit for the year	5,426	-	6,946	-
	14,392	-	11,437	-
Less: Appropriations Proposed dividend on Equity Shares	1,220	-	1,525	-
Proposed dividend on Preference Shares - S 8777 (Previous Year - S 8777)	-	-	-	-
Dividend Distribution Tax	198	-	246	-
General Reserve	410	-	700	-
Closing Balance	-	12,564	-	8,966
		23,231		**19,476**

2.1 Cumulative amount withdrawn on account of depreciation on revaluation reserve is S 3283.1 Lacs

3 Long Term Borrowings

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
From Banks - Secured		
Axis Bank Limited	1,313	113
From Others - Secured		
I F C I	21	106
	1,334	**219**
Unsecured		
Sales Tax Deferment Loan	2,331	2,408
Total	**3,665**	**2,627**

3.1 During the year company has taken a term loan from Axis Bank amounting to ` 1500 Lacs for funding the CDW and Tubes project. The loan is repayable in 16 Quarterly instalments starting from December 2012. The loan carries the interest rate of 13.50% p.a.

3.2 Term loan from IFCI is payable in 5 Quarterly instalments last being June 2013 and carries the interest rate of 13.00% p.a.

3.3 Term Loans by Axis Bank and IFCI Limited are secured by first charge on all immovable properties by deposit of title deeds and second charge on all current assets both present and future and guaranteed by a director of a company in his personal capacity.

3.4 Sales Tax deferment availed till the current account period is due for repayment after 12 months from balance sheet date as under:

Year of Repayment	` in Lacs
2013 - 14	27
2018 - 19	258
2019 - 20	375
2020 - 21	393
2021 - 22	431
2022 - 23	298
2023 - 24	335
2024 - 25	215
Total	**2,331**

4 Deferred Tax Liability (` in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Opening Deferred Tax Liability	985	407
Deferred Tax Liability recognised during the year		
On a/c of depreciation	233	578
Closing Deferred Tax Liability	**1218**	**985**

5 Long Term Provisions (` in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for leave encashment	86	91

6 Short Term Borrowings (` in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured		
Cash Credit from Banks		
State Bank of India	4,916	5,601
Axis Bank Limited	1,874	2,238
State Bank of Patiala	1,024	967
Total	**7,814**	**8,806**

6.1 Working capital facilities sanctioned by State Bank of India, Axis Bank and State Bank of Patiala are secured by first charge on all current assets both present and future. These are further secured by way of second charge on the immovable properties of the company and also guaranteed by a director of the company in his personal capacity. Average rate of interest is 12.15% p.a.

7 Trade Payables (` in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Creditors for RM	5,303	3,137
Creditors for expenses	1,305	271
Total	**6,608**	**3,408**

Notes forming part of the Financial Statements

7.1 Trade Payables includes an amount of S 4 Lacs to subsidiary M/s Pennar Engineered Building Systems Limited.

7.2 Dues to Micro, Small and Medium enterprises has been determined to be S Nil to the extent such parties have been identified on the basis of information available with the company.

8 Other Current Liabilities (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturities of Long Term Debt	385	306
Creditors for capital goods	45	723
Unclaimed Dividend	43	34
Advances from customers	119	-
Sales Tax Deferment Loan	77	78
VAT Payable	199	243
Other Liabilities	837	1,236
Total	**1,705**	**2,620**

8.1 Other liabilities consists of PF, ESI, TDS and TCS payable etc.

9 Short Term Provisions (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Equity Dividend	1,220	915
Provision for Preference Dividend - S **8777** (Previous Year - S 8777)	-	-
Provision for Dividend Distribution Tax	198	148
Total	**1,418**	**1,063**

10 Fixed Assets

(S in Lacs)

Description	Gross Block (At Cost)				Depreciation & Amortisation				Net Book Value	
	01.04.2011	Additions	Disposals	31.03.2012	01.04.2011	For the year	Disposals	31.03.2012	31.03.2012	31.03.2011
TANGIBLE ASSETS										
Land	897	216	-	1,113	-	-	-	-	1,113	897
Roads	407	88	-	495	16	7	-	23	471	390
Buildings	6,003	1,634	-	7,637	1,671	203	-	1,874	5,763	4,33
Plant & Machinery	19,108	3,447	-	22,555	10,928	1,203	-	12,131	10,424	8,179
Electricals	2,248	344	-	2,591	906	174	-	1,080	1,511	1,342
Computers	312	35	-	347	227	36	-	262	85	86
Office Equipments	237	57	-	294	117	8	-	125	169	121
Furniture	111	47	-	158	44	6	-	50	108	67
Vehicles	86	-	-	86	23	8	-	30	55	63
Sub Total-1	29,408	5,868	-	35,276	13,932	1,645	-	15,577	19,699	15,476
INTANGIBLE ASSETS										
Licence Fee	120	88	-	208	19	25	-	44	164	101
Sub Total-2	120	88	-	208	19	25	-	44	164	101
Total (1 + 2)	29,528	5,956	-	35,484	13,951	1,670	-	15,621	19,863	15,577
Previous Year	28,232	2,974	1,677	29,528	14,196	1,409	1,654	13,951	15,577	14,036
Capital work in progress									10	657

10.1 Depreciation for the year includes an amount of 254 lacs on revalued value of the fixed assets and has been debited to Revaluation Reserve A/c.

Notes forming part of the Financial Statements

11 Non Current Investments (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unquoted		
1,85,00,000 Equity Shares of S 10/- each fully paid up in Pennar Engineered Building Systems Limited	1,850	1,850
2689 Equity Shares of S 10/- each fully paid up in Patancheru Enviro-Tech Limited - S **26,890** (Previous Year - S 26,890)	-	-
Total	**1,850**	**1,850**

12 Other Non Current Assets (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Sales Tax Claims	55	55
Electricity Deposit	178	4
Rent Deposit	30	26
Water Deposit	12	12
Total	**275**	**97**

13 Inventories (As valued and certified by Management) (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Raw Material	1,955	2,286
Stores & Spares	2,982	2,613
Work in Progress	6,460	3,542
Finished Goods	306	1,841
Scrap	116	107
Total	**11,819**	**10,389**

14 Trade Receivables (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unsecured and Considered Good		
Outstanding for more than 6 months	544	289
Outstanding for less than 6 months	16,182	14,561
Total	**16,726**	**14,850**

14.1 Receivables includes an amount of S 84 Lacs from subsidiary M/s Pennar Engineering Building Systems Limited.

15 Cash and Cash Equivalents (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Balances with banks		
- in current accounts	29	45
- in collection accounts	463	445
- in unclaimed dividend accounts	43	34
- in margin money accounts	254	415
Cash on hand	13	6
Other Bank Balances		
Fixed Deposit under lien	200	200
Total	**1,002**	**1,145**
Cash and Cash Equivalents for Cash Flow Statement	**548**	**530**

Notes forming part of the Financial Statements

Pennar

15.1 The company has provided a collateral security, a lien on fixed deposit of S 200 Lacs towards the Term Loans and Working Capital Loans taken by subsidiary M/s Pennar Engineered Building Systems Limited.

15.2 Out of the margin money balance, an amount of S 155 Lacs has maturity period of more than 12 months.

16 Short Term Loans & Advances

(S in Lacs)

Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received)	As at 31.03.2012	As at 31.03.2011
Loans & Advances to Staff	5	6
Advances for Raw Material	87	403
Advances for Capital Goods	23	755
Advances to others	97	146
Cenvat Credit	343	212
Other Deposits	3	118
Share Application Money	21	
Total	**579**	**1,640**

16.1 During the year company has paid S 21.35 Lacs to Pennar Enviro Limited towards the share application money (S 0.5 Per share) for allotment of 42,70,000 equity shares of S 10 each at par.

17 Other Current Assets

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Prepaid Taxes (net of provision)	472	(177)
Prepaid Expenses	85	24
Interest Receivable	41	1
Claims Others	2	2
Total	**600**	**(150)**

18 Revenue from operations

(S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Revenue From Operations		
Sale of Products	115,030	120,535
Sale of Services	1,128	988
	116,158	121,523
Less: Excise Duty	10,033	10,607
Sales Tax	3,715	3,707
	13,748	**14,314**
Net Revenue	**102,410**	**107,209**

19 Other Income (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Income	71	61
Miscellaneous Income	18	22
Rent received	13	12
Gain on Exchange Fluctuations	1	12
Total	**103**	**107**

20 Raw Material Consumed (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening Stocks	2,286	2,544
Add: Purchases	75,986	77,369
	78,272	**79,913**
Less: Closing Stocks	1,955	2,286
Consumption	76,317	77,627

20.1 Raw materials purchases includes carriage inwards of S 93.6 Lacs (previous year S 138.0 Lacs), material handling charges and clearing & forwarding charges of S 132.5 Lacs (previous year S 38.9 Lacs).

21 Changes in Inventories (other than RM) (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening Stocks		
Work in Progress	3,542	4,606
Finished Goods	1,841	1,868
Scrap	107	66
	5,490	**6,540**
Closing Stocks		
Work in Progress	6,460	3,542
Finished Goods	306	1,841
Scrap	116	107
	6,882	**5,490**
Changes in Stock	**-1,392**	**1,050**

22 Manufacturing Expenses (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Sub Contract Expenses	1,754	1,392
Stores & Spares	4,885	4,430
Power	1,013	896
Repairs & Maintenance - Buildings	102	116
Repairs & Maintenance - Plant & Machinery	107	107
Repairs & Maintenance - Others	117	93
Miscellaneous manufacturing expenses	145	127
Total	**8,123**	**7,161**

22.1 Stores and Spares Consumption (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening Stocks	2,613	2,720
Add: Purchases	5,253	7,043
Less: Closing Stocks	2,981	2,613
Consumption	4,885	4,430

23 Employee Benefits Expense (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries & Wages	3,208	2,483
Contribution to Gratuity,PF & Super Annuation	252	394
Staff Welfare Expenses	392	318
Total	**3,852**	**3,195**

23.1 Salaries & wages includes Bonus and Leave encashment.

24 Other Expenses (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Insurance	7	7
Travelling & Conveyance	466	357
Rent	57	27
Rates & Taxes	36	47
Advertisement & Sales Promotion	63	106
Sales Commission	143	255
Communication Expenses	58	51
Bank Charges	707	700
Freight Outward	1,968	2,203
Technical, Legal & Professional	198	205
Managerial Remuneration	484	578
Directors' Fees & Expenses	10	7
Printing & Stationery	27	38
Bad trade receivables	18	16
Loss on sale of Fixed Assets	-	14
Auditors' Remuneration	19	18
Miscellaneous Expenses	134	219
Total	**4,395**	**4,848**

25 Finance Cost (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest on Term Loans	141	40
Interest on Working Capital	1,078	989
Interest on Income Tax	73	22
Total	**1,292**	**1,051**

26 Earning Per Share

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Net profit the basic EPS (S in Lacs)	5,328	6,946
Weighted Average No. of Shares	122024000	122024000
Annualized Basic Earning per share (S)	4.4	5.7

Notes forming part of the Financial Statements

27 Contingent Liabilities: (S in Lacs)

S.No.	Particulars	As at 31.03.2012	As at 31.03.2011
i)	Bank Guarantees given by banks	379	292
ii)	Corporate Guarantee given for loans taken by subsidiary	13,813	8,952
iii)	Claims by Customs & Sales Tax	210	437
iv)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	360	3,105
v)	LC / Bills Discounted	3,590	5,531

27.1 Corporate guarantee to the tune of S 8952 Lacs and S 4861 Lacs has been given to State Bank of India and Axis Bank Limited for Term Loans and Working capital loans taken by its subsidiary M/s Pennar Engineered Building Systems Ltd (PEBSL). The company also provided a collateral security, a lien on fixed deposit of S 200 lacs and pledge of shares of Pennar Engineered Building Systems Ltd to the extent of 61,50,000 shares amounting to S 615 Lacs.

27.2 Details of disputed dues to customs & Sales tax are given below: (S in Lacs)

S.No.	Nature of the Statute	Nature of the 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

27.3 Out of the disputed due amount of S 219 Lacsagainst Entry Tax on CIX, an amount of S 53 Lacshas been deposited. The Unpaid amount is 165 Lacs

28 Managerial Remuneration (S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1	Directors Salaries & Allowances	132	132
2	Providend Fund & Superannuation	26	26
3	Other Perquisites	34	34
4	Commission	292	386
	Total	**484**	**578**

29 Auditors Remuneration (Excluding Service Tax) (S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1	Audit Fees	16	15
2	Tax Audit Fees	2	2
3	Certification & Others	1	1
	Total	**19**	**18**

30 Related Party Disclosures

S.No.	Relationship	Name
1	Subsidiary Company	Pennar Engineered Building Systems Limited
2	Fellow Subsidiary Company	Pennar Building Systems Private Limited (Subsidiary of Pennar Engineered Building Systems Limited)
3	Significant Influence	Pennar Enviro Limited Saven Technologies Limited
4	Key Management Personnel	Mr. Nrupender Rao Mr. Ch. Anantha Reddy Mr. Aditya N Rao
5	Relatives of Key Management Personnel	Mrs. J Rajya Lakshmi Mrs. Ch. Prabha

Pennar

30.1 Aggregate Related Party Transactions: (S in Lacs)

S.No.	Particulars	Subsidiary	Significant Influence	Key Managerial Personnel	Relatives of Key Managerial Personnel
1	Purchases Made during the year	196	3	-	-
2	Sales Made during the year	196	-	-	-
3	Other Services Rendered	35	-	-	-
4	Other Services Received	94	17	-	-
5	Remuneration	-	-	485	-
6	Rent	-	-	-	26
7	Balances payable	4	2	-	-
8	Balances Receivable	84	-	-	-

31 Employee Benefits under defined Benefits Plan

a) Actuarial Data on defined benefit plans (Gratuity) (S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012
	Change in present value of obligations	
1	Present Value of Obligation at the beginning of the Year	377
2	Current Service Cost	42
3	Interest Cost	29
4	Benefits Paid	(40)
5	Actuarial (Gains) / Losses	35
6	Present Value of Obligation at the end of the Year	443
	Change in fair value of Plan Assets	
1	Fair Value of Plan Assets as at the beginning of the Year	379
2	Expected Return on Plan Assets	35
3	Employer's Contribution	33
4	Benefits Paid	(40)
5	Actuarial Gains/(Loss)	(2)
6	Fair Value of Plan Assets as at the end of the Year	409
	Amounts Recognised in the Balance Sheet	
1	Present Value of Obligation at the end of the Year	443
2	Fair Value of Plan Assets as at the end of the Year	409
3	Funded Status	34
4	Net Asset (Liability) recognised in the Balance Sheet	34
	Expense Recognized in P & L A/c	
1	Current Service Cost	42
2	Interest Cost	29
3	Expected Return on Plan Assets	(35)
4	Net Actuarial (Gains)/Losses Recognised in the Year	33
5	Net Cost Recognised in the Profit & Loss Account	69
	Assumptions	
1	Discount Rate	8%
2	Future Salary Increase	3%
3	Expected Rate of Return on Plan Assets	9.25%

b) Long Term Compensated Absences

During the year, an amount of S 14 Lacs has been provided towards Long Term Compensated Absences. The assumptions used for computing the long term accumulated compensated absences on actuarial basis are as follows:

1	Discount Rate	8%
2	Future Salary Increase	3%
3	Attrition Rate (Depending on Age)	1-3%

32 Segment Details

The company is engaged in manufacture of steel products, viz Cold Rolled Steel Strips (CRSS) and Cold Formed Metal Profiles (CRFS) which in the context of Accounting Standard -17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

33 Foreign Currency Transactions

(S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
a)	Outflow in foreign currency		
	i) Foreign Travel Expense	21	16
	ii) Raw Material	-	21
	iii) Capital Equipment & Components	824	340
b)	Inflow in foreign currency		
	i) FOB value of exports	36	31

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

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Place: Hyderabad
Date: May 29, 2012

R Ravi
V.P. Finance and Company Secretary

Aditya Rao
Executive Director

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

1.	Name of the Subsidiary Company	Pennar Engineered Building Systems Limited	Pennar Building Systems Pvt Ltd
2.	Financial year of the Subsidiary ended on	March 31, 2012	March 31, 2012
3.	Shares of Subsidiary Company held on the above date and extent of holding		
	i) Number of shares held	1,85,00,000	Refer Note (a) below
	ii) Extent of holding	74%	-
4.	Net aggregate amount of profits / (losses) of the Subsidiary for the above financial year so far as they concern members of Pennar Industries Limited:		
	i) dealt with in the Accounts of Pennar Industries Limited	-	-
	ii) not dealt with in the Accounts of Pennar Industries Limited	S 1,042 Lacs	-
5.	Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary so far as they concern members of Pennar Industries Limited:		
	i) dealt with in the Accounts of Pennar Industries Limited	-	-
	ii) not dealt with in the Accounts of Pennar Industries Limited	S 650 Lacs	-

Note (a): Subsidiary of Pennar Engineered Building Systems Limited

for and on behalf of the Board

Nrupender Rao	**Ch. Anantha Reddy**	**Aditya N Rao**	**R Ravi**
Chairman	Managing Director	Executive Director	V.P. Finance & Company Secretary

Place: Hyderabad
Date: May 29, 2012

Subsidiary Accounts
(Pennar Engineered Building Systems Limited)

Corporate Information

Board of Directors

Mr Nrupender Rao *(Chairman, Director)*

Mr Manish Sabharwal *(Independent Director)*

Mr A Krishna Rao *(Independent Director)*

Mr Vijay Chandra Puljal *(Independent Director)*

Mr Ch Anantha Reddy *(Additional Director)*

Mr Aditya Rao *(Director)*

Mr P V Rao *(Executive Director)*

Auditors

M/s Deloitte Haskins & Sells
Chartered Accountants,
1-8-384 & 385, 3rd Floor,
Gowra Grand,
S P Road, Begumpet,
Hyderabad – 500 003

Bankers
State Bank of India
Axis Bank Ltd.

Registered office
9th Floor, DHFLVC Silicon Towers,
Madhapur Road,
Kondapur, Hyderabad – 500 084, India

Plant
Sy No 144, 145, Ankanapalli,
Chandapur Village,
Sadasivpet Mandal,
Medak District, Andhra Pradesh

Directors' Report

pebs pennar
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To
The Members
Pennar Engineered Building Systems Limited
Hyderabad.

Dear Members,

Your Directors are pleased to present the Annual Report together with Audited Financial accounts for the year ended 31st March, 2012.

Financial Results:

The performance of the Company for the period under review is summarized below:

(S in Lacs)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Gross Sales	27920.18	16586.59
Profit before Interest, Depreciation and Tax (EBIDT)	2617.83	1680.04
Profit before Tax	1544.31	967.90
Current Tax and Deferred Tax	502.59	317.55
Profit after tax (PAT)	1041.72	650.35

Operations:

The Company recorded sales of S 27,920 Lacs during the financial year ending 31st March 2012.The value of the orders secured to date is in excess of S 35,550 Lacs and the company had a strong order book of S 21,490 Lacs as on 31st March 2012. The Company has secured orders from reputed customers across a wide number of sectors viz. Ultratech Cements, Dr. Reddy's Labs, ITC, Proctor and Gamble, My Home Cements, L&T, Reliance Retail, Schneider Electric, Bosch, ABB, ACCIL, HCC, Thermax and Indian Logistics. The Company also received repeat orders from some of its customers including L&T, Ultratech Cements, Indian Logistics.

With a strong team and excellent credentials, PEBS Pennar has bagged some of the most prestigious and complex projects in the country such as the 99 m (o/o) clear span building for Ultratech Cements Ltd, one of the first in the country with such a large clear span by a PEB company in india and the G+5 building for Bharat Biotech International Ltd. The Company received order from Reliance Retail to build their first distribution center at Pune. This order consisted of 6 buildings covering an area of 7 lakh sq. ft. These projects stand as a testimony to PEBS Pennar's design and execution capabilities.

The Company is a member of the Indian Green Building Council. Due to various factors such as inherent design optimization, special reflective roof panel coatings, decreased raw material usage and other factors the Company can offer LEED points under the Green Building Council's LEED© 2.0 rating system. ISO 9001-2008 was obtained within six months from the start of implementation.

FM Approval – A quality approval system for Double Lok® roofing system was obtained. IGBC Gold Rating – Indian Green Building Congress has audited our factory and awarded Gold Rating. PEBS plant is the first factory in India to be rated under Gold category

Expansion:

The Company is in the process of increasing the capacity at Sadasivpet plant by 30,000 MT to take the total capacity to 90,000 MT by end 2012. The company is extending the sales network all over India and currently has 12 sales offices across 10 states.

Future Outlook:

Pre engineered buildings in India is in a growth stage of its life cycle. PEBs segment in India is expected to maintain a strong growth rate with the strong underlying growth in Indian infrastructure and construction segment. Entry of multinational companies in auto, retail cash and carry, logistics sectors has also accelerated the growth of PEBs in India. Industrial (factories / warehouses) segment has shown growing preference for PEBs over conventional forms of factory buildings due to its cost effectiveness, ability of customization and time taken for construction. The Company expects to see a continuing rise in demand for pre engineered buildings systems in India in the near term.

Credit Rating

CARE has reaffirmed the 'CARE A (SO)' (Single A - Structured Obligation) rating assigned to the long term bank facilities of PEBS Pennar. Such instruments carry low credit risk. CARE has assigned the 'CARE A1 (SO)' (A One - Structured Obligation) rating assigned to the short term bank facilities. Instruments with 'CARE A1 (SO)' rating have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

Industrial Relations

Industrial relations between the management and the employees were cordial for the period under review.

Dividend: The Directors decided not to recommend any equity dividend for the year under review.

Directors:

Mr. Anantha Reddy was appointed as Additional Director with effect from 10th October 2011 and would hold the office upto the conclusion of the ensuing Annual General Meeting. It is proposed to appoint Mr. Anantha Reddy as the company's Director.

Mr. Manish Mahendra Sabharwal and Mr. Vijay Chandra Puljal retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Auditors:

M/s. Deloitte Haskins & Sells are statutory auditors for the Company who retires at this Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed.

Cost Auditors:

The Central Government approved the appointment of M/s. DZR & Co., Cost Accountants, Hyderabad as the Cost Auditor of the Company for conducting Cost Audit for the financial year 2011-12.

The Cost Audit Report for the FY 2011-12 shall be submitted to the Central Government within the stipulated period.

Directors' Responsibility Statement:

Pursuant to section 217 (2AA) of the Companies Act, 1956 it is stated that:

That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

That 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 at the end of the financial year and of the profit of the company for that period;

That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

That the directors had prepared the annual accounts on a going concern basis.

Particulars of Employees:

Your Directors place on record, their sincere appreciation for the Company's employees whose dedication and commitment is responsible for the Company's performance. As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure-I to the Director's Report.

The Directors would like to express their appreciation to State Bank of India - IFB, Axis Bank Ltd. - CBB, Pennar Industries Limited, our suppliers, customers and all stakeholders of the company for the invaluable service extended to the company during the year under review.

Particulars Regarding Conservation of Energy, Technology Absorption:

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows:

Conservation of Energy: See Annexure -II in Form A

Technology Absorption: Not Applicable.

Foreign Exchange Earnings:

There are foreign exchange earnings and outgoings during the financial year under review.

Inflow: S 54.39 Lacs

Outflow: S 322.70 Lacs

Acknowledgements:

Your Directors place on record their wholehearted appreciation of the excellent services rendered by the employees at all levels for the successful working of the Company.

The Directors would also like to thank the esteemed shareholders for their constant support, guidance & advice.

For and on behalf of the Board

Place: Hyderabad
Date: May 28, 2012

P V Rao
Executive Director

Annexure I & II

Annexure I

Particulars of Employees – Information u/s. 217(2A)

Employee Name	Mr. P.V. Rao
Designation	Executive Director
Age (years)	53
Qualification	Civil Engineering
Experience (Yrs)	32
Remuneration (S)	60.00 Lacs
Date of Commencement of Employment	24/01/2008
Details of Last Employment	Chief Operating Officer – Tata Blue Scope

Annexure II

Form A

Particulars	April 1, 2011 to March 31, 2012	April 1, 2010 to March 31, 2011
A. Power and Fuel consumption		
1. Electricity		
a. Purchase of Units	16,54,637	11,26,045
Total Amount (S)	76,59,742	53,24,226
Rate Per Units (S)	4.63	4.73
b. Own Generation		
500KVA units (KWH)	1,11,264	76,860
Units per liter of diesel oil	0.35	0.34
Cost of Diesel per KWH (S)	14.80	13.60
2. Diesel Oil		
Quantity (KL)	80,100	26,137
Total amount (S)	35,61,708	10,45,480
Average Rate (S)	44.47	40.00
B. Consumption Per Unit of production		
Production	31,078	20,947
Electricity (KWH)/MT	53.24	62.50
Diesel (Ltrs)/MTC.	2.58	1.50
C. Solar Power Generation (Units generated since commissioning)	54,361	20,019

Auditors' Report

To
The Members,
Pennar Engineered Building Systems Limited,
Hyderabad.

1. We have audited the attached Balance Sheet of PENNAR ENGINEERED BUILDING SYSTEMS LIMITED ("the Company") as at March 31, 2012, the Statement of Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

   (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012.

   (ii) in the case of the statement of Profit and Loss Account, of the profit of the Company for the year ended on that date and

   (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 28, 2012

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/activities/result, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xix)and (xx) of CARO are not applicable.

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) Some of the fixed assets in plant and machinery were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of major fixed assets at reasonable intervals having regard to the size of the Company and nature of its assets. In view of the fact that the fixed asset register and assets physically verified is in process of being reconciled, management has informed that the discrepancies, if any, arising between the assets physically verified and that recorded in the fixed asset register would be dealt within the period in which such reconciliation is completed.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the records of inventory maintained by Company need to be strengthened in relation to work in progress and stores and spares. The discrepancies noticed on verification between physical inventories and book records have been properly dealt with in books of accounts.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, internal control system in relation to sale of goods needs to be strengthened so as to be commensurate with the size of the company and nature of its business. Having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1 956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transaction is in excess of Rs. 5 Lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases and job works for which comparable quotations are not available and in respect of which we are unable to comment.

(vi) In our opinion, the internal audit functions carried out during the year by a Company appointed by the management have been commensurate with the size of the Company and the nature of its business.

(vii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of pre-engineered materials and steel structure and 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 records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(viii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employee's State Insurance, Income-tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income tax, Sales tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

(c) There were no disputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty, Excise Duty and Cess as at March 31, 2012.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

Annexure to the Auditors' Report

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is prima facie prejudicial to the interests of the Company.

(xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 008072S)

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 28, 2012

Balance Sheet as at 31st March 2012

(S in Lacs)

S.No	Particulars	Note No.	As at 31.03.2012	As at 31.03.2011
A	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	3	2,500.00	2,500.00
	(b) Reserves and surplus	4	1,713.54	671.82
			4,213.54	**3,171.82**
2	**Non-current liabilities**			
	(a) Long-term borrowings	5	367.42	8.70
	(b) Deferred tax liabilities (net)	26	254.98	199.20
	(c) Other long-term liabilities	6	69.90	48.48
	(d) Long-term provisions	7	67.19	29.78
			759.49	**286.16**
3	**Current liabilities**			
	(a) Short-term borrowings	8	4,772.90	5,098.16
	(b) Trade payables	9	4,541.05	2,398.08
	(c) Other current liabilities	10	4,068.55	1,966.93
	(d) Short-term provisions	11	60.68	164.03
			13,443.18	**9,627.20**
	TOTAL		**18,416.21**	**13,085.18**
B	**ASSETS**			
1	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	12.A	4,614.55	4,688.74
	(ii) Intangible assets	12.B	172.48	130.99
	(iii) Capital work-in-progress		148.45	27.60
			4,935.48	**4,847.33**
	(b) Non-current investments	13	1.00	-
	(c) Long-term loans and advances	14	237.98	85.84
	(d) Other non current assets	19.B	346.17	-
			5,520.63	**4,933.17**
2	**Current assets**			
	(a) Inventories	15	4,322.76	4,419.25
	(b) Trade receivables	16	4,363.32	2,545.60
	(c) Cash and cash equivalents	17	608.49	541.96
	(d) Short-term loans and advances	18	807.35	484.48
	(e) Other current assets	19.A	2,793.66	160.72
			12,895.58	**8,152.01**
	TOTAL		**18,416.21**	**13,085.18**

See accompanying notes forming part of the financial statements 1 & 2

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 28, 2012

For and on behalf of the Board of Directors

P V Rao
Executive Director

Aditya N Rao
Director

V Rajeshwari
Senior Manager Finance

Statement of Profit and Loss for the year ended 31st March 2012

(S in Lacs)

S.No	Particulars	Note No.	For the year ended 31.03.2012	For the year ended 31.03.2011
1	**Revenue from operations (Gross)**	**20**	**27,920.18**	**16,586.59**
	Less: Excise duty / Service Tax / Sales Tax		3,334.68	1,974.65
	Revenue from operations (net)		**24,585.50**	**14,611.94**
2	**Other income**	21	309.61	167.78
3	**Total revenue (1+2)**		**24,895.11**	**14,779.72**
4	**Expenses**			
	(a) Cost of materials consumed	22 a	13,933.40	8,927.64
	(b) Changes in inventories of finished goods and work-in-progress	22 b	(662.10)	(1,032.44)
	(c) Employee benefits expense	23	1,434.85	941.33
	(d) Manufacturing, Operating, Administrative and Other Expenses	24	7,261.52	4,095.35
	(e) Finance costs	25	1,095.41	679.06
	(f) Depreciation and amortisation expense	12.C	287.72	200.88
	Total expenses		**23,350.80**	**13,811.82**
5	**Profit before tax (3-4)**		1,544.31	967.90
	Tax expense:			
	(a) Current tax expense for current year		446.80	194.20
	(b) (Less): MAT credit		-	(68.18)
	(c) Net current tax expense		446.80	126.02
	(d) Deferred tax		55.79	191.53
			502.59	**317.55**
6	**Profit after tax (4-5)**		1,041.72	650.35
7	**Earnings per share (of S 10/- each):**			
	(a) Basic and Diluted	27	4.17	2.60

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 28, 2012

For and on behalf of the Board of Directors

P V Rao
Executive Director

Aditya N Rao
Director

V Rajeshwari
Senior Manager Finance

Cash Flow Statement for the year ended 31st March 2012

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(S in Lacs)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A.	**Cash flow from operating activities:**		
	Profit before Tax	1,544.31	967.90
	Adjustments for:		
	Depreciation and amortisation	287.72	200.88
	Finance costs	1,095.41	679.06
	Loss on sale of assets	0.23	5.82
	Provision for doubtful trade and other receivables, loans and advances	48.46	2.36
	Interest income	(23.32)	(12.94)
	Rental income from operating leases	(31.84)	(5.14)
	Liabilities / provisions no longer required written back	(4.01)	(5.10)
	Net unrealised exchange loss	1.10	-
	Operating profit before working capital changes	**2,918.06**	**1,832.84**
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	(1,864.13)	(1,836.43)
	Inventories	96.49	(2,929.00)
	Short-term loans and advances	(393.00)	852.96
	Long-term loans and advances	(55.53)	(17.90)
	Other current assets	(303.92)	(157.60)
	Changes in balances held as margin money / security for bank guarantees	(346.17)	-
	Adjustments for (increase)/decrease in operating Liabilities:		
	Other current liabilities	(429.70)	1,044.36
	Other long-term liabilities	21.42	(5.41)
	Short-term provisions	7.65	16.96
	Long-term provisions	37.41	17.13
	Trade payables	2,141.87	1,625.73
	Cash generated from operations	**1,830.45**	**443.64**
	Net income tax (paid) / refunds	(469.29)	(83.78)
	Net cash flow from operating activities "A"	**1,361.16**	**359.86**
B	**Net Cash from Investing activities:**		
	Purchase of fixed assets, including capital work-in-progress and capital advances	(608.89)	(978.18)
	Proceeds from sale of fixed assets	0.16	5.90
	Interest received	16.88	10.59
	Purchase of long-term investments	(1.00)	-
	Rental income from operating leases	31.84	5.14
	Net cash used in investing activities "B"	**(561.01)**	**(956.55)**

Cash Flow Statement for the year ended 31st March 2012

(S in Lacs)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
C	**Cash Flow from financing activities**		
	Proceeds from long-term borrowings	861.00	11.75
	Repayment of long term borrowings	(102.08)	(200.97)
	Net increase / (decrease) in working capital borrowings	85.36	1,300.74
	Proceeds from short term borrowings	2,201.74	-
	Repayment of other short-term borrowings	(2,725.00)	-
	Finance Cost	(1,054.64)	(665.20)
	Net cash from/(used) financing activities "C"	**(733.62)**	**446.32**
	Net (decrease)/increase in Cash and cash equivalents (A+B+C)	**66.53**	**(150.37)**
	Cash and cash equivalents at the beginning of the year	541.96	692.33
	Cash and cash equivalents at the end of the year	608.49	541.96
	Cash and cash equivalents at the end of the year*		
	***Comprises:**		
	(a) Cash on hand	0.59	0.14
	(b) Balances with banks		
	(i) In current accounts	207.90	275.66
	(ii) In deposit accounts - Refer Note - (a)	400.00	266.16
	Cash and cash equivalents at the end of the year	**608.49**	**541.96**

Note: a. Balance with scheduled banks include S 400 (March 31, 2011 S 266.16) representing margin money for letters of credit and bank guarantees issued.

b. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants

Ganesh Balakrishnan
Partner

Place: Hyderabad
Date: May 28, 2012

For and on behalf of the Board of Directors

P V Rao
Executive Director

Aditya N Rao
Director

V Rajeshwari
Senior Manager Finance

1 **Corporate information**

Pennar Engineered Building Systems Limited is into design, manufacture, supply, service and installation of pre engineered steel buildings, building components and erection for industries, warehouses, commercial centres, Multi storied buildings, aircraft hangars, defence installations, many others.

The companies registered office is at Hyderabad and Manufacturing Plant is located at Sadasivpet, Medak district of Andhra Pradesh.

2 **Significant accounting policies**

2.1 **Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 **Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 **Inventories**

Inventories are valued at the lower of cost (weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty.

2.4 **Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold improvements are amortised over the duration of the lease
Electronics are depreciated over the duration of 3 years
Assets costing less than S 5,000 each are fully depreciated in the year of capitalisation

Intangible assets are amortised over their estimated useful life as follows:
Licence fees, over the duration of license or 10 years whichever is less
Software over the duration of 10 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty.

Income from services

Revenues from Works contracts are recognised with reference to the completion of the contract activity at the reporting date and where the contract activity is extended beyond the reporting date, on the basis of Percentage of Completion method. Foreseeable losses on such contracts are recognised when probable.

2.8 Other income

Interest income is accounted on accrual basis.

2.9 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes all the financial costs and other incidental expenses upto the date of commissioning.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortisation. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.11 Foreign currency transactions and translations

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Accounting of forward contracts

Premium/discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date.

2.12 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

2.13 Investments

Long-term investments, are carried individually at cost. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.14 Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.15 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.16 Earnings per share

Basic and Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of exceptional items) by the weighted average number of equity shares outstanding during the year (as there are no potential equity shares).

2.17 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax assets are reviewed at each Balance Sheet date for their realisability."

2.18 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

2.19 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilising the credits.

Notes forming part of the Financial Statements

3 Share capital

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of Shares	S in Lacs	No of Shares	S in Lacs
(a) Authorised Capital Equity shares of S 10 each	25,500,000	2,550.00	25,500,000	2,550.00
(b) Issued, Subscribed and fully paid up Equity shares of S 10 each	25,000,000	2,500.00	25,000,000	2,500.00
Total	25,000,000	2,500.00	25,000,000	2,500.00

i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of Shares	S in Lacs	No of Shares	S in Lacs
Opening balance	25,000,000	2,500.00	25,000,000	2,500.00
Add Movement during the year	-	-	-	-
Closing balance	25,000,000	2,500.00	25,000,000	2,500.00

(ii) Details of shares held by the holding company:

Particulars	As at 31.03.2012 No of Shares	As at 31.03.2011 No of Shares
Equity shares		
Pennar Industries Limited	18,500,000	18,500,000

(iii) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No of Shares held	% holding in that class of shares	No of Shares held	% holding in that class of shares
Equity shares				
Aditya N Rao	1,515,000	6.06	1,515,000	6.06
J Rajya Lakshmi	1,355,000	5.42	1,355,000	5.42
Pennar Industries Ltd.	18,500,000	74.00	18,500,000	74.00

(iv) Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of S 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

4 Reserves and surplus

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Surplus in Statement of Profit and Loss		
Opening balance	671.82	21.47
Add: Profit for the year	1,041.72	650.35
Closing balance	**1,713.54**	**671.82**

5 Long-term borrowings

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
(a) Term loans		
From Axis bank (Secured) Refer Note -ii (a)	361.00	-
(b) Vehicle Loan		
From Axis bank (Secured) Refer Note - ii (b)	6.42	8.70
Total	**367.42**	**8.70**

i) Current maturities of long term borrowings have been disclosed under the head “Other Current Liabilities (Refer Note 10)

ii) Secured loan from Bank comprises:

- Note - (a)

a) Term loan of ₹ 361 Lacs, (Previous Year:Nil) primary secured by Pari passu first charge on the entire fixed assets of the company, present and future, including equitable mortgage of Acre 25.21 1/2 guntas under Survey Numbers 88 to 92 (part) of Ankanapalli Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivpet Mandal, Medak District (the land on which the plant is located). Secondary secured by second charge on the entire current assets present and future. Third secured by personal guarantee of promoter director Nrupender Rao and corporate guarantee of Pennar Industries Limited. Term Loan is repayable in 8 quarterly instalment of ₹ 100 Lacs each and last instalment of ₹ 61 Lacs. The loan carries interest rate of 15.75% per annum.

- Note - (b)

b) Car loan of ₹ 12.00 Lacs secured by a lien on the asset purchased. The loan is repayable in 61 monthly installments of ₹ 0.25 Lacs each commencing from 10th September, 2010 and carries an interest of 8.99 % per annum

Details of long-term borrowings guaranteed by some of the directors or others:

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
Directors	4,861.00	-
Holding Company	4,861.00	-

6 Other long-term liabilities

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
(a) Trade Payables	58.01	36.34
(b) Trade/security deposits received	11.89	12.14
Total	**69.90**	**48.48**

7 Long-term provisions

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
Provision for employee benefits: (Refer Note 30.2 b)		
(i) Provision for compensated absences	28.32	11.46
(ii) Provision for gratuity	38.87	18.32
Total	**67.19**	**29.78**

8 Short-term borrowings

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Loans repayable on demand		
From banks - Secured		
Working Capital	2,483.52	5,098.16
Term Loans	2,289.38	-
Total	**4,772.90**	**5,098.16**

(i) Details of security for the secured short-term borrowings:

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Loans repayable on demand from banks		
SBI Bank - Refer Note ii (a)	4,718.84	5,098.16
Axis Bank - Refer Note ii (b)	54.06	-
Total - from banks	4,772.90	5,098.16

(ii) Details of short-term borrowings guaranteed by some of the directors or others:

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Directors	13,363.00	8,952.00
Holding Compnay	13,363.00	8,952.00

Note - (a)

Working Capital S 2500 Lacs primary secured by Pari passu first charge on present and future Current Assets of the Company along with Axis Bank. Secondary secured by charge on fixed assets of the company on pari passu basis with Axis Bank; Lien on Short Term Depository Receipt of S 200 Lacs, and secured by pledge of entity shares to the tune of 24.50% of Paid Up Capital (61,50,000 shares of S 10/- each). Third secured by personal guarantee of Nrupender Rao, Aditya N Rao and corporate guarantee of Pennar Industries Limited. Average rate of interest is 14.92% per annum

Note - (b)

Working Capital S 1000 Lacs primary secured by Pari passu first charge on present and future Current Assets of the Company Secondary pari passu secured by charge on present and future fixed assets of the including Equitable Mortgage of Acre 25.21$^1/_2$ under Survey numbers 88 to 92 (part) of Ankanapalli Village & Survey Numbers 144 to 145 (part) of Chandapur Village, Sadasivpet Mandal, Medak District (the land on which the plant is located). Third secured by personal guarantee of promoter director Nrupender Rao and corporate guarantee of Pennar Industries Limited. Average rate of Interest 13.18% per annum.

9 Trade payables

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Trade payables:		
(a) Due to Micro, Small and Medium Enterprise (Refer Note : 28.1)	-	57.40
(b) Others	4,541.05	2,340.68
Total	**4,541.05**	**2,398.08**

10 Other current liabilities

	Particulars	As at 31.03.2012 ` in Lacs	As at 31.03.2011 ` in Lacs
(a)	Current maturities of long-term debt		
	From Banks - Secured - (Refer Note (i) below)		
	Term Loan	400.00	-
	Vehicle Loan	2.28	2.08
	Others - Unsecured - (Refer Note (ii) below)	-	25.00
(b)	Interest accrued but not due on borrowings	0.05	3.06
(c)	Interest accrued and due on borrowings	24.17	16.07
(d)	Forward Contract Payable	2,263.50	-
(e)	Other payables		
	(i) "Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)"	141.12	126.22
	(ii) Payables on purchase of fixed assets	33.64	147.21
	(iii) Trade/security deposits received	1.33	2.66
	(iv) Advances from customers	1,202.46	1,644.63
	Total	**4,068.55**	**1,966.93**

Note (i): Current maturities of long-term debt (Refer Notes (ii) (a) & (b) in Note 5 - Long-term borrowings for details of security and guarantee):

Note (ii) Unsecured Term Loan taken from Eight Finance Private Limited was for period of 24 months at a interest rate of 12.75% and was repaid during the year on 29th March 2012

11 Short-term provisions

	Particulars	As at 31.03.2012 ` in Lacs	As at 31.03.2011 ` in Lacs
(a)	**Provision for employee benefits: (Refer Note 30.2 b)**		
	(i) Provision for compensated absences	47.55	40.11
	(ii) Provision for gratuity	0.21	-
		47.76	**40.11**
(b)	**Provision - Others:**		
	(i) "Provision for tax [net of advance tax ` 437.08 Lacs (As at 31 March, 2011 ` 81 Lacs]"	12.92	123.92
		60.68	**164.03**
	Total	**60.68**	**164.03**

12 Fixed Assets

(S in Lacs)

Assets	Gross Block					Accumulated depreciation and amortisation				Net Block	
	Balance as at 1.04.2011	Additions	Disposals	Other adjustments #	Balance as at 31.03.2012	Balance as at 1.04.2011 the year	Depreciation/ amortisation expense for	Eliminated on disposal of assets	Balance as at 31.03.2012	Balance as at 31.03.2012	Balance as at 31.03.2011
A. TANGIBLE											
(a) Land	142.89	25.47	-	-	168.36				-	168.36	142.89
(b) Buildings	2,219.76	90.23	-	-	2,309.99	60.91	75.57	-	136.48	2,173.51	2,158.85
(c) Plant and Equipment	2,027.62	37.29	-	-	2,064.91	101.24	117.98	-	219.22	1,845.69	1,926.38
(d) Electricals	90.33	7.52	-	11.98	85.87	0.35	4.28	-	4.63	81.24	89.98
(e) Furniture and Fixtures	97.46	14.37	-	-	111.83	13.35	16.04		29.39	82.44	84.11
(f) Vehicles taken under financial lease	15.59	-	-	-	15.59	0.86	1.49	-	2.35	13.24	14.73
(g) Office equipment	63.34	12.82	0.41	-	75.75	4.89	5.99	0.02	10.86	64.89	58.45
(h) Leasehold improvements	81.92	1.86	-	-	83.78	9.32	17.03	-	26.35	57.43	72.60
(i) Computers	176.11	17.21	-	-	193.32	35.36	30.21	-	65.57	127.75	140.75
B. INTANGIBLE											
Licenses	148.45	52.74	-	-	201.19	17.46	18.80	-	36.26	164.93	130.99
Computer Software	-	7.88	-	-	7.88	-	0.33	-	0.33	7.55	-
Total	**5,063.47**	**267.39**	**0.41**	**11.98**	**5,318.47**	**243.74**	**287.72**	**0.02**	**531.44**	**4,787.03**	**4,819.73**
Previous year	**4,095.03**	**983.11**	**14.66**	**-**	**5,063.48**	**45.81**	**200.89**	**2.94**	**243.76**	**4,819.72**	**4,049.22**
TANGIBLE ASSETS	4,915.02	206.77	0.41	11.98	5,109.40	226.28	268.59	0.02	494.85	4,614.55	4,688.74
Previous Year	3,959.51	970.19	14.66	-	4,915.04	42.47	186.78	2.94	226.31	4,688.73	3,917.04
INTANGIBLE	148.45	60.62	-	-	209.07	17.46	19.13	-	36.59	172.48	130.99
Previous Year	135.52	12.92	-	-	148.44	3.34	14.11	-	17.45	130.99	132.18
TOTAL ASSETS	5,063.47	267.39	0.41	11.98	5,318.47	243.74	287.72	0.02	531.44	4,787.03	4,819.73
Previous Year	4,095.03	983.11	14.66	-	5,063.48	45.81	200.89	2.94	243.76	4,819.72	4,049.22

#Government grants received by the Company during the year from Ministry of New and Renewable Energy for installation of solar equipment - Refer Note -29.1

12 Fixed Assets (Contd.)

C. Depreciation and amortisation :

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
Depreciation and amortisation for the year on tangible assets as per Note 12 A	268.59	186.77
Depreciation and amortisation for the year on intangible assets as per Note 12 B	19.13	14.11
Depreciation and amortisation	**287.72**	**200.88**

13 Non-current investments

Particulars	As at 31.03.2012 Total ₹ in Lacs	As at 31.03.2011 Total ₹ in Lacs
Investments (At cost): (Refer Note: 30.6)		
Investment in equity instruments of subsidiaries (unquoted, fully paid up)	1.00	-
9,999 (31.03.2011 - Nil) equity shares of ₹ 10 each in Pennar Building Systems Private Limited		
Total	**1.00**	**-**
Aggregate value of un-quoted investment	1.00	-

14 Long-term loans and advances

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
(a) Capital advances		
Secured, considered good	116.40	1.15
(b) Prepaid expenses		
Unsecured, considered good	20.70	-
(c) Rental & Other Deposits		
Unsecured, considered good	100.56	65.73
(d) "Advance Tax (Net of provision for tax ₹ 205 Lacs as at 31.03.2011 - ₹ 5.32 Lacs)"	0.32	18.96
Total	**237.98**	**85.84**

15 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31.03.2012 ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
(a) Raw materials	1,691.02	2,518.27
(b) Work-in-progress	1,228.87	834.19
(c) Finished goods	573.80	414.25
(d) Goods-in-transit	394.07	284.25
(e) Stores and spares	425.70	357.04
(f) Scrap	9.30	11.25
Total	**4,322.76**	**4,419.25**

Notes forming part of the Financial Statements

16 Trade receivables

Particulars	As at 31.03.2012 ` in Lacs	As at 31.03.2011 ` in Lacs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	3.01	-
Unsecured, considered good	833.09	203.90
Doubtful	48.77	2.36
	884.87	206.26
Other Trade receivables#		
Secured, considered good	549.14	-
Unsecured, considered good	2,978.08	2,341.70
	3,527.22	2,341.70
Less: Provision for doubtful trade receivables	48.77	2.36
Total	**4,363.32**	**2,545.60**
Considered good	4,363.32	2,545.60
Considered doubtful	48.77	2.36
Total	**4,412.09**	**2,547.96**

#Includes ` 1279.29 Lacs (31.03.2011 - ` 1760.63 Lacs) which in accordance with the terms of the contract were not due for payment.

17 Cash and cash equivalents

Particulars	As at 31.03.2012 ` in Lacs	As at 31.03.2011 ` in Lacs
(a) Cash on hand	0.59	0.14
(b) Balances with banks	-	-
(i) In current accounts	207.90	275.66
(ii) In deposit accounts - Refer Note - (a)	400.00	266.16
Total	**608.49**	**541.96**

Note - (a)

Non Current maturities of bank deposits have been disclosed under the head “Other Current Assets (Refer Note 19.B)”.

18 Short-term loans and advances

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
(a) Loans and advances to related parties (Refer Note 30.4b)		
Unsecured, considered good	14.23	3.76
(b) Security deposits		
Unsecured, considered good	61.60	28.22
(c) Loans and advances to employees		
Unsecured, considered good	16.75	2.67
(d) Prepaid expenses		
Unsecured, considered good	80.48	29.77
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	47.68	102.96
(ii) VAT credit receivable	-	37.55
(iii) Service Tax credit receivable	70.44	59.21
(iv) Customs Duty	9.52	-
(f) Advances to Contractors, Suppliers		
Unsecured, considered good	506.65	152.17
Considered Doubtful	1.96	-
(g) MAT Credit		
Unsecured, considered good	-	68.17
Less: Provision for doubtful advances	(1.96)	-
Total	**807.35**	**484.48**
Unsecured, considered good	805.39	484.48
Considered Doubtful	1.96	-
Total	**807.35**	**484.48**

19. A Other current asset

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
(a) Forward Contract receivable	2,289.38	-
(b) Incentive receivable	430.46	135.77
(c) Unbilled revenue	4.67	21.84
(d) Unamortised expenses		
Ancillary borrowing costs	30.33	-
(e) Interest accrued on deposits	9.55	3.11
(f) Others		
(i) Unamortised premium on forward contract	29.27	-
Total	**2,793.66**	**160.72**

19.B Other non current assets

Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
Balance with banks		
(i) in deposit accounts - Note - (a)	346.17	-
Total	**346.17**	**-**

Note - (a) Non current maturities of bank deposits Refer Note 17 b(ii)

Notes forming part of the Financial Statements

20 Revenue from operations (S in Lacs)

	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
(a)	Sale of products @ (Refer Note (i) below)	25,356.30	15,452.05
(b)	Sale of service $ (Refer Note (ii) below)	2,086.33	947.59
(c)	Other operating revenues # (Refer Note (iii) below)	477.55	186.95
		27,920.18	**16,586.59**
(d)	Excise duty, Service Tax & Sales Tax	(3,334.68)	(1,974.65)
	Total	**24,585.50**	**14,611.94**

(S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
(i)	**Sale of products comprises @:**		
	Manufactured goods		
	Sales of Steel Structurals Pre Engineered Building Components	25,356.30	15,452.05
	Total - Sale of products	25,356.30	15,452.05
(ii)	**Sale of services comprises $:**		
	Installation of Steel Structures & Pre engineered building components	2,025.46	947.59
	Job Work	60.87	-
	Total - Sale of services	2,086.33	947.59
(iii)	**Other operating revenues # comprise:**		
	Sale of scrap	456.60	186.95
	Export incentives - Refer Note: 29.1	20.95	-
	Total - Other operating revenues	477.55	186.95

21 Other income (S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
(i)	**Interest income comprises:**		
	Interest from banks on deposit	21.81	12.56
	Interest on income tax refund	0.96	-
	Other interest	0.55	0.38
	Total - Interest income	**23.32**	**12.94**
(ii)	**Other non-operating income comprises:**		
	Incentives on Sales tax & Power - (Refer Note 29.1)	269.81	135.77
	Liabilities/provisions no longer required written back	4.01	5.10
	Miscellaneous Income	12.47	13.97
	Total - Other non-operating income	**286.29**	**154.84**
	Total	**309.61**	**167.78**

22.A Cost of materials consumed - Refer Note: 22.C (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening stock	2518.27	820.74
Add: Purchases	13106.15	10718.79
	15624.42	11539.53
Less: Material Consumption Capitalised	-	(93.62)
Less: Closing stock	1691.02	2518.27
Cost of material consumed	**13933.40**	**8927.64**

22.B Changes in inventories of finished goods and work-in-progress (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Inventories at the end of the year:		
Finished goods	573.80	414.25
Goods in transit	394.07	284.25
Work-in-progress	1228.87	834.19
Scrap	9.30	11.25
	2206.04	**1543.94**
Inventories at the beginning of the year:		
Finished goods	414.25	424.08
Goods in transit	284.25	-
Work-in-progress	834.19	68.02
Scrap	11.25	19.40
	1543.94	511.50
Net (increase)/decrease	**(662.10)**	**(1032.44)**

22.C Cost of materials consumed (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
HR Plates	10936.50	8026.65
Angles & Sections	743.65	279.66
Others	2253.25	621.33
Total	**13933.40**	**8927.64**

23 Employee benefits expense (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries and Wages	1,284.18	884.21
Contributions to provident and other funds (Refer Note 30.2 a)	90.02	61.32
Gratuity (Refer Note 30.2 b)	20.76	10.13
Staff welfare expenses	39.89	29.15
	1,434.85	984.81
Less: Capitalised	-	(43.48)
Total	**1,434.85**	**941.33**

Notes forming part of the Financial Statements

24 Manufacturing, Operating, Administrative and Other Expenses (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Consumption of stores and spare parts	2,615.25	1,424.41
Increase/(decrease) of excise duty on inventory	24.45	39.70
Subcontracting	2,685.50	1,272.33
Power and fuel	103.53	69.88
Other Manufacturing cost	46.41	14.26
Rent including lease rentals	120.34	84.64
Repairs and maintenance - Machinery	6.02	1.71
Repairs and maintenance - Others	5.01	2.77
Insurance	36.83	33.20
Rates and taxes	23.17	40.42
Communication	34.77	25.47
Travelling and conveyance	275.56	143.61
Printing and stationery	26.73	21.22
Freight and forwarding	813.91	490.70
Advertisement/Sales Promotion	38.49	11.68
Office Maintenance	62.19	29.39
Security Charges	24.01	14.60
Marketing & Export Expenses	98.28	232.31
Donations and contributions	5.28	0.75
Legal and professional	130.72	114.73
Payments to auditors (Refer Note (i) below)		
Bad trade and other receivables, loans and advances written off	48.46	2.36
Net loss on foreign currency transactions and translation	9.02	13.41
Loss on fixed assets sold/scrapped/written off	0.23	5.82
Miscellaneous expenses	27.36	18.40
Less: Capitalised	-	(12.38)
Total	**7,261.52**	**4,095.35**
(i) Payments to the auditors comprises (net of service tax input credit):		
As auditors - statutory audit	9.50	7.50
Reimbursement of expenses	0.21	0.21
Total	**9.71**	**7.71**

25 Finance costs (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
(a) Interest expense on:		
(i) Borrowings	734.87	545.39
(ii) Others		
-Interest on delayed payment of Income Tax	12.76	19.21
(b) Other Borrowing Costs*	347.78	114.46
Total	**1,095.41**	**679.06**

*includes prior period item of S 62.99 Lacs(previous year S Nil).

26 Disclosures under Accounting Standards

Note	Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
26	**Deferred tax (liability)/asset**		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	949.59	(686.21)
	Tax effect of items constituting deferred tax liability	308.09	(222.64)
	Tax effect of items constituting deferred tax assets		
	Provision for compensated absences and gratuity benefits	114.94	69.88
	Provision for doubtful debts/advances	48.77	2.36
	Tax effect of items constituting deferred tax assets	**53.11**	**23.44**
	Net deferred tax (liability)/asset	(254.98)	(199.20)

27 Disclosures under Accounting Standards

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
27	**Earnings per share**		
	Basic and Diluted		
	Net profit for the year (S in Lacs)	1,041.72	650.35
	Weighted average number of equity shares	25,000,000	25,000,000
	Par value per share (S)	10.00	10.00
	Earnings per share - Basic and Diluted (S)	4.17	2.60

28 Additional information to the financial statements

Note	Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
28	**Contingent liabilities and commitments (to the extent not provided for)**		
	(i) (a) Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets (Net of Advances S 116.40 Lacs (as on 31 March, 2011 S Nil)	319.19	-
	(ii) Contigent Liability		
	(b) Entity is providing 10 years leak proof warranty for certain customers who opt for Double lock roofing system, the technology developed by NCI Group. As these warranties are backed by NCI Group, no warranty provision has been created	-	-

Notes forming part of the Financial Statements

28.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	Particulars	As at 31.03.2012 S in Lacs	As at 31.03.2011 S in Lacs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	57.40
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

28.2 Details on derivatives instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may qualify or be designated as hedging instruments. The accounting for these transactions is stated in **Notes 2.11.**

(a) Forward exchange contracts being derivative instruments, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables.

Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	Amount	Buy/Sell	S in Lacs
USD	4,500,000	Buy	2,289.38

Note: Figures in brackets relate to the previous year

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012	As at 31 March, 2011		
Receivable/(Payable) S in Lacs	Receivable/(Payable) in Foreign currency (USD)	Receivable/(Payable) S in Lacs	Receivable/(Payable) in Foreign currency (USD)
(33.61)	$ (66,960.47)	-	-

28 Additional information to the financial statements (S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
28.3	**Value of imports calculated on CIF basis**		
	Total Raw materials	73.41	173.53
	Total Spare Parts & Components	268.34	214.16
28.4	**Expenditure in foreign currency**		
	Royalty	3.67	-
	Travel Expenditure	3.71	3.49
		7.38	**3.49**

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28.5 Details of consumption of imported and indigenous items

Note	Particulars	For the year ended 31.03.2012	
		S in Lacs	%
28.5	**Imported**		
	Raw materials	55.81	0.40%
		(173.53)	1.94%
	Stores & Spares	268.34	10.26%
		(193.72)	13.60%
	Indigenous		
	Raw materials	13,877.59	99.60%
		(8,754.11)	98.06%
	Stores & Spares	2,346.91	97.68%
		(1,230.69)	86.40%
	Total	**16,548.65**	**100%**
		(10,352.04)	**100%**

Note: Figures/percentages in brackets relates to the previous year

28.6 Earnings in foreign exchange : (FOB basis) (S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
28.6	Export of goods calculated	54.39	664.17
	Export of Services	10.87	-

29 Disclosures under Accounting Standards (S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
29.1	**Details of government grants**		
	Government grants		
	- Subsidies		
	- Solar Subsidy (recognised under Tangible Asset)	11.98	-
	- Incentives		
	- Sales Tax and Power (recognised under Other Income)	269.81	135.77
	- Export Incentives (recognised under Other Operating Income)	20.95	-
	Total	**302.74**	**135.77**

Notes forming part of the Financial Statements

30 Disclosures under Accounting Standards

(S in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Compensated Absesnces	Gratuity	Compensated Absesnces
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	18.32	13.20	8.19	4.46
Current service cost	16.86	13.59	8.83	6.21
Interest cost	1.56	1.05	0.70	0.62
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Plan amendments	-	-	-	-
Acquisitions	-	-	-	-
Actuarial (gains) / losses	2.34	3.95	(2.49)	2.64
Past service cost	-	-	3.09	-
Benefits paid	-	(1.74)	-	(0.73)
Present value of DBO at the end of the year	**39.08**	**30.05**	**18.32**	**13.20**
Change in fair value of assets during the year*				
Plan assets at beginning of the year	-	-	-	-
Acquisition adjustment	-	-	-	-
Expected return on plan assets	-	-	-	-
Actual company contributions	-	-	-	-
Actuarial gain / (loss)	-	-	-	-
Benefits paid	-	-	-	-
Composition of the plan assets is as follows:*				**-**
Government bonds	-	-	-	-
PSU bonds	-	-	-	-
Equity mutual funds	-	-	-	-
Others	-	-	-	-
Actuarial assumptions				
Discount rate	8.57%	8.57%	8.50%	8.50%
Expected return on plan assets*	-	-	-	-
Salary escalation	5.00%	5.00%	5.00%	5.00%
Attrition	3.00%	3.00%	10.00%	10.00%
Mortality tables	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Performance percentage considered	-	-	-	-
Estimate of amount of contribution in the immediate next year	-	-	-	-
Asset Information				

*As the scheme is unfunded, other disclosures under Accounting Standard 15 are stated as Nil

Notes forming part of the Financial Statements

30 Disclosures under Accounting Standards (S in Lacs)

Note	Particulars	2011- 2012	2010- 2011	2009-10
	Gratuity			
	Present value of DBO	39.08	18.32	8.19
	Funded status [Surplus / (Deficit)]	-	-	-
	Experience gain / (loss) adjustments on plan liabilities	-	-	-
	Experience gain / (loss) adjustments on plan assets	-	-	-
	Compensated Absences			
	Present value of DBO	30.05	13.20	4.46
	Fair value of plan assets	-	-	-
	Funded status [Surplus / (Deficit)]	-	-	-
	Experience gain / (loss) adjustments on plan liabilities	-	-	-
	Experience gain / (loss) adjustments on plan assets	-	-	-

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, such as supply and demand factors in the employment market.

30.1 Employee benefit plans

30.2a Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised S 81.66 Lacs (Year ended 31 March, 2011 S 61.32 Lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

30.2b Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

i. Gratuity*

ii. Compensated Absenses

The following table sets out the unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

(S in Lacs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Compensated Absesnces	Gratuity	Compensated Absesnces
Components of employer expense				
Current service cost	16.86	13.59	8.83	6.21
Interest cost	1.56	1.05	0.70	0.62
Expected return on plan assets	-	-	-	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Past service cost	-	-	3.09	-
Actuarial losses / (gains)	2.34	3.95	(2.49)	2.64
Total expense recognised in the Statement of Profit and Loss	**20.76**	**18.59**	**10.13**	**9.47**
Actual contribution and benefit payments for year				
Actual benefit payments	-	-	-	-
Actual contributions	-	-	-	-
Net asset/(liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	18.32	13.20	8.19	4.46
Fair value of plan assets	-	-	-	-
Expenses as above	20.76	18.59	10.13	9.47
Settlements made	-	(1.74)	-	(0.73)
Net asset / (liability) recognised in the Balance Sheet	39.08	30.05	18.32	13.20

Notes forming part of the Financial Statements

30.3 The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

(S in Lacs)

30.3.	(a) Geographic Segment	"Revenues For the year ended As at 31.03.2012"	"Segment assets As at 31.03.2012"	"Capital expenditure incurred during the year ended 31 March, 2012"
	Tanzania	54.39	-	-
	Tanzania	(671.88)	-	-
	Others	-	-	-
	Others	(59.00)	-	-
	India	27,865.79	18,416.21	267.39
	India	(15,855.71)	(13,085.18)	(983.11)

Note: Figures in bracket relates to the previous year.

Segment reporting

30.3.(b) The company is engaged in manufacture and erection of steel products, i.e., pre engineered buildings, which in the context of Accounting Standard -17 issued by the Company's Accounting (Standard) Rules, 2006 is a single segment.

Notes forming part of the Financial Statements

30.4 Related party transactions

30.4.a Details of related parties:

Description of relationship	Names of related parties
Holding Company	Pennar Industries Limited
Subsidiaries	Pennar Building Systems Private Limited
Key Management Personnel (KMP)	Nrupender Rao P V Rao Aditya N Rao
Relatives of KMP	J Rajya Lakshmi (Wife of Nrupender Rao) Avanti Rao & Arathi (Daughters of Nrupender Rao) Usha Ramani (Wife of P V Rao) D Sudeepta Rao (Wife of Aditya N Rao)
Company in which KMP / Relatives of KMP can exercise significant influence	"Pennar Management Services Limited (formerly known as Pennar Chemicals Limited)" Saven Technologies Limited

Note: Related parties have been identified by the Management.

30.4.b Details of related party transactions during the year ended 31 March, 2012 and balances outstanding As at 31 March, 2012:

(S in Lacs)

Particulars	Holding Company	Subsidiary	Saven Technologies Limited	KMP	Entities in which KMP/ relatives of KMP have significant influence	Total
Purchase of goods	169.10	-	-	-	-	169.10
	(947.68)	-	-	-	-	(947.68)
Sale of goods	160.87	-	-	-	-	160.87
	(761.78)	-	-	-	-	(761.78)
Rendering of services	52.00	-	-	-	-	52.00
	-	-	-	-	-	-
Receiving of services	28.31	-	15.52	-	-	43.83
	(38.85)	-	-	-	-	(38.85)
Reimbursement of Rent Income	23.71	-	-	-	7.82	31.53
	(2.48)	-	-	-	(2.66)	(5.14)
Guarantees and collaterals	13,363.00	-	-	13,363.00	-	26,726.00
	(8,952.00)	-	-	(8,952.00)	-	(17,904.00)
Management contracts including for deputation of employees	-	-	-	60.00	-	60.00
	-	-	-	(59.77)	-	(59.77)
Trade and other receivables	36.96	-	-	-	-	36.96
	(13.57)	-	-	-	-	(13.57)
Loans and advances	5.07	7.81	-	-	1.35	14.23
	(0.72)	-	-	-	(0.50)	(1.22)
Trade and other payables	119.70	-	11.59	3.53	-	134.82
	(79.53)	-	-	-	-	(79.53)

Note: Figures in bracket relates to the previous year.

Notes forming part of the Financial Statements

30 Disclosures under Accounting Standards (contd.) (S in Lacs)

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
30.5	**Details of leasing arrangements**		
	As Lessor		
	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 5 years from 20-JAN-2011 and may be renewed for a further period of 5 years based on mutual agreement of the parties.		
	Future minimum lease payments		
	not later than one year	132.25	52.33
	later than one year and not later than five years	465.99	77.27
	later than five years	-	-
		598.24	**129.60**

a) Lease payment recognized in statement of profit and loss for the year S 152.18 Lacs (2010-11 S 89.78 Lacs)

b) Aggregate lease payment received under operating lease amount to S 31.84 (2010-11 S 5.14 Lacs) has been net off with rentals.

30.6 Note on Investment

The Board of Directors at their Board Meeting dated July 28, 2010 passed a resolution for incorporation of a subsidiary company. The same was incorporated on August 27, 2010 as Pennar Building Systems Private Limited. As per the Memorandum and Articles of Association of the incorporated company, the Company is a subscriber to the shares of the new entity. As at March 31, 2011, the company has not subscribed or remitted the share application money amounting to S 99,990 being 9,999 shares of S 10 each and as such, no shares have been allotted to the company. During the year company subscribed to the equity shares and said equity shares were allotted, consequently it has become wholly owned subsidiary.

30.7

a) The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification.

b) Figures have been rounded off to the nearest Lacs.

For and on behalf of the Board of Directors

P V Rao
Executive Director

Aditya N Rao
Director

Place: Hyderabad
Date: May 28, 2012

V Rajeshwari
Senior Manager Finance

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

1.	Name of the Subsidiary Company	Pennar Building Systems Private Limited
2.	Financial year of the Subsidiary ended on	March 31, 2012
3.	Shares of Subsidiary Company held on the above date and extent of holding	
	i) Number of shares held	9,999
	ii) Extent of holding	99.99%
4.	Net aggregate amount of profits / (losses) of the Subsidiary for the above financial year so far as they concern members of Pennar Engineered Building Systems Limited:	
	i) dealt with in the Accounts of Pennar Engineered Building Systems Limited	NIL
	ii) not dealt with in the Accounts of Pennar Engineered Building Systems Limited	NIL
5.	Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary so far as they concern members of Pennar Engineered Building Systems Limited	
	i) dealt with in the Accounts of Pennar Engineered Building Systems Limited	NIL
	ii) not dealt with in the Accounts of Pennar Engineered Building Systems Limited	NIL

for and on behalf of the Board of Directors

P V Rao
Executive Director

Aditya N Rao
Director

V Rajeshwari
Sr. Manager - Finance

Place: Hyderabad
Date: May 28, 2012

Subsidiary Accounts of
Pennar Building Systems Private Limited (PBSPL)

PBSPL - a Subsidiary of
Pennar Engineered
Building Systems Limited (PEBSL)

Directors' Report

To
The Members
Pennar Building Systems Private Limited
Dehradun.

Dear Members,

Your Directors are pleased to present the 2nd Annual Report of your Company together with the Audited Statement of Accounts and the Auditors Report of your Company for the period ended, 31st March, 2012.

The Company has not yet started its commercial operations; hence statement of Profit and Loss could not be prepared.

Directors' Responsibility Statement:

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors state as under:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed with proper explanation relating to material departures;
2. That 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 and Profit & Loss at the end of the financial year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions for this act for safeguarding the assets of the company and for preventing and detaching fraud and other irregularities.
4. That the directors had prepared the annual accounts for the period ended 31st March, 2012 on a 'Going Concern' basis.

Auditors:

M/S RAMBABU & CO., Chartered Accountants, are appointed as Auditors of the company by the board as they have expressed their willingness to hold the office of the auditors, you are requested to appoint M/s RAMBABU & CO., Chartered Accountants, as auditors and fix their remuneration.

Employees:

Information pursuant to Section 217(2AA) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975 is NIL.

Information U/s 217 (1) (e):

Particulars U/S 217 (1) (e) of the Companies Act 1956, and the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are given below:

a. Conservation of Energy:

The company's operations do not involve high-energy consumption.

b. Technology Absorption:

Particulars related to technology absorption are not applicable in our case.

c. Deposits:

The Company has not accepted any deposits from the public during the year.

Acknowledgements

Your Directors place on record their gratitude for the continuing support of shareholders and Business associates at all levels.

For and on Behalf of the Board of Directors

Place: Hyderabad
Date: May 28, 2012

Aditya N Rao
Director

Auditor's Report

To
The Members,
Pennar Building Systems Private Limited,
Dehradun.

We have audited the attached Balance Sheet of PENNAR BUILDING SYSTEMS PRIVATE LIMITED, as at 31st March 2012 and the Cash Flow Statement for the period ended on that date and annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, is not applicable to the Company.

2. Further to our comments in the annexure referred to above, we report that:

   i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

   ii) 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.

   iii) The Balance Sheet and Cash Flow Statement dealt with by this report is in agreement with the books of account.

   iv) In our opinion, the Balance Sheet and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act,1956, to the extent applicable.

   v) In our opinion and based on written representation received from directors, and taken on record by the Board of Directors and based on legal opinion of experts none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) to Section 274 of the Companies Act, 1956.

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March, 2012.

   b) In so far as it relates to Cash Flow Statement, of the cash flows of the company for the period ended on 31st March, 2012.

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

G V L Prasad
Partner
Membership No. 026548

Place: Hyderabad
Date: May 28, 2012

Balance Sheet as at 31st March 2012

(S)

S.No	Particulars	Note No.	As at 31.03.2012	As at 30.09.2011
A	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' funds**			
	(a) Share capital	1	100,000	100,000
(2)	**Current Liabilities**			
	(a) Short Term Borrowings	2	780,920	618,920
	(b) Trade Payables	3	21,303	9,273
	Total		**902,223**	**728,193**
B.	**ASSETS**			
(1)	**Non-Current Assets**			
	(a) Other Non-Current Assets	4	802,223	628,193
(2)	**Current Assets**			
	(a) Cash and cash equivalents	5	100,000	100,000
	Total		**902,223**	**728,193**

See accompanying notes forming part of the financial statements I & II

As per our Report of even date

For and on behalf of the Board of Directors

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

G V L Prasad
Partner
Membership.No.026548

P V Rao
Director

Aditya N Rao
Director

Place: Hyderabad
Date: May 28, 2012

Cash Flow Statement for the year ended 31st March 2012

(S)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 30.09.2011
A.	**Cash Flows from operating activities:**	-	-
B.	**Cash Flows from Investing activities:**	-	-
C.	**Cash Flows from Financing activities:**		
	Proceeds from issue of equity shares	-	100,000
	Net Cash used in financing activities "C"	-	**100,000**
	Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	-	**100,000**
	Cash and Cash Equivalents at the beginning	**100,000**	-
	Cash and Cash Equivalents at the end	**100,000**	**100,000**

As per our Report of even date

For and on behalf of the Board of Directors

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

G V L Prasad
Partner
Membership.No.026548

P V Rao
Director

Aditya N Rao
Director

Place: Hyderabad
Date: May 28, 2012

Notes forming part of the Financial Statements

I. Corporate Information:

Pennar Building Systems Private Limited is into selling building systems including pre engineered steel buildings, building components and erection for industries, warehouses, commercial centers, Multi storied buildings, aircraft hangars, defence installations.

99% of the shares of Pennar Building Systems Private Limited is wholly owned by Pennar Engineered Building Systems Limited.

II. Significant Accounting Policies

1. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the applicable accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3. Tangible fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

4. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

5. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

6. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

7. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue from sale of goods

Sales are recognized net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

(ii) Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iii) Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

8. Inventory Valuation

Inventories are valued at the lower of cost and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

9. Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

10. Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to statement of profit and loss.

(v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

11. Income tax

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

12. Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

For and on behalf of the Board of Directors

Place: Hyderabad	**P V Rao**	**Aditya N Rao**
Date: May 28, 2012	Director	Director

Notes forming part of the Financial Statements

1. **Share capital**

Particulars	As at 31.03.2012		As at 30.09.2011	
	No. of Shares	Amount (S)	No. of Shares	Amount (S)
(a) **Authorised**				
Equity shares of S 10 each with voting rights	10,000	100,000	10,000	100,000
(b) **Issued**				
Equity shares of S 10 each with voting rights	10,000	100,000	10,000	100,000
(c) **Subscribed and fully paid up**				
Equity shares of S 10 each with voting rights	10,000	100,000	10,000	100,000
Total	**10,000**	**100,000**	**10,000**	**100,000**

(i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights Period ended 31st March, 2012		
Number of shares	10,000	10,000
Amount (S)	100,000	100,000
Period ended 30th September, 2011		
Number of shares	10,000	10,000
Amount (S)	100,000	100,000

(ii) **Terms and Rights attached to Equity Shares**

The Company has only one class of Equity shares having value of S 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) **Details of shares held by holding Company**

Particulars	Opening Balance	Closing Balance
Pennar Engineered Building Systems Limited, the holding Company Equity shares with voting rights Number of shares	9,999	9,999

(iv) Details of shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31.03.2012	
	Number of shares held	%holding in that class of shares
Equity shares with voting rights Pennar Engineered Building Systems Limited	9,999	99.99%

Notes forming part of the Financial Statements

2. Short Term borrowings (S)

Particulars	As at 31-03-2012	As at 30-09-2011
(a) From related parties		
The Company has received an amount of S 780,920 (Previous Year S 6,18,920) as interest free un-secured loan from the holding Company (Pennar Engineered Building Systems Limited)	780,920	618,920
Total	**780,920**	**618,920**

3. Trade Payables (S)

Particulars	As at 31-03-2012	As at 30-09-2011
Audit Fee Payable	21,303	9,273
Total	**21,303**	**9,273**

4. Other Non-Current Assets (S)

Particulars	As at 31-03-2012	As at 30-09-2011
(a) Security deposits (unsecured and considered good)		
- The Company has taken office premises on lease and paid an amount of S 81,000 towards rent deposit. However, the Company has not capitalised this lease transaction, as this is short term lease only.		
- The Company has paid an amount of S 50,000 towards Sales Tax Deposit.	131,000	131,000
(b) Preliminary Expenses	71,310	71,310
(c) Pre-Operative Expenses		
Rent	513,000	351,000
Travel, Conveyance & Others	65,610	65,610
Audit Fee	21,303	9,273
Total	**802,223**	**628,193**

5. Cash and Cash equivalents (S)

Particulars	As at 31-03-2012	As at 30-09-2011
(a) Cash on hand	-	-
(b) Balances with Scheduled banks		
(i) In current accounts	100,000	100,000
Total	**100,000**	**100,000**

6. Related Party Disclosures

(As identified and certified by the management)

(i) List of related parties where control exist and relationship:

	Name of the Related Party		Relationship
a)	Pennar Engineered Building Systems Limited	:	Holding Company
b)	Pennar Industries Limited	:	Ultimate Holding Company
c)	Mr. Nrupender Rao	:	Director
d)	Mr. Aditya N Rao	:	Director
e)	Mr. P V Rao	:	Director

Notes forming part of the Financial Statements

(ii) Transactions during the year with related parties:

Particulars	Holding Company 31-03-2012	Key management Personnel 31-03-2012	Total
Remuneration	Nil	Nil	Nil
	(Nil)	(Nil)	(Nil)
Advances received	162,000	Nil	162,000
	(618,920)	(Nil)	(618,920)
Outstanding Balance Payable	780,920	Nil	780,920
	(618,920)	(Nil)	(618,920)

Note: Figures in Brackets represents Previous Year's amount.

8. Dues to Micro, Small and Medium Enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on 31 March 2012.

9. Contingent Liabilities not acknowledged as debt - Nil

10. **"Preliminary & Pre-Operative Expenses:** Preliminary expenses and Pre-Operative expenses will be written off over a period of 5 years from the year in which the Company starts it's commercial operations."

11. Financial statements have been prepared from 01st October, 2011 to 31st March, 2012. i.e. for 6 months. (Previous year 13 months and 5days) hence, figures may not be directly comparable.

12. Figures for the previous year have been regrouped/reclassified/recast wherever necessary. Figures have been rounded off to the nearest S.

As per our Report of even date

For and on behalf of the Board of Directors

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

G V L Prasad
Partner
Membership.No.026548

P V Rao
Director

Aditya N Rao
Director

Place: Hyderabad
Date: May 28, 2012

Consolidated Auditors' Report

To
The Board of Directors,
Pennar Industries Limited,
Hyderabad.

1. We have audited the attached Consolidated Balance Sheet of PENNAR INDUSTRIES LIMITED and its subsidiary (collectively referred to as the Group) as at 31st March 2012 and the Consolidated statement of Profit and Loss and Consolidated Cash Flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding the components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. 18416 Lacs as at 31st March, 2012, total revenue of S 24,895 Lacs and net cash flows amounting to S 67 Lacs for the year ended 31st March, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We have audited the financial statements of fellow subsidiary namely Pennar Building Systems Pvt Ltd whose financial statements reflects total assets of S 9 Lacs as at 31st March, 2012, total revenue of S Nil and net cash flows amounting to S Nil for the period ended 31st March, 2012.

4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the Accounting Standard (AS) 21, Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006

5. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India

   a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

   b) in the case of Consolidated statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and

   c) in the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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

RAVI RAMBABU
Partner
Membership.No.18541

Place: Hyderabad
Date: May 29, 2012

Consolidated Balance Sheet as at 31st March 2012

Pennar

(S in Lacs)

S.No	Particulars	Note	As at 31.03.2012	As at 31.03.2011
I	**EQUITY AND LIABILITIES**			
1	**SHAREHOLDERS' FUNDS**			
	a Share Capital	1	6,979	6,979
	b Minority Interest		1,095	825
	c Reserves & Surplus	2	24,433	19,893
			32,507	27,697
2	**NON CURRENT LIABILITIES**			
	a Long Term Borrowings			
	- Secured	3	1,701	228
	- Unsecured		2,331	2,408
	b Deffered Tax Liability (Net)	4	1,473	1,184
	c Other Long Term Liabilities	5	70	48
	d Long Term Provisions	6	152	120
			5,727	3,988
3	**CURRENT LIABILITIES**			
	a Short Term Borrowings			
	- Secured	7	12,587	13,904
	b Trade Payables	8	11,027	5,011
	c Other Current Liabilities	9	5,773	4,587
	d Short Term Provisions	10	1,479	1,228
			30,866	24,730
	Total of 1+2+3		**69,100**	**56,415**
II	**ASSETS**			
1	**NON CURRENT ASSETS**			
	a Fixed Assets			
	- Tangible Assets	11	24,247	20,098
	- Intangible Assets		336	232
	- Capital Work In Progress		158	685
	b Non Current Investments	12	-	-
	c Long Term loans and advances	13	137	1
	d Other Non Current Assets	14	377	163
			25,255	21,179
2	**CURRENT ASSETS**			
	a Inventories	15	16,141	14,808
	b Trade Receivables	16	20,964	16,588
	c Cash and Cash Equivalents	17	1,959	1,686
	d Short Term Loans & Advances	18	1,306	2,094
	e Other Current Assets	19	3,475	60
			43,845	35,236
	Total of 1+2		**69,100**	**56,415**
	Significant Accounting Policies Notes on Financial Statements	1 to 38		

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Consolidated Profit & Loss for the year ended 31st March 2012

(S in Lacs)

S.No	Particulars	Note	For the year ended 31.03.2012	For the year ended 31.03.2011
1	**Revenue from operations**	20	126,788	120,815
II	**Other Income**	21	378	269
III	**Total Revenue (I + II)**		127,166	121,084
IV	**Expenses:**			
	Raw Material Consumed	22	90,047	85,590
	Changes in Inventory	23	-2,054	18
	Manufacturing Expenses	24	13,609	9,985
	Employee Benefits Expense	25	5,286	4,136
	Other Expenses	26	6,421	6,221
			113,309	105,950
	Profit before Interest, Depreciation & Tax		13,857	15,134
	Finance Cost	27	2,101	1,616
	Depreciation	11	1,701	1,316
			3,802	2,932
	Profit before Tax		**10,055**	**12,202**
V	**Tax Expense**			
	Current Tax		3,297	3,940
	MAT Credit		-	-68
	Deferred Tax		289	769
			3,586	4,641
	Net Profit after Tax		6,469	7,561
	Less: Minority Interest		270	169
	Net Profit after Tax after Minority Interest		6,199	7,392
	Earning Per Share (having a face value of S 5 each)			
	- Basic and Diluted (S)	28	5.1	6.1
	Significant Accounting Policies Notes on Financial Statements	1 to 38		

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Consolidated Cash Flow Statement for the year ended 31st March 2012

Pennar

(S in Lacs)

S.No	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
A.	**Cash Flows from operating activities:**		
	Net Profit Before Tax	10,055	12,203
	Add: Loss from sale of assets	-	19
	Add: Preliminary Exp written off	-	47
	Add: Depreciation	1,701	1,316
	Add: Interest	2,314	1,708
	Add: Bad debts written off	67	2
	Less: Liabilities no longer required written back	(4)	(5)
	Less: Interest Received	(58)	(13)
	Less: Rent Received	(45)	-
	Operating Profit before working capital changes	14,030	15,277
	Adjustment for:		
	Trade receivables	(4,427)	(4,237)
	Inventories	(1,333)	(1,512)
	Loans and Advances	(888)	52
	Trade payables and Other Payables	5,409	2,800
		(1,239)	(2,897)
	Cash Generated From Operation	12,791	12,380
	Less: Income Tax Paid	(3,968)	(3,783)
	Net cash from operating activities "A"	**8,823**	**8,597**
B.	**Cash Flows from Investing activities:**		
	Purchase of fixed assets	(5,861)	(3,660)
	Interest Received	52	11
	Rent Received	45	
	Net cash used in investing activities "B"	**(5,764)**	**(3,649)**
C.	**Cash Flows from Financing activities**		
	Proceeds from long term borrowings - (Net of payments)	1,797	(3,280)
	Proceeds from Short term borrowings - (Net of payments)	(1,431)	1,571
	Interest	(2274)	(1,694)
	Dividends paid	(1,064)	(1,779)
	Net Cash used in financing activities "C"	(2,972)	(5,182)
	Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**87**	**(234)**
	Opening cash and cash equivalents	**1,072**	**1,306**
	Closing cash and cash equivalents	**1,159**	**1,072**

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 29, 2012

R Ravi
V.P. Finance and Company Secretary

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Aditya Rao
Executive Director

Notes forming part of the Consolidated Financial Statements

I. 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). Further Pennar has set up a subsidiary, Pennar Engineered Building Systems, Which at its state of the art manufacturing facility at Sadasivpet, near Hyderabad designs, manufactures and erects pre-engineered steel buildings.

II. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. Accounting Conventions:

The financial statements have been prepared under the historical cost conventions in accordance with the generally accepted accounting principles in India including the Accounting Standards notified by the Government of India and issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

2) Use of Estimates:

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, provision for doubtful debts/ advances/contingencies, allowances for slow/non moving inventories, useful lives of fixed assets, provision for taxation, etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

3) Inventories:

Inventories have been valued as under:

i) Raw materials, stores and spares and traded goods have been valued at cost. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.

ii) Due allowance is made for slow/non moving items, based on Management estimates

iii) Finished goods and work-in-progress have been valued at cost or net realizable value whichever is lower. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition.

iv) Excise duty on closing stock of finished goods has been provided in the accounts and considered for valuation of closing stock. A corresponding liability is created for the same amount.

4) Cash and Cash equivalents (for purposes of Cash Flow Statement):

Cash comprises of cash on hand, amount in current accounts and deposit accounts.

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

5) Depreciation and Amortization:

Depreciation on Fixed Assets including on the additions on account of revaluation has been provided on a straight-line method at the rates specified in the Schedule XIV to the Companies Act, 1956.

Depreciation on the additional value due to revaluation has been charged to the Revaluation Reserve account.

Intangible assets are amortized over the estimated useful life as follows:

License fee – 6 years (3 years remaining as on Balance Sheet Date)

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to effect the changed pattern.

6) **Revenue Recognition:**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from Works Contracts is recognized by reference to the completion of the contract activity at the reporting date, where the contract activity extended beyond the reporting date, on the basis of percentage of completion method.

Dividend income on investments is accounted for when the right to receive the payment is established.

7) **Expenditure:**

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

8) **Tangible Fixed Assets:**

Fixed Assets are stated at cost of acquisition as reduced by accumulated depreciation. All costs including financial costs up to the date of commissioning and attributable to the fixed assets are capitalized apart from taxes, freight and other incidental expenses related to the acquisition and installation of the respective fixed assets and excludes duties and taxes to the extent recoverable from tax authorities.

Fixed Assets which are revalued are stated at the amounts revalued as reduced by the depreciation.

9) **Intangible assets:**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase/completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

10) **Foreign Exchange Transactions:**

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Foreign currency monetary items (other than derivative contracts) of the Company at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

11) **Government Grants, Subsidies and Export Incentives:**

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

12) **Investments**

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of investments. Current investments are stated at lower of cost or market value.

13) Employee Benefits:

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages and short term compensated absences etc. are recognized in the period in which the employee renders the related service.

b) Long Term Employee Benefits

Defined Contribution Plan

The Company makes contribution in respect of selected employees to a Superannuation Fund administered by trustees and managed by Life Insurance Corporation of India. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

Defined Benefit Plans

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC using the Projected Unit Credit method. Actuarial gains/losses are immediately recognized in the Statement of Profit and Loss.

In respect of Provident Fund and Pension Fund, Contributions are made by the Company in accordance with the relevant rules and fully charged off to Statement of Profit and Loss.

The company provides for leave encashment based on valuations, as at the balance sheet date, made by independent actuaries.

14) Basic earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

15) Taxes on Income

Income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the Company. Deferred tax is recognized on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

16) Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. The recoverable amount of such assets is estimated. Where the carrying amount of the asset exceeds the recoverable amount, the impairment loss is recognized in the Statement of profit and loss.

17) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

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1 **Share Capital**

(₹ in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
1.1 Authorised Share Capital		
Equity Shares		
15,00,00,000 Equity Shares of ₹ 5/- each (previous year 15,00,00,000 equity shares of ₹ 5/- each)	7,500	7,500
1.2 Preference Shares		
Series - A: 5,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each (previous year 5,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each)	500	500
Series - B: 4,00,00,000 Cumulative Redeemable Preference Shares of ₹ 5/- each (previous year 4,00,00,000 Cumulative Redeemable Preference Shares of ₹ 5/- each	2,000	2,000
	10,000	**10,000**
1.3 ISSUED, SUBSCRIBED & PAID UP		
Equity Shares		
12,20,24,000 Equity Shares of ₹ 5/- each (previous year 12,20,24,000 equity shares of ₹ 5/- each)	6,101	6,101
1.4 Preference Shares - Series B		
1,75,53,299 Cumulative redeemable Preference Shares of ₹ 5/- each	878	878
Total	**6,979**	**6,979**

1.3.1 All Equity Shares issued by the company carry equal voting and participatory rights

1.3.2 44,53,479 shares out of the issued, subscribed and paid up capital were bought back and extinguished in the last five years.

1.3.3 The details of share holders holding more than 5% shares:

Name of the share holder	As at 31.03.2012		As at 31.03.2011	
	No of Shares	%held	No of Shares	%held
My Home Constructions Private Limited	1,15,73,375	9.5	-	
Saif Advisors Mauritius A/C Saif India IV FII Holdings Limited	94,42,728	7.7	-	
Eight Capital Master Fund Limited	87,11,854	7.1	87,11,854	7.1
Copthall Mauritius Investment Limited	64,90,148	5.3	87,20,148	7.1
Palguna Consultants Private Limited	83,19,457	6.8	-	-
Thapati Trading Private Limited	66,66,737	5.3	-	-
Vinod Real Estates Private Limited	-	-	1,30,07,000	10.7

1.3.4 The reconciliation of the no of shares outstanding is set out below:

Particulars	As at 31.03.2012 No. of Shares	As at 31.03.2011 No. of Shares
Equity Shares at the beginning of the year	12,20,24,000	12,20,24,000
Equity Shares at the end of the year	12,20,24,000	12,20,24,000

Notes forming part of the Consolidated Financial Statements

1.4.1 1,66,49,119 number of Cumulative Redeemable Preference Shares of S 5/- each fully paid up and carrying 0.01% rate of interest are redeemable at par in three equal annual installments of S 1.66, S 1.67 and S 1.67 per share respectively commencing from the year 2013 – 14 and ending in the year 2015-16.

1.4.2 9,04,180 number of Cumulative Redeemable Preference Shares of S 5/- each issued to IFCI on conversion of Funded Interest Term Loans and carrying interest rate of 0.01% are redeemable at par in 10 quarterly installments from 01.10.2013 to 01.01.2016

2 Reserves and Surplus

(S in Lacs)

Particulars	As at 31.03.2012		As at 31.03.2011	
Revaluation Reserve				
Opening Balance	**3,267**		3,520	
Less: Transferred to Profit and Loss Account on account of depreciation on revalued assets	**254**		253	
Closing Balance		**3,013**		3,267
Capital Redemption Reserve				
Opening Balance		**223**		223
Profit on forfeiture of shares				
Opening Balance		6		6
Securities Premium				
Opening Balance		**5,310**		5,310
General Reserve				
Opening Balance	**1,705**		1,005	
Add: Transferred from Profit and Loss Account	**410**		700	
Closing Balance		**2,115**		1,705
Profit and Loss Account				
Opening Balance	**9,382**		4,461	
Add: Profit for the year	**6,199**		7,392	
Add: Adjustment for last year intercompany transaction	**13**			
	15,594		11,854	
Less: Appropriations				
Proposed dividend on Equity Shares	**1,220**		1,525	
Proposed dividend on Preference Shares - S **8777** (Previous Year - S 8777)	-		-	
Dividend Distribution Tax	**198**		246	
General Reserve	**410**		700	
Closing Balance		**13,766**		**9,382**
		24,433		19,893

2.1 Opening profit and loss is adjusted for intercompany sale made by PEBS during 2010-11 which was capitalized by holding company during the current year.

3 Long Term Borrowings

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Term Loans (Secured)		
Axis Bank Limited	1,674	113
IFCI	21	106
Vehicle Loan (Secured)	6	9
	1,701	**228**
Sales Tax Deferment Loan (Unsecured)	2,331	2,408
	4,032	**2,636**

3.1 During the year company has taken a term loan from Axis Bank amount to S 1500 Lacs for funding the CDW and Tubes project. The loan is repayable in 16 Quarterly instalments starting from December 2012. The loan carries the interest rate of 13.50% p.a.

3.2 Term loans of S 361 Lacs primary secured by Pari passu first charge on the entire fixed assets of the company, present and future, including equitable mortgage of Acre 25.21 1/2 guntas under Sy Nos 88 to 92 (part) of Ankanapalli Village and Sy Nos 144 to 145 (part) of Chandapur Village, Sadasivpet Mandal, Medak District. Term loan is repayable in 8 Quarterly instalments of S 100 Lacs each and last instalments of S 61 Lacs & carries an interest rate of 15.75% p.a.

3.3 Term loan from IFCI is payable in 5 Quarterly instalments last being June 2013 and carries the intrest rate of 13.00% p.a.

3.4 Term loans by Axis Bank and IFCI Limited are secured by first charge on all immovable properties by deposit of title deeds and second charge on all current assets both present and future and guaranteed by a director of a company in his personal capacity.

3.5 Car loan of S 12.00 Lacs secured by a lien on the asset purchased. The loan is repayable in 61 monthly instalments of S 0.25 Lacs each commencing from 10th September, 2010 and carries an interest of 8.99 % per annum.

3.6 Sales Tax deferement availed till the current account period is due for repayment after 12 months from balance sheet date as under:

Year of Repayment	S in Lacs
2013-14	27
2018-19	258
2019-20	375
2020-21	393
2021-22	431
2022-23	297
2023-24	335
2024-25	215
Total	**2,331**

4 Deferred Tax Liability

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Opening Deferred Tax Liability	1,184	414
Deferred Tax Liability recognised during the year		
On a/cc of depreciation	289	769
Net Deferred Tax Liability	1,473	1,184

5 Other Long Term Liabilities

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade Payables	58	36
Trade/Security Deposits Received	12	12
	70	**48**

Notes forming part of the Consolidated Financial Statements

6 Long Term Provisions

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Compensated absences	113	102
Gratuity	39	18
	152	**121**

7 Short Term Borrowings

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Cash Credit from Banks		
State Bank of India	9,634	7,999
Axis Bank Limited	1,928	4,938
State Bank of Patiala	1,024	967
Others	1	-
Total	**12,587**	**13,904**

7.1 Working capital facilities sanctioned by State Bank of India, Axis Bank and State Bank of Patiala are secured by first charge on all current assets both present and future. These are further secured by way of second charge on the immovable properties of the company and also guaranteed by a director of the company in his personal capacity.

8 Trade Payables

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade Payables	11,027	5,011

9 Other Current Liabilities

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Current Maturities of Long Term Debt	788	333
Interest accrued but not due on borrowings - S 4625 for current year	-	3
Interest accrued and due on borrowings	24	16
Creditors for capital goods	79	870
Unclaimed Dividend	43	34
Advances from customers	1,321	1,645
Sales Tax Deferment Loan	77	78
VAT Payable	198	243
Forward Contract Payable	2,263	-
Other Liabilities	979	1,362
Trade/Security Deposits Received	1	3
Total	**5,773**	**4,587**

9.1 Other liabilities consists of PF, ESI, TDS and TCS payable etc.

10 Short Term Provisions

(S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Provision for Equity Dividend	1,220	915
Provision for Preference Dividend - S **8777** (Previous Year - S 8777)	-	-
Provision for Dividend Distribution Tax	198	148
Provision for Employee Benefits	48	40
Provision for Tax	13	124
Total	**1,479**	**1,228**

11 Fixed Assets

(S in Lacs)

Particulars	Gross Block (At cost)					Depreciation and Amortisation				Net Block	
	1.04.2011	Additions	Disposals	Other adjustments #	31.03.2012	1.04.2011	For the year	Disposals	31.03.2012	31.03.2012	01.04.2011
TANGIBLE ASSETS											
Land	1,040	241	-	-	1,281	-	-	-	-	1,281	1,040
Roads	407	88	-	-	495	16	7	-	23	471	390
Buildings	8,201	1,724	-	2	9,922	1,732	278	-	2,010	7,911	6,469
Plant and Machinery	21,090	3,485	-	-	24,575	11,030	1,318	-	12,348	12,227	10,060
Electricals	2,338	351	-	12	2,678	906	178	-	1,084	1,594	1,432
Computers	488	52	-	-	540	262	66	-	328	213	226
Office equipment	301	69	-	-	370	121	14	-	136	234	179
Furniture	208	61	-	-	270	58	22	-	80	190	151
Vehicles	101	-	-	-	101	24	9	-	33	69	78
Lease Hold Improvements	82	2	-	-	84	9	17	-	26	57	73
Sub Total -1	**34,256**	**6,073**	**-**	**14**	**40,316**	**14,158**	**1,909**	**-**	**16,068**	**24,247**	**20,098**
INTANGIBLE ASSETS											
Licence	269	149	-	-	417	37	44	-	81	336	232
Sub Total -2	**269**	**149**	**-**	**-**	**417**	**37**	**44**	**-**	**81**	**336**	**232**
TOTAL (1+2)	**34,525**	**6,222**	**-**	**14**	**40,733**	**14,195**	**1,953**	**-**	**16,149**	**24,583**	**20,330**
Previous Year	32,281	3,957	1,714	-	34,525	14,241	1,610	1,657	14,915	18,040	20,330
Capital work in progress										158	685

11.1 Depreciation for the year includes an amount of 254 lacs on revalued value of the fixed assets and has been debited to Revaluation Reserve A/c.

Notes forming part of the Consolidated Financial Statements

12 Non Current Investments (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Unquoted		
2689 Equity Shares of S 10/- each fully paid up in Patancheru Enviro-Tech Limited - S **26,890** (Previous Year - S 26,890)	-	-

12.1 The Company's Subsidiary Pennar Engineered Building Systems Limited has a subsidiary Pennar Building Systems Private Limited. Since Pennar Engineered Building Systems Limited has not consolidated the financial statements of its subsidiary, the company has consolidated the financial statements of Pennar Building Systems Private Limited along with the financial statements of Pennar Engineered Building Systems Limited.

13 Long term loans and advances (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Secured and Considered Good		
Capital Advances	116	1
Unsecured and Considered Good		
Prepaid Expenses	21	-
Total	**137**	**1**

14 Other Non Current Assets (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Sales Tax Claims	55	55
Electricity Deposit	178	4
Rent Deposit	132	92
AP Govt Deposits	12	12
Total	**377**	**163**

15 Inventories (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Raw Material	3,646	4,804
Work in Progress	7,689	4,377
Finished Goods	1,274	2,539
Stores & Spares	3,407	2,970
Scrap	125	118
Total	**16,141**	**14,808**

16 Trade Receivable (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Outstanding for more than 6 mths		
Secured	3	-
Unsecured	1,766	1,468
Doubtful	49	2
Other Trade Receivables		
Secured	549	-
Unsecured	18,646	15,120
	21,013	16,590
Less: Provision for doubtful trade receivables	49	2
Total	**20,964**	**16,588**

17 Cash and Cash Equivalents (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Cash on hand	14	6
Balances with banks		
- in current accounts	239	320
- in deposit accounts	400	266
- in Collection accounts	463	445
- in unclaimed dividend accounts	43	34
- in margin money accounts	600	415
Other Bank Balances		
Fixed Deposit under lien	200	200
Total	**1,959**	**1,686**
Cash and cash equivalents for cash flow statements	1,159	1,072

17.1 The company has provided a collateral security, a lien on fixed deposit of S 200 lacs towards the Term Loans and Working Capital Loans taken by subsidiary M/s Pennar Engineered Building Systems Limited.

17.2 Out of the margin money balance, an amount of S 155 Lacs has maturity period of more than 12 months.

18 Short Term Loans and Advances (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Loans & Advances to related parties	14	4
Security Deposits	62	28
Loans & Advances to Staff	21	8
MAT Credit	-	68
Advances for Raw Material	594	556
Advances for Capital Goods	23	755
Advances to others	97	146
Balances with govt authorities	471	411
Other Deposits	3	118
Share Application Money	21	-
Total	**1,306**	**2,094**

During the year company has paid S 21.35 Lacs to Pennar Enviro Limited towards the share application money (S 0.5 Per share) for allotment of 42,70,000 equity shares of S 10 each at par.

Notes forming part of the Consolidated Financial Statements

19 Other Current Assets (S in Lacs)

Particulars	As at 31.03.2012	As at 31.03.2011
Prepaid Taxes (net of provision)	473	-158
Prepaid Expenses	166	54
Interest Receivable	41	1
Claims Others	2	2
Unbilled Revenue	5	22
Interest Accrued on Deposits	10	3
Unamortised expenses of ancillary borrowing cost	30	
Others	-	-
i) Amortised Premium on Forward Contract	29	-
ii) Forward Contract Receivable	2,289	-
iii) Incentive Receivable	430	136
Total	**3,475**	**60**

20 Revenue from operations (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Revenue From Operations		
Sale of Products	1,40,187	1,34,996
Sale of Services	3,200	1,897
Other Operating Revenues	457	187
	1,43,844	1,37,080
Less: Excise Duty	12,290	11,929
Sales Tax	4,766	4,336
	17,056	16,265
Total	**1,26,788**	**1,20,815**

21 Other Income (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest Income	94	73
Rent received	-11	12
Gain on Exchange Fluctuations	1	12
Liabilities/Provision no longer required written back	4	5
Incentives on Sales Tax	270	136
Miscellaneous Income	20	31
Total	**378**	**269**

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22 **Raw Material Consumed** (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening Stocks	**4,804**	3,365
Add: Purchases	**88,888**	87,123
Less: Materials Capitalised		94
Less: Closing Stocks	**3,646**	4,804
Consumption	**90,047**	85,590

23 **Changes in Inventory** (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Opening Stocks		
Work in Progress	**4,376**	4,674
Finished Goods	**2,501**	2,251
Scrap	**117**	85
	6,994	7,010
Closing Stocks		
Work in Progress	**7,689**	4,376
Finished Goods	**1,211**	2,501
Scrap	**124**	117
	9,024	6,994
Net (increase)/Decrease	**-2,030**	16
(Increase)/Decrease in Excise Duty	**-24**	2
Total	**-2,054**	**18**

24 **Manufacturing Expenses** (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Sub Contract Expenses	**4,439**	2,664
Stores & Spares	**7,525**	5,894
Power	**1,117**	966
Repairs & Maintenance - Buildings	**102**	116
Repairs & Maintenance - Plant & Machinery	**113**	107
Repairs & Maintenance - Others	**122**	97
Miscellaneous manufacturing expenses	**191**	141
Less: Capitalized		-
Total	**13,609**	**9,985**

Notes forming part of the Consolidated Financial Statements

25 Employee Benefits Expense (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries & Wages	**4,512**	3,207
Contribution to Gratuity, PF & Super Annuation	**342**	455
Staff Welfare Expenses	**432**	347
	-	128
		42
Less: Capitalised	-	43
Total	**5,286**	**4,136**

26 Other Expenses (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Insurance	44	40
Travelling & Conveyance	742	501
Rent	154	109
Rates & Taxes	59	87
Advertisement & Sales Promotion	101	117
Sales Commission	241	487
Communication Expenses	93	76
Bank Charges	991	815
Freight Outward	2,782	2,694
Technical, Legal & Professional	329	320
Managerial Remuneration	484	578
Directors' Fees & Expenses	10	7
Printing & Stationery	54	60
Bad Trade and Other Receivables	66	18
Net loss on foreign currency transactions and translation (other than considered as finance cost)	9	13
Loss on sale of Fixed Assets	-	19
Auditors' Remuneration	19	18
Miscellaneous Expenses	243	274
Less: Capitalised		-12
Total	**6,421**	**6,221**

27 Finance Cost (S in Lacs)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest on Term Loans	406	336
Interest on Working Capital	1,547	1,239
Interest on Income Tax	85	41
Premium on forward contract	63	
Total	**2,101**	**1,616**

28 Earning Per Share

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1	Net profit after adjusting minority interest (S in Lacs)	6,199	7,342
2	Weighted Average No. of shares	122024000	122024000
3	Annualized Basic Earning per share (S)	5.1	6.1

29 Contingent Liabilities (S in Lacs)

Particulars		As at 31.03.2012	As at 31.03.2011
i)	Bank Guarantees given by banks	379	292
ii)	Claims by Customs & Sales Tax	210	437
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	680	3,105
iv)	LC/Bills Discounted	3,590	5,531

29.1 Details of disputed dues to customs & Sales tax are given below: (S in Lacs)

S.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

29.2 Out of the disputed due amount of S 218.6 Lacs against Entry Tax on CIX, an amount of S 53.3 Lacshas been deposited. The Unpaid amount is S 165.3 Lacs

30 Managerial Remuneration (S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1	Directors Salaries & Allowances	132	132
2	Providend Fund & Superannuation	26	26
3	Other Perquisites	34	34
4	Commission	292	386
	Total	**484**	**578**

31 Auditors Remuneration (Excluding Service Tax) (S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
1	Audit Fees	26	23
2	Tax Audit Fees	2	2
3	Certification & Others	1	1
	Total	**29**	**26**

32 Related Party Disclosures (S in Lacs)

S.No.	Relationship	Name
1	Significant Influence	Pennar Enviro Limited Saven Technologies Limited
2	Key Management Personnel	Mr. Nrupender Rao Mr. Ch. Anantha Reddy Mr. Aditya N Rao
3	Relatives of Key Management Personnel	Mrs J Rajya Lakshmi Mrs Ch Prabha

32.1 Aggregate Related Party Transactions : (S in Lacs)

S.No.	Particulars	Significant Influence	Key Managerial Personnel	Relatives of Key Managerial Personnel
1	Purchases Made during the year	3	-	-
2	Sales Made during the year	-	-	-
3	Other Services Rendered	-	-	-
4	Other Services Received	17	-	-
5	Remuneration	-	485	-
6	Rent	-	-	26

33 Employee Benefits under defined Benefits Plan

a) Actuarial Data on defined benefit plans (Gratuity)

(S in Lacs)

S.No.	Particulars	For the year ended 31.03.2012
	Change in present value of obligations	
1	Present Value of Obligation at the beginning of the Year	395
2	Current Service Cost	59
3	Interest Cost	30
4	Benefits Paid	-40
5	Actuarial (Gains) / Losses	37
6	Present Value of Obligation at the end of the Year	482
	Change in fair value of Plan Assets	
1	Fair Value of Plan Assets as at the beginning of the Year	379
2	Expected Return on Plan Assets	35
3	Employer's Contribution	33
4	Benefits Paid	-40
5	Actuarial Gains / (Loss)	-2
6	Fair Value of Plan Assets as at the end of the Year	409
	Amounts Recognised in the Balance Sheet	
1	Present Value of Obligation at the end of the Year	482
2	Fair Value of Plan Assets as at the end of the Year	409
3	Funded Status	73
4	Net Asset (Liability) recognised in the Balance Sheet	73
	Expense Recognized in P & L A/c	
1	Current Service Cost	59
2	Interest Cost	30
3	Expected Return on Plan Assets	-35
4	Net Actuarial (Gains) / Losses Recognised in the Year	35
5	Net Cost Recognised in the Profit & Loss Account	90
	Assumptions	
1	Discount Rate	8%
2	Future Salary Increase	3%
3	Expected Rate of Return on Plan Assets	9.25%

b) Long Term Compensated Absences

During the year, an amount of S 5.2 Lacs has been taken as credit towards Long Term Compensated Absences. The assumptions used for computing the long term accumulated compensated absences on actuarial basis are as follows:

S.No.	Particulars	For the year ended 31.03.2012
1	Discount Rate	8%
2	Future Salary Increase	3%
3	Attrition Rate (Depending on Age)	1-3%

34 Segment Details

The holding company is engaged in manufacture of steel products, viz. Cold Rolled Steel Strips (CRSS) and Cold Formed Metal Profiles and the subsidiary company (PEBS) is engaged in manufacture of pre engineered building which is in context of Accounting Standard -17 issued by the Institute of Chartered Accountants of India is considered as single segment.

35 Foreign Currency Transactions

(S in Lacs)

S.No.	Particulars		For the year ended 31.03.2012	For the year ended 31.03.2011
a)	**Outflow in foreign currency**			
	i)	Foreign Travel Expense	24	19
	ii)	Raw Material	73	194
	iii)	Capital Equipment & Components	1,093	554
	iv)	Royalty	4	
b)	**Inflow in foreign currency**			
	i)	FOB value of exports	65	695

36 Details on derivatives instruments and unhedged foreign currency exposures

I. The following derivative positions are open as at 31 March, 2012. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may qualify or be designated as hedging instruments.

(a) Forward exchange contracts being derivative instruments, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables.

Outstanding forward exchange contracts entered into by the Company as on 31 March, 2012

Currency	USD in Lacs	Buy / Sell	S in Lacs
USD	45	Buy	2289
USD	(50)	Buy	(2399)

Note: Figures in brackets relate to the previous year

II. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2012		As at 31 March, 2011	
Receivable / (Payable) S in Lacs	Receivable / (Payable) in Foreign currency USD	Receivable / (Payable) S in Lacs	Receivable / (Payable) in Foreign currency USD
-34	(66960)	-	-

37 Details of leasing arrangements

Note	Particulars	For the year ended 31.03.2012 S in Lacs	For the year ended 31.03.2011 S in Lacs
	Details of leasing arrangements		
	As Lessor		
	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 5 years from 20-JAN-2011 and may be renewed for a further period of 5 years based on mutual agreement of the parties.	-	-
	Future minimum lease payments		
	Not later than one year	132.25	52.33
	later than one year and not later than five years	465.99	77.27
	later than five years	-	-
		598.24	**129.60**

37.1 Lease payment recognized in statement of profit and loss for the year S 152 Lacs (2010-11 S 90 Lacs)

37.2 Aggregate lease payment received under operating lease amount to S 32 Lacs (2010-11 S 5 Lacs) has been net off with rentals.

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

For and on behalf of the Board
Nrupender Rao
Executive Chairman

Ch. Anantha Reddy
Managing Director

Place: Hyderabad
Date: May 29, 2012

R Ravi
V.P. Finance and Company Secretary

Aditya Rao
Executive Director

Notice of the 36th Annual General Meeting

Notice is hereby given that the 36th Annual General meeting of PENNAR INDUSTRIES LIMITED will be held at 9:30 A.M on Monday, July 23, 2012 at Aditya Sarovar Premiere, HITEC City, Gachibowli, Hyderabad - 500 032, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the report of the Directors, the Balance sheet as at March 31, 2012 and the Profit and Loss Account for the year ended March 31, 2012 and the report of the auditors' thereon.
2. To declare dividend on Preference shares.
3. To declare Dividend for the year 2011-12 on Equity Shares.
4. To appoint a Director in place of Mr. C Rangamani, who retires by rotation and offers himself for re-appointment.
5. To appoint a Director in place of Mr. Ravi Chachra, who retires by rotation and offers himself for re-appointment.
6. To appoint a Director in place of Dr. G Vivekanand, who retires by rotation and offers himself for re-appointment.
7. To appoint M/s. Rambabu & Co., Chartered Accountants, Hyderabad as Auditors of the Company to hold office for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration and out-of-pocket expenses as may be fixed by the Board of Directors of the Company.

Special Business:

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

   "RESOLVED that Mr. Vishal Sood, who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 31, 2012, and who holds office up to the date of this meeting as per Section 260 of the Companies Act, 1956 ("the Act") and Article 107 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall be subject to retire by rotation."

9. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

   "RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on July 29, 2010 and in accordance with the provisions of Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the change in terms of appointment and remuneration of Mr. Nrupender Rao, as Executive Chairman for a period of one year with effect from April 1, 2012 to March 31, 2013 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof:

   1. Particulars of Remuneration:

      i. Salary (including dearness and all other allowances) S 3,00,000/- per month.

      ii. Special salary S 1,00,000/- per month

      iii. Perquisites and Allowances whose aggregate value shall not exceed S 24,00,000/- per annum.

      iv. In addition to the above minimum remuneration, commission not exceeding 1% of the net profits of the Company, computed according to the provisions of the Companies Act, 1956.

   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 between Board of Directors and Mr. Nrupender Rao.

   RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. Nrupender Rao as minimum remuneration with the approval of the Central Government, if required.

   RESOLVED FURTHER THAT so long as Mr. Nrupender Rao functions as the Executive Chairman 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 for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

10. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on July 29, 2010 and in accordance with the provisions of Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the change in terms of appointment and remuneration Mr. Ch Anantha Reddy as Managing Director for a period of one year with effect from April 1, 2012 to March 31, 2013 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof:

I. Particulars of Remuneration:

i. Salary (including dearness and all other allowances) S 3,00,000/- per month.

ii. Special salary S 1,00,000/- per month

iii. Perquisites and Allowances whose aggregate value shall not exceed S 24,00,000/- per annum.

iv. In addition to the above minimum remuneration, commission not exceeding 0.75% of the net profits of the Company, computed according to the provisions of the Companies Act, 1956.

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 between Board of Directors and Mr. Ch. Anantha Reddy.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. Ch Anantha Reddy as minimum remuneration with the approval of the Central Government, if required.

RESOLVED FURTHER THAT so long as Mr. Ch Anantha Reddy functions as the Managing 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 for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

11. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in supersession of the resolution passed by the members at the Annual General Meeting held on July 29, 2010 and in accordance with the provisions of Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the change in terms of appointment and remuneration of Mr. Aditya Rao, as Executive Director for a period of one year with effect from April 1, 2012 to March 31, 2013 on the following terms and conditions with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms of remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof:

I. Particulars of Remuneration:

i. Salary (including dearness and all other allowances) S 2,00,000/- per month.

ii. Special salary S 1,00,000/- per month

iii. Perquisites and Allowances whose aggregate value shall not exceed S 12,00,000/- per annum.

iv. In addition to the above minimum remuneration, commission not exceeding 0.50% of the net profits of the Company, computed according to the provisions of the Companies Act, 1956.

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 between Board of Directors and Mr. Aditya Rao.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. Aditya Rao as minimum remuneration with the approval of the Central Government, if required.

RESOLVED FURTHER THAT so long as Mr. Aditya Rao functions as the Executive 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 for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

By Order of the Board
For Pennar Industries Limited

Place: Hyderabad
Date: May 29, 2012

R. Ravi
V. P Finance & Company Secretary

Notes:

(a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself / herself. A proxy need not be a member of the Company. The instrument appointing Proxies to be valid must be deposited at the Registered Office of the Company, not less than 48 hours before commencement of the meeting.

(b) Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the meeting.

(c) An Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.

(d) The Register of Members and the Share Transfer Books of the Company will remain closed from July 13, 2012 to July 14, 2012 (both days inclusive).

(e) Dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those members whose names appear on the register of members as on Saturday, July 14, 2012 and to beneficial owners, as at the end of business hours on Thursday, July 12, 2012 as per the details furnished by NSDL and CDSL in respect of shares held in electronic form.

(f) Members are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting.

(g) Relevant documents and registers will be available for inspection by the members at the registered office of the Company.

(h) Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, 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.

(i) The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued Circular on April 21, 2011 stating that the service of documents can be made through electronic mode. In view of the circular issued by MCA, the Company proposes to henceforth deliver documents like the Notice calling the Annual General Meeting / Audited Annual Accounts / Report of the Auditors / Report of the Directors etc, in electronic form to email address provided by the shareholders.

(j) Shareholders 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.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 8:

The Board of Directors in its meeting held on January 31, 2012, approved the appointment of Mr. Vishal Sood, as an Additional Non-Executive Independent Director of the Company.

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Vishal Sood will hold office till the ensuing Annual General Meeting and is eligible for re-appointment.

Notice under Section 257 of the Act, was received from a member proposing the appointment of Mr. Vishal Sood as the Company's Director, along with the requisite deposit.

Mr. Sood has a BE in Computer Science from Gujarat University and a MBA from IIM Ahmedabad. Vishal Sood joined SAIF in 2007 and is currently a Partner with SAIF. Prior to joining SAIF, he worked in investment banking at Kotak, SSKI, and SBI Capital Markets. In addition, he spent three years as an ERP consultant with Quinnox. His primary area of focus is growth equity.

His induction on the Board would be of immense benefit to the Company.

Names of companies in which the person also holds the directorship and the membership of Committees of the Board is provided in the Additional information on Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting.

Mr. Vishal Sood does not hold any shares in the Company.

The Board of Directors recommends the resolution for your approval.

None of the Directors except Mr. Vishal Sood is interested or concerned in the resolution.

Item No. 9

The members of the Company at their Annual General Meeting of the Company held on July 29, 2010 had approved the terms of appointment of Mr. Nrupender Rao as Executive Chairman for a period of two years commencing from April 01, 2010.

The Board of Directors of the Company at the meeting held on March 26, 2012 has, subject to the approval of the members, unanimously approved the variation in the terms of appointment of Mr. Nrupender Rao, Executive Chairman of the Company for a period of one year commencing from April 1, 2012 including payment of remuneration. An abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 dated March 26, 2012 has already been circulated to the members.

Mr. Nrupender Rao has been guiding the Company in its strategic, decision making policies and financial restructuring.

Members' approval is required for the variation in the terms of appointment of Mr. Nrupender Rao, Executive Chairman of the Company w.e.f. April 01, 2012 for a period of one year and payment of remuneration as set out in the accompanying resolution.

The Board recommends the resolution set out at item no. 9 of the notice for your approval.

None of the Directors, except Mr. Nrupender Rao and Mr. Aditya N Rao (being a relative), are in any way, concerned or interested in the resolution set out at item no. 9 of the notice.

Item No. 10:

The members of the Company at their Annual General Meeting of the Company held on July 29, 2010 had approved the terms of appointment of Mr. Ch Anantha Reddy as Managing Director for a period of two years commencing from April 01, 2010.

The Board of Directors of the Company at the meeting held on March 26, 2012 has, subject to the approval of the members, unanimously approved the variation in the terms of appointment of Mr. Ch Anantha Reddy, Managing Director of the Company for a period of one year commencing from April 1, 2012 including payment of remuneration. An abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 dated March 26, 2012 has already been circulated to the members.

Mr. Ch Anantha Reddy has immensely contributed to the progress, development and growth of the Company.

Members' approval is required for the variation in the terms of appointment of Mr. Ch Anantha Reddy, Managing Director of the Company w.e.f. April 01, 2012 for a period of one year and payment of remuneration as set out in the accompanying resolution.

The Board recommends the resolution set out at item no. 10 of the notice for your approval.

None of the Directors, except Mr. Ch Anantha Reddy, are in any way, concerned or interested in the resolution set out at item no. 10 of the notice.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Pennar

Item No. 11:

The members of the Company at their Annual General Meeting of the Company held on July 29, 2010 had approved the terms of appointment of Mr. Aditya Rao, Director- Projects for a period of two years commencing from April 01, 2010.

The Board of Directors of the Company at the meeting held on March 26, 2012 has, subject to the approval of the members, unanimously approved the variation in the terms of appointment of Mr. Aditya Rao as Executive Director of the Company for a period of one year commencing from April 1, 2012 including payment of remuneration. An abstract of the terms of appointment pursuant to Section 302 of the Companies Act, 1956 dated March 26, 2012 has already been circulated to the members.

Mr. Aditya Rao has been handling the functions of diversification, projects, various strategic initiatives of the Company and involved in setting up of a Subsidiary Company to manufacture Pre Engineered Steel Buildings, Pennar Engineered Building Systems Limited.

Members' approval is required for the variation in terms of appointment of Mr. Aditya Rao, Executive Director of the Company w.e.f. April 01, 2012 for a period of one year and payment of remuneration as set out in the accompanying resolution.

The Board recommends the resolution set out at item no. 11 of the notice for your approval.

None of the Directors, except Mr. Aditya Rao and Mr. Nrupender Rao (being a relative), are in any way, concerned or interested in the resolution set out at item no. 11 of the notice

By Order of the Board
For Pennar Industries Limited

Place: Hyderabad
Date: May 29, 2012

R. Ravi
V. P Finance & Company Secretary

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 May 29, 2012	Chairman/ member of the Committee of other companies on which he is a Director as on May 29, 2012	No of Shares held by them in the Company as on May 29, 2012
Mr. C Rangamani	01-11-1941	25-10-2007	B.Sc., B.G.L	General Manager in United Insurance Company Ltd., (Retd) Expertise in finance, Insurance & General management	Sakthi Sugars Limited Sakthi Auto Components Ltd.	Sakthi Sugars Limited Sakthi Auto Components Ltd.	Nil
Mr. Ravi Chachra	10-09-1965	29-07-2006	B.Com, M.B.A	Portfolio Manager	Eight Capital Master Fund Ltd.	Nil	Nil
Dr. G Vivekanand	30-11-1957	30-10-2006	M.B.B.S.	Experience in field of management	Normak Fashions Private Limited Venus Energy Private Limited Maddi Constructions Private Limited Visaka Industries Limited Visaka Thermal Power Private Limited Dyka Accessories Private Limited A-Bond Strands Private Limited	Visaka Industries Limited	Nil
Mr. Vishal Sood	23-02-1972	31-01-2012	B.E, MBA from IIM Ahmedabad	Experience in field of management	SAIF Advisors Private Limited Speciality Restaurants Ltd. Manpasand Beverages Private Limited Catmoss Retail Private Limited	Nil	Nil

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 May 29, 2012	Chairman/ member of the Committee of other companies on which he is a Director as on May 29, 2012	No of Shares held by them in the Company as on May 29, 2012
Mr. Nrupender Rao	23-06-1945	23-09-1995	B.Tech. IIT Kharagpur, M. S. Operations Research & Industrial Engineering, Purdue University, USA,	Expertise in the various field of Management	Pennar Engineered Building Systems Limited Pennar Enviro Limited Saven Technologies Ltd. Pennar Logistics Limited Pennar Building Systems Pvt. Ltd. Pennar Aluminium Company Limited Pennar Management Services Limited Thapati Trading Private Limited Palguna Consultants Private Limited	Pennar Aluminium Company Ltd. Saven Technologies Ltd.	25,01,684
Mr. Ch. Anantha Reddy	5-06-1947	30-10-2000	B.E (Metallurgical) P.G.D.M.M from Indian Institute of Materials Management	Vast Experience in the Technologies of Steel Industry for for the past few decades & Experience in various fields of management	Pennar Engineered Building Systems Limited	Nil	12,91,900
Mr. Aditya Rao	06-12-1981	30-01-2008	Post-Graduation in Engineering Management from Cornell University, USA	Experience in Corporate Business Planning	Pennar Engineered Building Systems Limited Pennar Building Systems Pvt. Ltd. Pennar Management Services Limited Pennar Enviro Limited Pennar Logistics Limited Thapati Trading Pvt Ltd Palguna Consultants Private Limited	Nil	49,62,508

Pennar Industries Limited

Regd. Office: Floor -1, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084

PROXY FORM

Regd. Folio No: __________________________ No. of Shares held: ___________________________

*DP. Id.: _________________________________ *Client Id: _________________________________

I/We____of ____being a member/members of Pennar Industries Limited hereby appoint ____of ____or failing him/her____of ____ as my/our proxy to vote for me/us on my/ our behalf, at the 36th Annual General Meeting of the Company to be held on Monday the 23rd day of July 2012 at 9.30 a.m. at the Aditya Sarovar Premiere, HITEC City, Gachibowli, Hyderabad - 500 032 or at any adjournment thereof.

Affix
Revenue
Stamp

Signed this _________________day of ___________2012.

• Applicable for investors holding shares in electronic form.

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.

Pennar Industries Limited

Regd. Office: Floor -1, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084

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: _________________________________

Name and address of the Shareholder ____

I certify that I am a registered shareholder/Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 36th Annual General Meeting held on Monday the 23rd day of July 2012 at 9.30 a.m. at the Aditya Sarovar Premiere, HITEC City, Gachibowli, Hyderabad - 500 032.

Signature of the Shareholder/Proxy

• Applicable for investors holding shares in electronic form

Note: Member(s)/ Proxies are requested to bring their copies of Annual Report to the meeting.

Disclaimer

In this annual report, we have disclosed forward looking information to help investors comprehend our business prospects and thus take informed investment decisions. This report is based on certain 'forward-looking statements' that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The performance of the company is subject to various risks, uncertainties and inaccuracies in assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Pennar

Pennar Industries Limited

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