

Independent Auditor's Report

To the Members of
PENNAR ENVIRO LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PENNAR ENVIRO LIMITED (*"the Company"*) which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

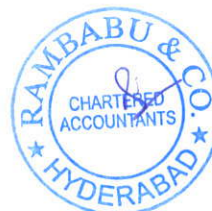
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (*"the Act"*) with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

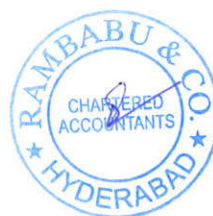
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March, 2017 on its financial position in its financial statements as referred to in note no.27 in financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 32 to the financial statements

Place: Hyderabad

Date: 10-05-2017

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



(Handwritten Signature)

RAVI RAMBABU
Partner
M.No.018541

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

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

(b) As explained to us, the fixed assets have been physically verified by the management according to the phased program designed to cover all the fixed assets over the year.
- ii) In respect of Inventories:
 - a) As explained to us the inventories, except the goods in transit and stock lying with the third parties have been physically verified during the year by the management at reasonable intervals.
 - 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 were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security. .
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



- vii) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- viii) 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. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.



- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad
Date: 10-05-2017



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

A handwritten signature in blue ink, appearing to read "Ravi Rambabu".

RAVI RAMBABU
Partner
M.No.018541

"Annexure B" to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PENNAR ENVIRO LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management responsible for establishing and maintaining internal financial controls base on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad

Date: 10-05-2017

For RAMBABU & Co.,

Chartered Accountants

Firm Reg. No: 002976S



Ravi Rambabu
RAVI RAMBABU

Partner

M.No.018541

Pennar Enviro Limited
Hyderabad
Balance sheet as at 31st March 2017

S.No	Particulars	Note	As at 31.03.2017	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
a	Share Capital	1	83,682,590	83,682,590
b	Reserves & Surplus	2	33,790,540	16,843,601
			117,473,130	100,526,191
2	NON CURRENT LIABILITIES			
a	Long Term Borrowings			
	- UnSecured	3	250,000,000	135,000,000
b	Deferred Tax Liability (Net)	4	9,597,009	13,423,759
			259,597,009	148,423,759
3	CURRENT LIABILITIES			
a	Short Term Borrowings	5	59,562,902	50,989,473
b	Trade Payables	6	326,337,740	423,061,485
c	Other Current Liabilities	7	56,952,399	66,919,180
d	Short Term Provisions	8	7,181,254	7,509,518
			450,034,295	548,479,656
	Total (1+2+3)		827,104,434	797,429,606
II	ASSETS			
1	NON CURRENT ASSETS			
a	Fixed Assets	9		
	- Tangible Assets		13,656,232	15,371,356
	- Capital Work- in- Progress		24,645,761	24,645,761
b	Non Current Investments	10	200,000	200,000
c	Other Non Current Assets	11	23,778,416	34,170,102
			62,280,409	74,387,219
2	CURRENT ASSETS			
a	Inventories	12	42,418,214	30,066,697
b	Trade Receivables	13	644,886,498	631,698,295
c	Cash and Bank Balances	14	30,497,268	8,000,200
d	Short Term Loans & Advances	15	45,501,088	52,151,840
e	Other Current Assets	16	1,520,957	1,125,355
			764,824,025	723,042,387
	Total (1+2)		827,104,434	797,429,606
	Significant Accounting Policies Notes on Financial Statements	1 to 33		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu
Partner
Membership.No:018541



Shreepad N Purkar
President & CEO

Aditya N Rao
Vice Chariman
DIN 01307343

P V Rao
Director
DIN 03157581

Place : Hyderabad
Date : May 10, 2017

Mirza Mohammed Ali Baig
Company Secretary
Membership No ACS29058

Pennar Enviro Limited
Hyderabad

Statement of Profit & Loss for the year ended 31st March 2017

S.No	Particulars	Note	For the Year ended 31.03.2017	For the Year ended 31.03.2016
I	Gross Revenue	17	1,152,807,913	1,004,999,103
	Less: Excise Duty/Service Tax		12,408,395	13,403,085
	Sales Tax		30,769,734	22,199,354
	Revenue from operations (Net Sales)		1,109,629,784	969,396,663
II	Other Income	18	888,108	1,628,093
III	Total Revenue (I + II)		1,110,517,892	971,024,756
IV	Expenditure :			
	Raw Material Consumed	19	951,588,142	775,012,188
	Change in Inventories	20	(12,167,410)	7,532,343
	Manufacturing Expenses	21	14,826,411	22,248,752
	Employee Benefits Expense	22	82,792,437	79,685,234
	Other Expenses	23	29,419,797	30,823,504
			1,066,459,377	915,302,021
	Profit before Interest, Depreciation & Tax		44,058,515	55,722,735
	Amortization of Deferred Expenses	24	10,289,361	10,341,361
	Finance Cost	25	10,459,751	8,366,847
	Depreciation	9	2,089,215	2,393,764
			22,838,327	21,101,972
	Profit before Tax		21,220,188	34,620,763
	Tax Expenses			
	Current Tax		8,100,000	8,800,000
	Deferred Tax Liability		(3826750)	11,166,939
	Prior Year tax		-	119,588
	Net Profit after Tax		16,946,938	14,534,236
	Earning Per Share (having a face value of Rs 10 each)			
	- Basic and Diluted	26	2.03	1.74
	Significant Accounting Policies			
	Notes on Financial Statements	1 to 33		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu
Partner
Membership.No:018541



Place : Hyderabad
Date : May 10, 2017

Shreepad N Purkar
President & CEO

Aditya N Rao
Vice Chariman
DIN 01307343

P V Rao
Director
DIN 03157581

Mirza Mohammed Ali Baig
Company Secretary
Membership No ACS29058

Pennar Enviro Limited
Cash Flow Statement for the year ended 31.03.2017

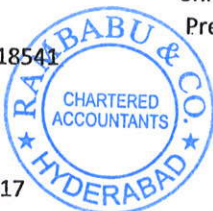
SI No	Particulars	For the year ended	
		31.03.2017	31.03.2016
A	Cash Flow from operating activities		
	Profit Before Tax	21,220,188	34,620,763
	Depreciation & Amortisation	12,378,576	12,735,125
	Finance Costs	10,459,751	8,366,847
	Loss on sale of Assets	-	-
	Bad Debts written off	-	459,746
	Operating Profit Before working capital changes	44,058,515	56,182,481
	Adjustments for (increase)/decrease in operating assets		
	Trade Receivables	(13,188,202)	(500,340,469)
	Inventories	(12,351,517)	7,802,873
	short Term Borrowings - Banks	8,573,429	16,690,628
	Short Term Loans & Advances	6,650,752	(25,111,558)
	Other Current Assets	(395,602)	44,643
	Adjustments for (increase)/decrease in operating liabilities		
	Other Current Liabilities	(9,966,781)	(28,220,964)
	Trade Payables	(9,672,374)	347,584,696
	Cash Generated from operating activities	(73,343,152)	(125,367,670)
	Less: Taxes paid	(8,223,613)	(560,895)
	Net Cash from operating activities (A)	(81,566,765)	(125,928,565)
B	Net Cash from Investing Activities		
	Movement for payment towards Capital Goods	(374,091)	(1,321,193)
	Margin Money Deposits made	(6,973,793)	1,242,125
	Proceeds from Sale of Assets	-	-
	Increase In non Current Assets	(102,325)	138,375
	Net cash from Investing Activities (B)	(7,450,209)	59,307
C	Cash Flow from financing Activities		
	Repayment of long term borrowings	-	-
	Proceeds from Long Term borrowings	115,000,000	135,000,000
	Finance Cost	(10,459,751)	(8,366,847)
	Net Cash from (used) in financing activities (C)	104,540,249	126,633,153
	Net increase/(decrease) in Cash and Cash equivalents(A+B+C)	15,523,276	763,895
	Cash and Cash equivalents at the beginning of the year	1,286,538	522,643
	Cash and Cash equivalents at the end of the year	16,809,814	1,286,538

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu
Partner
Membership.No:018544



Place : Hyderabad
Date : May 10, 2017

Shreepad N Purkar
President & CEO

Aditya N Rao
Vice Chariman
DIN 01307343

P V Rao
Directors
DIN 03157581

Mirza Mohammed Ali Baig
Company Secretary
Membership No ACS29058

Notes forming part of the Financial Statements

I Corporate Information

Pennar Enviro Limited is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants and EPC contracts. The company continues to manufacture and distribute Fuel Additives and Water Treatment Chemicals. The company's Registered Office cum Manufacturing facility is situated at Plot No. 186/A, IDA Mallapur, Telangana. The company is a subsidiary of Pennar Industries Limited.

II Significant Accounting Policies and Practices

1. Accounting Conventions

The financial statements have been prepared under the historical conventions in accordance with the generally accepted 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, 2013 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 as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, valuation of inventories, provision for taxation, useful lives of fixed assets 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:

Raw Materials, Stores and spares are valued at cost.

Finished Goods and Work in Process is valued at cost or market value whichever is lower. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition.

4. Depreciation and Amortization

Depreciable amount for asset is the cost of an asset or other amount substituted for cost less its estimated value. Depreciation on tangible fixed assets has been provided on the straight line method as per the usual life prescribed in Schedule II of the companies Act, 2013 except in respect of the following.

Intangible assets are amortized over the estimated useful life.

5. 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.

Interest income is recognized on time proportionate basis.

6. Expenditure

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

7. 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.

8. Intangible Assets

Intangible Assets if any are stated at cost less amortization.

9. Foreign Currency Transaction

Initial Recognition

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

Exchange rate variation on account of fluctuations in the rate of exchange, if any, is accounted as foreign exchange fluctuation.

10. Deferred Revenue Expenses

Expenditure in connection with increase in authorized share capital and new business segments are deferred and amortized over a period of 5 years.

11. 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 terms compensated absences etc.; are recognized in the period in which the employee renders the related service.

b) Defined Benefit Plan

The company makes annual contributions 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.

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.

12. 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 incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

13. 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.

14. Provisions & Contingencies

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.

1 SHARE CAPITAL

Particulars	As at	
	31.03.2017	31.03.2016
1.1 Authorised Share Capital		
Equity Shares		
90,00,000 Equity Shares of Rs. 10/- each (Previous Year 90,00,000 Equity Shares of Rs. 10/- each)	90,000,000	90,000,000
	90,000,000	90,000,000
1.3 ISSUED, SUBSCRIBED & PAID UP		
Equity Shares		
83,68,259 Equity Shares of Rs. 10/- each (Previous Year 83,68,259 Equity Shares of Rs. 10/- each)	83,682,590	83,682,590
Total	83,682,590	83,682,590

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

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

Name of the share holder	As at 31.03.2017		As at 31.03.2016	
	No of Shares	% held	No of Shares	% held
Pennar Industries Limited	4,270,000	51.03	4,270,000	51.03
Aditya N Rao	1,500,000	17.92	1,500,000	17.92
Sudeepta Rao	958,925	11.46	958,925	11.46

2 Reserves and Surplus

Particulars	As at	
	31.03.2017	31.03.2016
General Reserve	1,749,571	1,749,571
Balance in Profit and Loss		
Opening Balance	15,094,030	559,794
Add : Profit for the year	16,946,938	14,534,236
	32,040,969	15,094,030
Total	33,790,540	16,843,601

3 Long Term Borrowings

Particulars	As at	
	31.03.2017	31.03.2016
Unsecured		
Inter Corporate Loan	250,000,000	135,000,000
Total	250,000,000	135,000,000

The company has taken an Inter corporate loan of Rs 7.50 crores from Pennar Engineered Buildings Systems Ltd a fellow subsidiary against which no provision is made for interest (note 27(a) and a non interest bearing ICL of Rs 17.50 crores from Pennar Industries Limited, its holding company.

4 **Deferred Tax Liability**

Particulars	As at	
	31.03.2017	31.03.2016
Opening Deferred Tax Liability	13,423,759	2,256,820
Deferred tax liability recognized during the year		
on a/c of Depreciation	(424779)	245,503
on a/c of Deferred Revenue Expenses	(3401971)	10,921,436
Closing Deferred Tax Liability	9,597,009	13,423,759

5 **Short Term Borrowings**

Particulars	As at	
	31.03.2017	31.03.2016
From Banks		
Axis Bank Limited	59,562,902	50,989,473
	59,562,902	50,989,473

5.1 Working Capital facilities sanctioned by Axis Bank Limited of Rs 600 lakhs is secured by first charge on the current assets of the company both present and future and movable fixed assets (excluding vehicles) and factory land and buildings standing in the name of the company. The working capital facilities are further secured by way of corporate guarantee given by Pennar Industries Limited holding company and personal guarantee of Mr Aditya N Rao Vice Chairman and director of the company.

6 **Trade Payables**

Particulars	As at	
	31.03.2017	31.03.2016
Creditors for Raw Material (Note 6.1)	297,178,503	399,732,058
Creditors for expenses	16,637,070	15,121,827
Creditors for Services	10,961,295	6,402,534
Dues to Micro Small and Medium Enterprises (Note 30)	1,560,872	1,805,066
Total	326,337,740	423,061,485

6.1 Creditors for Raw Material include an amount of Rs.21,00,63,184 payable to Pennar Industries Limited, holding company and an amount of Rs.33,16,974 payable to Pennar Engineered Building Systems Ltd., Fellow Subsidiary Company.

7 **Other Current Liabilities**

Particulars	As at	
	31.03.2017	31.03.2016
Advances from customers	46,307,307	60,128,954
VAT Payable	6,485,098	2,666,563
Statutory dues Payable		
Tax Deducted at Source	1,361,316	1,154,708
Service Tax/Excise Duty Payable	2,104,623	2,360,624
Provident Fund/ESI/Profession Tax	694,056	608,331
Total	56,952,399	66,919,180

7.1 Advance from customers include an amount of Rs 1,81,84,726 payable to Pennar Industries Limited, holding company

8 **Short Term Provisions**

Particulars	As at	
	31.03.2017	31.03.2016
Provision for Tax	7,181,254	7,509,518
(Net of Advance Tax Rs 19,74,818) Previous year net of Advance Tax Rs 26,85,376		
Total	7,181,254	7,509,518

2016 - 17

PENNAR ENVIRO LIMITED

Note 9

Fixed Assets

Rupees

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2016	Additions	Disposal	31.03.2017	01.04.2016	Additions	Disposal	31.03.2017	31.03.2017	31.03.2016
Tangible Assets										
Land	2,737,929	-	-	2,737,929	-	-	-	-	2,737,929	2,737,929
Factory Buildings	6,193,990	-	-	6,193,990	2,600,767	188,937	-	2,789,704	3,404,286	3,593,223
Plant & Machinery	10,025,318	-	-	10,025,318	7,118,302	867,433	-	7,985,735	2,039,583	2,907,016
Equipments	10,219,977	94,373	-	10,314,350	7,754,398	308,835	-	8,063,233	2,251,117	2,465,579
Furniture & Fixtures	5,169,210	-	-	5,169,210	3,562,815	167,563	-	3,730,378	1,438,832	1,606,395
Vehicles	3,716,399	-	-	3,716,399	3,148,988	164,397	-	3,313,385	403,014	567,411
Computers	7,942,704	279,718	-	8,222,422	6,448,901	392,050	-	6,840,951	1,381,471	1,493,803
Total	46,005,527	374,091	-	46,379,618	30,634,171	2,089,215	-	32,723,386	13,656,232	15,371,356
Previous Year	44,684,334	1,321,193	-	46,005,527	28,240,407	2,393,764	-	30,634,171	15,371,356	16,443,927
Capital work in progress	24,645,761	-	-	24,645,761	-	-	-	-	24,645,761	24,645,761

10 Non Current Investments

Particulars	As at	
	31.03.2017	31.03.2016
Unquoted (at cost)		
Mana Effluent Treatment Plant Limited	200000	200,000
Total	200,000	200,000

10.1 The company has invested in 200 equity shares of Rs 1,000 each in the Common ETP Plant at Mallapur.

11 Other Non Current Assets

Particulars	As at	
	31.03.2017	31.03.2016
Electricity Deposit	127943	127,943
Rent Deposit	656934	749,559
Other Deposits	250700	260,400
Deferred Revenue Expenses		
- Water Treatment Chemical (Market Development) (Refer note 25)	-	299,010
- Water Projects Division (Refer note 25)	22,742,839	32,733,190
Total	23,778,416	34,170,102

11.1 Rent Deposit includes an amount of Rs 3,62,934 deposited with Pennar Engineered Building Systems Limited a fellow subsidiary.

12 Inventories (As valued and certified by Management)

Particulars	As at	
	31.03.2017	31.03.2016
Raw Material	4,447,730	4,263,623
Finished Goods	1,188,410	559,746
Work in Progress	38,882,074	25,243,328
Total	44,518,214	30,066,697

13 Trade Receivables

Particulars	As at	
	31.03.2017	31.03.2016
Trade Receivables outstanding for a period of exceeding six months from the date they were payable		
Secured Considered good		
Unsecured, considered good	10484135	8,242,454
Unsecured considered doubtful	488316	1,041,144
	10972451	9,283,598
Less: Bad Debts Written off	-	459,746
Other Trade Receivables		
Unsecured, Considered Good	633,914,047	622,874,443
Total	644,886,498	631,698,295

13.1 Trade Receivables outstanding for a period exceeding six months include an amount of Rs 4,88,316 which is doubtful for recovery. However the management is confident of recovering the same.

14 Cash and Bank Balances

Particulars	As at	
	31.03.2017	31.03.2016
Cash and Cash Equivalents		
Balances with banks		
- in current accounts	16,798,804	894,623
cash on hand	11,010	391,915
Other Bank Balances		
Margin Money Deposit	13,687,454	6,713,661
Total	30,497,268	8,000,200

14.1 Out of the above, cash and cash equivalents that meet the definition of cash flow statement is Rs 1,68,09,814. (Previous Year Rs12,86,538)

14.2 An amount of Rs 12,78,798 out of Margin Money Deposit has maturity period of more than twelve months.

15 Short Term Loans & Advances

Particulars	As at	
	31.03.2017	31.03.2016
(Unsecured, considered good, recoverable in cash or in kind for value to be received)		
Loans & Advances to Staff	401,946	922,958
Advances for Raw Material	16,333,386	30,078,750
Advances to others	25,555,974	20,412,299
Earnest Money Deposit	860,454	399,279
Cenvat Credit	2,349,329	338,555
Total	45,501,088	52,151,840

16 Other Current Assets

Particulars	As at	
	31.03.2017	31.03.2016
Prepaid Expenses	1,520,957	1,125,355
	1,520,957	1,125,355

17 Revenue from operations

Particulars	For the year ended	
	31.03.2017	31.03.2016
Revenue From Operations		
Sale of Products	74,984,665	77,835,463
Contract Sales	1,061,183,567	915,287,195
Sale of Services	16,639,681	11,876,444
	1,152,807,913	1,004,999,103
Less : Excise Duty	8,285,471	9,199,083
Sales Tax	30,769,734	22,199,354
Service Tax	4,122,924	4,204,002
	43,178,129	35,602,439
Net Revenue	1,109,629,785	969,396,663

18 Other Income

Particulars	For the year ended	
	31.03.2017	31.03.2016
Interest Income	584,732	1,195,670
Miscellaneous Income	275,671	415,532
Gain on Exchange Fluctuations	27,705	16,891
Total	888,108	1,628,093

19 Raw Material Consumed

Particulars	For the year ended	
	31.03.2017	31.03.2016
Opening Stocks	4,263,623	4,534,153
Add : Purchases	951,772,250	774,741,658
	956,035,873	779,275,811
Less : Closing Stocks	4,447,730	4,263,623
Raw Material Consumed	951,588,142	775,012,188

- 19.1 Purchases include a sum of Rs. 7,61,325/- (previous year 29,60,002) towards freight inwards and Rs.1,08,751/- (Previous Year Rs 1,22,795/-) towards clearing & forwarding charges.

20 Changes In Inventories (other than RM)

Particulars	For the year ended	
	31.03.2017	31.03.2016
Opening Stocks		
Finished Goods	559,746	412,547
Work in Progress	25,243,328	32,922,870
Closing Stocks		
Finished Goods	1,188,410	559,746
Work in Progress	38,882,074	25,243,328
(Increase)/Decrease in Stocks	(14,267,410)	7,532,343

21 Manufacturing Expenses

Particulars	For the year ended	
	31.03.2017	31.03.2016
Stores & Spares	811,464	681,327
Power	149,277	193,194
Repairs & Maintenance - Plant & Machinery	24,150	268,969
Miscellaneous manufacturing expenses	13,841,520	21,105,262
Total	14,826,411	22,248,752

22 Employee Benefits Expense

Particulars	For the year ended	
	31.03.2017	31.03.2016
Salaries & Wages	74,571,756	71,286,716
Contribution to Gratuity, PF & Super Annuation	4,165,527	4,888,467
Staff Welfare Expenses	4,055,154	3,510,051
Total	82,792,437	79,685,234

23 Other Expenses

Particulars	For the year ended	
	31.03.2017	31.03.2016
Insurance	165,647	278,963
Travelling & Conveyance	11,248,255	12,694,747
Rent	1,574,900	1,225,548
Rates & Taxes	206,578	267,508
Advertisement & Sales Promotion	752,653	1,108,590
Selling Expenses	2,149,434	1,793,256
Communication Expenses	1,469,911	1,155,580
Freight Outward	4,109,039	2,986,832
Directors Fees & Expenses	18,000	16,500
Technical, Legal & Professional	2,288,552	4,295,505
Printing & Stationery	924,587	710,020
Recruitment Expenses	39,336	60,833
Repairs & Maintenance - Others	482,438	204,545
Interest and Penalty on Taxes & Duties	544,439	440,696
Auditors' Remuneration (Note no 23.1)	250,000	250,000
Vehicle Maintenance	1,930,460	2,013,468
Miscellaneous Expenses	1,265,569	861,168
Bad Debts Written off		459,746
Total	29,419,797	30,823,504

23.1 Auditors Remuneration (Excluding Service Tax)

Particulars	For the year ended	
	31.03.2017	31.03.2016
Audit Fee	200,000	200,000
Tax Audit Fee	50,000	50,000
Total	250,000	250,000

24 Amortization of Deferred Revenue Expenses

Particulars	For the year ended	
	31.03.2017	31.03.2016
Expenses Increasing Authorised Share Capital	0	52,000
A: Less Written off during the Year	0	52,000
Market Development Expenses Chemical Division	-	-
B: Less Written off during the Year	299,010	598,020
	299,010	299,010
Water Projects Division	-	299,010
C: Less Written off during the Year	32,733,190	42,723,541
	9,990,351	9,990,351
	22,742,839	32,733,190
Deferred Revenue Expenses Written off A+B+C	10,289,361	10,341,361

25 Finance Cost

Particulars	For the year ended	
	31.03.2017	31.03.2016
Interest on Cash Credit Account	6,700,641	4,946,128
Interest Others	96,739	113,420
Interest on TDS	200,145	97,294
Bank Charges	3,462,225	3,210,005
Total	10,459,751	8,366,847

26 Earning Per Share

Particulars	For the year ended	
	31.03.2017	31.03.2016
Net profit for basic EPS (Rs.)	16,946,938	14,534,236
Weighted Average No. of shares	8,368,259	8,368,259
Annualized Basic Earning per share (Rs.)	2.03	1.74

- 27 Contingent Liabilities not acknowledged as Debt
a) Bank guarantees given by Banks Rs. 7,90,15,213
b) Interest provision not provided for ICD Rs 1,09,72,603

28 Related Party Disclosures

Sl No	Relationship	Name
1	Pennar Industries Limited	Holding company
2	Pennar Engineered Building Systems Pennar Renewables Limited	Fellow Subsidiary Associate Enterprise
3	Mr. Nrupender Rao Mr. Aditya N Rao Mr Shreepad Purkar	Key Management Personnel (KMP) Key Management Personnel (KMP) Key Management Personnel (KMP)

28.1 Aggregate Related Party Transactions :

Rupees

Sl No	Particulars	Holding Company		Fellow Subsidiary		Associate Enterprise	
		2016 - 17	2015 - 16	2016 - 17	2015 - 16	2016 - 17	2015 - 16
1	Sales Made during the year	420,726	650,848		-	3,338,617	-
2	purchases Made during the year	745,401,723	581,202,543	3,243,737	-		
3	Other Services Rendered	-	1,842,099		-		
4	Other Services Received	-	-	131,016	128,080		
5	Inter Corporate Deposit Received	75,000,000	-	-	135,000,000		
6	Inter Corporate Deposit Paid	-	-	60,000,000	-		
7	Advances Received	118,184,726	100,293,689	-	-	3,338,617	-
8	Advances Paid	-	120,700,000	-	-		
9	Balances payable	403,247,910	355,745,791	78,316,974	135,000,000		
10	Balances Receivable	-	-	-	-		
28.2	Key Managerial Personnel	4,752,424	39,95,950				

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

Disclosures of Sundry Creditors under trade payables is based on the information available with the company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development (Act 2006)" and relied upon by the auditors.

Particulars	Rs in lakhs	Rs in lakhs
	2016- 17	2015- 16
Principal amount remaining unpaid as at the end of the year	15.61	18.50
Interest due on the above	0.87	1.45
Interest paid on above	Nil	Nil

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

30 Loans & Advances and Trade Receivables are subject to confirmation.

31 Foreign Currency Transactions	For the Year Ended	
	31.03.2017	31.03.2016
a) Outflow in foreign currency		
1. Raw Material	7,247,374	3,949,444
2. Consultancy Fee	330,011	661,456
3. Foreign Travel	640,307	-
b) Inflow in foreign currency		
1 Sale of goods	2,169,305	53,201,955

32 Specified Bank Notes(SBN) held and transacted during the period 8/11/2016 to 30/12/2016

	Other		Total
	SBN denomination		
Closing cash in hand as on 8-11-2016	30000	25221	55221
(+) Permitted receipts	0	0	0
(+) Cash withdrawals		204000	204000
(-) Permitted payments	0	0	0
(-) Cash Payments		228034	228034
(-) Amount deposited in Banks	30000	0	30000
Closing cash in hand as on 30-12-2016	0	1187	1187

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

In terms of our report attached

For Rambabu & Co
Chartered Accountants
Firm Regn No 002976S



Ravi Rambabu
Partner
Mememrship No 018541



Place : Hyderabad
Date : May 10, 2017

For and on behalf of the Board of Directors



Shreepad N Purkar
President & CEO

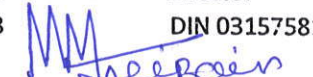


Aditya N Rao
Vice Chairman
DIN 01307343

Place : Hyderabad
Date : May 10, 2017



P V Rao
Director
DIN 03157581



Mirza Mohammed Ali Baig
Company Secretary
Membership No ACS29058