



PENNAR INDUSTRIES LIMITED


FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges
(Pursuant to Clause 31(a) of the Listing Agreement)


1.	Name of the Company	M/s. Pennar Industries Limited
2.	Annual Financial Statements for the year ended	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable



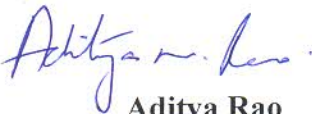
for Pennar Industries Limited


J S Krishna Prasad
Chief Financial Officer

for Pennar Industries Limited


B Kamalaker Rao
Chairman of Audit Committee

for Pennar Industries Limited


Aditya Rao
Vice Chairman & Managing Director

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


Ravi Rambabu
Partner
Membership No: 018541



Manufacturers of Cold Roll Formed Sections, Cold Rolled Steel Strips, Metal Crash Barriers, Industrial Components, ERW and Precision Tubes, Solar Mounting Structures & Hydraulic Cylinders

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CIN No: L27109AP1975PLC001919

ANNUAL REPORT, 2014-15

OUTPERFORMANCE

A story of dynamic transformation that makes us one of the fastest growing mid-sized engineering companies in India



Pennar Industries Limited

Inside the report

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A black and white photograph of a modern cable-stayed bridge. The image shows the intricate network of steel cables and structural beams supporting the bridge deck. The perspective is from a low angle, looking up at the bridge's structure. A blue rectangular text box is overlaid on the center of the image.

There is one overarching
message that we wish to
communicate.

That Pennar Industries now
has a new soul in an old body.

Fresh direction.
Younger businesses. Nimbler
management.

These are the realities that
make us a dynamic face of a
modernising India.

There are three realities that point to a rejuvenated Pennar.



1

More businesses.

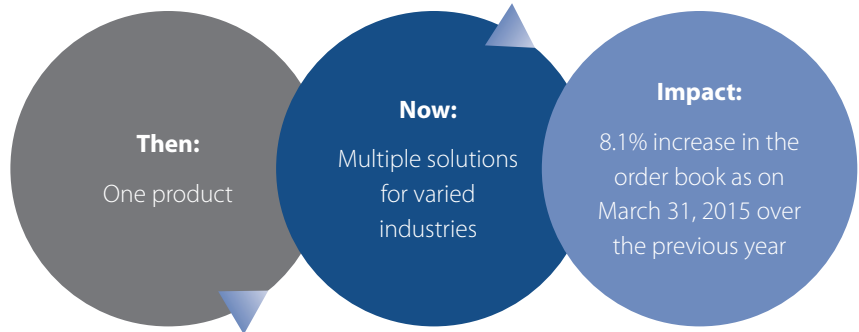
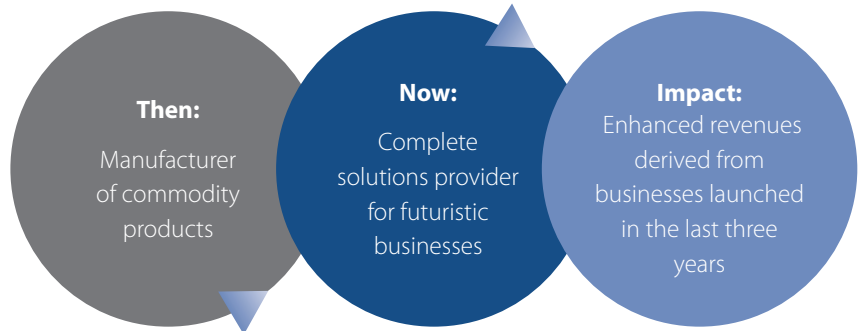
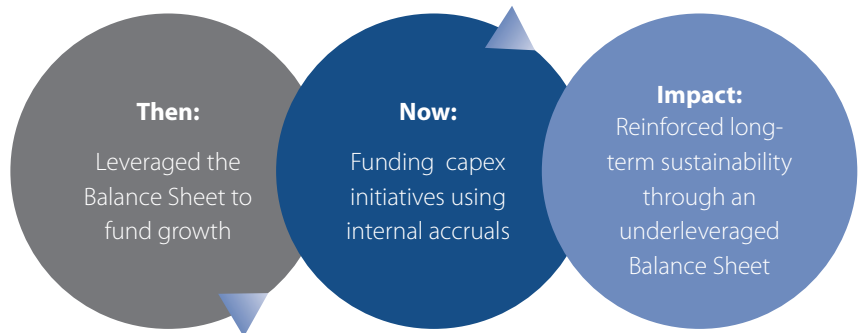
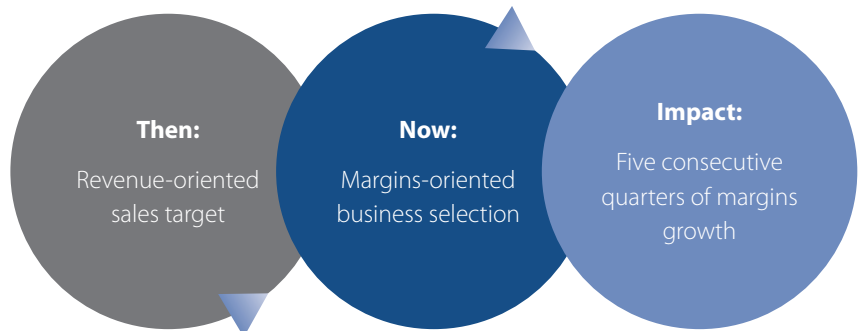
2

Rejuvenating revenue streams.

3

Stronger margins.

Pennar's culture of transformation



There is just one way to grow in a rapidly-changing India. **Faster.** For years, we were respected as a proxy of India's mature economy. **We are now being recognised as a faithful picture of a New India.** For years, we were expected to mirror the growth of the broad Indian economy. **We are now aggressively outperforming the country's economic growth.** For years, we comprised a large proportion of conventional revenue streams. **A sizeable proportion of our revenues are now derived from businesses launched in the last three years.** For years, we were respected for being a volume-driven, low margin business. **We are respected for possessing a dynamic volume-value proposition today.** For years, we were recognised as a steel products manufacturer. **We are respected as a full-fledged engineering organisation today.** For years, we were predominantly present in conventional spaces. **We are showcasing our presence in futuristic business spaces today.** For years, we were a company that patiently built on its proprietary competencies. **We are accelerating the pace of our business through alliance-driven technology transfers today.** For years, we were a standalone products manufacturer. **We have now emerged progressively as a complete solutions provider.**

FOR MOST COMPANIES, BUSINESS BEGINS WITH PRODUCT SALE AND ENDS WITH MARGINS. AT PENNAR, WE IDENTIFY OUR PREFERRED MARGINS FIRST AND FINISH WITH REVENUES THEREAFTER.

8.3

EBIDTA margin (%),
2013-14

9.6

EBIDTA margin (%),
2014-15



The conventional business model focuses on product creation, expense deduction and finishing eventually with profits (hence margins).

At Pennar, we have reversed the paradigm.

We start with an understanding of what margins we would like to earn, what businesses would



sustain those margins and what products one would need to manufacture to realise those margins.

This selection of margins – and hence, products and customers – has gradually evolved our business model towards superior client profiles, competition-protected spaces, lower receivables and higher profitability.

In turn, this approach is graduating Pennar's business towards asset-lightness, lower cost and enhanced competitiveness.

The good news at Pennar is that the proportion of these younger non-commodity businesses is expected to increase from 10% of the revenues a few years ago to a projected 60% in 2015-16.

MOST PEOPLE WAIT FOR THE FUTURE. AT PENNAR, WE ARE COMFORTABLY EMBRACING THE FUTURE TODAY THAT WOULD OTHERWISE BE ABSOLUTELY NECESSARY TOMORROW.

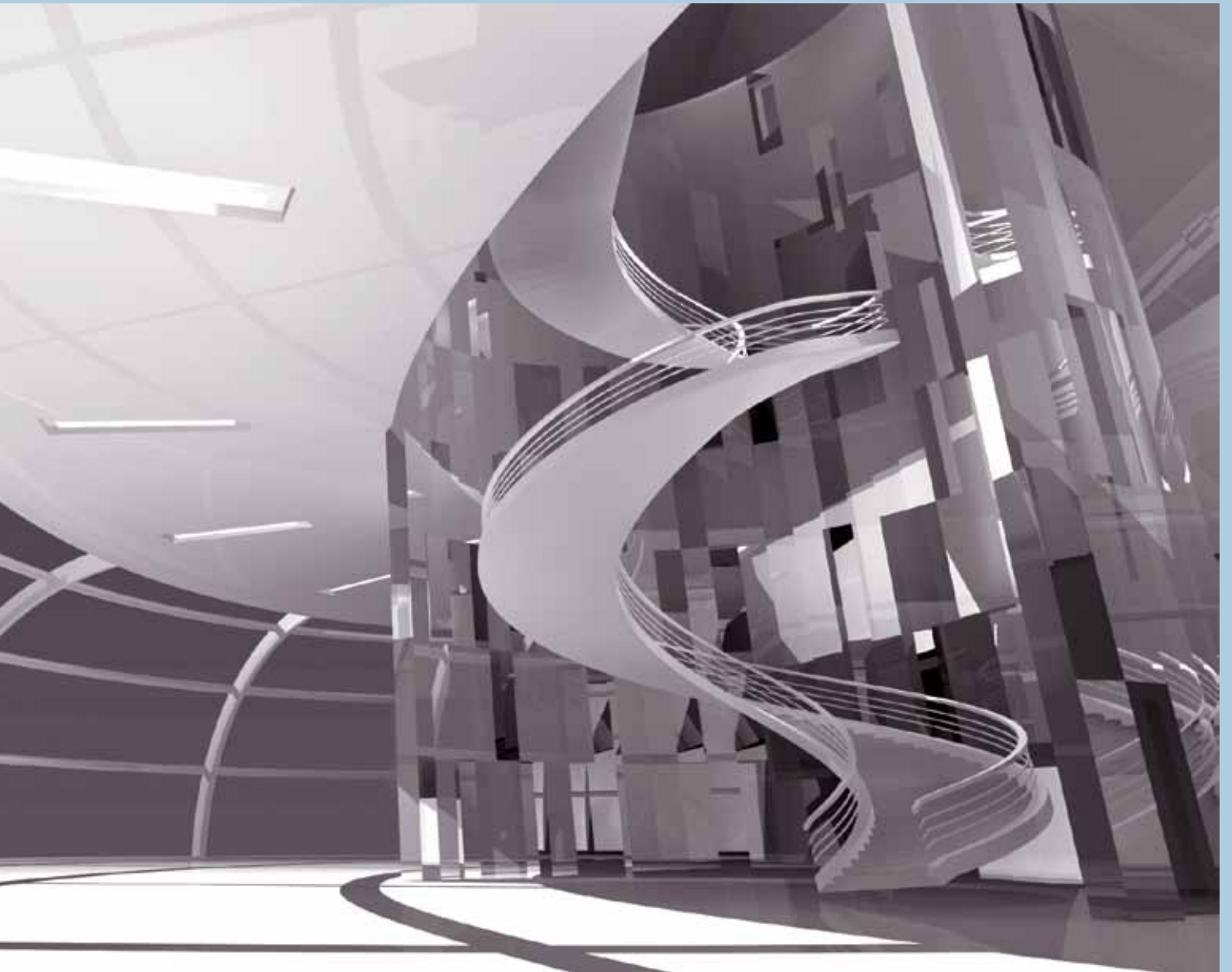
₹ 890.11 crore
Revenues, 2009-10

₹ 1442.42 crore
Revenues, 2014-15

At Pennar, our success in a competitive sector has not been derived from doing things a little different from what everyone has been doing. It has been derived from doing completely different things.

Legacy competencies; futuristic objectives.

In the mid-sized engineering space, there is a tendency to capitalise on the usual national opportunities. Pennar leveraged its rich engineering experience to work in futuristic spaces.



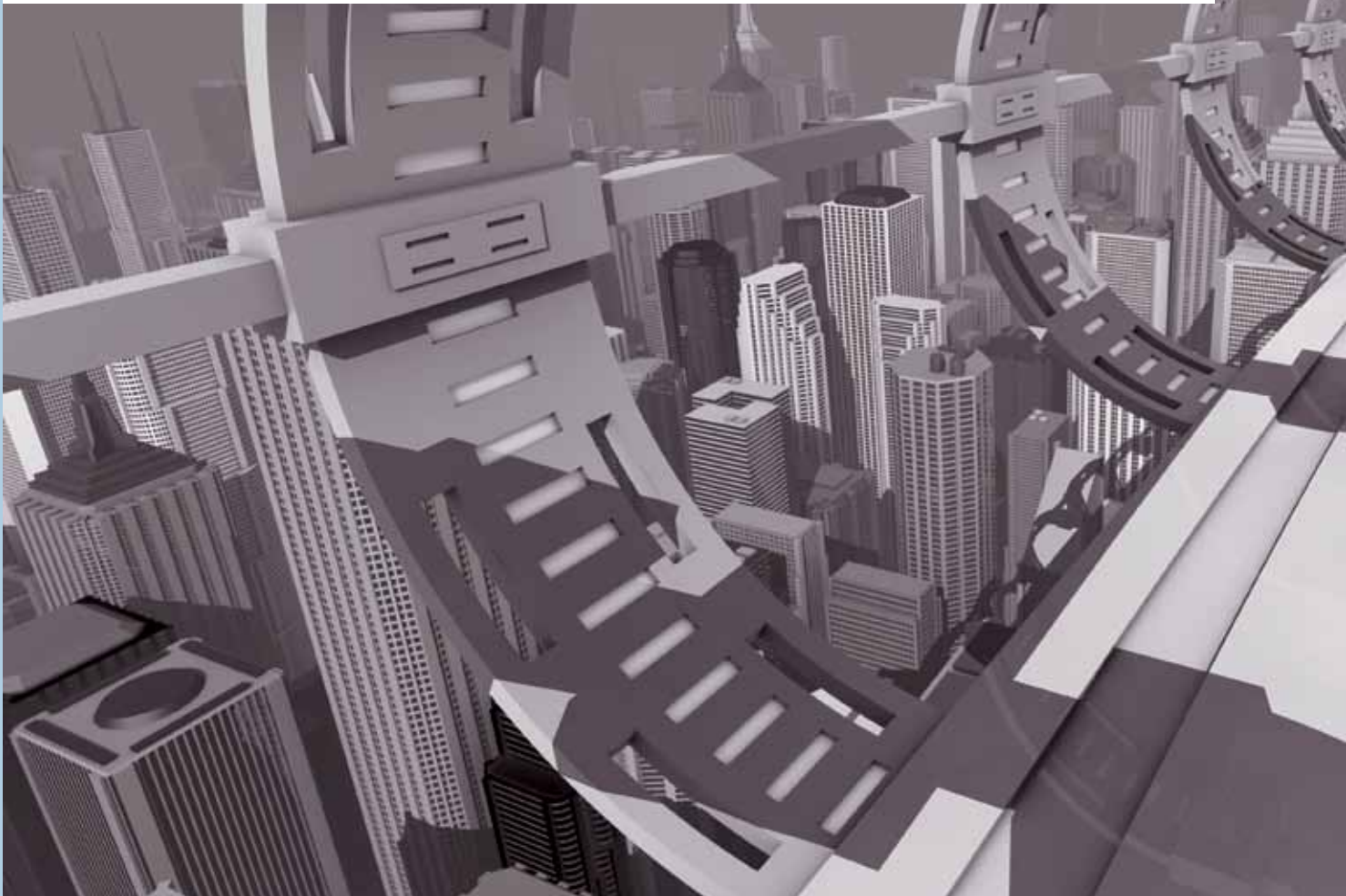
Slow-moving economy; fast-growing revenues. In a sluggish economy, most engineering companies reported sluggish revenues on account of stalled or slowed infrastructure projects. Pennar selected to be present in niche fast-moving sectors that translated into sectoral outperformance.

Capital-intensive business; debt-light business model. In a capital-intensive

engineering company, Pennar has selected to be relatively debt-light, growing its business largely through accruals.

Mid-sized engineering space; value-added niche specialisation. In a mid-sized engineering space, the leadership lies with the largest. Pennar outperformed larger players through speed, foresight and responsiveness.

**MOST CORPORATES OPT FOR A
COMPLEX BUSINESS MODEL. AT
PENNAR, WE HAVE SELECTED TO
SEEK SIMPLICITY INSTEAD.**





4

Number of business divisions, 2010-11



6

Number of business divisions, 2014-15

At Pennar, our business approach is influenced by simple thinking.

How are people likely to live their lives in the future? What are the collective priorities that could extend into business opportunities? How large are these opportunities likely to be? How sustainable are likely to be the prospects of companies pursuing such opportunities?

In view of evolving consumer priorities, Pennar has evolved to manufacture high-quality precision components for the auto, industrial, white goods and general engineering segments.

In an age when public safety is of paramount importance, Pennar has extended to the manufacture of road and railway safety products.

At a time when water resources are becoming scarcer, Pennar has ventured into the business of water treatment to enhance resource availability for industrial customers.

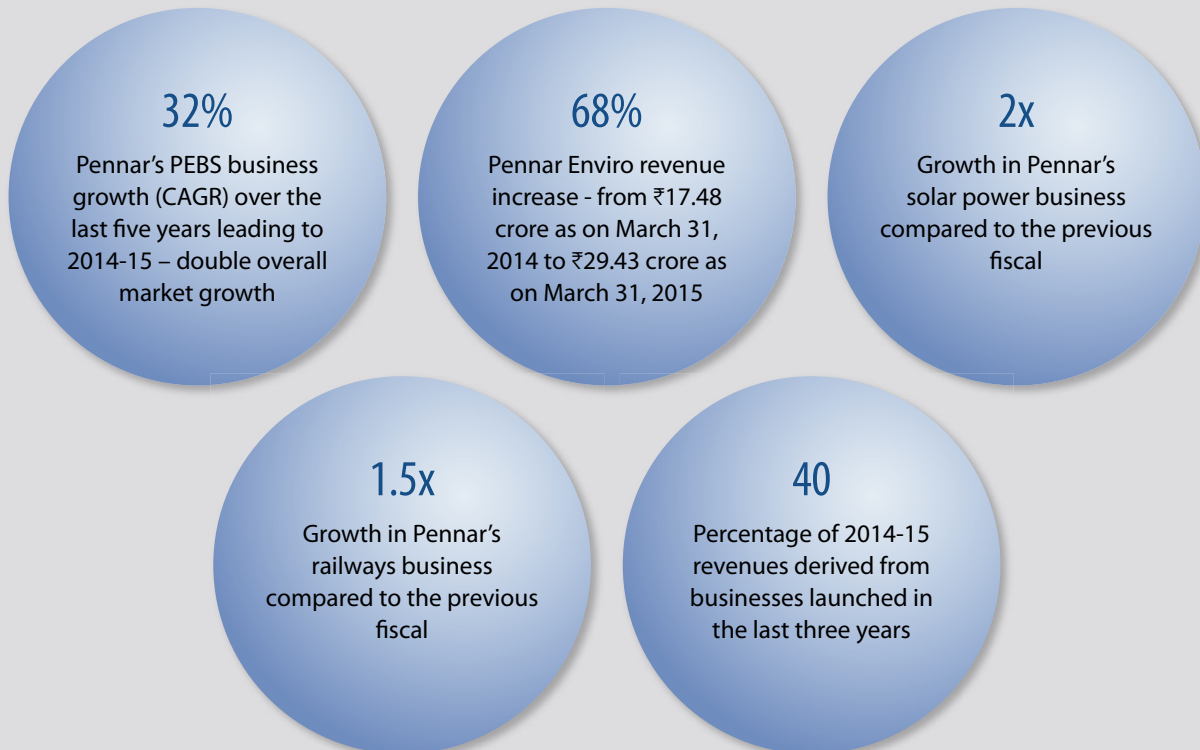
With increasing emphasis being laid on renewable energy, Pennar prudently entered the growing solar power segment by manufacturing solar module mounting solutions.

The result is that Pennar has evolved its personality from a single business addressing mature end-uses to a number of businesses addressing futuristic applications.

The numbers easy to appraise



The numbers which you are unlikely to see



C O R P O R A T E I D E N T I T Y

PENNAR INDUSTRIES LIMITED. FROM BASIC TO ENGINEERED. FROM COMMODITISED TO VALUE-ADDED. FROM ONE-OFF TRANSACTIONS TO ENDURING RELATIONSHIPS. OUTPERFORMING ITS SECTORAL AVERAGE IN EACH SEGMENT OF ITS PRESENCE. EMERGING AS ONE OF THE FASTEST-GROWING MID-SIZED ENGINEERING COMPANIES IN INDIA.

Pennar Industries Limited is one of India's leading engineering companies respected for its proven expertise across diverse realms of engineered products and services.

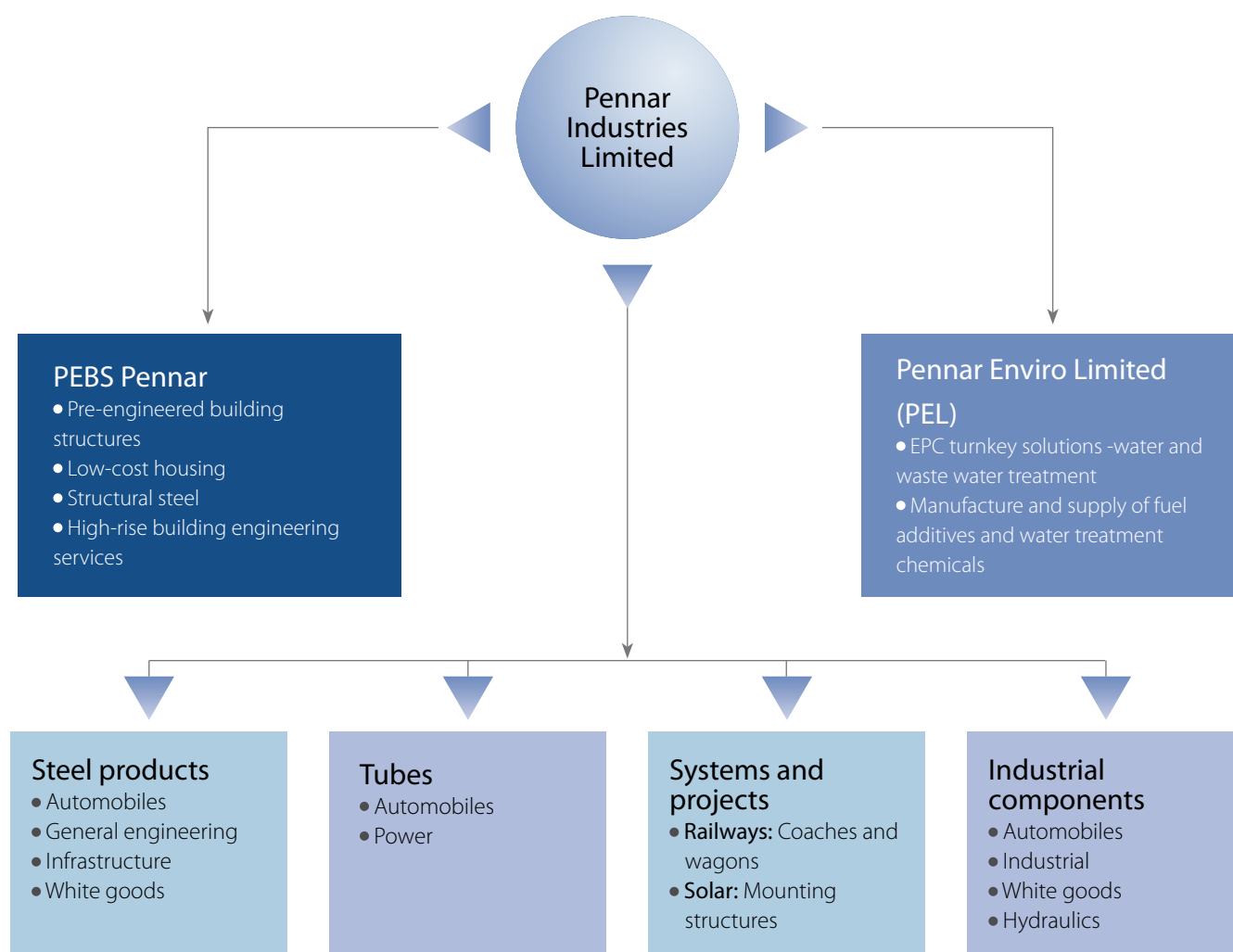
Vision

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 products to our customers. We are committed to ensure rewarding experience to our customers. We work closely with shareholders, suppliers, customers and employees to ensure attractive economic returns for every stakeholder.

Business segments



Location

Headquartered in Hyderabad, Pennar enjoys a pan-India manufacturing presence across six facilities. Pennar's units are located in Patancheru, Isnapur, Mallapur (Telangana), Chennai, Hosur (Tamil Nadu) and Tarapur (Maharashtra).

Customers

The Company's products service the growing needs of a number of large and growing downstream sectors like infrastructure, automobiles, power, general engineering and construction, among others.

Differentiator

What makes Pennar different is that it has successfully graduated from delivering conventional, standalone products to providing complex turnkey engineering solutions.

Quality

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

Market capitalisation

The Company's shares are listed and actively traded on the National and

Bombay Stock Exchanges where they enjoyed a market capitalisation of ₹644.5 crore as on March 31, 2015.

Subsidiaries

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

Pennar Enviro Limited operates in the field of waste water treatment and fuel additives, among others.

Awards won by Pennar Engineered Building Systems



Infrastructure Company of the Year 2013 - by Construction Week



PEB Company of the Year 2013 - by Construction Week



IEI Industry Excellence Award 2013



Business Today - YES Bank Award 2014 in Corporate Governance



IEI Industry Excellence Award 2014



INS DAG National Award 2014



CIDC Viswakarma Award 2015 - Best Professionally Managed Company



TV5 Business Leader Award - Infrastructure category (medium)

CHAIRMAN'S OVERVIEW

"A FUTURE-READY APPROACH ENSURES SUSTAINABLE BUSINESS GROWTH."

Dear shareholders,

Even as the Indian economy continues to be sluggish, I am optimistic about Pennar Industries.

Pennar reported profitable growth, wherein its topline and bottomline grew over the previous year. This performance was all the more creditable as it transpired in a year when pan-India infrastructure growth continued to be sluggish on account of stalled projects, weak investments and inflationary economy.

My optimism is derived from the fact that better days lie ahead when the Indian economy rebounds.



Our presence in key infrastructure and industrial spaces that feature on the high priority of the Government list would help us to be a part of the economic progress.

Review

Pennar's performance rebounded faster than the national economy, the result of the creation of strategic business units. I am pleased to report that the Pennar team raised the efficiency bar through enhanced people productivity.

Optimism basis

There are a number of reasons why we are optimistic of our prospects.

Resurgent economy: Aided by a decline in oil and commodity prices and on the back of reform initiatives taken by the new government, the Indian economy is expected to grow 7.5% in 2015-16 and 7.9% in 2017-18.

GST adding to GDP: India is set to implement its biggest tax reform - Goods & Service Tax (GST) - from April 2016. This is widely accepted as an important initiative to simplify the indirect taxes regime in India and

catalyse economic growth, with the potential to add to India's GDP by nearly 200 bps.

Governmental reforms: The Government's 'Make in India' campaign to catalyse the manufacturing sector is expected to attract global investments, potentially increasing the export of Indian goods and services. The Swachh Bharat Abhiyaan initiative is also expected to create new business opportunities. The 'Skill India', 'Digital India', and 'Jan-DhanYojana' policies are expected to generate a multiplier growth impact.

Infrastructure development: New Smart Cities and Industrial clusters are being developed that emphasise connectivity and skill development. The creation of new sectors and easing of investment caps and controls in high-value industrial sectors - Defence, Construction and Railways - are expected to open up new

business possibilities.

Pennar's growth blueprint

As an engineering organisation, Pennar Industries is attractively placed to capitalise as the Indian economy improves. Pennar is well placed from a techno-commercial perspective that could translate into new long-term contracts with important clients.

Overview

On behalf of the Board, I express my appreciation for your invaluable support and the confidence reposed. Your continued encouragement will help us in making the Company to perform better.

Regards,

Nrupender Rao
Chairman



MANAGING DIRECTOR'S REVIEW

**“WE RESTRUCTURED
OUR BUSINESS TO
EMERGE AS A FAST-
GROWING ENGINEERING
COMPANY.”**

I am proud to present the results of the financial year 2014-15 of Pennar Industries Limited.

The year 2014-15, had much more to offer than just numbers. Your Company underwent restructuring in many ways, to ensure enhanced focus on each of the business streams.

The Company reported a consolidated gross sales of ₹1,442.42 crore, registering a 11.8% growth over the previous financial year while EBIDTA grew by 29.3% to ₹120.86 crore and net profit grew by 38.4% to ₹35.90 crore. The basic EPS for the Company for the financial year was 2.98, growing 40.3 % over the previous year.

Performance-wise, we recorded growth in five out of the six business units. All six units registered improvements both in terms of EBIDTA as well as profits. The EBIDTA margin too increased by 130 bps to 9.6%. The commodity business, however, exhibited a dip in revenues. Our growing focus on other value-added segments is a trend that we expect to continue over the years. This move has especially gained relevance with the commodity business's share as a proportion of revenues and profitability coming down during FY2014-15.

Highlights, 2014-15

In the contemporary business environment, the only constant is change. Corporates that refuse to change with the times, face the risk of becoming obsolete. Because of this, businesses consistently experiment with new products, explore new markets, and reach out to new groups of customers. Businesses seek to diversify into new areas to increase sales and optimise capacities; to conversely hive off divisions that do not add much value

and concentrate on core competencies instead.

Consequently, we at Pennar created six strategic business units which are non-recourse to a large extent. This new approach aimed to empower the workforce and provide leeway in conducting day-to-day operations. The top management would intervene only to reformulate strategies and ensure compliance while the strategic business units received autonomy over daily functioning. With this restructuring, we managed to differentiate segmental goals from organisational goals. We chalked out growth plans for the next five years for each business and deployed seasoned professionals to head each of the SBUs.

Until the previous fiscal, it was about the overall corporate scorecard with no assessment of individual divisional performances. This move has imbued the business units with a greater sense of responsibility and the freedom to make things happen for themselves.

We shifted our focus from revenue to profitability by emphasising on high-margin products. We changed our approach from being sales-oriented to profit-oriented. The result is that not only did we grow our cash flows during the year, but were able to reinvest in each business strictly through internal accruals.

We focused on enhancing our operating capabilities and plough back the surpluses into the business units. This way every business unit was able to fund and sustain its own growth. The resultant operating leverage and economies-of-scale will enhance margins over the due course of time.

Financial soundness

At Pennar, we believe that most enduring foundation of our success stems from our ability to extend beyond the concrete and the conventional. Consequently, we focused on keeping our Balance Sheet relatively liquid across market cycles and small compared to the quantum of business being transacted. The cornerstone of Pennar's financial stability entails understanding our cash flow, striking a delicate balance between saving and investing, managing debt prudently and protecting assets sustainably.

Going ahead, the Company intends to continue funding its capital expenditures initiatives largely through internal accruals.

Outlook

India is at the cusp of one of the largest infrastructural advancements in its existence. We expect that any investment in the country's infrastructure will have a cascading impact on our business. During the course of the year, we selected to strengthen our business through proactive investments in capacities, people, technologies and facilities. The result is that we emerged future-ready to make the most of this impending opportunity.

By accounting for sizeable market shares in the verticals of our presence, generating adequate resources for reinvestment and adding value for all our stakeholders we expect to grow our revenues over the next years.

Sincerely,

Aditya Rao
Managing Director

What makes Pennar a preferred technology partner?

Portfolio

Our multi-product portfolio – across fast-growing sectors – makes it possible to leverage proficiencies in one segment to reap benefits in another.



People

We have been investing and enriching our knowledge base, resulting in the creation of a distinctive engineering team respected for its ability to address varied customer needs.



Talent

We work alongside our clients, anticipate their needs and offer innovative solutions to take their business ahead.



Technology

We are a technology-driven company possessing cutting-edge engineering capabilities in the areas of our presence.

OUR OUTPERFORMANCE IS DERIVED FROM OUR CORE COMPETENCIES



One-stop

Pennar is engaged in designing, manufacturing, supplying and installing pre-engineered steel buildings and building components, offering turnkey solutions in some of the most relevant and fastest-growing spaces – water treatment plants, sewage treatment plants, effluent treatment plants, effluent recycling plants and zero liquid discharge plants. This has helped the Company to emerge as a one-stop solution provider in the spaces of its presence.



Integrated

Pennar leveraged its integrated business model and frugal engineering capabilities to synthesise innovation with expertise.



Relationship-oriented

Pennar Group invested in strategic technological alliances with NCI and Tech Universal, helping the Company stay ahead of the curve. The result: the Company's enduring customers comprise blue chip organisations like L&T, TATA Motors, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar and Reliance Retail.



Pervasive

Pennar's portfolio comprises multi-disciplinary products across core sectors (railways, automobiles, general engineering, building and construction, among others), thus de-risking the business from an overt dependence on a specific segment.



Competent

With 35 years of experience, marked by in-depth R&D knowhow, quicker time-to-market and effective management (process, product and knowledge).



Liquid

Pennar's Balance Sheet is characterised by moderate gearing of 0.14 and comfortable interest cover of 2.91 at the close of 2014-15, a rarity in a capital-intensive sector. The Company generated ₹62.47 crore in cash profits during 2014-15.



Value-added

Pennar progressively evolved from offering commodity-led to value-added solutions. The proportion of value-added products in its revenue mix increased from 10% five years ago to 50% in 2014-15, strengthening overall margins.



Proactive

Pennar has been certified with ISO 9001:2008, ISO/TS 16949:2009 accreditations, proving its operational excellence and process consistency for customers across downstream sectors (railways, solar business and industrial components segments).



Responsible

Pennar has over the years made proactive investments in plants, processes and practices to protect the environment, enhancing confidence among stakeholders (communities, customers, shareholders and government) regarding the safety and sustainability of the Company's business activities.

10%
Pennar's average market share in each of its product categories

0.11
Pennar's long-term debt-equity ratio as on March 31, 2015

80%
Proportion of Pennar's revenues derived from value-added product segments

60%
Proportion of revenues derived from customers associated with Pennar for five years or more during 2014-15



NOTICE

NOTICE is hereby given that the 39th Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Wednesday, the 30th day of September, 2015 at 10:00 A.M. at Radisson Hyderabad, HITECH City, Gachibowli, Hyderabad - 500 032, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - the audited financial statements of the company for the financial year ended 31st March, 2015 together with the reports of the Board of directors and the auditors thereon.
 - the audited consolidated financial statements of the company for the financial year ended 31st March, 2015 together with the report of the auditors thereon.
2. To appoint a Director in the place of Mr. Nrupender Rao (DIN: 00089922) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Ravi Chachra (DIN: 01298145) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, pursuant to the recommendation of Audit Committee of the Board of Directors, and pursuant to the resolution passed by the members at the Annual General Meeting held on 30.09.2014, the appointment of M/s. Rambabu & Co., Chartered Accountants (ICAI Registration No. 0029765) as the auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2016 as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the

auditors and the Board of Directors."

SPECIAL BUSINESS

5. **To designate Mr. J Ramu Rao (DIN: 00460735) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT Pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time Mr. J Ramu Rao (DIN: 00460735), who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 30.09.2014 to 29.09.2019 not liable to retirement by rotation."

6. **To confirm the appointment of Ms. Sita Vanka (DIN: 07016012) as Director who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

"RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made thereunder and subject to the Articles of Association of the Company, Ms. Sita Vanka, who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 11.02.2015 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Ms. Sita Vanka as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company not liable to retire by rotation."

7. **To appoint Ms. Sita Vanka (DIN: 07016012) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED THAT Pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time and clause 49 of Listing Agreement, Ms. Sita Vanka (DIN: 07016012) who holds office up to the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Ms. Sita Vanka as a candidate for the office of a director of the Company, who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 11.02.2015 to 10.02.2020 not liable to retirement by rotation.”

8. **To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Nrupender Rao (holding DIN 00089922) as Chairman of the Company for a period of two year with effect from 1st April, 2015 to 31st March, 2017, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 10th February, 2015, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be ₹5,00,000/- per month.
- ii. Special salary shall be one third of the salary above.
- iii. Perquisites and Allowances whose aggregate value shall not exceed 65% of the Salary above.
- iv. In addition to the above minimum remuneration, commission not exceeding 1.5% of the net profits of the company, computed according to the provisions of the

Companies Act, 2013.

- v. In addition to the above, company car with driver and fuel will be provided, and also communication facilities will be provided to Mr Nrupender Rao. These will not be treated as perquisites.

Perquisites and Allowances include accommodation(furnished or otherwise) or house rent allowance in lieu thereof; House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc., and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Nrupender Rao (holding DIN 000089922).

“RESOLVED FURTHER THAT so long as Mr. Nrupender Rao (holding DIN 000089922) functions as the 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 the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment.”

9. **To re-appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Aditya Rao (holding DIN 01307343) as Vice-Chairman and Managing Director of the Company for a period of two year with effect from 1st April, 2015 to 31st March, 2017, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 10th February, 2015, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) of ₹4,00,000 per month.
- ii. Special salary shall be ₹2,50,000/- per month.
- iii. Perquisites and Allowances shall be ₹1,43,000/- per month.
- 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, 2013.
- v. In addition to the above, company car with driver and fuel and also communication facilities will be provided to Mr. Aditya Rao. These will not be treated as perquisites.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Aditya Rao (holding DIN 01307343).

"RESOLVED FURTHER THAT so long as Mr. Aditya Rao (holding DIN 01307343) functions as the Vice-Chairman and 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 the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of

the members of the company be is hereby accorded to appoint Mr. K Lavanya Kumar (holding DIN 01710629) as Whole-Time Director of the Company for a period of two year with effect from 1st May, 2015 to 31st March, 2017, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 10th February, 2015, the particulars of which are annexed hereunder:

Particulars of Remuneration:

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

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

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

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

11. To ratify the remuneration payable to M/s DZR & Co., Cost Auditors for the financial year ending 31st March, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and

all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. DZR & Co., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016, and also to ratify the remuneration of ₹2,00,000/- p.a. as an audit fee, the service tax and out of pocket expenses shall be paid on actuals as fixed by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the

Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

12. To approve material related party transaction and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the applicable provisions, if any, of the Companies Act, 2013 as amended, modified and subject to clause 49 of the listing agreement, the material related party transaction entered into by the Company during the financial year 2014-15 as detailed be and are hereby approved and ratified:

Sl. No.	Name of the related party	Nature of Transactions	Amount of Transaction (₹ In lakhs)
1.	M/s. Pennar Engineered Building Systems Limited (subsidiary of M/s. Pennar Industries Limited)	Purchase of Material	145
		Sale of Goods	4,169
		Other Services Rendered	134
		Other Services Received	170
	Total		4,618

“RESOLVED FURTHER THAT consent of the members of the Company be and is hereby accorded to all acts, deeds and things which was done and documents executed in connection with such material related party transaction.”

13. To Create Charges and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 31st day of August, 1998 and pursuant to Section 180(1)(a) of companies Act 2013 and other applicable provision if an, of the companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the company be and is hereby accorded to the Board of Directors of the Company to create such charges (including but not limited to Mortgages and Hypothecations) in addition to the existing charges created by the Company, on such movable, immovable and other properties / assets or the whole or substantially the whole of the Undertaking or the Undertakings of the Company both present and future or in such manner the Board may deem fit in the best interest of the Company, together with the power to take over management and concern of the Company in certain events, so as to secure ‘Fund based borrowing (including but not limited to Rupee / Foreign Currency Loans, Debenture, Bonds or other instruments)’ and ‘Non- fund based Facilities /

Limits etc ., availed from Banks / Financial Institutions, Companies Body Corporate and others’, Corporate Grantees etc., provided that the total amount of such Funds base borrowing, Non-fund based support, Corporate Guarantees or other together with interest, cost, charges, expenses and other monies payable by the company by whatever name called, shall not, at any time, exceed ₹300 crores (Rupees Three Hundred Crores) and that for the implementation of this Resolution, the Board may act through any Committee / Director or any other person duly authorized in that behalf.”

14. To borrow in excess of paid-up capital and free reserves and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 31st day of August, 1998 and pursuant to Section 180(1) (c) of Companies Act 2013 and other applicable provision if any, of the Companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money as it may deem proper notwithstanding that the money to be borrowed together with the money already borrowed by the company, if any (apart from temporary loans

obtained from the company's banker in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys to be so borrowed by the Company together with money already borrowed (apart from temporary loans obtained from the Company's bankers in ordinary course of business) shall not exceed ₹300 crores (Rupees Three Hundred Crores only) outstanding at any one time and that for the implementation of this Resolution, the Board may act through any Committee /Director or any other person duly authorized in that behalf."

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

Place : Hyderabad

Date : 12.08.2015

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.
3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. The Register of Members and the Share Transfer Books of the company will be closed from 23rd September, 2015 to 24th September, 2015 (both days inclusive) in connection with the Annual General Meeting.
5. An Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed herewith.
6. Shareholders desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the registered office of the company at least seven days before the date of the Annual General Meeting, so that the information requested may be made available.
7. Members are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting
8. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.
9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot n0 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500008 in respect of shares held in physical mode and to their depository participants in respect of shares held in dematerialized form.
10. Members are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
11. Copies of the Annual Report 2015 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2015 are being sent by the permitted mode.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
13. Members/Proxies are requested to bring their copy of the Annual Report to the meeting.
14. Pursuant to Section 108 of the Companies Act, 2013, read

with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 24th September, 2015. The remote e-voting period will commence at 10:00 a.m. on 26th September, 2015 and will end at 5:30 p.m. on 29th September, 2015. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The Company has appointed Mr. S Chidambaram, Practising Company Secretary (FCS 3935), to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

The procedure and instructions for e-voting are as follows:

I. The Company has engaged the services of M/s. Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for AGM. The instructions for remote e-voting are as under:

(a) In case of Members receiving an e-mail from Karvy :

- (i) Launch an internet browser and open <https://evoting.karvy.com>
- (ii) Enter the login credentials (i.e. User ID and password). The Event No.+Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (iii) After entering the above details Click on - Login.
- (iv) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.) The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- (v) On successful login, the system will prompt you to select the E-Voting Event.
- (vi) Select the EVENT of M/s. Pennar Industries Limited and click

on - Submit.

- (vii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (viii) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (ix) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (x) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at schid285@gmail.com they may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO."

(b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip

(i) Initial Password is provided, as follows on the Ballot form.

EVEN (E-Voting Event Number)	User ID	PASSWORD
-	-	-

- (ii) Please follow all steps from Sr. No. (i) to Sr. No. (xi) above, to cast vote.
- (iii) In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>.
- (iv) If you are already registered with Karvy for e-voting then you can use your existing User ID and Password for casting vote.
- (v) The voting rights shall be as per the number of equity share held by the Member(s) as on 24.8.2015. Members are eligible to cast vote electronically only if they are holding shares as on that date.
- (vi) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.30 p.m. on the date preceding the date of AGM. Accordingly, the voting period shall commence at 10:00 a.m. on 26.09.2015 and will end at 5.30 p.m. on 29.09.2015. The e-voting module shall be disabled by Karvy at 5.30 p.m. on the same day.

- (vii) Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- (viii) The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- (ix) Members who have acquired shares after the despatch of the Annual Report and before the book closure may obtain the user ID approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.
- (x) If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com> the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- (xi) Member may call Karvy's toll free number 1-800-3454-001.
- (xii) Member may send an e-mail request to evoting@karvy.com
- (xiii) The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

Explanatory Statement

[pursuant to Section 102(1) of the Companies Act, 2013]

Item # 5 To designate Mr. J Ramu Rao as an Independent Director of the Company

The Board of Directors appointed Mr. J Ramu Rao as Non-Executive Director of the company at the Board meeting held on 22.04.2011. Mr. J Ramu Rao is an Executive Director of M/s. Home Industries Private Limited. M/s. My Home Industries Private Limited divested the entire stake in the company, consequent upon such disinvestment Mr. J Ramu Rao deemed to be an independent director. In view of the same, the Board at its meeting held on 30.09.2014 appointed Mr. J Ramu Rao as Non-Executive Independent Director of the company. His induction on the Board as an Independent Director would be of immense benefit to the company.

Names of companies in which Mr. J Ramu Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

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

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

criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. J Ramu Rao as an Independent Director of the Company up to 29.09.2019 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

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

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 5 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. J Ramu Rao, to whom the resolution relates, is interested or concerned in the resolution.

Item # 6&7 Appointment of Ms. Sita Vanka as an Independent Director

The Board, at its meeting held on 11th February, 2015 appointed Ms. Sita Vanka as an Additional Non-Executive Independent Director of the Company with effect from 11th February, 2015, pursuant to

Section 161 of the Companies Act, 2013, read with Article 107 of the Articles of Association of the Company.

Her induction on the Board as an Independent Director would be of immense benefit to the company. The Names of companies in which Ms. Sita Vanka holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Dr. Sita Vanka is currently a Professor and Dean at the School of Management Studies, and a Joint Professor at the Centre for Women's Studies, University of Hyderabad, Hyderabad. She has over three decades of teaching experience in the areas of Women Studies, Educational Management, Human Resource management and Entrepreneurship. She has worked in the Institute of Public Enterprise, Hyderabad. She has won several awards - The Best Research Paper Award at Detroit, USA, in July, 2013 and ISDI Best Paper Award in December, 2013, the Indo-French Exchange Scholar fellowship in 2008, Silver Jubilee Fellowship for advanced research in HRM by IIM-Ahmedabad in 2006. More recently, she received the Best B- School Award and the B School Leadership Award in Mumbai

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

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

The resolution seeks the approval of members for the appointment of Ms. Sita Vanka as an Independent Director of the Company up to 10.02.2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Ms. Sita Vanka, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made thereunder and

he is independent of the Management. A copy of the draft letter for the appointment of Mr. Sita Vanka as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

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

Item # 8 Appointment of Mr. Nrupender Rao as an Executive Chairman

The members of the Company at their Annual General Meeting held on 31st July, 2013 had approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the company for a period of two years commencing from 01.04.2013.

The Board of Directors at its meeting held on 11.02.2015 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the Company for a period of two years commencing from 01.04.2015 to 31.03.2017 including payment of remuneration.

Mr. Nrupender Rao has been guiding the company in its strategic, decision making policies and financial restructuring.

Names of companies in which Mr. Nrupender Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Since, Mr. Nrupender Rao has attained the age of 70 years approval of the members for his re-appointment is sought by a special resolution.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. Nrupender Rao as an Executive Chairman.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 8 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao and Mr. Aditya Rao (being a relative), to whom the resolution relates,

is interested or concerned in the resolution.

Item # 9 Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director

The members of the Company at their Annual General Meeting held on 31st July, 2013 had approved the terms of appointment of Mr. Aditya Rao as an Executive Director of the company for a period of two years commencing from 01.04.2013.

Further, the members at their Annual General Meeting held on 30th September, 2014 designate Mr. Aditya Rao as Vice-Chairman and Managing Director of the company with the same terms of appointment as specified in Annual General Meeting held on 31st July, 2013.

The Board of Directors at its meeting held on 11.02.2015 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director of the Company for a period of two years commencing from 01.04.2015 to 31.03.2017 including payment of remuneration.

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

Names of companies in which Mr. Aditya Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 9 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Aditya Rao and Mr. Nrupender Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

Item # 10 Appointment of Mr. K Lavanya Kumar as Whole-Time Director

The members of the Company at their Annual General Meeting held on 30th September, 2014 had approved the terms of appointment of Mr. K Lavanya Kumar as Whole-Time Director of the company for the period commencing from 07.05.2014 to 31.03.2015.

The Board of Directors at its meeting held on 11.02.2015 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. K Lavanya Kumar as Whole-Time Director of the Company for a period of two years commencing from 01.04.2015 to 31.03.2017 including payment of remuneration.

The terms and conditions of his appointment are as follows :

1. Remuneration : As provided in the resolution.
2. Period of appointment : from 1st April, 2015 to 31st March, 2017.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. K Lavanya Kumar shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

Mr. K Lavanya Kumar has been handling the day to day operations with respect to Legal, Human Resource, Personnel, Government Relations and Public Relations.

Names of companies in which Mr. K Lavanya Kumar holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. K Lavanya Kumar as Whole-Time Director.

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

Item # 11 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2016

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. DZR & Co., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 at a remuneration of ₹2,00,000/- as audit fee, Service tax as may be

applicable at the time of payment.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 12 Approval of material related party transactions

Pursuant to clause 49 of Listing Agreement the material related party transactions entered into by the Company during the financial year 2014-15 have to be approved by the shareholders of the company. The company had entered into the material related party transactions with its subsidiary company viz., M/s. Pennar Engineered Building Systems Limited, the said transactions was entered in the ordinary course of business and are on arm's length basis.

Item # 13 Authority to borrow in excess of paid-up capital and free reserves

Pursuant to Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Company can borrow moneys in excess of the aggregate of paid-up capital and free reserves only upon a resolution passed at a general meeting of the Company. A resolution has been passed in the general meeting held on 31st August, 1998

for authorizing the Board to make borrowings upto an amount of ₹300 crore. It is now proposed to pass the same resolution pursuant to the provisions of Companies Act, 2013 and the rules made there under.

Your Board commends the Resolution for your approval. None of the Directors is concerned or interested, directly or indirectly, in the said Resolution.

Item # 14 Creation of charges

Pursuant to Section 293(1)(a) of the Companies Act, 1956 the Board of Directors of a Company can mortgage and/ or charge all or any of the movable or immovable properties upon a resolution passed at a general meeting of the Company. Accordingly, a resolution has been passed at a general meeting of the Company held on 31st August, 1998 for charging all or any of the movable or immovable properties for securing any fund based/non-fund based limits or facilities including loans, debentures etc. availed by the Company from any bank, financial institution or person or persons together with interest, costs, charges, expenses and any other money payable by the Company. It is now proposed to authorize the Board pursuant to the provisions of the Companies Act, 2013 to create charge on all the assets etc. of the Company both present & future provided that the total amount of fund based borrowings, non fund based support, corporate guarantees or others together with interests, costs, charges, expenses and all other monies payable by the Company by whatever name called, shall not, at any time, exceed ₹300 crore.

Your Board commends the Resolution for your approval. None of the Directors is concerned or interested, directly or indirectly, in the said Resolution.

By Order of the Board
for Pennar Industries Limited

Place : Hyderabad
Date : 12.08.2015

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer

Additional information on Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 6th June, 2015	Chairman of the Committee of other companies on which he is a director as on 31st March, 2015	Member of the Committee of other companies on which he is a director as on 31st March, 2015	No of Shares held by them in the Company as on 31st March, 2015
Joginapally Venkata Nrupender Rao	23.06.1945	23.09.1995	B.Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering, Purdue University, USA	Experience in the various field of Management	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Solar Limited M/s. Saven Technologies Limited M/s. Thapati Trading Private Limited M/s. Pennar Management Services Limited (@) M/s. Paigula Consultants Private Limited (@) (@) Amalgamated in M/s. Thapati Trading Private Limited as per High Court Order.	M/s. Pennar Engineered Building Systems Limited M/s. Saven Technologies Limited	M/s. Pennar Engineered Building Systems Limited M/s. Saven Technologies Limited	25,01,684 Equity Shares of ₹. 5/- each.
Ravi Chachra	10.09.1965	29.07.2006	B.Com, M.B.A	Portfolio Manager	M/s. Eight Capital Master Fund Limited M/s. Effcenter Infrastructure Private Limited	Nil	Nil	Nil
Jupally Ramu Rao	30.07.1986	22.04.2011	M.Sc. Global Business Management.	Experience in field of Management	M/s. 22nd Century Agrotech Private Limited M/s. Madhubala Resorts And Developers Private Limited M/s. My Home Holdings Private Limited M/s. J.B.M. Exports Private Limited M/s. My Home Power Private Limited M/s. J.R.R. Exports Private Limited M/s. My Home Industries Limited M/s. Vinod Horticulture Private Limited M/s. BSR Agros Private Limited M/s. Vinod Agrotech Private Limited M/s. BSR Horticulture Private Limited M/s. Ranjith Industries Private Limited M/s. Pennar Industries Limited M/s. Ranjith Housing And Constructions Private Limited M/s. Ranjith Property Developers Private Limited M/s. Sree Jayajothi Cements Limited M/s. Bhuvija Infra Projects Private Limited	Nil	Nil	Nil

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 6th June, 2015	Chairman of the Committees of other companies on which he is a director as on 31st March, 2015	Member of the Committees of other companies on which he is a director as on 31st March, 2015	No of Shares held by them in the Company as on 31st March, 2015
Sita Yanka	15.12.1957	11.02.2015	Ph.D., M.Phil.	Experience in the field of Teaching, Training, Consulting and Research in Management	M/s. Pennar Engineered Building Systems Limited	Nil	Nil	Nil
Aditya Rao	06.12.1981	30.01.2008	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Solar Limited M/s. Thapati Trading Private Limited M/s. 135 Tech Labs Private Limited M/s. Mainstay Tech Solutions Private Limited M/s. Pennar Management Services Limited (@) M/s. Paiguna Consultants Private Limited (@) (@) Amalgamated in M/s. Thapati Trading Private Limited as per High Court Order.	Nil	M/s. Pennar Engineered Building Systems Limited	49,62,508 Equity Shares of ₹5/- each.
K Lavanya Kumar	19.02.1959	07.05.2014	Law Graduate from Kakatiya University	Experience in the areas of law, construction, corporate affairs and liaising with statutory authorities	M/s. Pennar Solar Limited	Nil	Nil	1,22,200 Equity Shares of ₹5/- each.



Directors Report

Dear Shareholders

Your Directors are pleased to present the thirty ninth Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2015.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2015 is summarized below:

(₹ in lacs)

Particulars	Consolidated		Standalone	
	2014-15	2013-14	2014-15	2013-14
Gross sales	1,44,648	1,29,464	95,292	90,445
Operating profit (PBIDT)	12,086	9,347	7,038	5,309
Profit before tax (PBT)	6,660	4,816	3,337	1,934
Income Tax and Deferred Tax	2,347	1,742	1,204	676
Profit after tax (PAT)	3,590	2,594	2,133	1,258
Profit brought forward from previous year	18,883	16,289	15,273	14,015
Surplus available for appropriation	22,466	18,883	17,406	15,273
Appropriations				
Dividend	-	-	-	-
Corporate tax on proposed dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-
Balance of profit carried to Balance Sheet	22,466	18,883	17,406	15,273

RESULT OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The company has added several new products this year and progressively moved to higher margins in each vertical. The company successfully widened the customer base and developed sales in new geographies. The Consolidated gross sales of the

company grew by 11.8% from ₹1,290.69 Crores to ₹1,442.42 Crores and the Consolidated Net Profit increased by 38.4% compared to the previous year.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements, the audited

consolidated financial statement is provided in the Annual Report.

SUBSIDIARIES:

The following are two subsidiaries of the company as on 31st March, 2015.

- a. M/s. Pennar Engineered Building Systems Limited
- b. M/s. Pennar Enviro Limited

THE PERFORMANCE OF THE SUBSIDIARIES IS AS HEREUNDER:

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

Your Company's subsidiary, M/s. Pennar Engineered Building Systems Limited (PEBSL), is among top five players in the Pre Engineered Building market. The company has achieved its highest turnover of ₹485.57 crore and grew at 20.35 %. PEBSL recorded an EBIDTA of ₹48.77 crore and a net profit of ₹21.90 crore, representing 22.07% and 19.90% growth, respectively as compared to last year. The company's order book is at ₹356.18 crore as on 30th June 2015.

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

The company has achieved a turnover of ₹29.42 crore during the current year as against ₹17.48 crore during the previous year. The order book position as on 31st March 2015 was ₹26.80 crore. The new business segment dealing with Operation & Maintenance and Standard Plants have bagged several orders from prestigious clients.

The Company has successfully commissioned a Sea Desalination Plant, ZLD (Zero Liquid Discharge) effluent treatment plant and Sewage Treatment plants of various capacities and Tertiary Treatment Plants. Work is in progress for a 6 MLD (Millions of liters per day) fully automatic DM (Demineralized Water) Plant at Mangalore.

The company has received certification from Indian Institute of Toxicology Research, Lucknow for its RO (Reverse Osmosis) product which allows the use of the product for drinking applications.

The financial position of each of the subsidiaries, as per the Companies Act, 2013 is annexed. The Policy for determining material subsidiaries may be accessed on the Company's website at the link: <http://www.pennarindia.com/policy-determining-material.html>.

The information on subsidiaries pursuant to Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - A in Form AOC - 1.

DIVIDEND, FIXED DEPOSITS AND GENERAL RESERVES:

The company has undertaken capacity expansion and product diversification in Financial Year 2014-15 and shall continue the same for the Financial Year 2015-16. This will help the company to achieve margin and revenue growth in the coming years. The company is funding these activities through internal accruals. The company till date has not taken any term loan to fund these. Therefore your Directors are not recommending a dividend on equity shares. However the company has redeemed the second annual installment of 0.01% Cumulative Redeemable Preference shares of ₹3.34/- each at ₹1.67/- per share along with Dividend at 0.01% during the year 2014-15.

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

CONTRACT AND ARRANGEMENT WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into contract / arrangement / transaction with material related party which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <http://www.pennarindia.com/policy-related-party-transactions.html>.

The Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as Annexure - B in Form AOC-2.

CREDIT RATING:

CARE has reaffirmed the 'CARE A' (Single A) rating assigned to the long term bank facilities of the Company. This rating is applicable to facilities having tenure of more than one year. Instruments with 'CARE A' rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Further, CARE has also reaffirmed the 'CARE A1' (A One) rating to short term bank facilities of the Company. 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 RESPONSIBILITY STATEMENT:

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE:

The Company is committed to maintain the highest standard of corporate governance and adhere to the corporate governance requirements set out by Securities Exchange Board of India. The Report on corporate governance as stipulated under the Listing Agreement is annexed herewith as Annexure - C. The requisite certificate from Ms. Srivani Tyarla, Practicing Company Secretary confirming compliance with the conditions of corporate governance is annexed herewith as Annexure - D.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

In terms of section 135 and Schedule VII of the Companies Act, 2013, and the rules made thereunder the Board of Directors of your Company has constituted a CSR Committee. The Committee comprises of two Independent Directors and two Executive Directors. The Corporate Social Responsibility Committee (CSR

Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken, which has been approved by the Board. Your company has formed a foundation named 'Pennar Foundation' for undertaking some CSR activities. The Annual Report on CSR activities is annexed herewith as Annexure - E.

NOMINATION AND REMUNERATION POLICY:

The Nomination and Remuneration Committee of the Company identifies the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board for their appointment and removal. The Committee also carries out evaluation of every Director's performance. The Committee has formulated the criteria for determining qualifications, attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 and Clause 49 of the listing agreement, the company has formulated a policy on risk management. At present, the company has not identified any element of risk which may threaten the existence of the company.

INTERNAL FINANCIAL CONTROLS:

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Mr. Nrupender Rao, and Mr. Ravi Chachra who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

Mr. J Ramu Rao, Non-Executive Director of the company was designated as Non-Executive Independent Director of the Company under Section 149 of the Companies Act, 2013 at the meeting of the Board of Directors held on 30th September, 2014.

Mr. Nrupender Rao, Mr. Aditya Rao and Mr. K Lavanya Kumar were re-appointed at the meeting of Board of Directors held on 11th February, 2015 as Executive Chairman, Vice-Chairman & Managing

Director and Whole-Time Director. Their appointments have to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends their appointment.

The Board of Directors appointed Ms. Sita Vanka as Additional Independent Director of the Company at its meeting held on 11th February, 2015. Her appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends her appointment.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. C Parthasarathy, Non-Executive Independent Directors of the company resigned from the office of directorship on 29th January, 2015 the same was taken note by the Board of Directors at its meeting held 11th February, 2015. Your Board places on record their deep appreciation for the contribution made by him during his tenure as Director.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors. The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.pennarindia.com/policy-familiarization-programme.html>

The Board of Directors at its meeting held on 13th May, 2015 appointed the following as Key Managerial Personnel of the Company:

Mr. J S Krishna Prasad as Chief Financial Officer

Mr. Mirza Mohammed Ali Baig as Company Secretary

STATUTORY AUDITORS:

Pursuant to the provisions of section 139 of the Act and the rules framed thereunder, M/s. Rambabu & Co., Chartered Accountants, were appointed as statutory auditors of the company from the

conclusion of the 38th Annual General Meeting of the company held on 30th September, 2014 till the conclusion of the 41st Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

COST AUDITORS:

The Cost Audit Report for the year ended 31st March, 2014 was reviewed by the Audit Committee at its meeting held on 5th August, 2014 and has been filed with Registrar of Companies on 18th September, 2014.

The Cost Audit for the year ended 31st March 2015 is in progress and the Cost Audit Report will be filed with the Ministry of Corporate Affairs within the stipulated time. The Board of Directors at its meeting held on 13th May, 2015 appointed M/s. DZR & Co., Cost Accountants, Hyderabad - 500 007 as Cost auditors of the company for the year ending 31st March, 2016.

AUDITOR TO CONDUCT SECRETARIAL AUDIT

The Board has appointed Ms. Srivani Tyarla, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended 31st March, 2015 is annexed herewith as Annexure - F. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

AUDIT COMMITTEE:

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

Pursuant to Section 177 of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The details of the Whistle Blower Policy are explained in the Corporate Governance Report. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.pennarindia.com/vigil-mechanism.html>

MEETINGS OF THE BOARD:

Five meetings of the Board of Directors were held during the year.

For further details, please refer the same in Corporate Governance report in this Annual Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There is no material change in the nature of business affecting the financial position of the Company for the year ended 31st March, 2015.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, is annexed herewith as Annexure - G.

EXTRACT OF ANNUAL RETURN:

Extract of Annual Return of the Company is annexed herewith as Annexure H.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as Annexure - I.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Internal Complaints Committee which has been set up to redress complaints regarding sexual harassment. The following is the summary of sexual harassment complaints received and disposed off during the year:

- i) No. of complaints received : nil
- ii) No. of complaints disposed off: nil

LIQUIDITY:

The company has undertaken number of steps to maintain strong

liquidity levels. The company's consolidated net debt level is at ₹137.76 crore. Your Company continues to focus on generating strong cash flows to meet its future growth plans. The Company is comfortable with its current liquidity position.

LISTING OF EQUITY SHARES:

The Company's equity shares are listed at the Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Metropolitan Stock Exchange of India Limited. The Company's 0.01% Cumulative Redeemable Preference Shares are listed at Bombay Stock Exchange Limited.

DEMATERIALIZATION OF SHARES:

98.50% of the company's paid-up Equity Share Capital is in dematerialized form as on 31st March, 2015 and balance 1.50% is in physical form. 84.97% of the company's paid-up 0.01% Cumulative Redeemable Preference Share Capital is in dematerialized form as on 31st March, 2015 and balance 15.03% is in physical form.

REDEMPTION OF 0.01% CUMULATIVE REDEEMABLE PREFERENCE SHARES:

The company has redeemed the second annual installment of 1,66,49,119 Cumulative Redeemable Preference Shares of ₹3.34/- each at a rate of ₹1.67/- per share as per the terms and conditions of the 'Scheme of Reconstruction and Arrangement' sanctioned by the High Court of Andhra Pradesh.

MANAGING DIRECTOR CERTIFICATION PURSUANT TO CLAUSE 49(IX) OF THE LISTING AGREEMENT:

The Vice-Chairman & Managing Director certification pursuant to clause 49(V) of the listing agreement is annexed herewith as Annexure-J.

PERSONNEL / INDUSTRIAL RELATIONS:

The Company maintained cordial and harmonious relations at all levels at the offices and plants of the Company and its subsidiaries throughout the year under review.

THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

In terms of sub rule 5(vii) of Rule 8 of Companies (Accounts) Rules, 2014, there are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

MANAGEMENT DISCUSSION AND ANALYSIS:

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

APPRECIATION:

Your directors take this opportunity to express their appreciation for the co-operation to all the suppliers and customers who have been associated with the Company as partners. The Directors would also like to take this opportunity to thank the financial institutions, banks, regulatory and government authorities as well as the shareholders for their continued co-operation and support. The directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company. We

look forward to further support.

Place : Hyderabad

Date : 12.08.2015

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

Nrupender Rao
Executive Chairman

Annexure - A

Form No. AOC - 1

(Pursuant to the first provision to sub-section 3 of Section 129, read with Rule 5 of Companies (Accounts) Rules, 2014);
Salient Features of Financial Statements of Subsidiary/associate companies/joint ventures as per Companies Act, 2013

Part "A" : Subsidiaries

(₹ in lacs)

	Name of Subsidiary	Pennar Engineered Building Systems Limited	Pennar Enviro Limited
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable
3.	Share Capital	3071	837
4.	Reserves & Surplus	9885	23
5.	Total Assets	31852	2928
6.	Total Liabilities	18896	2068
7.	Investments	2603	2
8.	Turnover	50367	2943
9.	Profit Before Taxation	3326	14
10.	Provision for Taxation	1135	3
11.	Profit after Taxation	2190	11
12.	Proposed Dividend	Nil	Nil
13.	% of Shareholding	66.85%	51.03%

Additional Information:

1.	Names of subsidiaries which are yet to commence operations	Nil
2.	Names of subsidiaries which have been liquidated or sold during the year.	

Part "B" : Associates/Joint Ventures

1	Name of Associates/Joint Ventures	Nil
2	Latest audited Balance Sheet Date	
3	Shares of Associate/Joint Ventures held by the company on the year end	
4	Amount of Investment in Associates/Joint Venture	
5	Extend of Holding %	
6	Description of how there is significant influence	
7	Reason why the associate/joint venture is not consolidated	
8	Networth attributable to Shareholding as per latest audited balance sheet	
9	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

Additional Information:

1.	Names of associates or joint ventures which are yet to commence operations	Nil
2.	Names of associates or joint ventures which have been liquidated or sold during the year	

for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary

J S Krishna Prasad
Chief Financial Officer

Aditya Rao
Vice-Chairman &
Managing Director

Nrupender Rao
Chairman

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: M/s. Pennar Industries Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

a	Name(s) of the related party and nature of relationship	Not Applicable
b	Nature of contracts/arrangements/transactions	
c	Duration of the contracts / arrangements/ transactions	
d	Salient terms of the contracts or arrangements or transactions including the value, if any	
e	Justification for entering into such contracts or arrangements or transactions	
f	date(s) of approval by the Board	
g	Amount paid as advances, if any	
h	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:

a	Name(s) of the related party and nature of relationship	1. Pennar Engineered Building Systems Limited (Subsidiary Company) 2. Pennar Enviro Limited (Subsidiary Company) 3. Saven Technologies Limited (Significant Influence)
b	Nature of contracts/arrangements/transactions	Sale of Steel Products, Purchase of Steel products, Job works etc.
c	Duration of the contracts / arrangements/ transactions	April 2014 to March 2015
d	Salient terms of the contracts or arrangements or transactions including the value, if any	The contract was entered into in the ordinary course of business and on arm's length basis. (for details of transactions during the year refer Note no 34 to the Standalone financial statements).
e	Date(s) of approval by the Board	07.05.2014; 06.08.2014; 11.11.2014 and 11.02.2015.
f	Amount paid as advances, if any	₹534 lakhs paid as advance to M/s. Pennar Enviro Limited.

By Order of the Board
for Pennar Industries Limited

Nrupender Rao
Chairman



Compliance report on Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the BSE Limited (BSE) and National Stock Exchange Limited (NSE), the report containing the details of Corporate Governance systems and processes at Pennar Industries Limited is as follows:

At Pennar Industries Limited (PIL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

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. APPROPRIATE GOVERNANCE STRUCTURE WITH DEFINED ROLES AND RESPONSIBILITIES:

The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six committees to discharge its responsibilities in an effective manner. The Executive Chairman and Vice-Chairman & Managing Director provide overall direction and guidance to the Board.

Concurrently, the Vice-Chairman and Managing Director is responsible for overall implementation.

3. BOARD OF DIRECTORS:

The Board of Directors of the Company have an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board of the Company comprises Ten Directors that includes one Women Director.

None of the Directors on the Board is Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2015, have been made by the Directors.

(a) Composition and Category of Directors as of 31st March, 2015 is as follows:

Category	No. of Directors	%
Executive Directors	3	30
Non-Executive Non-Independent Directors	2	20
Non-Executive Independent Directors	5	50
Total	10	100

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

The Board of Directors duly met 6 times during the financial year from 1st April, 2014 to 31st March, 2015. The dates on which the meetings were held are as follows :

7th May, 2014; 6th August, 2014; 11th September, 2014, 30th September 2014, 11th November, 2014; and 11th February, 2015.

(c) Attendance of each Director at Board meetings and the last Annual General Meeting:

Sl. No.	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on 30th September, 2014
1.	Mr. Nrupender Rao	Executive Chairman	6	6	Yes
2.	Mr. Ravi Chachra	Non-Executive Director	6	5	Yes
3.	Dr. G Vivekanand \$	Independent Non-Executive Director	1	Nil	No
4.	Mr. C Parthasarathy #	Independent Non-Executive Director	5	3	Yes
5.	Mr. B Kamalaker Rao	Independent Non-Executive Director	6	6	Yes
6.	Mr. Manish Sabharwal	Independent Non-Executive Director	6	2	No
7.	Mr. J Ramu Rao	Independent Non-Executive Director	6	1	No
8.	Mr. Vishal Sood	Non-Executive Director	6	3	No
9.	Mr. Varun Chawla	Independent Non-Executive Director	6	5	No
10.	Mr. Aditya Rao	Vice-Chairman & Managing Director	6	6	Yes
11.	Mr. K Lavanya Kumar @	Whole-Time Director	6	6	No
12.	Dr Sita Vanka *	Independent Non-Executive Director	1	1	No

The Board taken on record the following:- \$ Resignation of Dr. G Vivekanand on 6th August, 2014; # Resignation of Mr. C Parthasarathy on 11th February, 2015; @ Appointment of Mr K Lavanya Kumar on 7th May, 2014; * Appointment of Ms. Sita Vanka on 11th February, 2014.

(d) Number of other Boards/Board Committees each Director (being a Director of the Company as at the end of the financial year) is a Director/Chairman:

Sl. No.	Name of the Director	Number of Directorships in other public companies		Number of Committee memberships held in other Companies	
		Chairman	Director	Chairman	Member
1.	Mr. Nrupender Rao	3	4	1	-
2.	Mr. Ravi Chachra	-	-	-	-
3.	Dr. G Vivekanand \$	-	2	-	-
4.	Mr. C Parthasarathy #	6	4	5	1
5.	Mr. B Kamalaker Rao	1	3	4	2
6.	Mr. Manish Sabharwal	-	1	-	1
7.	Mr. J Ramu Rao	-	2	-	-
8.	Mr. Vishal Sood	-	3	-	-
9.	Mr. Varun Chawla	-	-	-	-
10.	Mr. Aditya Rao	-	3	-	3
11.	Mr. K Lavanya Kumar @	-	1	-	-
12.	Dr Sita Vanka *	-	1	-	-

The Board taken on record the following:- \$ Resignation of Dr. G Vivekanand on 6th August, 2014; # Resignation of Mr. C Parthasarathy on 11th February, 2015; @ Appointment of Mr K Lavanya Kumar on 7th May, 2014; * Appointment of Ms. Sita Vanka on 11th February, 2014.

4. INDEPENDENT DIRECTORS:

The Company has complied with the definition of Independence as per Clause 49 of the Listing Agreement and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

(a) Training of Independent Directors:

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The terms of appointment of Independent Directors has been placed on the Company's website at http://www.pennarindia.com/pdf/Investor_presentation/terms-of-appointment-of-independent-directors.pdf

(b) Performance Evaluation of non-executive and Independent Directors:

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

(c) Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 28th March, 2015, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

- i) Reviewed the performance of non-independent directors and the Board as a whole;
- ii) Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii) Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

5. 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. The committee has reviewed the internal audit reports, quarterly, half-yearly and annual financial results before their submission and adoption by the board, internal control systems, Related Party Transactions and all other matters covered in Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013 read with rules made thereunder as and when applicable. In conducting such reviews, the committee found no material discrepancy.

(b) Composition, name of members and chairperson

The Committee comprises of the following:

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

The Audit Committee was re-constituted on 11th February, 2015.

* Mr. B Kamalaker Rao was appointed as Chairman of the Audit Committee; @ Mr. C Parthasarathy was resigned as Independent Director of the Company.

(c) Meetings and attendance during the year

During the year under review, the Committee met four times on 7th May, 2014; 5th August, 2014; 10th November, 2014; and 10th February, 2015. The details of attendance are given below:

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

M/s. Rambabu & Co., Statutory Auditors, M/s. R Krishna & Associates, Internal Auditors and Mr. Krishna Prasad, Chief Financial Officer of the Company 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.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

6. NOMINATION AND REMUNERATION COMMITTEE

(a) Brief description of terms of reference

In compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Listing Agreement, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee".

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

(b) Composition, name of members and Chairperson

The Nomination and Remuneration Committee of the Company consists of 2 Non-Executive Independent Directors and 1 Executive Chairman of the Company.

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

The Nomination and Remuneration Committee was re-constituted on 11th February, 2015. * Mr. B Kamalaker Rao was appointed as Chairman and Mr. Nrupender Rao was appointed as Member of the

Committee; @ Mr. C Parthasarathy was resigned as Independent Director of the Company.

(c) Meetings and attendance during the year

During the year the Committee had four meetings i.e., on 7th May, 2014; 5th August, 2014; 30th September, 2014; and 10th February, 2015. The details of attendance are given below:

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

(d) Remuneration policy:

The Company has formulated a Remuneration Policy. It is in consonance with the existing industry practice and also with provisions of the Companies Act, 2013. Following are the objectives covered in the policy:

- * Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria.
- * Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions.
- * Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration.
- * Review the performance of the Board of Directors and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

(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 2014-15 is given below:

Name of the Director	Designation	Salary	Commission	Provident fund, Super-annuation fund and other perquisites (₹)	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	85,59,996	54,92,766	13,80,000	-	1,54,32,762
Mr. Ravi Chachra	Non-Executive Director	-	-	-	25,000	25,000
Dr. G Vivekanand \$	Independent Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy #	Independent Non-Executive Director	-	-	-	39,500	39,500
Mr. B Kamalaker Rao	Independent Non-Executive Director	-	-	-	67,000	67,000
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	-	-
Mr. J Ramu Rao	Independent Non-Executive Director	-	-	-	5,000	5,000
Mr. Vishal Sood	Non-Executive Director	-	-	-	-	-
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	58,500	58,500
Mr. Aditya Rao	Vice-Chairman & Managing Director	59,95,992	36,61,844	22,44,000	-	1,19,01,836
Mr. K Lavanya Kumar @	Whole-Time Director	31,19,173	-	2,88,144	-	34,07,317
Ms. Sita Vanka *	Independent Non-Executive Director	-	-	-	5,000	5,000

The Board taken on record the following: \$ Resignation of Dr. G Vivekanand on 6th August, 2014; # Resignation of Mr. C Parthasarathy on 11th February, 2015; @ Appointment of Mr. K Lavanya Kumar on 7th May, 2014; * Appointment of Ms. Sita Vanka on 11th February, 2014.

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

The Board of Directors at its meeting held on 12th February, 2015 appointed Mr. Nrupender Rao as Executive Chairman, Mr. Aditya Rao as Vice-Chairman & Managing Director and Mr. K Lavanya Kumar as Whole-Time Director of the Company for a period of two years w.e.f. 01.04.2015 to 31.03.2017.

(f) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March, 2015:

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	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. J Ramu Rao	Independent Non-Executive Director	-
Mr. Vishal Sood	Independent Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka*	Independent Non-Executive Director	-

The Board Taken on record the following: \$ Resignation of Dr. G Vivekanand on 6th August, 2014; # Resignation of Mr. C Parthasarathy on 11th February, 2015; * Appointment of Ms. Sita Vanka on 11th February, 2014.

Familiarisation programmes for Board Members

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Updates on relevant statutory changes are circulated to the Directors. The details of familiarisation programmes for Independent Directors are available in the website of the company <http://www.pennarindia.com/policy-familiarization-programme.html>

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committees. The evaluation took into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. The performance evaluation of the Independent Directors was carried out by the entire Board.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at a separate meeting held on 28th March, 2015. The evaluation also assessed the quality, quantity and timeliness of the flow of information between the management and the Board that is necessary for it to effectively and reasonably perform its duties.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE:

In compliance with Section 178 of the Companies Act, 2013 read with rules made thereunder and Clause 49, the Board has renamed the existing Shareholders' / Investors' Grievances Committee to Stakeholders Relationship Committee. The committee meets as and when any complaint is received from the shareholders.

a) Brief description of terms of reference

The Committee focuses primarily on monitoring expeditious redressal of investors / stakeholders grievances and also function in an efficient manner that all issues / concerns stakeholders are addressed / resolved promptly.

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

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

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

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

d) Number of complaints received from shareholders: During the period under review, the Company has received and resolved 17 complaints and there were no pending complaints as at the year end.

e) Number of pending share transfers and complaints: Nil

f) Details of meetings and attendance by the members:

During the year the Committee met four times on 7th May, 2014, 5th August, 2014 10th November, 2014; and 10th February, 2015.

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

8. CORPORATE SOCIAL RESPONSIBILITY (CSR):

(a) Brief description of terms of reference

The Committee formulate and recommend to the Board, a CSR Policy and recommend the amount of expenditure to be incurred on CSR activities. Committee framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitor CSR policy from time to time.

(b) Composition, name of members and chairperson

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 2 Executive Directors of the Company.

1. Mr. B Kamalaker Rao -
Chairman (Independent Non-Executive Director)
2. Mr. Varun Chawla -
Member (Independent Non-Executive Director)

3. Mr. Nrupender Rao -
Member (Chairman - Executive)

4. Mr. Aditya Rao -
Member (Vice-Chairman & Managing Director)

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

c) Meetings and attendance during the year

During the year the Committee had 1 meeting i.e., on 10th February, 2015. The details of attendance are given below:

9. GENERAL BODY MEETINGS:

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

Date	Year	Type	Venue	Time
30th September, 2014	2013-14	Annual General Meeting	Radisson Hyderabad	10:00 A.M
31st July, 2013	2012-13	Annual General Meeting	Aditya Sarovar Premiere, Hyderabad	10:00 A.M
23rd July, 2012	2011-12	Annual General Meeting	Aditya Sarovar Premiere, Hyderabad	9:30 A.M.

(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
30th September, 2014	Yes	1. To designate Mr. Aditya Rao as Vice-Chairman and Managing Director. 2. Appointment of Mr. K Lavanya Kumar as Whole-Time Director. 3. Increase in investment limit under PIS by SEBI registered FII's from 24% to 35% in the paid-up capital of the company. 4. Alteration of Articles of Association of the Company.
31st July, 2013	No	NA
23rd July, 2012	No	NA

(c) Whether any special resolution passed last year through postal ballot - details of voting pattern: No Postal Ballot was conducted during 2014-15.

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

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

(f) Procedure for postal ballot - Not Applicable.

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

10. DISCLOSURES:

a) Related Party Transactions:

No transaction of material nature that may have potential conflict with the interests of company at large was entered in to by the Company

with the related parties. The transactions with the related parties are disclosed in notes to accounts in the Annual Report.

Sl. No.	Name of the material related party	Relationship	Nature of Transactions	Amount of Transaction (₹ In lakhs)
1.	Pennar Engineered Building Systems Limited	Subsidiary	Purchase of Material	145
			Sale of Goods	4,169
			Other Services Rendered	134
			Other Services Received	170

b) Disclosure of Accounting Treatment:

The Company has followed the applicable accounting standards 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.

d) Whistle Blower Policy:

The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.pennarindia.com/vigil-mechanism.html>

e) Risk Management:

The Board regularly discusses the significant business risks identified by the Management and the mitigation process being taken. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. At present the company has not identified any element of risk which may threaten the existence of the company.

f) Code of Conduct:

The Company has adopted the Code of Conduct which is applicable to the members of the Board and senior management of the Company. The Code of Conduct is available on the Company's website at the link: <http://www.pennarindia.com/code-of-conduct.html>

g) Policy on Prevention of Insider Trading:

The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of the Company during the notified "Trading Window" period.

h) Proceeds from public issues, rights issues, preferential issues etc.,

During the financial year ended 31st March, 2015, there were no proceeds from public issues, rights issues, preferential issues, among others.

i) Management Discussion & Analysis is annexed to the Directors' Report and forms part of the Annual Report.

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.

11. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS:

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

- (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) Shareholder Rights - The Company publishes its results on its website at the link <http://www.pennarindia.com/un-audited-financial-results.html> which is accessible to the public at large. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having wide

national circulation and also in a Telugu newspaper having wide circulation in Telangana. Hence, half-yearly results are not sent to the shareholders individually.

- (iii) 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 un-qualified financial statements.
- (iv) Separate of Chairman and Managing Director - The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman and Mr. Aditya Rao, Executive Director as Vice-Chairman and Managing Director.
- (v) Reporting of Internal Auditor - The Internal Auditor submits his report directly to the Audit Committee.

12. MEANS OF COMMUNICATION

(a) 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 Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standards' in English and in 'Andhra Prabha' regional language dailies (Telugu) within 48 hours of the conclusion of the Board meeting.

(b) The Company's website www.pennarindia.com contains a

separate dedicated section "Investors" where latest information for shareholders is available. The quarterly/half yearly/ annual financial results of the Company are simultaneously posted on the website. The Company's website also displays official news releases related to the activities of the Company.

(c) Scores

The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2014-15 there were no complaints.

(d) BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on the Listing Centre.

(e) National Electronic Application Processing System ('NEAPS')

National Stock Exchange announced a web based application system NEAPS for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on NEAPS.

13. GENERAL SHAREHOLDERS INFORMATION:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	30th September, 2015 at 10:00 A.M. at Radisson Hi-Tech City, Gachibowli, Hyderabad - 32
2.	Financial calendar (Tentative schedule)	Financial year : 1st April, 2014 to 31st March, 2015 Board meetings for approval of quarterly results: 1st Quarter ended on 30th June, 2015: within 45 days from the close of quarter. 2nd Quarter ended on 30th September, 2015: within 45 days from the close of quarter. 3rd Quarter ended on 31st December, 2015: within 45 days from the close of quarter. Annual results for financial year ended 31st March, 2016 (audited): Within 60 days of the close of financial year. Annual general meeting for the year 2015-16 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book closure (both days inclusive)	23rd September, 2015 to 24th September, 2015 (both days inclusive)
4.	Dividend payment due	-

Sl. No.	Particulars	Description
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 Metropolitan Stock Exchange Limited 2nd Floor, Exchange Square Suren Road, Chakala, Andheri (East), Mumbai – 400 093
6	Stock Code	BSE: Equity- 513228 0.01% cumulative redeemable preference shares- 700107 NSE EQUITY: PENIND MCX EQUITY: PENIND
7	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai – 400013 2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
8	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, Tel.No: +91 40 40061621 E-mail: pilhyd@bsnl.in, corporatecommunications@pennarindia.com
9	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500008, Phone: 040 67131524 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.

The Company has paid Listing fees for the year 2015-16 to all the aforesaid Stock Exchanges.

14. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2015 WAS AS UNDER:

Sl. No.	Category (shares)	No of Holders	% of Holders	No of Shares	% of Shares
1.	upto 1 – 5000	31100	88.76	70,56,226	5.86
2.	5001 – 10000	1582	4.51	25,20,706	2.09
3.	10001 – 20000	956	2.73	28,59,120	2.38
4.	20001 – 30000	427	1.22	21,41,738	1.78
5.	30001 – 40000	180	0.51	12,83,029	1.07
6.	40001 – 50000	206	0.59	19,80,786	1.65
7.	50001 – 100000	260	0.74	38,69,862	3.22
8.	100001 & Above	329	0.94	9,86,38,047	81.96
	Total	35040	100.00	12,03,49,514	100

Shareholding Pattern as on 31st March, 2015 was as under:

Sl. No.	Category (shares)	No of Holders	% of Holders
1.	Promoter & Promoter Group	4,37,56,940	36.36
2.	Resident Individuals	3,80,18,219	31.59
3.	Foreign Institutional Investor	1,29,32,491	10.75
4.	Bodies Corporates	97,93,248	8.14
5.	Indian Financial Institutions	80,06,157	6.65
6.	Mutual Funds	38,82,216	3.23
7.	H U F	22,24,154	1.85
8.	Non Resident Indians	14,27,696	1.19
9.	Clearing Members	2,95,438	0.25
10.	Trusts	12,955	0.01
	Total	12,03,49,514	100.00

15. 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. 98.50% of equity shares are held in dematerialised form as on 31st March, 2015.

(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. 84.97% of 0.01% cumulative redeemable preference shares are held in dematerialised form as on 31st March, 2015.

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

During the financial year 2014-15, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

16. PLANT LOCATIONS:

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

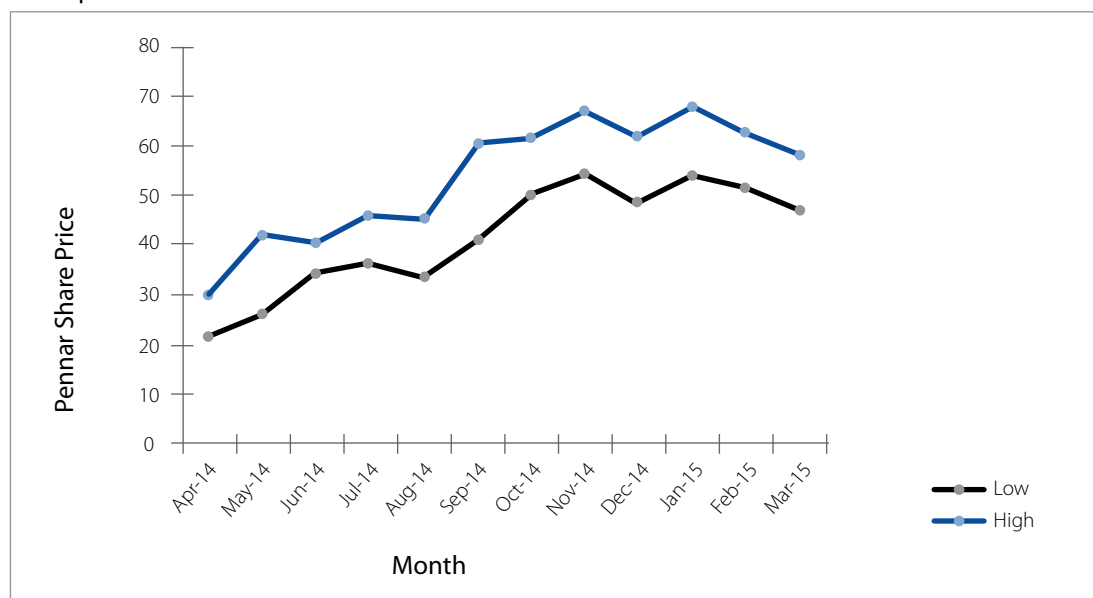
17. MARKET PRICE DATA:

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 2014-14 were as follows:

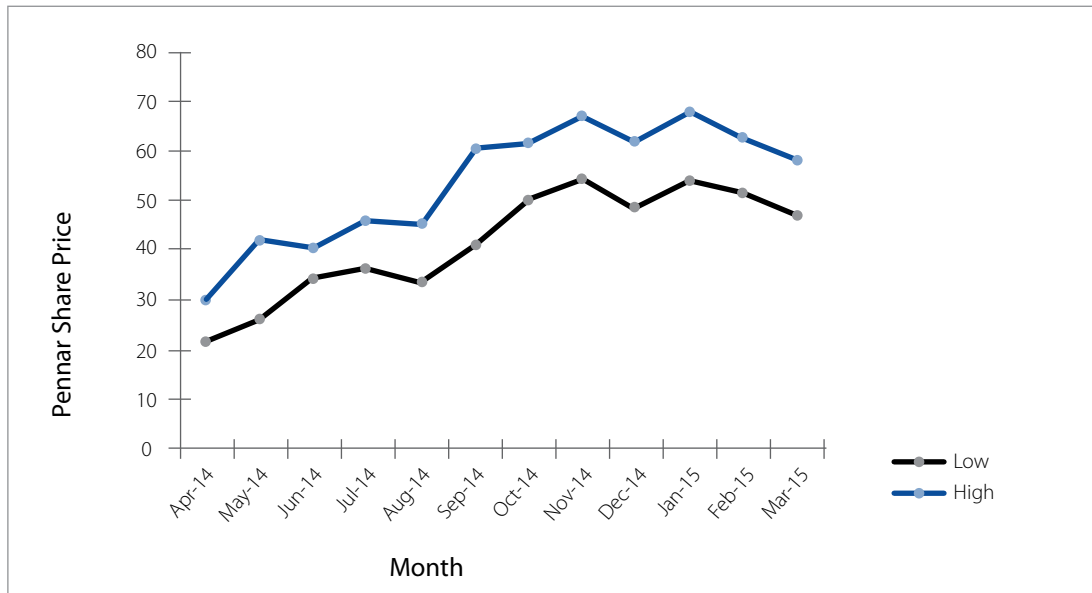
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2014	29.70	21.80	6,95,314	30.00	22.55	17,83,153
May, 2014	42.00	26.00	40,99,549	41.85	25.85	59,64,990
June, 2014	40.80	34.85	14,30,531	41.00	35.00	16,57,832
July, 2014	45.65	36.70	12,09,632	45.90	36.55	32,41,301
August, 2014	45.20	33.60	66,53,746	45.40	34.25	1,17,46,587
September, 2014	60.40	40.60	2,95,26,092	60.40	40.60	6,66,81,606
October, 2014	61.30	50.50	86,33,133	61.35	50.35	1,92,32,870
November, 2014	66.90	55.00	1,11,46,325	66.85	55.00	2,50,80,419
December, 2014	61.85	49.00	55,99,885	61.90	48.65	1,38,55,298
January, 2015	67.85	54.45	72,96,461	67.75	54.40	1,93,10,874
February, 2015	63.00	51.70	40,14,779	63.40	51.60	98,11,408
March, 2015	58.30	47.40	30,26,558	58.35	47.15	97,93,974

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

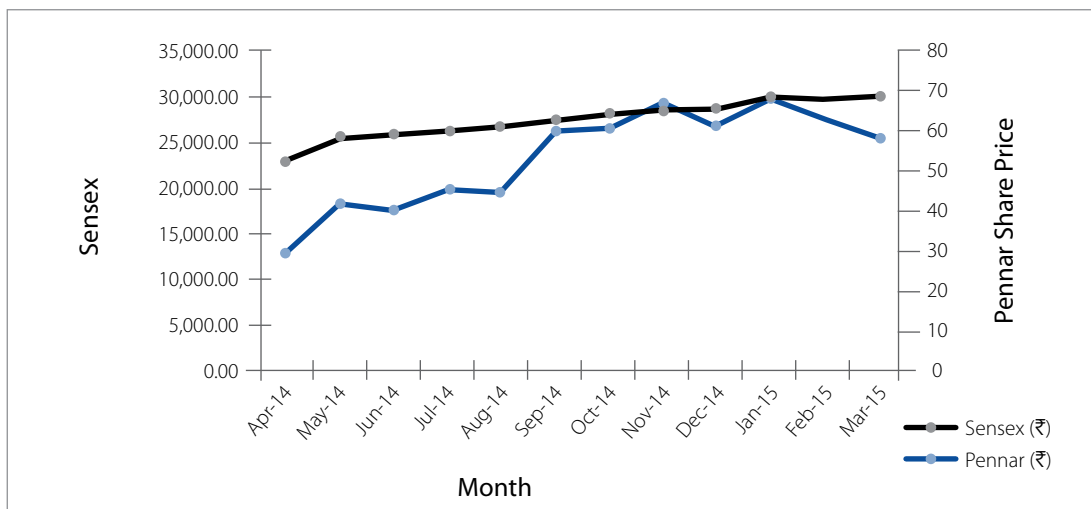
Share prices at BSE



Share prices at NSE

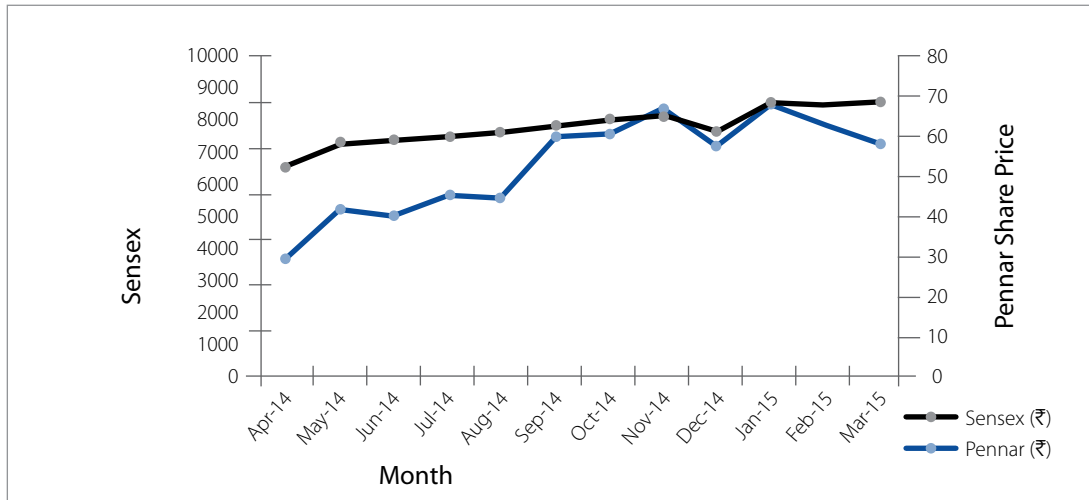


Performance in comparison to broad based indices such as BSE Sensex:



Comparison is done between the Share price- High and Sensex index close price

Performance in comparison to broad based indices such as Nifty:



Comparison is done between the Share price- High and Nifty index close price.

18. UNCLAIMED DIVIDEND AMOUNTS:

Pursuant to the provisions of Section 123 of the Companies Act, 2013, the dividend for the following years, which remain unclaimed for seven years, will be transferred to Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

Members who have not so far encashed their dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to the Company's Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited, immediately. Members are requested to note that

no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

Members are also advised to update their correspondence address in their demat accounts in case of their holdings in electronic form or inform their latest correspondence address to the Registrars in case of holdings in physical form. Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows.

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2015	Due for transfer to IEPF on
2008-2009	26.8.2009	12,18,242.21	25.8.2016
2009-2010 Interim	22.02.2010	6,35,833.00	21.02.2017
2009-2010	04.08.2010	8,80,043.16	03.08.2017
2010-2011 Interim	09.11.2010	5,63,585.50	08.11.2017
2010-2011	16.09.2011	8,42,775.53	15.09.2018
2011-2012	25.07.2012	11,05,383.63	24.07.2019
2012-2013	08.08.2013	11,72,068.31	07.08.2020

19. SHARE TRANSFER SYSTEM

The transactions of shares held in Demat and Physical for are handled by the Company's Depository registrar, M/s. Karvy Computershare Private Limited.

Particulars	2014-2015	2013-2014
Shares Transferred	54,732	8,694
Total No. of shares as on 31st March, 2015	12,04,61,410	12,03,49,514
% on Share Capital	0.007	0.045

20) RECONCILIATION OF SHARE CAPITAL AUDIT:

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number

of shares in dematerialized form held with NSDL and CDSIL and the total number of shares in physical form.

21) CORPORATE IDENTITY NUMBER (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L27109AP1975PLC001919.

22) MANAGING DIRECTOR CERTIFICATION:

As required by Clause 49 of the Listing Agreement, the Managing Director Certification is provided in the Annual Report.

23) GREEN INITIATIVE IN THE CORPORATE GOVERNANCE:

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register

their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

24) DECLARATION OF CODE OF CONDUCT:

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 11th February, 2015, 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 II E 3 of the Listing Agreement with the stock exchanges, we here by confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2015.

for Pennar Industries Limited

Date : 12.08.2015
Place : Hyderabad

Aditya Rao
Vice-Chairman & Managing Director

Annexure - D

Secretarial Auditors Certificate of Compliances with the Corporate Governance

Requirement under Clause 49 of the Listing Agreement

To,
The Members
M/s. Pennar Industries Limited

We have examined the compliance of Corporate Governance by M/s. Pennar Industries Limited for the year ended on 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring to compliance of the conditions of the Corporate Governance. 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 the explanations given to us, We certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

Place: Hyderabad
Date: 12.08.2015

Srivani Tyarla
Practicing Company Secretary
C P No: 8181
srivanipcs@gmail.com

Annexure - E

Annual Report on CSR Activities

After the introduction of the Section 135 along with the Companies (Corporate Social Responsibility), Rules 2014 on the 1st of April 2014, the Corporate Social Responsibility Committee (CSR) of the Company was constituted on 7th August, 2013.

1. CSR Policy:

Pursuant to section 135 of the Companies Act, 2013 (the act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) framed thereunder it was a mandatory commitment for a corporate to contribute and operate in an economically, socially and environmentally sustainable manner and also establish a Corporate Social Responsibility Policy and a committee track the transactions relating to CSR initiatives.

Accordingly, henceforth, it is a continuing commitment for a company to contribute to economic development of the society at large. CSR, therefore, is not a mere philanthropic activity but also comprises of activities that require a company to integrate social, environmental and ethical concerns into the company's vision and mission through such activities.

The detailed policy as per the regulations has been duly established and the same is uploaded on the website of the company at the link: <http://www.pennarindia.com/csr-policy.html>.

A Foundation to undertake the CSR activities have been formed

namely Pennar Foundation. The brief details of the activities identified by the company directly are enlisted below:

- a. Eradicating poverty, hunger and malnutrition;
- b. Better hygiene and sanitation;
- c. Adequate and potable water supply;
- d. Better education facilities and infrastructure to students of schools;
- e. Shelters for people;
- f. Promotion of education;
- g. Promotion of Health;
- h. Plantation of trees and their protection.

2. Composition:

The composition of the CSR committee is as hereunder:

Mr. B Kamalaker Rao - Chairman (Non-Executive Independent Director)

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

Mr. Nrupender Rao - Member (Executive Chairman)

Mr. Aditya Rao - Member (Vice-Chairman and Managing Director)

The Members of the CSR committee are eminent professionals and financially literate.

3. Average net profits of the Company for the last three Financials Years.

(Amount in Lakhs)

Financial Years	2013-14	2012-13	2011-12	Average Net Profit for the last three years
Net Profits	1934	4709	8509	5050.67

4. Prescribed CSR Expenditure:

2% of Average net profits i.e. ₹101 lakhs.

5. Details of CSR during the financial year:

a) Total Amount spent during the Financial Year: ₹19.89 Lakhs.

b) Amount unspent, if any. : ₹81 Lakhs.

c) Manner in which the amount spent during the financial year: Attached as Annexure to the report.

6. During the year under review, Company has spent an amount of ₹19.89 lakhs instead of ₹101 lakhs (i.e 2% of the average net profits). The Company is cautious about identifying the projects, in order to ensure that the projects benefit the society at large. Hence there was a delay in identifying suitable projects during the year. However, the Company has formed Pennar Foundation to carry out its CSR activities.
7. Responsibility Statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR objective and Policy of the Company.

for Pennar Industries Limited

Aditya Rao
Vice-Chairman & Managing Director

B Kamalaker Rao
Chairman CSR Committee

Annexure to the Annual Report on CSR

Sl. No.	CSR Project or Activity Identified	Sector in which project is covered	Projects / Program - Local Area or Other, Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or Program wise (in ₹Lakhs)	Amount spent on the projects or programs Sub Heads (1) Direct Expenditure on projects or programs (2) Overheads (in ₹ Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2014-2015 (in ₹Lakhs)	Amount Spent Direct or through Implementing Agency
1.	Vidya Volunteers, Fee reimbursements and Children parks	Promotion of Education	Throughout Telangana State	2.30	2.30	2.30	Direct
2.	Shelter for people	Rural Development Project	Isnapur Village, Telangana State	0.63	0.63	0.63	Direct
3.	Help for disable persons	Promotion of Health	Patancheru, Telangana State	0.10	0.10	0.10	Direct
4.	Midday Meals and other rural development activities	Rural development projects	Throughout Telangana State	14.99	14.99	14.99	Direct
5.	Donations to Orphanages	Eradicating Poverty	Hyderabad, Telangana State	0.20	0.20	0.20	Direct
6.	Donations to Charitable Trusts	Eradicating Poverty	Hyderabad, Telangana State	1.67	1.67	1.67	Direct
Total				19.89	19.89	19.89	

for Pennar Industries Limited

Aditya Rao
Vice-Chairman & Managing Director

B Kamalaker Rao
Chairman CSR Committee

Annexure - F

Secretarial Audit Report For the Financial Year ended 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

M/s. Pennar Industries Limited

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Pennar Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and

other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules

and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 (Not applicable to the Company during the Audit Period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not notified during the audit period and hence not applicable to the Company).
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange Limited and Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

I. Environmental Laws:

- (a) The Environment (Protection) Act, 1986;
- (b) The Water (Prevention and Control of Pollution) Act, 1974
- (c) The Water (Prevention and Control of Pollution) Cess Act, 1977
- (d) The Air (Prevention and Control of Pollution) Act, 1981
- (e) The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
- (f) The Noise Pollution (Regulation and Control) Rules, 2000
- (g) Environmental Impact Assessment Notification, 2006
- (h) The Public Liability Insurance Act, 1991

II. Labour Related Regulations

- (a) The Factories Act, 1948
- (b) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (c) The Contract Labour (Regulation and Abolition) Act, 1970
- (d) The Employees' State Insurance Act, 1948
- (e) The Industrial Employment (Standing Orders) Act, 1946
- (f) The Payment of Bonus Act, 1965
- (g) The Payment of Gratuity Act, 1972

- (h) The Minimum Wages Act, 1948
- (i) The Payment of Wages Act, 1936
- (j) The Trade Unions Act, 1926
- (k) The Employees' Compensation Act, 1923
- (l) The Industrial Disputes Act, 1947
- (m) Buildings and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996
- (n) Buildings and Other Construction Workers' Welfare Cess Act, 1996
- (o) Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- (p) Maternity Benefits Act, 1961
- (q) Child Labour (Prohibition and Abolition) Act, 1986
- (r) Equal Remuneration Act, 1976
- (s) Apprentices Act, 1961

III. Fiscal Regulations

- (a) Foreign Exchange Management Act, 1999
- (b) Foreign Trade (Development and Regulation) Act, 1992
- (c) Foreign Trade Policy
- (d) The Special Economic Zones Act, 2005 and Special Economic Zone Rules, 2006
- (e) Customs Regulations

IV. Laws Relating to Intellectual Property

- (a) The Trade Marks Act, 1999

V. Miscellaneous Regulations

- (a) Shops and Establishments Legislations
- (b) The Industries (Development and Regulation) Act, 1951
- (c) Approvals from Local Authorities
- (d) The Competition Act, 2002

I further report that, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least

seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

The Company has redeemed its second annual instalment of '0.01% Cumulative Redeemable Preference Shares' at a rate of ₹1.67 along with dividend of 0.01 on redemption value.

Srivani Tyarla
Practicing Company Secretary

Place: Hyderabad
Date: 12.08.2015

C P No: 8181
srivanipcs@gmail.com

Annexure - G

Conservation of Energy, Technology Absorption, and foreign exchange Earning and Outgo etc:

Information on conservation of energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under section 134 of the companies act, 2013 read with companies (accounts) Rules, 2014 are provided hereunder:

<p>(A) Conservation of Energy:</p> <p>I. The steps taken or impact on conservation of energy</p>	<p>The company continued to give major emphasis for conservation of energy, and the measures taken in the previous year were continued .The efficiency of Energy Utilization at each plant is monitored at the corporate level every quarter, in order to achieve effective conservation of energy. The significant Energy conservation measures during the year were as follows:</p> <p>a. Switching off machines/equipment immediately after use and fixing of timers to avoid running of machine idle condition.</p> <p>b. Use of Power Capacitors to improve the Power factor.</p> <p>c. Creating awareness among employees about the necessity of energy conservation by celebrating conducting of classes & display of Board.</p>
<p>II. The steps taken by the company for utilizing alternate sources of energy</p>	<p>The company generated power through solar power plant having a capacity of 2.5 MW during the year under review. Apart from this, the company has also installed energy efficient equipment wherever required.</p> <p>The generation of power through alternate means such as solar power plant provides power to the company at a rate lower than the market rates for purchasing power from power generating companies and thereby reducing the cost of production.</p>
<p>III. The capital investment on energy conservation equipment;</p>	<p>₹20 lakhs</p>
<p>(B) Technology absorption:</p> <p>I. The efforts made towards technology absorption</p>	<p>Efforts are being made towards improvements in the existing production process through indigenous methods.</p>
<p>II. The benefits derived like product improvement, cost reduction, product development or import substitution.</p>	<p>The benefits derived are: Improved quality and productivity Conservation of energy & reduced power cost</p>
<p>III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)</p> <p>a. The details of technology imported</p> <p>b. The year of import:</p> <p>c. Whether the technology been fully absorbed</p> <p>d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	<p>Nil</p>
<p>IV. The expenditure incurred on research and development</p>	<p>Nil</p>
<p>(C) Foreign exchange earnings and outgo</p>	<p>Total Foreign Exchange earnings: ₹397 lakhs Total Foreign Exchange Outgo: ₹70 lakhs</p>

Annexure - H

Form No. MGT-9 Extract of Annual Return

As on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details

i)	Corporate Identification Number (CIN)	L27109AP1975PLC001919
ii)	Registration Date	08.08.1975
iii)	Name of the Company	Pennar Industries Limited
iv)	Category/Sub Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	Floor No.: 3, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana – 500084
vi)	Whether Listed Company	Yes listed on NSE, BSE and MCX Stock Exchanges
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Tel: +91 40 67161700

II. Principal business activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name & Description of main product/services	NIC Code of the Product/ service	% to total turnover of the company
1.	Manufacture of hot-rolled and cold-rolled products of steel	24105	78.0%
2.	Manufacture of tubes	24106	16.7%

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
1.	M/s. Pennar Engineered Building Systems Limited 9th Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	U45400AP2008PLC057182	Subsidiary	66.85	2(87)
2.	M/s. Pennar Enviro Limited 186/A, IDA, Mallapur, Hyderabad - 500 076	U74900TG2008PLC058171	Subsidiary	51.03	2(87)

IV. Shareholding pattern (Equity Share Capital Breakup as Percentage of total Equity)

The Shareholding pattern is attached hereunder as Attachment - A.

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	9,605	2,304	Nil	11,909
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	-	-	NA	-
Total (i+ii+iii)	9,605	2,304	-	11,099
Change in Indebtedness during the financial year				
* Additions	3,743	-	Nil	3,743
* Reductions	587	-	Nil	587
Net Change	3,156	-	-	3,156
Indebtedness at the end of the financial year				
i. Principal amount	12,761	2,304	Nil	15,065
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	-	-	NA	-
Total (i+ii+iii)	12,761	2,304	-	15,065

VI. Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ lakhs)

Sl. No.	Particulars of Remuneration	Nrupender Rao	Aditya Rao	K Lavanya Kumar	Total Amount
		Chairman	Managing Director	Whole-Time Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	95	67	34	196
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5	15	-	20
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	55	37	-	92
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	155	119	34	308

B) Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		B Kamalaker Rao	Varun Chawla	Sita Vanka	J Ramu Rao	Ravi Chachra	
1.	Independent Directors						
	* Fee for attending board committee meetings	67,000	58,000	5,000	5,000	-	1,35,500
	* Commission	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-
	Total (1)	67,000	58,500	5,000	5,000	-	1,35,500
2.	Others Non-Executive Directors						
	* Fee for attending board committee meetings	-	-	-	-	25,000	25,000
	* Commission	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	25,000	25,000
	Total (1+2)	67,000	58,500	5,000	5,000	25,000	1,60,500

C) Remuneration to Key Managerial Personnel other than MD/ MANAGER/ WTD

Sl. No.	Particulars of Remuneration	J S Krishna Prasad	Mirza Mohammed Ali Baig	Total Amount
		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21	6	27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	21	6	27

VII. Penalties / Punishment/ Compounding of Offences

Type	Sections of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. Company					
Penalty			Nil		
Punishment					
Compounding					
B. Directors					
Penalty			Nil		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty			Nil		
Punishment					
Compounding					

Attachment - A for SHAREHOLDING PATTERN (Equity Share capital Break up as % to Equity) :

Category code	Category of Shareholder	No of Shares held at the beginning of the year				No of Shares held at the end of the year				Change during the year	% of Total shares
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares		
(I)											
(A)	PROMOTER AND PROMOTER GROUP										
(1)	INDIAN										
(a)	Individual /HUF	2,79,47,229	-	2,79,47,229	23.20	2,28,03,129	-	2,28,03,129	18.95	-51,44,100	-4.27
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2,09,53,811	-	2,09,53,811	17.39	2,09,53,811	-	2,09,53,811	17.41	-	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	4,89,01,040	-	4,89,01,040	40.59	4,37,56,940	-	4,37,56,940	36.36	-51,44,100	-4.27
(2)	FOREIGN										
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	4,89,01,040	-	4,89,01,040	40.59	4,37,56,940	-	4,37,56,940	36.36	-51,44,100	-4.27
(B)	PUBLIC SHAREHOLDING										
(1)	INSTITUTIONS										
(a)	Mutual Funds /UTI	950	-	950	0.00	38,82,216	-	38,82,216	3.23	38,81,266	3.22
(b)	Financial Institutions /Banks	7,59,800	2,450	7,62,250	0.63	80,03,707	2,450	80,06,157	6.65	72,43,907	6.02
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	3,56,19,753	-	3,56,19,753	29.57	1,29,32,491	-	1,29,32,491	10.75	-2,26,87,262	-18.85
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	3,63,80,503	2,450	3,63,82,953	30.20	2,48,18,414	2,450	2,48,20,864	20.62	-1,15,62,089	-9.61
(2)	NON-INSTITUTIONS										
(a)	Bodies Corporate	1,42,71,835	24,183	1,42,96,018	11.87	97,69,065	24,183	97,93,248	8.14	-45,02,770	
(b)	Individuals										
	(i) Individuals holding nominal share capital upto ₹1 lakh	88,60,432	17,62,029	1,06,22,461	8.82	1,71,92,195	16,23,597	1,88,15,792	15.63	81,93,331	6.81
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	89,09,045	44,000	89,53,045	7.43	2,13,82,581	44,000	2,14,26,581	17.80	1,24,73,536	10.36
(c)	Others										
	NON RESIDENT INDIANS	9,36,733	1,16,193	10,52,926	0.87	2,95,438	-	2,95,438	0.25	-7,57,488	-0.63
	CLEARING MEMBERS	2,47,012	-	2,47,012	0.21	13,15,469	1,12,227	14,27,696	1.19	11,80,684	0.98
	TRUSTS	5,955	-	5,955	0.00	12,955	-	12,955	0.01	7,000	0.01
	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	3,32,31,012	19,46,405	3,51,77,417	29.20	4,99,67,703	18,04,007	5,17,71,710	43.02	1,65,94,293	13.79
	Total B=B(1)+B(2) :	6,96,11,515	19,48,855	7,15,60,370	59.41	7,47,86,117	18,06,457	7,65,92,574	63.64	50,32,204	4.18
	Total (A+B) :	11,85,12,555	19,48,855	12,04,61,410	100.00	11,85,43,057	18,06,457	12,03,49,514	100.00	-1,11,896	-0.09
(C)	Shares held by /custodians for GDRs & ADRs										
	GRAND TOTAL (A+B+C) :	11,85,12,555	19,48,855	12,04,61,410	100.00	11,85,43,057	18,06,457	12,03,49,514	100.00	-1,11,896	-0.09

Note:

1	Pelluru Anusya categorized from promoter to non promoter	38,32,200
	Anantha Reddy categorized from promoter to non promoter	12,91,900
	Lavanya categorized from promoter to non promoter	20,000
	Total	51,44,100

2 1,11,896 Shares bought back vide Board Resolution dated 09.06.2013

(ii) Shareholding of Promoters :

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year		
		No. of Shares held	% of total shares of the company	% shares pledged encumbered to total shares	No. of Shares held	% of total shares of the company	% shares pledged encumbered to total shares
1	Palguna Consultants Private Limited	85,21,261	7.07	3.32	15,74,000	1.31	1.31
2	Thapati Trading Private Limited	69,55,218	5.77	-	1,93,79,811	16.10	-
3	Aditya Narsing Rao	49,62,508	4.12	-	49,62,508	4.12	-
4	J. Rajyalakshmi	42,51,000	3.53	3.32	42,51,000	3.53	-
5	Pelluru Anasuya (@)	38,32,200	3.18	-	-	-	-
6	Ch. Arathi	31,96,179	2.65	-	31,96,179	2.66	-
7	J. N. Rupender Rao	22,00,400	1.83	1.83	22,00,400	1.83	1.83
8	Jayanthi Puljal	20,77,500	1.72	-	20,77,500	1.73	-
9	Pennar Management Services Limited (#)	19,00,000	1.58	-	-	-	-
10	Kalpana Puljal	17,50,081	1.45	-	17,50,081	1.45	-
11	Bhavana Puljal	16,94,017	1.41	-	16,94,017	1.41	-
12	J. Avanti Rao	15,37,060	1.28	-	15,37,060	1.28	-
13	Chinthireddy Anantha Reddy (\$)	12,91,900	1.07	-	-	-	-
14	Zen Trading Pvt Ltd (#)	6,17,325	0.51	0.42	-	-	-
15	Mourya Enterprises Pvt Limited (#)	6,10,489	0.51	-	-	-	-
16	Palguna Infotech Private Ltd (#)	5,92,081	0.49	-	-	-	-
17	Thapati Consultants Private Ltd (#)	5,86,295	0.49	0.42	-	-	-
18	Growwell Constructions Pvt Ltd (#)	5,83,275	0.48	0.42	-	-	-
19	Lavan Technologies Pvt Ltd (#)	5,82,274	0.48	0.42	-	-	-
20	Nrupender Rao	3,01,284	0.25	0.25	3,01,284	0.25	0.25
21	Y Rekha Rao	1,92,800	0.16	-	1,92,800	0.16	-
22	Kondapalli Sumatha Devi	1,22,900	0.10	-	1,22,900	0.10	-
23	Kondapalli Lakshman Rao	1,20,000	0.10	-	1,20,000	0.10	-
24	Y Muralidhar Rao	1,10,400	0.09	-	1,10,400	0.09	-
25	Kondapally Lavanya Kumar Rao	1,02,200	0.08	-	82,200	0.07	-
26	Kondapalli Lakshman Rao	95,200	0.08	-	95,200	0.08	-
27	Kondapally Sandhya	69,600	0.06	-	69,600	0.06	-
28	J Rajyalakshmi	40,000	0.03	-	40,000	0.03	-
29	ZEN TRADING PVT LTD	5,593	0.00	-	-	-	-
	TOTAL :	4,89,01,040	40.59	10.38	4,37,56,940	36.36	3.39

Note:

@ Changed the status from promoter to non promoter

\$ Changed the status from promoter to non promoter

Amagamated with Thapathi Trading Private Ltd as per High Court order.

(iii) Change in Promoters's Shareholding (Specify if There is no Changes)

Sl. No.	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	PALGUNA CONSULTANTS PRIVATE LIMITED				
	a) At the Beginning of the year	85,21,261	7.08	85,21,261	7.08
	b) Change during the year	-	-	-	-
	Date and Reason				
1	27.3.2015 Amagated with Thapati Trading Private Limited as per the Order of High Court	69,47,261	5.77	15,74,000	1.31
2	THAPATI TRADING PRIVATE LIMITED				
	a) At the Beginning of the year	69,55,218	5.78		
	b) Change during the year				
	Date and Reason				
	27.3.2015 Acquisition of share on Amagamation				
	a) PALGUNA CONSULTANTS PRIVATE LIMITED	69,47,261	5.77	1,39,02,479	11.55
	b) PENNAR MANAGEMENT SERVICES LIMITED	19,00,000	1.58	1,58,02,479	13.13
	c) ZEN TRADING PVT LTD	6,17,325	0.51	1,64,19,804	13.64
	d) MOURYA ENTERPRISES PVT LIMITED	6,10,489	0.51	1,70,30,293	14.15
	e) PALGUNA INFOTECH PRIVATE LTD	5,92,081	0.49	1,76,22,374	14.64
	f) THAPATI CONSULTANTS PRIVATE LTD	5,86,295	0.49	1,82,08,669	15.13
	g) GROWWELL CONSTRUCTIONS PVT LTD	5,83,275	0.48	1,87,91,944	15.61
	h) LAVAN TECHNOLOGIES PVT LTD	5,82,274	0.48	1,93,74,218	16.10
	i) ZEN TRADING PVT LTD	5,593	0.00	1,93,79,811	16.10
3	ADITYA NARSING RAO				
	a) At the Beginning of the year	49,62,508	4.12	49,62,508	4.12
	b)At the end of the year	49,62,508	4.12	49,62,508	4.12
4	J. RAJYALAKSHMI				
	a) At the Beginning of the year	42,91,000	3.56	42,91,000	3.57
	b)At the end of the year	42,91,000	3.56	42,91,000	3.57
5	PELLURU ANASUYA @				
	a) At the Beginning of the year	38,32,200	3.18		
	Date and Reason				
	04-04-2014 Sell	1,00,000	0.08	37,32,200	3.10
	02-05-2014 Sell	1,00,000	0.08	36,32,200	3.02
	09-05-2014 Sell	1,00,000	0.08	35,32,200	2.93
	06-06-2014 Sell	1,00,000	0.08	34,32,200	2.85
	30-06-2014 Sell	2,00,000	0.17	32,32,200	2.69
	11-07-2014 Sell	2,00,000	0.17	30,32,200	2.52
	15-08-2014 Sell	2,00,000	0.17	28,32,200	2.35
	05-09-2014 Sell	2,00,000	0.17	26,32,200	2.19
	03-10-2014 Sell	2,00,000	0.17	24,32,200	2.02
	07-11-2014 Sell	1,00,000	0.08	23,32,200	1.94
6	CH. ARATHI				
	a) At the Beginning of the year	31,96,179	2.65	31,96,179	2.66
	b)At the end of the year	31,96,179	2.65	31,96,179	2.66
7	NRUPENDER RAO				
	a) At the Beginning of the year	25,01,684	2.08	25,01,684	2.08
	b)At the end of the year	25,01,684	2.08	25,01,684	2.08
8	JAYANTHI PULJAL				
	a) At the Beginning of the year	20,77,500	1.72	20,77,500	1.73
	b)At the end of the year	20,77,500	1.72	0	0.00
9	PENNAR MANAGEMENT SERVICES LIMITED #				
	a) At the Beginning of the year	19,00,000	1.58	19,00,000	1.58
	b) Change during the year	19,00,000	1.58	-	0.00

Sl. No.	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Date and Reason				
	27.3.2015 Amagated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.	a	a	a	a
10	KALPANA PULJAL				
	a) At the Beginning of the year	17,50,081	1.45	17,50,081	1.45
	b)At the end of the year	17,50,081	1.45	17,50,081	1.45
11	BHAVANA PULJAL				
	a) At the Beginning of the year	16,94,017	1.41	16,94,017	1.41
	b)At the end of the year	16,94,017	1.41	16,94,017	1.41
12	J. AVANTI RAO				
	a) At the Beginning of the year	15,37,060	1.28	15,37,060	1.28
	b)At the end of the year	15,37,060	1.28	15,37,060	1.28
13	CHINTHIREDDY ANANTHA REDDY S				
	a) At the Beginning of the year	12,91,900	1.07	12,91,900	1.07
	b) Change during the year Date and Reason				0.00
	30-06-2014 Sell	54,530		12,37,370	1.03
	04-07-2014 Sell	2,070		12,35,300	1.03
	11-07-2014 Sell	32,000		12,03,300	1.00
	18-07-2014 Sell	109		12,03,191	1.00
	25-07-2014 Sell	20,000		11,83,191	0.98
	15-08-2014 Sell	22,822		11,60,369	0.96
	22-08-2014 Sell	10,000		11,50,369	0.96
	05-09-2014 Sell	50,000		11,00,369	0.91
	12-09-2014 Sell	44,000		10,56,369	0.88
	19-09-2014 Sell	10,000		10,46,369	0.87
	31-10-2014 Sell	26,263		10,20,106	0.85
	07-11-2014 Sell	10,000		10,10,106	0.84
	09-01-2015 Sell	12,200		9,97,906	0.83
14	ZEN TRADING PVT LTD #				
	a) At the Beginning of the year	6,17,325	0.51	6,17,325	0.51
	b) Change during the year	6,17,325	0.51	0	0.00
	Date and Reason				
	27.3.2015 Amagated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
15	MOURYA ENTERPRISES PVT LIMITED #				
	a) At the Beginning of the year	6,10,489	0.51	6,10,489	0.51
	b) Change during the year	6,10,489	0.51	-	0.00
	Date and Reason				
	27.3.2015 Amagated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
16	PALGUNA INFOTECH PRIVATE LTD #				
	a) At the Beginning of the year	5,92,081	0.49	5,92,081	0.49
	b) Change during the year	5,92,081	0.49	0	0.00
	Date and Reason				
	27.3.2015 Amagated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
17	THAPATI CONSULTANTS PRIVATE LTD #				
	a) At the Beginning of the year	5,86,295	0.49	5,86,295	0.49
	b) Change during the year	5,86,295	0.49	0	0.00
	Date and Reason				

Sl. No.	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	27.3.2015 Amagamated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
18	GROWWELL CONSTRUCTIONS PVT LTD #				
	a) At the Beginning of the year	5,83,275	0.48	5,83,275	0.48
	b) Change during the year	5,83,275	0.48	0	0.00
	Date and Reason				
	27.3.2015 Amagamated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
19	LAVAN TECHNOLOGIES PVT LTD #				
	a) At the Beginning of the year	5,82,274	0.48	5,82,274	0.48
	b) Change during the year	5,82,274	0.48	0	0.00
	Date and Reason				
	27.3.2015 Amagamated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
20	Y REKHA RAO				
	a) At the Beginning of the year	1,92,800	0.16	1,92,800	0.16
	b) Change during the year	1,92,800	0.16	1,92,800	0.16
21	KONDAPALLI SUMATHA DEVI				
	a) At the Beginning of the year	1,22,900	0.10	1,22,900	0.10
	b) Change during the year	1,22,900	0.10	1,22,900	0.10
22	KONDAPALLI LAKSHMAN RAO				
	a) At the Beginning of the year	2,15,200	0.18	2,15,200	0.18
	b) Change during the year	2,15,200	0.18	2,15,200	0.18
23	Y MURALIDHAR RAO				
	a) At the Beginning of the year	1,10,400	0.09	1,10,400	0.09
	b) Change during the year	1,10,400	0.09	1,10,400	0.09
24	KONDAPALLY LAVANYA KUMAR RAO				
	a) At the Beginning of the year	1,02,200	0.08	82,200	0.07
	b) Change during the year				
	Date and Reason				
	19-09-2014 Sell	10,000	0.01	92,200	0.08
	30-09-2014 Sell	10,000	0.01	82,200	0.07
25	KONDAPALLY SANDHYA				
	a) At the Beginning of the year	69,600	0.06	69,600	0.06
	b) Change during the year	69,600	0.06	69,600	0.06
26	ZEN TRADING PVT LTD #				
	a) At the Beginning of the year	5,593	0.00	5,593	0.00
	b) Change during the year	5,593	0.00	0	0.00
	Date and Reason				
	27.3.2015 Amagamated with Thapati Trading Private Limited as per the Order of High Court under section 391, 394 of the Companies act, 1956.				
	TOTAL	48901040	40.59	43756940	36.36

Note:

§ Changed the status from promoter to non promoter

Amagamated with Thapathi Trading Private Ltd as per High Court order.

@ Changed the status from promoter to non promoter

(iv) Shareholding Pattern of Top ten shareholders (other than directors, Promoters and Holders of GDRs & ADRs) :

Sl. No.	For each of the Top 10 Shareholders	Share holding at the beginning of the year		Cumulative Shareholding during the year	
		Shares	% Equity	Shares	% Equity
1	Saif Advisors Mauritius Limited A/C Saif Indis IV FII Holdings Limited				
	a) At the Beginning of the year	1,21,38,080	10.08	1,21,38,080	10.09
	b) Change during the year	-	-	-	-
	c) At the end of the year			1,21,38,080	10.09
2	MY HOME CONSTRUCTIONS Private Limited				
	a) At the Beginning of the year	11573375	9.61	0	0.00
	b) Change during the year				
	Date and Reason				
	18-07-2014 Sell	6,000	0.00	1,15,67,375	9.61
	25-07-2014 Sell	1,52,161	0.13	1,14,15,214	9.49
	08-08-2014 Sell	10,001	0.01	1,14,05,213	9.48
	15-08-2014 Sell	6,47,500	0.54	1,07,57,713	8.94
	22-08-2014 Sell	41,47,000	3.44	66,10,713	5.49
	29-08-2014 Sell	11,44,688	0.95	54,66,025	4.54
	05-09-2014 Sell	54,66,025	4.54	-	0.00
	c) At the end of the year			0	0.00
3	EIGHT CAPITAL MASTER FUND LIMITED				
	a) At the Beginning of the year	87,11,854	7.23	70,90,157	5.89
	b) Change during the year				
	Date and Reason				
	14-11-2014 Sell	10,16,009	0.84	76,95,845	6.39
	21-11-2014 Sell	6,05,688	0.50	70,90,157	5.89
	c) At the end of the year			70,90,157	5.89
4	COPTHALL MAURITIUS INVESTMENT LIMITED				
	a) At the Beginning of the year	63,20,148	5.25	63,20,148	5.25
	b) Change during the year				
	Date and Reason				
	05-09-2014 Sell	12,00,000	1.00	51,20,148	4.25
	12-09-2014 Sell	51,20,148	4.25	-	0.00
	c) At the end of the year			0	0.00
5	DEUTSCHE SECURITIES MAURITIUS LIMITED				
	a) At the Beginning of the year	35,75,744	2.97	35,75,744	2.97
	b) Change during the year				
	Date and Reason				
	23-05-2014 Sell	2,00,000	0.17	33,75,744	2.80
	30-05-2014 Sell	2,00,000	0.17	31,75,744	2.64
	22-08-2014 Sell	9,84,000	0.82	21,91,744	1.82
	29-08-2014 Sell	52,000	0.04	21,39,744	1.78
	05-09-2014 Sell	21,39,744	1.78	-	0.00
	c) At the end of the year			-	0.00
6	EIGHT CAPITAL INDIA (M) LIMITED				
	a) At the Beginning of the year	24,27,877	2.02	6,59,557	0.55
	b) Change during the year				
	Date and Reason				
	14-11-2014 Sell	11,61,708	0.96	12,66,169	1.05
	21-11-2014 Sell	6,06,612	0.50	6,59,557	0.55
	c) At the end of the year			6,59,557	0.55
7	CLSA (MAURITIUS) LIMITED				
	a) At the Beginning of the year	15,54,506	1.29	15,54,506	1.29
	b) Change during the year				
	Date and Reason				
	05-09-2014 Sell	15,54,506	1.29	-	0.00
	c) At the end of the year			-	0.00

Sl. No.	For each of the Top 10 Shareholders	Share holding at the beginning of the year		Cumulative Shareholding during the year	
		Shares	% Equity	Shares	% Equity
8	ASHISH KACHOLIA				
	a) At the Beginning of the year	11,55,000	0.96	11,55,000	0.96
	b) Change during the year				
	Date and Reason				
	15-08-2014 Buy	95,000	0.08	12,50,000	1.04
	22-08-2014 Buy	7,50,000	0.62	20,00,000	1.66
	14-11-2014 Buy	5,00,000	0.42	25,00,000	2.08
	c) At the end of the year			25,00,000	2.08
9	HSBC BANK (MAURITIUS) LIMITED				
	a) At the Beginning of the year	8,91,544	0.74	8,91,544	0.74
	b) Change during the year				
	Date and Reason				
	29-08-2014 Sell	1,09,000	0.09	7,82,544	0.65
	12-09-2014 Sell	1,64,000	0.14	6,18,544	0.51
	19-09-2014 Sell	74,500	0.06	5,44,044	0.45
	30-09-2014 Sell	41,000	0.03	5,03,044	0.42
	24-10-2014 Sell	81,300	0.07	4,21,744	0.35
	31-10-2014 Sell	91,256	0.08	3,30,488	0.27
	07-11-2014 Sell	55,885	0.05	2,74,603	0.23
	c) At the end of the year			2,74,603	0.23
10	OM AVENUES PRIVATE LIMITED				
	a) At the Beginning of the year	8,88,346	0.74	8,88,346	0.74
	b) Change during the year				
	Date and Reason				
	23-05-2014 Sell	8,88,346	0.74	-	0.00
	c) At the end of the year			-	0.00
	TOTAL	4,92,36,474	40.87	2,26,62,397	18.83

(v) Shareholding of Directors and Key Management Personnel:

Sl. No.	Name of the Promoter Shareholders Key Management Personnel	Share holding at the beginning of the year		Cumulative Share holding at the end of the year	
		No. of Shares held	% of total shares of the company	No. of Shares held	% of total shares of the company
1	ADITYA NARSING RAO				
	a) At the Beginning of the year	49,62,508	4.12	49,62,508	4.12
	b) Change during the year	-		-	
	c) At the end of the year	49,62,508	4.12	49,62,508	4.12
2	NRUPENDER RAO				
	a) At the Beginning of the year	25,01,684	2.08	25,01,684	2.08
	b) Change during the year	-		-	
	b) At the end of the year	25,01,684	2.08	25,01,684	2.08
3	KONDAPALLY LAVANYA KUMAR RAO				
	a) At the Beginning of the year	1,02,200	0.08	1,02,200	0.08
	b) Change during the year				
	Date and Reason				
	19-09-2014 Sell	10,000	0.01	92,200	0.08
	30-09-2014 Sell	10,000	0.01	82,200	0.07
	c) At the end of the year			82,200	0.07
4	JAMMULAMADAKA SRINIVASA KRISHNA PRASAD				
	a) At the Beginning of the year	92,814	0.08	92,814	0.08
	b) Change during the year				
	Date and Reason	68,025	0.06	24,789	0.02
	5-9-2014 Sell	5,000	0.00	19,789	0.02
	12-9-2014 Sell	19,000	0.02	789	0.00
	31-10-2014 Buy	19,000	0.02	19,789	0.02
	9-1-2015 Buy	21,000	0.02	40,789	0.03
	23-1-2015 Sell	26,000	0.02	14,789	0.01

Sl. No.	Name of the Promoter Shareholders Key Management Personnel	Share holding at the beginning of the year		Cumulative Share holding at the end of the year	
		No. of Shares held	% of total shares of the company	No. of Shares held	% of total shares of the company
	6-2-2015 Buy	4,906	0.00	19,695	0.02
	13-2-2015 Buy	5,094	0.00	24,789	0.02
	6-3-2015 Sell	15,000	0.01	9,789	0.01
	13-3-2015 Sell	9,000	0.01	789	0.00
	c) At the end of the year			789	0.00
5	MIRZA MOHAMMED ALI BAIG				
	a) At the Beginning of the year	0	0.00	0	0.00
	b) Change during the year	0	0.00	0	0.00
	c) At the end of the year			0	0

Annexure - I

PARTICULARS OF EMPLOYEES

(a) The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

(₹ lakhs)

Sl. No.	Name of the Director	Designation	Remuneration paid in 2014-15	Remuneration paid in 2013-14	Increase in remuneration from previous year	Ratio/median of employee remuneration (2014-15)
1.	Mr. Nrupender Rao #	Chairman	154	147	7	91.32
2.	Mr. Aditya Rao #	Vice-Chairman & Managing Director	119	114	5	70.43
3.	Mr K Lavanya Kumar *	Whole-Time Director	34	26	9	20.16
4.	Mr. J S Krishna Prasad	Chief Financial Officer	21	21	0	0
5.	Mr. Mirza Mohammed Ali Baig	Company Secretary	6	6	0	0

* Mr. K Lavanya Kumar was appointed as Whole-Time Director w.e.f 07.05.2014.

There was no increase in remuneration the difference is only due to commission on profits.

(iii) The percentage increase in the median remuneration of employees in the financial year: There was no increase in remuneration during the Financial Year 2014-15.

(iv) The number of permanent employees on the rolls of company: 1,380.

(v) The explanation on the relationship between average increase in remuneration and company performance: Based on the performance of the company during the Financial Year 2013-14 there was no hike in employee remuneration during the Financial Year 2014-15.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2014-15 (₹ in lakhs)	335
Revenue (₹ in lakhs)	82,936
Remuneration of KMPs (as a % of revenue)	0.40%
Profit Before Tax (₹ in lakhs)	3,337
Remuneration of KMPs (as a % of Profit before Tax)	10%

(vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	31.03.2014	31.03.2015
Market Capitalization of the Company (in ₹ Lakhs)	29,272	64,447
Closing Price at the National Stock Exchange Ltd. (in ₹)	24.30	53.77
Price Earnings Ratio as at the closing date (MPS/EPS)	23.37	30.25

Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	31.03.2015	31.05.1988	Change
Market Price (BSE)	53.55	10 (*)	1071%

* The face value of the equity share was split from ₹10/- to ₹5/- each.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: (a) The average annual increase for the Financial Year 2014-15 in salaries of employees was NIL (b) The increase in managerial remuneration for the Financial Year 2014-15 was NIL.

(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

Name of the Director	Name & Designation				
	Nrupender Rao	Aditya Rao	K Lavanya Kumar	J S Krishna Prasad	Mirza Mohammed Ali Baig
	Chairman	Managing Director	Whole-Time Director	Chief Financial Officer	Company Secretary
Remuneration in FY 2014-15 (₹ in lakhs)	154	119	34	21	6
Revenue (₹ in lakhs)	82,936				
Remuneration as % of revenue	0.19%	0.14%	0.04%	0.03%	0.01%
Profit before Tax (PBT) (₹ in lakhs)	3,337				
Remuneration (as % of PBT)	4.62%	3.57%	1.02%	0.64%	0.18%

(x) The key parameters for any variable component of remuneration availed by the directors: Except commission there is no other variable component of remuneration availed by the Directors.

(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None.

(xii) Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms remuneration is as per the remuneration policy of the Company.

Statement under Section 134 of the Companies Act 2013 read with Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) Employed throughout the Financial Year and in receipt of remuneration aggregating ₹60,00,000 or more:

Sl. No.	Name	Designation	Age	Qualification	Remuneration in ₹ Lacs
1.	Mr. Nrupender Rao	Executive Chairman	71	B. Tech (IIT, Kharagpur), M.S, Operations Research & Industrial Engineering, Purdue University, USA	154
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	34	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	119

b) Employed for part of the financial year and in receipt of remuneration aggregating ₹5,00,000 per month or more:

Sl. No.	Name	Age	Qualification	Date of Commencement of Employment	Designation and Nature of Duties	Remuneration in ₹ Lakhs	Experience in years	Last Employment
1.	Mr. Nrupender Rao	71	B.Tech (IIT, Kharagpur), M.S, Operations Research & Industrial Engineering, Purdue University, USA	01.09.1998	Executive Chairman	154	45	Nagarjuna Steels Limited
2.	Mr. Aditya Rao	34	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	02.05.2007	Vice-Chairman & Managing Director	119	8	Karvy Group

Annexure - J

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

To,

The Board of Directors

M/s. Pennar Industries Limited

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2015 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which we have become aware.

for Pennar Industries Limited

Date: 12.08.2015
Place: Hyderabad

Aditya Rao
Vice-Chairman & Managing Director



Management discussion and analysis

GLOBAL ECONOMIC OVERVIEW

The global economy continued to expand in 2014 at a moderate (though uneven) pace as countries remained saddled with unfinished post-crisis adjustments. Global recovery was hampered by new challenges, including unexpected shocks comprising geopolitical conflicts in various geographies. The growth of World Gross Product was estimated at 2.6% in 2014, marginally better 2.5% in 2013, but lower than the projected 2.9% (Source: United Nations).

High-income countries are likely to see a growth of 2.2% in 2015-17, up from 1.8% in 2014 on the back of gradually recovering labour markets, ebbing fiscal consolidation and low financing costs. As domestic headwinds, which held growth back in developing countries, ease and recovery in high income countries strengthen, growth is projected to accelerate from 4.4% in 2014 to 4.8% in 2015 and 5.4% by 2017 (Source: World Bank).

INDIAN ECONOMIC OVERVIEW

The Indian economy is the world's seventh-largest in terms of nominal GDP and the third-largest in terms of purchasing power parity. The full-year GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, but marginally lower than the estimated 7.4%. India overtook China to become the world's fastest growing economy by reporting 7.5% GDP growth for the January-March quarter, ahead of China's 7% growth during the same quarter.

The Index of Industrial Production registered a growth of 2.8% in overall industrial production during 2014-15. The production of the mining, manufacturing and the power sectors increased by 1.4%, 2.3% and 8.4% respectively during 2014-15. India's current account

deficit declined to 1.3% of GDP and is expected to narrow to 1% of GDP during the next fiscal, meaning that capital inflows would be more than that needed to finance the current account deficit, adding to reserves, putting an upward pressure on the rupee and interest rates.

THE 'MAKE IN INDIA' STORY

The new Indian government's push to revive an ailing manufacturing sector found resonance with India Inc. Single-window clearance, minimal procedures and lower bureaucratic interference are expected to catalyse growth and employment. The 'Make in India' campaign comprises initiatives to facilitate investment, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure. With new de-licensing and deregulation measures reducing complexities and significantly increasing speed and transparency, doing business in India is likely to get easier.

New smart cities and industrial clusters are being developed in industrial corridors with an emphasis on connectivity, youth-focused programmes and skill development. The creation of new sectors and easing of investment caps and controls in high-value

industrial sectors – Defence, construction and railways – have widened possibilities. Make in India represents an attitudinal shift in how India relates to investors: not as a permit-issuing authority, but as a responsible business partner.

BUDGETARY PROVISIONS

The Union Budget 2015-16, also attempted to bolster the 'Make in India' campaign by announcing proposals, are expected to help manufacturing units reduce costs and enhance access to credit as well as skilled manpower.

A customs duty cut on 22 items make it cheaper for Indian companies to import and manufacture products. For instance, a higher import duty was levied to protect domestic manufacturers of commercial vehicles (and buses), which is expected to catalyse allied sectors.

To facilitate cheaper technology transfer, the rate of income tax on

royalty and fees for technical services was halved to 10%. With less than 5% of the potential workforce having access to formal skill training, the Indian government intends to launch a National Skills Mission while a scheme called Deen Dayal Upadhyay Gramin Kushal Yojana is expected to enhance youth employability.

The Union Budget 2015 has taken note of the difficulties faced by small businesses in accessing credit. The proposed MUDRA (Micro Units Development Refinance Agency) Bank, with a corpus of ₹20,000 crore, credit guarantee of ₹3,000 crore and tax breaks for alternative investment funds are expected to provide relief.

In the light of these reforms and the possibility of international oil prices remaining benign, the outlook for domestic macroeconomic parameters is optimistic, notwithstanding the uncertainties that could also arise from an increase in interest rates in the United States and Eurozone realities.

Sectoral review

AUTOMOBILE SEGMENT

OVERVIEW

An expanding middle-class, predominantly youth-based population (including women) and increasing exploration by automobile companies of India's rural markets catalysed the two-wheeler (80% market share) and passenger vehicle segments (14% market share). India is a major auto exporter, with robust export expectations. On the back of government initiatives and investments by major automobile players, India is expected to emerge as a global leader in the two-wheeler and four-wheeler segments by 2020.

The industry produced 23,366,246 vehicles (passenger and commercial vehicles, three wheelers and two-wheelers) during 2014-15 as against 21,500,165 a year ago, a growth of 8.68%.

The sales of passenger vehicles grew 3.90%; within the passenger vehicles segment, passenger cars and utility vehicles grew 4.99% and 5.30% respectively, while vans declined 10.19%.

The overall commercial vehicles segment contracted 2.83%. Medium and heavy commercial vehicles grew 16.02% and light commercial vehicles declined 11.57%. Three-wheeler sales grew

10.80% while passenger and goods carriers grew 12.16% and 5.27% respectively.

Two-wheeler sales grew 8.09% in 2014-15; within the two-wheeler segment, scooters, motorcycles and mopeds grew 25.06%, 2.50% and 4.51% respectively.

Automobile exports grew 14.89%. The export of passenger vehicles, commercial vehicles, three-wheelers and two-wheelers grew by 4.42%, 11.33%, 15.44% and 17.93%, respectively during 2014-15.

GROWTH OPPORTUNITIES

India is expected to emerge as a global destination-of-choice for the design and manufacture of automobiles and auto components with output projected to reach US\$ 145 billion by 2016, accounting for more than 10% of the country's GDP and providing additional employment to 25 million people. India's automotive industry is expected to reach the 7 million-units milestone by 2020, making it the third largest auto manufacturer in the world (after US and China, Source: The Economic Times)

CONSTRUCTION SECTOR

OVERVIEW

India's construction sector is one of the largest contributors to economic activity after the agricultural sector, contributing 10% to the country's GDP. Construction employs an estimated 35 million people and is a significant driver of foreign direct investment. The construction sector accounts for India's second highest FDI driver, employing more than 35 million people. It is the second largest national employer and contributor to economic activity. The industry remains fragmented, though the share of the 'organised' players is growing, accounting for about 50% of the industry.

An investment of USD 1,000 billion has been projected for India's infrastructure sector until 2017, 40% of which is to be funded by the private sector. Nearly 45% of infrastructure investment will be funneled into construction activity and 20% to modernise the construction industry.

The Indian construction industry is valued at over USD 126 billion for FY2015. Over 50% of the demand for construction activity in India comes from the infrastructure sector; the rest comes from industrial activity, residential and commercial development. As per industry estimates, the Indian real estate market is estimated at approximately USD 78.5 billion in 2013 and expected to grow to approximately USD 140 billion by 2017.

INFRASTRUCTURE SECTOR

India is expected to emerge as the fourth largest infrastructure projects market by 2025. India is at the sixth position today with a 5.3% share in the global infrastructure market; by 2025, its share is likely to rise to

9.8% (Source: RICS report).

India's infrastructure sector was impacted during FY10-14 as the sector addressed headwinds related to project execution delays and leveraged Balance Sheets. With the new Indian government focusing on infrastructure spending, a pick-up in infrastructure creation could revive stalled projects, leading to the construction of roads/highways, development of freight corridors (Western and Eastern), modernisation of airports, and the development of 'smart cities'. The total spending on infrastructure is expected to increase 18.6% during 2015-16 after remaining subdued in the last few years.

With a proposed capital expenditure of USD 1 trillion by 2020, the Indian infrastructure industry's prospects appear positive on the back of dedicated freight corridors, new and upgraded airports and ports.

HOUSING SECTOR

The Indian Government undertook a number of measures to ease access to funding for the sector - 100% FDI permitted through the automatic route for townships, cities. The country's existing urban infrastructure is inadequate to meet growing needs. There is need for urban re-generation in existing cities and the creation of new 'smart cities' to address a growing population and urban migration. The government initiated 'Housing for All by 2022', under which 60 million pucca houses will be constructed by 2022 (40 million in rural and 20 million in urban areas including the conversion of kutcha houses into pucca houses). As per the Census of India, there has been a sharp rise in nuclear families – households with

Infrastructure growth – 2020 vision

USD 1 trillion

Proposed capital expenditure in India's infrastructure sector by 2020

20,000 kms

Additional roads to be built by 2020

5,000 kilometres

Additional railway tracks to be built by 2020

10,330 megawatts

Hydel power capacity to be added by 2020

354 million tonnes

Port capacity to be added by 2020

less than five people increased from 66% in 2001 to 74% in 2011; the number of million-plus population cities in India is expected to rise from 53 in 2011 to 87 in 2030.

While economic growth has started to revive, the second half of 2015 is expected to see a demand revival. The report has forecast that the sales volume in the six

cities covered in the report are expected to grow at 26% in the second half over that in the corresponding period of the previous year. Mumbai and Bangalore are expected to lead in sales recovery with a growth of 49% and 26% respectively.

However, the industry may not see a corresponding growth in the

new launches as developers may first intend to market apartment inventory. The report projects that the number of new launches may grow only at 5% over the next six months. The two big markets — Mumbai and Delhi NCR are expected to see a growth of 10% each in the new launches in the second half on account of a rise in the absorption rate.

SMART CITIES

The Government of India intends to create 100 Smart Cities. The Government of India is in the process of launching a new Urban Development Mission. This will help develop 500 cities, which include cities with a population of more than 100,000 and some cities of religious and tourist importance. These cities will be supported and encouraged to harness private capital and expertise through public-private partnerships to bolster their infrastructure and services across the next 10 years.

MANUFACTURING SECTOR

OVERVIEW

Rising demand and growing MNC presence could help India's manufacturing sector to grow six-fold by 2025 to \$1 trillion, creating up to 90 million domestic jobs (Source: McKinsey).

Global economic growth is poised to create opportunities for low-cost manufacturers: by 2015, the market for manufactured goods from low-cost countries could more than double to nearly \$8 trillion a year, strengthening prospects of low cost manufacturing geographies like India. India has a large and growing workforce, access to natural resources (iron ore and aluminum for engineered goods, cotton for textiles, and coal for power generation) and a viable manufacturing alternative to China. If India's manufacturing sector realised its full potential, it could generate 25 to 30% of GDP by 2025, propelling the country into the manufacturing big league alongside China, Germany, Japan and the United States.

The government's provisional GDP estimates for 2014-15 show India's manufacturing sector to have notched a healthy 7.1%

per cent annual growth and a heady 8.4% in the last quarter. The manufacturing sector GVA rose by 7.1% during the year as against 5.3% in 2013-14.

GROWTH OPPORTUNITIES

The Union Budget 2015 announced the setting up of a National Investment and Infrastructure Fund (NIIF) with annual contribution of ₹20,000 crore, which could have a ripple effect across allied sectors. The Central Government will launch a National Skills Mission to consolidate skill initiatives spread across several ministries. In the works is also a scheme called Deen Dayal Upadhyay Gramin Kaushal Yojana to enhance rural youth employability. An increase in the award of road contracts will benefit engineering, production and construction players in the road sector. The sector could also benefit from a reduction in the corporate tax rate. One negative is an increase in the clean energy cess on coal. Sectors dovetailed with the resurgence in domestic investment and capital expenditure could see recovery in 2015.

RAILWAYS SECTOR

OVERVIEW

With increasing participation expected from private players (domestic and foreign) due to favourable policy measures, freight traffic is expected to grow rapidly. A total of ₹8.56 lac crore investment for 2015-19 has been envisaged for the railways in India. The Central government allocated ₹400 billion of gross budgetary support for 2015-16; there is a plan to increase track lengths by 5,000 km over five years.

Metro rail expansion is set reinforce demand with USD 16.7 billion already invested in projects, expected to rise to USD 42 billion by FY2020, increasing track length from 300 kilometres to 800 kilometres

by 2020 and 2,500 kilometres by 2030. The Dedicated Freight Corridor, the largest infrastructure project in India connecting all metro cities covering almost 4,500 kilometres, represents growing optimism.

GROWTH OPPORTUNITIES

The massive Indian Railways network is growing, given the rise in population and a growing economy that offers immense growth potential. In the next five years, the Indian railway market will be the third largest, accounting for 10% of the global market, with the metro rail network estimated to account for 70% of the railway market in India.

SOLAR POWER SECTOR

OVERVIEW

Solar power is a crucial component of India's energy portfolio on the back of ambitious investments and a growing awareness of renewable energy. In January 2015, the Indian government expanded its Jawaharlal Nehru National Solar Mission, targeting US\$100 billion of investment and 100 gigawatts of solar capacity by 2022.

India aims to possess 175 gigawatts renewable energy capacity by 2022; 100 GW would come from solar power, 60 gigawatts from wind energy, 10 gigawatts from small hydro power, and 5 gigawatts from biomass-based power projects. By end March 2015, the installed grid-connected solar power capacity touched 3,744 megawatts and almost 1000MW of off-grid renewable energy capacity. A total of 886 megawatts was added in 2014.

Over the last 10 years, renewable energy capacity rose five-fold to 12% (according to the Ministry of New and Renewable Energy)

of India's installed power capacity (33 gigawatts as on December 2014). An estimated potential of 897 gigawatts was identified from various renewable energy sources, which includes 749 gigawatts from solar, 103 gigawatts from wind, 25 gigawatts from biomass and 20 gigawatts from small hydro power.

GROWTH OPPORTUNITIES

The electrification of 20,000 villages (including off-grid solar power) by 2020 is expected to generate incremental infrastructure requirement for power transmission and power distribution. This move will reinforce the need for solar roof-top panels. The Indian government rolled out a scheme for setting up at least 25 solar parks and ultra-mega solar power projects targeting over 20,000 megawatts of solar power installed capacity within five years. A 35,000 sq km area of the Thar Desert was set aside for solar power projects, sufficient to generate 700 to 2,100 gigawatts.

WAREHOUSING SECTOR

OVERVIEW

Warehousing plays a vital role in promoting agriculture marketing and food security. The total logistics market accounts for over 6.2% of India's GDP and warehousing accounts for approximately 20% of the total Indian logistics industry. Currently, India has more than 2,000 million square feet of warehousing space out of which only 8% is accounted by the organised sector.

GROWTH OPPORTUNITIES

A proposed investment of ₹37,800 crore in NHAI and State roads, the development of select expressways and development of industrial corridors could improve infrastructure, connectivity and the supply chain. Some ₹11,635 crore has been allocated to develop the first phase of outer harbour projects in Tuticorin, development of SEZs in Kandla and JNPT to ramp up shipping infrastructure; the Jal Marg Vikas project on Ganges to develop inland navigation between

Allahabad and Haldia could showcase new opportunities and cost advantages.

In the current scenario, more than 80% of warehouses are being built with PEB, which has taken over the conventional mode of construction on account of advantages (cost savings, faster investment returns and quicker delivery, among others).

India's warehousing requirement is expected to grow at an annual average rate of 9% to 1,439 million square feet in 2019 from 919 million square feet in 2014 (Source: Knight Frank). A proposed investment of ₹5,000 crore in warehousing and aggressive GST implementation could catalyse the logistics industry). The Union Budget 2015 laid out a roadmap for the implementation of the much-delayed indirect tax reform with a new GST regime that will not only have a pan-India impact but also accelerate reforms.

Segment wise performance

Business segment – 1

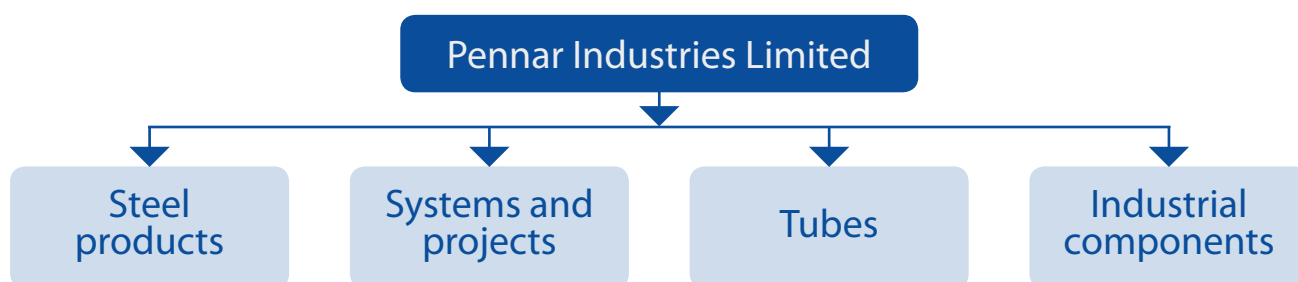
PENNAR INDUSTRIES LIMITED

Pennar Industries Limited (established in 1988) has progressively widened its basket of engineering products over the years.

Pennar Industries Limited caters to the growing needs of various industries (infrastructure, automobiles, energy, general engineering and others). During the fiscal gone by, the Company restructured its business into strategic units: steel products, systems and projects, tubes and industrial components.

Pennar Industries Limited enjoys a pan-India presence with five manufacturing facilities spread across the country. All the plants are ISO 9000-certified and are equipped with laser and plasma cutting equipment, transfer presses and CNC machines.

Pennar Industries Limited endeavours to achieve 'total customer satisfaction through total quality management' and is known for its commitment to quality and precision.



A. STEEL PRODUCTS

OVERVIEW

Pennar's steel product SBU manufactures structural components using special steels and cold-rolled sections for building products, road safety systems and sheet piles, among others. The Company has leveraged its superior in-house engineering and design capabilities to manufacture cutting-edge products.

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

Cold-rolled steel pipes: Pennar possesses proprietary capabilities to deliver narrow strips and small-sized batches, enjoying a preferred

₹390.4 crore

Net Revenue, 2014-15

₹24.6 crore

EBIDTA, 2014-15

6.3 %

EBIDTA margins, 2014-15

supplier status among diverse clients.

Electrostatic precipitators: With environmental norms becoming more and more stringent with each passing day, electrostatic precipitators have assumed paramount significance due to their ability to effectively remove particulate matter. Pennar developed new profiles within short development cycles so as to address the growing requirement of electrostatic precipitators across a range of industries (power, cement, and iron and steel, among others).

Building products: With structural steel gaining acceptance as the preferred construction material for fast-track projects, Pennar scaled its capacity to deliver growing quantities of purlins and cold-roll formed sections within minimal lead times. Pennar is a leading

supplier to global construction players with applications ranging from simple storage sheds to complex turbo-generator buildings in power plants.

Road safety products: Pennar pioneered the development of metal crash barriers in India as a part of next-generation road safety systems. These products protect vehicles and occupants in case of mishaps and serve as a visual guide for drivers, especially during nights. Pennar's rigorous compliance with international standards allowed it to emerge as a leading supplier of metal crash barriers in India as well as overseas.

Sheet piling: Sheet piling is an effective earth retention and excavation support technique. Interlocking sheet piles offer considerable protection against water seepage. Pennar is amongst the first Indian corporates to indigenously produce cold-formed sheet piles, which offer advantages pertaining to cost and quality.

Auto products: Pennar is a one-stop provider of sub-products for quality-conscious automobile OEMs.

BUSINESS OVERVIEW

Steel products reported ₹390.4 crore in net revenue during the 2014-15 fiscal. Going ahead, the segment's contribution to overall revenues is expected to reduce.

- Accounted for 47.1% of overall revenues
- Revenues declined by 8.5% from ₹426.8 crore in 2013-14 to ₹390.4 crore in 2014-15
- EBIDTA increased by 2.3% from ₹24.1 crore in 2013-14 to ₹24.6 crore in 2014-15

OUTLOOK

The Company has tactically forayed into the manufacture of several special grade steel products. The revenue from these products is expected to be increased in the coming years. These products offer higher margins in comparison to the existing product range.

B. SYSTEMS AND PROJECTS

₹194.9 crore
Net Revenue, 2014-15

₹26.0 crore
EBIDTA, 2014-15

13.4%
EBIDTA margins, 2014-15

OVERVIEW

Pennar in its endeavour to consistently expand its product base, ventured into the manufacturing of coach and wagon sub-components and solar module mounting structures.

During the year, the Company increased its revenue and margins in both the aforementioned categories.

Solar: Pennar caters to the evolving need of the country's solar power segment by manufacturing top-of-the-line solar module mounting structures which support solar panels.

The Company's strategically located manufacturing units possess a capacity of 60,000 metric tonnes, making it the market leader in this niche area. The Company's key clientele comprises L&T, Tata Power Solar, Navalakha, Lanco Solar, ABB, Schneider Electric and Solaris, among others. Pennar's delivery of customized new-age designs and technologies have facilitated quicker delivery, wide product range (sectional dimensions and thickness), reduced project costs and optimized mounting structure weight.

Railways: Pennar distinguished itself by providing wagon sub components to the Indian Railways across three decades. These sub components are manufactured with a superior strength-to-weight ratio. The Company developed and supplied stainless steel

sections for modern-day stainless steel wagons; it emerged as a major supplier of key sections (including heavy fabrication parts) for railway coaches. The Company addresses the needs of the Integral Coach Factory (Perambur), Southern Railways, Texmaco and BESCO, among others.

The railways segment performed creditably during the last financial year, recording sales of ₹129.4 crore on the back of a stellar show from the coach and the wagon businesses. Going forward, Pennar expects double-digit growth in the coaches segment and sizeable growth in the wagons segment on the back of a new tender that will allow the Company to scale the business.

BUSINESS OVERVIEW

The segment clocked a growth of 62.5% over the previous year. Both the solar and railways business received large orders. The railways contributed 56.9% to the segment's revenues, growing 47.7% over the previous year.

The railways business (combination of the coach and wagon business) reported a strong order book by the end of the financial year. The Company's solar businesses added customers like L&T, Azure, Sterling and Wilson, among others during the year under review.

- Accounted for 23.5% to overall revenues
- Revenues increased by 62.5% from ₹119.9 crore in 2013-14 to ₹194.9 crore in 2014-15
- EBIDTA grew by 103.5% from ₹12.8 crore in 2013-14 to ₹26.0 crore in 2014-15

OUTLOOK

Going forward, an aggressive growth is expected in the business, especially in the coaches segment, which is projected to register a high double-digit growth rate. New solar tenders expected will allow the Company to scale the businesses. The railways business has targeted double-digit growth rate in 2015-16.

C. TUBES

₹138.5 crore

Net Revenue, 2014-15

₹9.6 crore

EBIDTA, 2014-15

6.9%

EBIDTA margins, 2014-15

OVERVIEW

Pennar manufactures high-quality precision tubes that conform to the strictest national and international standards and customer specifications. This portfolio comprises electric resistance welded pipes, cold-drawn welded tubes, air pre-heater tubes that conform to Indian Boilers Regulations.

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

Pennar brings to each project a rich experience in fabrication and precision engineering, which allows it to offer products customised around client requirements. The in-house tooling capability has helped produce designed rolls within stipulated costs and turnaround times.

Pennar services the growing needs of prominent automobile companies like Mahindra, Volvo-Eicher commercial vehicles, Hyundai, TVS, Tata Motors and Ashok Leyland, primarily in Tamil Nadu, Karnataka and Maharashtra.

BUSINESS OVERVIEW

The tubes segment has reported consistent growth over years and during the fiscal gone by the Company supplemented its portfolio through the manufacture of cold-drawn welded tubes. This product promises higher margins compared to the intermediary product i.e. electric resistance welded tubes.

The business reported similar revenues as in the previous fiscal, owing to its ongoing capital expenditure, debottlenecking and operational streamlining initiatives.

- Accounted for 16.7% of overall revenues
- Revenues increased by 5.3% from ₹131.5 crore in 2013-14 to ₹138.5 crore in 2014-15
- EBIDTA grew by 43.4% from ₹6.7 crore in 2013-14 to ₹9.6 crore in 2014-15

OUTLOOK

Going ahead, Pennar foresees incremental revenues accreting from the high-margins cold drawn welded tubes segment.

D. INDUSTRIAL COMPONENTS DIVISION

₹61.1 crore

Net Revenue, 2014-15

₹9.0 crore

EBIDTA, 2014-15

14.7%

EBIDTA margins, 2014-15

OVERVIEW

Pennar Industries is one of the largest organised player in India in this space and is known for its ability to develop critical safety and high-performance components. With in-house capabilities in the realm of product design and development, Pennar works closely with customers to produce application-specific products for the

automobile, white goods and general engineering sectors.

The Company's emphasis on qualitative excellence is matched by its superior manufacturing capabilities. It possesses the requisite facilities to address high-volume requirements within negligible lead times. The Company manufactures press metal components used in the automotive and white goods sectors. The Company's

product portfolio comprises A/C compressor shells, four-wheeler parts (car seating system assemblies), two-wheeler parts (disc brakes) and heavy vehicle filter parts.

Hydraulic cylinders: Pennar within short span of acquiring the hydraulic cylinders business was able to create a sizeable order book comprising both domestic and international clients. The Company manufactures a range of hydraulic cylinders used in construction equipment, solar module mounts, among other areas. The Company acquired the assets of Wayne-Burt, and leveraged its technology and product development expertise to deliver best-in-class products.

Automotive components: Pennar possesses a deep and diverse experience in manufacturing a range of critical automotive components. Moreover, an adequate capacity allows it to address bulk demand, making Pennar a preferred partner.

White goods: Pennar has carved a niche for itself by delivering critical, customised components for white goods applications. The Company leveraged its longstanding engineering insight to extend into this business. Over time, the Company has prudently capitalised on the market growth emanating in the automotive and white goods sectors. The Companies repeat customers include Tecumseh Products, Emerson Climate Technologies, Endurance Technologies,

India Nippon Electricals, IFB Automotive Private Limited, Fleetguard Filters, WABCO India and Brakes India, among others. The Company's ICD plants in Patancheru, Chennai and Hosur are equipped with state-of-the-art equipment and facilities (press shops and tool maintenance) that ensure the fabrication of high-precision quality products supported by centralised CNC tool rooms. The Company's commitment to quality and total customer satisfaction has been vindicated by the ISO 9001:2000 accreditation.

BUSINESS OVERVIEW

The Company's hydraulic business was able to create a sizeable order book comprising both domestic and international clients. Adding new products and new customers has enabled the Company to increase its revenue by 6%.

- Accounted for 7.4% of overall revenues
- Revenues increased by 6.0% from ₹57.6 crore in 2013-14 to ₹61.1 crore in 2014-15
- EBIDTA grew by 20.7% from ₹7.4 crore in 2013-14 to ₹9.0 crore in 2014-15

Outlook

Going ahead, the Company intends to make a capex investment to enhance capabilities, including honing

Business segment – 2

PENNAR ENGINEERED BUILDING SYSTEMS (PEBS)

HIGHLIGHTS, 2014-15

- Gross revenues increased by 20.73% from ₹417.19 crore in 2013-14 to ₹503.68 crore
- EBIDTA grew by 22.09% from ₹39.95 crore in 2013-14 to ₹48.77 crore
- Profit grew by 19.90% to ₹21.90 crore
- Order book stood at ₹370 crore as on March 31, 2015

OVERVIEW

PEBS is one of the leading custom-designed building systems solution providers in India engaged in designing, manufacturing, supplying and assembling customised building systems. Its portfolio

includes pre-engineered buildings, design and engineering services, solar module mounts, cold form buildings and structural steel products widely used by various manufacturing, warehousing, industrial and infrastructure players.

Over the years, PEBS Pennar has distinguished itself among customers who vie for technological and structural superiority through distinctive design and in-depth expertise. PEBS Pennar's pre-engineered buildings are custom-designed and fabricated to meet customer's requirements and in accordance with all applicable standards. The fabrication of pre-engineered building components is carried out at the manufacturing facility in Sadashivpet, Telangana. Strict quality controls are imposed at every level of production to

Accounted for 35.2% of the Company's revenues, 2014-15

₹503.68 crore
Gross Revenue, 2014-15

₹48.77 crore
EBIDTA, 2014-15

10.81%
EBIDTA margins, 2014-15

make sure that the designs created are as per customer needs.

PEBS is among few companies that offer leak-proof roofing systems in India. The Company has a non-exclusive technical knowhow licensing arrangement with NCI Group, Inc., an established player in the United States metal buildings market. The arrangement pertains to the supply of standing seam roofing panel systems in India under the brand name 'Double Lok®'.

PEBS Pennar's state-of-the-art manufacturing facility is equipped with high-precision machines to produce 90,000 metric tonnes of fabricated structural metal products. The manufacturing facility also houses a testing lab for quality checks at various stages of manufacturing.

PEBS Pennar started commercial production in 2010 and has worked with several Fortune 500 companies engaged in the pharmaceutical, cement, engineering, power, textile, automotive, electronics, logistics and retail sectors including prominent companies like UltraTech Cement Limited, L&T, Volvo India Pvt. Ltd., Reliance Jio Infocomm Ltd., MRF, Calderys India Refractories Limited, Nuevosol and others.

INITIATIVES, 2014-15

The Company has also entered into a design services outsourcing agreement with an US-based entity engaged in a similar business. Consequently, PEBS has cemented its identity as a manufacturer of state-of-the-art pre-engineered buildings. The Company has an in-house design and engineering team comprising 103 technical personnel trained in designing and detailing. Further training was imparted to the team with the help of its technical partners NCI. This high-margin business is attractive with US players downsizing their engineering manpower, making it possible for Indian corporate to leverage the benefits of low cost.

PEBS diversified into the multi-storey and high-rise segments, especially in the commercial market. The segment represents a growth opportunity with projects coming in busy city areas where

PEBS Pennar's manufacturing facility received a 'Gold' rating from the Indian Green Building Council for its green building technology, which includes incorporation of a solar PV system, sewage treatment plant, energy-efficient design, and the usage of drought tolerant species for landscaping, among others. The manufacturing facility is also ISO 9001:2008-certified (design, manufacture, supply and erection of pre-engineered building systems).

transporting bulk products like cement are a concern. The availability of quality labour, faster project execution capabilities and inherent cost-efficiency added to the growing preference for PEB structures. The Company has already completed several multi-storey projects.

OUTLOOK

What has helped the Company emerge as the fastest-growing player in its segment is a combination of engineering competence and client support. Some of the key clients include Reliance, MRF, Ultratech, Volvo, L&T among others. The newly-instated Central Government, with its Make in India campaign and investment-inducing policies, helped catalyse the Company's growth.

The Company is the fastest growing PEB corporate to have reached ₹500 crore in revenues within five years of inception. Going ahead, the Company aims to reach the ₹1,000 crore-mark over the next five years.

AWARDS AND RECOGNITION

- PEBS Pennar won the Business Today – Yes Bank Emerging Companies Excellence Award 2014 in the 'Corporate Governance' category
- PEBS Pennar won IEI Industry Excellence Award for 2014 for the second consecutive year for overall business excellence and industry practices

ATTRACTIVE CUSTOMER BASE

400⁺

Projects completed since inception across an area of 18,58,552 square metres

INCREASING MARKET SHARE

8%

Share in the Indian PEB market

- PEBS Pennar received the 'Certificate of Commendation' from INSDAG at the National Competition for Professionals on Structural Steel Design and Construction, 2012-13 for being the first PEB corporate in India to execute a 99 metre-tall clear span building
- PEBS Pennar won the VC Circle Award 2015 in the 'Best Manufacturing Company' category
- PEBS Pennar won the CIDC Vishwakarma Award 2015 in the 'Best Professionally Managed Company (₹100-500 crore turnover)' category
- PEBS Pennar won the CIDC Vishwakarma Award 2015 in the 'Best Pre-Engineered Building' category for its landmark 99 metre-tall clear span building at the UltraTech Cement factory premises in Kotputli, Rajasthan
- PEBS Pennar won the TV5 Business Leader Award 2015 in the infrastructure category (medium)

GROWTH DRIVERS

Low penetration

India's per capita steel consumption stands at ~60 kilograms vis-à-vis a global benchmark of ~225 kilograms in 2013. PEB's penetration also stands at a low of ~20%, indicating substantial room for growth.

Warehousing opportunity

With the economy growing and the e-commerce sector developing, demand for warehousing in India is expected to grow substantially at an annual rate of 9% to 1,439 million square feet in 2019 from 919 million square feet in 2014 (Source: Knight Frank).

Infrastructural investments

The Planning Commission of India has already pledged to invest around \$1 trillion during the 12th Five Year Plan period (2012-17) towards the infrastructure sector.

Emergent areas

Power plants, ports, commercial offices and low-rise housing have emerged as areas with a strong potential for in the years that lie ahead.

GST implementation

The Central Government has joined hands with the State Governments to finalise the GST structure. It is expected that GST may get implemented as early as April 2016, making intra-state tax procedures fairer, more transparent and efficient.

Make in India programme

With the announcement of the Make in India programme, the investment in the engineering and capital goods is expected to increase. There have been early signs of a clearance of various stalled manufacturing projects, enhancing demand for the capital goods sector.

New demand

With growth in the demand for multilevel buildings, the complexity of construction is growing. Engineered building players are developing installation systems to address design complexity.

'Smart Cities' initiative

With strong growth in Indian infrastructure and the launch of 100 Smart Cities, cement demand is expected to grow; correspondingly, cement manufacturing capacity is expected to rise to 421 million tonnes by 2017, catalysing demand for engineered building construction (Source: IBEF).

SEGMENTAL CHARACTERISTICS

- **High-growth:** Engineered building penetration in the overall construction segment is lower in India than in advanced economies, providing scope for rapid growth. The Indian engineered building industry can be characterised as a high growth opportunity market.
- **Fragmented:** The engineered building market in India is fragmented. Companies can create profitable businesses by increasing switching costs and creating differentiation through engineering services and supply chain capabilities.
- **Medium capital outlay:** Capital investments required to enter the business are not high, especially for players in the steel industry working on steel sections. As a result, multiple regional players have entered the fray in the last five years.
- **Cyclical:** Cash flows are cyclical as the major customer segments comprise industrial and commercial entities inherently associated with the overall economic cycle.
- **Overheads:** Variable costs form a bulk of the costs and the ability to manage input prices (especially steel prices) over the contractual period is critical since most of them are fixed in nature.

ADVANTAGES

Speedy: Engineered building construction is up to 40% faster than masonry construction as it does not require curing time (as in concrete and mortar) and allows immediate occupancy. Since only the bolting needs to be done onsite, a quicker turnaround is possible compared to conventional construction methods.

Eco-friendly: Engineered buildings allow steel to be recycled thereby minimising construction waste generation and reducing the carbon footprint.

Low-maintenance: Engineered buildings require minimal maintenance and involve only periodic cleaning of roofs, painting and the annual washing of eaves.

Retrofitted: Engineered buildings are ideal for remote hilly areas and offer a complete building system that is energy-efficient and can be modified as per one's specific needs. They provide good insulation effect and are suitable for a tropical country like India.

Affordable: Engineered buildings are ideal for affordable housing owing to their speed of construction and low cost, helping in rural development projects. Their design flexibility makes extensions,

modifications or relocating easy.

OUTLOOK

The engineered building sector has finally started getting its due credit as a favourable alternative construction methodology in India. There is undoubtedly, a very promising future for this sector in the coming years.

Overall, the engineered buildings industry in India is expected to grow rapidly at around 20% per annum.

Business segment – 3

PENNAR ENVIRO LIMITED

OVERVIEW

PEL (Pennar Enviro Limited) is into water and waste water treatment business. The company within a short span of time grew into one of the top players in the business. Apart from this the company pioneered the launch of premium high-technology additives based on fuel characteristic requirements resulting in the offering of water treatment chemicals and turnkey solutions. The Company's EPC solutions comprise providing turnkey solutions for the water and environment infrastructure.

PEL offers a range of solutions for industrial water, wastewater, specialty additive treatment packages for combustion efficiency and also for water treatment and operations and maintenance services for various kinds of industries.

Pennar Enviro is a technology company with multiple technical collaborations which enable us to cater wide range of industries and deliver innovative solutions for the water, waste water, desalination and municipal solid waste segments.

Businesses

Fuel additives: Fuel additives are used in a variety of industrial

applications (including additives for heavy and light fuel oils, storage stability additives, additives for solid fuels and other industrial and agro products). PEL pioneered the manufacture and supply of fuel additives with a technical collaboration with Total.

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

Water treatment solutions

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

Contributed 2.3% to
the Company's revenue,
2014-15

₹29.43 crore
Revenues, 2014-15

₹1.87 crore
EBIDTA, 2014-15

6%
EBIDTA margins, 2014-15

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

BUSINESS OVERVIEW

PEL has reported growing orders in the last quarter and is expecting high growth for this business division, going ahead. The Company added several new large customers such as Cairn India, Sogex Oman India Limited and HDO and received repeat orders from several marquee clients including Hetero Drugs, United Spirits, Larsen & Toubro, among others. The Company received Food Grade Certification for the water treatment chemicals.

PEL decided to focus on securing annualised maintenance contracts by adding additional services, thereby ensuring steady incomes. For its packaging business, the Company manufactured bio-toilets with inbuilt DRDO digesters. The demand for bio-toilets has seen a sharp spike owing to the relative ease-of-installation, zero power and water requirement.

During the year PEL focused on converting its existing EPC order book as the markets stayed subdued during the first half of the year.

Having begun the 2014-15 fiscal with an order book of ₹36 crore, the Company succeeded in raking in new orders and closed with an order book of ₹54.13 crore. The first quarter of FY 16 witnessed large number of enquiries, reflecting improved market sentiments.

What makes PEL different is that it has exhibited an entrenched ability to optimise maintenance and opex costs for its customers. The result is that PEL emerged as player with the fastest-growing order book in the industry. PEL expects to scale its revenues from ₹30 crore in 2014-15 to ₹70 crore in 2015-16.

- Revenues increased by 68% from ₹17.48 crore in 2013-14 to ₹29.43 crore
- EBITDA grew by 171% from ₹0.69 crore in 2013-14 to ₹1.87 crore
- Order book stood at ₹54.13 crore as on March 31, 2015

OUTLOOK

PEL expects high growth to continue in this business segment over the next financial year and as such has set aggressive targets for itself. PEL is growing its focus to serve effluent treatment needs for abattoirs. PEL has also responded to the effluent management needs of ailing paper mills, by offering proprietary technological solutions to address their needs. Also the latest water policy amendment specifies that surface water cannot be utilised for industrial purpose which will increase the demand for the services rendered by players like PEL.

Financial performance, 2014-15

Performance

(₹ in crore)

	2014-15	2013-14	Growth
Total revenues	82,936	78,151	6.1%
EBIDTA	7,038	5,309	32.6%
PAT	2,133	1,258	69.6%
Cash profit	3,949	3,036	30.1%
EPS	1.77	1.04	70.2%
EBIDTA margins (%)	8.5%	6.8%	170
PAT margin (%)	2.6%	1.6%	96
ROCE (%)	17.4%	14.0%	24.6%
RONW (%)	6.4%	3.9%	62.2%

Income by segment

Business divisions	2014-15		2013-14		Growth over the previous year (%)
	Revenue (₹ in crore)	Proportion of net sales (%)	Revenue (₹ in crore)	Proportion of net sales (%)	
Steel products	390.4	30.8%	426.8	37.9%	(8.5)%
Tubes	138.5	10.9%	131.5	11.7%	5.3%
Industrial components	61.1	4.8%	57.6	5.1%	6.0%
Systems and projects	194.9	15.4%	119.9	10.7%	62.5%
Scrap sales	43.4	3.4%	43.6	3.9%	
Total (standalone)	828.2	65.3%	779.4	69.3%	6.3%
Pre-Engineered Buildings Systems Limited	449.2	35.4%	368.0	32.7%	22.1%
Pennar Enviro Limited	27.3	2.2%	16.1	1.4%	69.3%
Sub-total	1,304.7		1,163.6		12.1%
Regrouping adjustments	(37.2)		(38.7)		
Consolidated income from operations	1,267.5	100.0%	1,124.9	100.0%	12.7%

Independent Auditors' Report

To the Members of
Pennar Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **PENNAR INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, 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 in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 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 standalone 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, to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements of The Institute of Chartered Accountants Of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The

procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management and 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 standalone 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 31st, 2015, and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
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 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, and Cash

Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid standalone 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 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014 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 2015 on its financial position

in its financial statements as referred to in note 17.1,31 and 31.1 to 31.4 to the financial statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2015.

For **RAMBABU & Co.**
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place: Hyderabad
Date: 13-05-2015

Annexure to the Independent Auditors' Report

The Annexure referred to in the Independent Auditors' Report of even date on the Financial Statements to the Members of Pennar Industries Limited for the year ended 31 March 2015. We report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particular including quantitative details and situation of fixed assets.
 - b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii. In respect of Inventories:
 - a) As explained to us, the inventories except goods in transit and stocks lying with 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. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to Companies firms or other parties covered in the register maintained under section 189 of the Companies Act 2013. Hence we have not reported on the related matters of this clause and sub-clauses.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.

- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- 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. According to the information and explanations given to us in respect of statutory dues:
- a) The Company has been regular in depositing undisputed

statutory dues with appropriate authorities including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and any other material statutory dues applicable to it.

- b) There were no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.
- c) Details of statutory dues which have not been deposited as on 31st March 2015 on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (₹ in lakhs)	Deposit Amount (₹ in lakhs)	Unpaid Deposit Amount (₹ in lakhs)
Customs Act, 1962	Interest on Customs Duty Paid	High Court	45	-	45
A.P. VAT Act, 2005	Entry Tax on CIX	The Supreme Court of India	219	54	165
		Total	264	54	210

d) In our opinion, there are no amounts required to be transferred to the investor education and protection fund by the Company.

- viii. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
- ix. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- x. In our opinion and according to the information and explanations given to us,
- (a) The Company has given corporate guarantees to Axis Bank and State Bank of India to an extent of ₹21,568 Lacs for working capital and term loan taken by its Subsidiary M/s. Pennar Engineered Building Systems Ltd. The company further provided collateral security to State Bank of India by way of lien on fixed deposits of ₹ 200 Lacs and pledge of 61,50,000 shares of ₹10/- each of Pennar Engineered Building Systems Limited for securing the said Loan.
- (b) The company has given corporate guarantee to Axis Bank to

an extent of ₹1500 lacs for loans taken by its subsidiary M/s. Pennar Enviro Ltd

- xi. In our opinion and according to the information and explanations given to us, term loans obtained by the Company during the year were applied for the same purpose for which they were obtained.
- xii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **RAMBABU & Co.**
Chartered Accountants
FRN: 0029765

Ravi Rambabu
Partner
M.No.018541

Place: Hyderabad
Date: 13-05-2015

Balance Sheet

as at 31st March, 2015

₹ in lakhs

Particulars	Note	As at 31st March, 2015	As at 31st March, 2014
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	3	6,295	6,579
b) Reserves & Surplus	4	27,119	25,390
		33,414	31,969
2) Non Current Liabilities			
a) Long Term Borrowings			
- Secured	5	2,227	1,976
- UnSecured		2,304	2,304
b) Deferred Tax Liability (Net)	6	2,298	1,577
c) Long Term Provisions	7	103	89
		6,932	5,946
3) Current Liabilities			
a) Short Term Borrowings			
- Secured	8	9,391	7,048
b) Trade Payables	9	10,114	10,308
c) Other Current Liabilities	10	3,478	3,425
d) Short Term Provisions	11	28	28
		23,011	20,809
Total (1+2+3)		63,357	58,724
II ASSETS			
1) Non Current Assets			
a) Fixed Assets			
- Tangible Assets		20,239	19,035
- Intangible Assets	12	1,240	1,303
- Capital Work In Progress		54	422
b) Non Current Investments	13	2,277	2,277
c) Long Term Loans and Advances	14	112	570
d) Other Non Current Assets	15	417	475
		24,339	24,082
2) Current Assets			
a) Inventories	16	13,168	12,121
b) Trade Receivables	17	22,662	18,853
c) Cash and Bank Balances	18	1,008	1,249
d) Short Term Loans & Advances	19	1,703	2,023
e) Other Current Assets	20	477	396
		39,018	34,642
Total (1+2)		63,357	58,724
Significant Accounting Policies and Notes on Financial Statements	1 to 38		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Statement of Profit & Loss for the Year ended 31st March, 2015

₹ in lakhs

Particulars	Note	For the year ended 31st March, 2015	For the year ended 31st March, 2014
I Revenue from operations	21	82,821	77,942
II Other Operative Revenue	22	–	133
III Other Income	23	115	76
IV Total Revenue (I + II + III)		82,936	78,151
V Expenditure :			
Raw Material Consumed	24	60,381	56,785
Change in Inventories	25	(161)	(114)
Manufacturing Expenses	26	7,587	8,277
Employee Benefits Expense	27	4,355	4,474
Other Expenses	28	3,736	3,420
		75,898	72,842
Profit before Interest, Depreciation & Tax		7,038	5,309
Finance Cost	29	2,606	1,847
Depreciation and amortisation expense		1,095	1,528
		3,701	3,375
Profit before Tax		3,337	1,934
VI Tax Expenses			
Current Tax		483	426
Deferred Tax		721	250
		1,204	676
Net Profit after Tax		2,133	1,258
Earning Per Share (having a face value of ₹5 each)			
- Basic and Diluted	30	1.77	1.04
Significant Accounting Policies and Notes on Financial Statements	1 to 38		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Cash Flow Statement for the Year ended 31st March, 2015

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
A CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	3,337	1,934
Add: Loss from sale of assets	15	7
Add : Depreciation	1,095	1,528
Add : Finance Cost	2,606	1,847
Less: Rent Received	(11)	(1)
Operating Profit before working capital changes	7,042	5,315
Adjustment for:		
Trade receivables	(3,809)	(1,412)
Inventories	(1,047)	(184)
Loans and Advances & other assets	(253)	(410)
Trade payables and Other Payables	259	3,937
	(4,850)	1,931
Cash Generated From Operation	2,192	7,246
Less : Income Tax Paid	(25)	(421)
Net cash from operating activities " A "	2,167	6,825
B CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,795)	(3,779)
Proceedings from sale of fixed assets	24	-
Investment in Subsidiary - Pennar Enviro Limited	-	-
Rent Received	11	1
Net cash used in investing activities " B "	(2,760)	(3,778)
C CASH FLOWS FROM FINANCING ACTIVITIES :		
Repayment of Equity share capital	(26)	(357)
Repayment of preference share capital	(278)	(45)
Proceeds from Long Term Borrowings	1400	1,531
Repayment of Long Term Borrowings	(563)	(428)
Net increase/(decrease) of working capital borrowings	2,343	(282)
Finance Cost	(2,606)	(1,847)
Dividends and Dividend Distribution Tax paid	-	(1,427)
Net Cash used in financing activities " C "	270	(2,855)
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(323)	192
Cash and Cash Equivalents at the beginning	716	524
Cash and Cash Equivalents at the end	393	716

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Notes forming Part of Financial Statements

NOTE 1: CORPORATE INFORMATION

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

2.1 Accounting Conventions :

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 Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as applicable. 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 except for change in the accounting policy for depreciation.

2.2 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.

2.3 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.

2.4 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.

2.5 Depreciation and Amortization:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

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

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 affect the changed pattern.

2.6 Revenue Recognition:

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

Notes forming Part of Financial Statements

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.

2.7 Expenditure:

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

2.8 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.

2.9 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.

2.10 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.

2.11 Government Grants and Subsidies

Government grants and subsidies are recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and the grants/subsidies will be received.

Income from sales tax and power incentives are recognized on accrual basis when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

2.12 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.

2.13 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.

Notes forming Part of 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.

2.14 Earnings Per Share

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 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.

2.15 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.

2.16 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.

2.17 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.

Notes forming Part of Financial Statements

NOTE 3 : SHARE CAPITAL

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
3.1 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
3.2 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	2000
	10,000	10,000
3.3 ISSUED, SUBSCRIBED & PAID UP		
Equity Shares		
12,03,49,514 Equity Shares of ₹5/- each (Previous Year 12,04,61,410 Equity Shares of ₹5/- each) (Note 3.3.1 and 3.3.2)	6,017	6,023
3.4 Preference Shares - Series B		
1,66,49,199 Cumulative redeemable Preference Shares of ₹1.67/- each (Previous Year 1,66,49,199 Cumulative redeemable Preference Shares of ₹3.34/- each) (Note 3.4.1)	278	556
Total	6,295	6,579

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

3.3.2 Pursuant to board of directors approval for buy back of equity shares under section 77 A of the companies act, 1956, the company has bought back 1,11,896 equity Shares of ₹5/- each through open market for an aggregate amount of ₹26 lakhs (₹25,96,609/-). Out of the said amount, an amount of ₹20 lakhs (₹ 20,37,129/-) debited to share premium account and the balance amount of ₹6 lakhs (₹5,59,480/-) has been reduced from equity share capital. 61,27,965 equity shares out of the issued, subscribed and paid up capital were bought back and extinguished in the last Six years out of which 1,11,896 pertains to current Financial year.

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

Name of the share holder	As at 31st March, 2015		As at 31st March, 2014	
	No of Shares	% held	No of Shares	% held
Thapati Trading Pvt. Ltd	1,93,79,811	16.10	69,55,218	5.77
Saif Advisors Mauritius Limited A/C Saif India IV	1,21,38,080	10.09	1,21,38,080	10.08
Eight Capital Master Fund Limited	70,90,157	5.89	87,11,854	7.23

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

Particulars	As at	
	31st March, 2015	31st March, 2014
	No. of shares	No. of shares
Equity Shares at the beginning of the year	12,04,61,410	12,20,24,000
Add/(Less) : Shares bought back and extinguished	1,11,896	15,62,590
Equity Shares at the end of the year	12,03,49,514	12,04,61,410

3.4.1 During the year ,1,66,49,119 Cumulative redeemable preference shares were partially redeemed @ ₹1.67 per share amounting to ₹278 Lakhs and the balance of ₹1.67 per Share will be redeemable during Financial Year 2015-16.

Notes forming Part of Financial Statements

NOTE 4 : RESERVES AND SURPLUS

₹ in lakhs

Particulars	As at 31st March, 2015		As at 31st March, 2014	
Revaluation Reserve				
Opening Balance	2,506		2,759	
Less : Transferred to statement of Profit and Loss on account of depreciation on revalued assets. (Note 4.1)	249		253	
Closing Balance		2,257		2,506
Capital Redemption Reserve (CRR)				
Opening Balance	623		223	
Add : Transferred from General reserve (Note 4.2)	284	907	400	623
Profit on forfeiture of shares				
Opening Balance	6	6	6	6
Securities Premium				
Opening Balance	5,031		5,310	
Less: Utilized for extinguishment of Equity shares (Note 4.3)	20	5,011	279	5,031
General Reserve				
Opening Balance	1,951		2,351	
Add : Transferred from Statement of Profit and Loss	-		-	
Less : Transferred to CRR (Note 4.2)	284		400	
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with NIL remaining useful life (Note 4.4)	135		-	
Closing Balance		1,532		1,951
Balance in Profit and Loss				
Opening Balance	15,273		14,015	
Add : Profit for the year	2,133		1,258	
	17,406		15,273	
Less : Appropriations				
Proposed dividend on Equity Shares	-		-	
Proposed dividend on Preference Shares	-		-	
Dividend Distribution Tax	-		-	
General Reserve	-		-	
Closing Balance		17,406		15,273
Total		27,119		25,390

- 4.1 Cumulative amount withdrawn from the Revaluation reserve on account of depreciation on revaluation of Fixed Assets is ₹ 4,039 Lakhs as on 31.03.2015 out of the total Revaluation reserve of ₹6,296 lakhs.
- 4.2 An amount of ₹284 Lakhs is transferred from General reserve to Capital Redemption reserve on account of (i) ₹278 Lakhs being partial redemption of 1/3rd nominal value of 1,66,49,119 Cumulative redeemable Preference shares of ₹5/- each. and (ii) ₹6 Lakhs being the nominal value for 1,11,896 Equity shares of ₹5/- each brought back and extinguished during the year.
- 4.3 Pursuant to board of directors approval for buy back of equity shares under section 77 A of the Companies Act, 1956, the company has bought back 1,11,896 shares of ₹5/- each through open market for an aggregate amount of ₹26 lakhs. Out of the said amount, an amount of ₹20 lakhs debited to share premium account and the balance amount ₹6 lakhs has been reduced from share capital.
- 4.4 The Company reassessed the useful life of Fixed Assets as per Part C of Schedule -II of the Companies Act, 2013. The Depreciation on carrying value of the asset whose useful life expired as at 01.04.2014 aggregating to ₹135 Lakhs has been adjusted against the opening balance of General reserve as on 01.04.2014.

Notes forming Part of Financial Statements

NOTE 5 : LONG TERM BORROWINGS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
From Banks - Secured		
Axis Bank Limited (Note 5.1)	2,181	1,906
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans) (Note 5.2)	46	70
	2,227	1,976
Unsecured		
Sales Tax Deferment Loan (Note 5.3)	2,304	2,304
Total	4,531	4,280

5.1 During the Financial Year 2011-12, company has taken term loan from Axis Bank for an amount of ₹1500 lakhs at interest rate of 12.25% p.a which is repayable in 16 quarterly installments being ₹93.75 lakhs per quarter starting from Dec 2012.

During the Financial year 2013-14, Axis Bank Limited sanctioned Term Loan for an amount of ₹3000 Lakhs carrying interest rate of 12.25% p.a. Out of the sanctioned amount, an amount of ₹1531 Lakhs withdrawn during the Financial Year 2013-14 and ₹1400 Lakhs withdrawn during the current Financial year 2014-15. The Term loan is repayable in 16 equal quarterly installments of ₹187.50 lakhs each starting from March 2015.

The above Term Loans obtained from Axis Bank 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 further guaranteed by the Chairman of the company in his personal capacity.

5.2 During the Financial Year 2013-14 the company has obtained vehicle loans for an amount of ₹102 lakhs from Kotak Mahindra Prime Ltd at interest rate of 10.07 % p.a. The said loans are repayable in 60 equal monthly installments. The said loans are secured by way of hypothecation of same vehicles.

5.3 Sales Tax deferment availed till the current account period is due for repayment as under :

Year of Repayment	₹ in lakhs
2018-19	258
2019-20	375
2020-21	393
2021-22	431
2022-23	298
2023-24	335
2024-25	215
Total	2,304

NOTE 6 : DEFERRED TAX LIABILITY

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Opening Deferred Tax Liability	1,577	1,327
Deferred Tax Liability recognised during the year		
On a/c of depreciation	721	250
Closing Deferred Tax Liability	2,298	1,577

NOTE 7 : LONG TERM PROVISIONS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Provision for leave encashment	103	89

Notes forming Part of Financial Statements

NOTE 8 : SHORT TERM BORROWINGS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Secured		
Cash Credit from Banks (Note 8.1)		
State Bank of India	6,337	4,313
Axis Bank Limited	1,955	1,948
State Bank of Patiala	1,099	787
Total	9,391	7,048

8.1 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 the Chariman of the company in his personal capacity.

NOTE 9 : TRADE PAYABLES

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Creditors for RM	6,960	7,539
Creditors for expenses	3,099	2,768
Due to Micro, Small and Medium Enterprises	55	1
Total	10,114	10,308

9.1 Creditors for expenses includes an amount of ₹1 lakh payable to Saven Technologies Ltd being related parties to the company.

NOTE 10 : OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Current Maturities of Long Term Debt :		
From Banks - Secured		
Axis Bank Limited (Note 10.1)	1,125	563
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans)	18	18
Creditors for capital goods	19	1,059
Unclaimed Dividend	64	68
Preference share capital payable	302	276
Advances from customers	179	253
VAT Payable	299	98
Other Liabilities (Note 10.2)	1,472	1,090
Total	3,478	3,425

10.1 Out of the Axis bank Limited Current maturities of ₹1125 Lakhs an amount of ₹375 Lakhs pertains to the Term loan of ₹1500 lakhs taken during the Financial Year 2011-12 and ₹750 Lakhs pertains to the Term loan of ₹3000 Lakhs taken in the Financial Year 2013-14

10.2 Other Liabilities include an amount of ₹229 Lakhs payable towards Statutory liabilities of TDS, TCS, PF & ESI etc.

NOTE 11 : SHORT TERM PROVISIONS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Provision for Gratuity	19	19
Provision for Leave Encashment	9	9
Total	28	28

Notes forming Part of Financial Statements

NOTE 12 : FIXED ASSETS SCHEDULE

₹ in lakhs

S. NO	Asset Group	Gross Block (At Cost)			Depreciation & Amortisation				Net Book Value		
		Op Block As on 1.4.2014	Additions	Disposals	As on 31.03.2015	Op Block As on 1.4.2014	For the year	Disposals Adj	As on 31.03.2015	As on 31.03.2014	
	Tangible Assets										
1	LAND	1,219	5		1,224	-	-		-	1,224	1,219
	(Previous Year)	(1,137)	(82)	-	(1,219)	-	-		-	(1,219)	(1,137)
2	ROADS	495	4		499	56	95		151	348	456
	(Previous Year)	(495)	-	-	(495)	(31)	(8)		(39)	(456)	(464)
3	BUILDINGS	7,718	281		7,999	2,388	207		2,595	5,404	5,372
	(Previous Year)	(7,670)	(48)	-	(7,718)	(2,110)	(236)		(2,346)	(5,372)	(5,560)
4	PLANT & MACHINERY	24,588	2,236	15	26,809	14,566	744	5	15,305	11,504	10,025
	(Previous Year)	(22,798)	(1,797)	(7)	(24,588)	(13,316)	(1,251)	(4)	(14,563)	(10,025)	(9,482)
5	ELECTRICALS	2,710	97		2,807	1,426	79		1,505	1,302	1,284
	(Previous Year)	(2,671)	(39)	-	(2,710)	(1,260)	(166)		(1,426)	(1,284)	(1,411)
6	COMPUTERS	450	16		466	351	46		397	69	122
	(Previous Year)	(405)	(45)	-	(450)	(289)	(39)		(328)	(122)	(116)
7	OFFICE EQUIPMENTS	387	7	20	374	197	67	2	262	112	239
	(Previous Year)	(305)	(82)	-	(387)	(135)	(13)		(148)	(239)	(170)
8	FURNITURE	201	14		215	68	18		86	129	133
	(Previous Year)	(163)	(38)	-	(201)	(58)	(10)		(68)	(133)	(105)
9	VEHICLES	231	0	11	220	47	26	1	72	148	185
	(Previous Year)	(130)	(127)	(26)	(231)	(38)	(16)	(8)	(46)	(185)	(92)
	SUB TOTAL-1	37,999	2,659	46	40,612	19,099	1,282	8	20,373	20,239	19,035
	(Previous Year)	(35,774)	(2,258)	(33)	(37,999)	(17,237)	(1,739)	(12)	(18,964)	(19,035)	(18,537)
	Intangible Assets										
10	LICENCE FEE	1,425	-		1,425	122	63	-	185	1,240	1,303
	(Previous Year)	(208)	(1,217)	-	(1,425)	(78)	(44)		(122)	(1,303)	(130)
	SUB TOTAL-2	1,425	-	-	1,425	122	63	-	185	1,240	1,303
	(Previous Year)	(208)	(1,217)	-	(1,425)	(78)	(44)		(122)	(1,303)	(130)
	TOTAL (1 + 2)	39,424	2,659	46	42,037	19,221	1,345	8	20,558	21,479	20,338
	(Previous Year)	(35,982)	(3,475)	(33)	(39,424)	(17,315)	(1,783)	(12)	(19,086)	(20,338)	(18,667)

12.1 Depreciation for the year includes an amount of ₹249 Lacs on revalued value of the Fixed assets and has been debited to Revaluation Reserve Account.

12.2 Depreciation for the year includes Depreciation on carrying value of the asset whose useful life expired as at 01.04.2014 aggregating to ₹135 Lakhs has been adjusted against the opening balance of General reserve as on 01.04.2014

NOTE 13 : NON CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Unquoted		
1,85,00,000 Equity Shares of ₹ 10/- each fully paid up in Pennar Engineered Building Systems Limited	1,850	1,850
42,70,000 Equity Shares of ₹10/- each fully paid up in Pennar Enviro Limited	427	427
Total	2,277	2,277

NOTE 14 : LONG TERM LOANS AND ADVANCES

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Prepaid Taxes	11,314	11,289
Less : Provision for Income Tax	11,202	10,719
Prepaid Taxes (Net of Provision)	112	570

Notes forming Part of Financial Statements

NOTE 15 : OTHER NON CURRENT ASSETS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Deposit against sales tax liability	54	54
VAT receivable	90	63
Electricity Deposit	139	207
Rent Deposit	112	130
Water Deposit	22	21
Total	417	475

NOTE 16 : INVENTORIES (AS VALUED AND CERTIFIED BY MANAGEMENT)

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Raw Material	2,523	1,708
Stores & Spares	3,553	3,482
Work in Progress	5,108	4,878
Finished Goods	1,811	1,756
Scrap	173	297
Total	13,168	12,121

NOTE 17 : TRADE RECEIVABLES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	–	–
Unsecured, considered good (Note 17.1)	1,437	1,011
Other Trade receivables		
Secured, considered good	–	–
Unsecured, considered good	21,225	17,842
Total	22,662	18,853

17.1 Trade receivables outstanding for a period exceeding 6 months includes an amount of ₹569 lakhs which is doubtful for recovery, Company has filed legal cases against customers for recovery of such dues. However, management is confident of recovering the same.

NOTE 18 : CASH AND BANK BALANCES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Cash and Cash Equivalents		
Balances with banks		
- in current accounts	23	101
- in Collection accounts	363	606
- in unclaimed dividend accounts	89	68
- in margin money accounts (Note 18.1)	326	265
cash on hand	7	9
Other Bank Balances		
Fixed Deposit under lien (Note 18.2)	200	200
Total	1,008	1,249
Cash and Cash Equivalents for Cash Flow Statement	393	716

18.1 Out of the Margin money Deposits, an amount of ₹ 200 lakhs has maturity period of more than 12 months.

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

Notes forming Part of Financial Statements

NOTE 19 : SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good, recoverable in cash or in kind for value to be received)

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Loans & Advances to Staff	44	42
Advances for Raw Material	278	75
Advances for Capital Goods	522	1,051
Advances to others	348	370
Cenvat Credit	488	479
Other Deposits	23	6
Total	1,703	2,023

NOTE 20 : OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Prepaid Expenses	214	170
Sales tax incentive receivable	133	133
Interest Receivable	122	82
Accrued Income	8	11
Total	477	396

NOTE 21 : REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended	For the year ended
	31st March, 2015	31st March, 2014
Revenue From Operations		
Sale of Products	95,049	90,122
Sale of Services	243	190
	95,292	90,312
Less : Excise Duty/Service Tax	9,374	9,201
Sales Tax	3,097	3,169
	12,471	12,370
Net Revenue	82,821	77,942

NOTE 22 : OTHER OPERATING REVENUE

₹ in lakhs

Particulars	For the year ended	For the year ended
	31st March, 2015	31st March, 2014
Incentives on Sales tax & Power	-	133
Total	-	133

22.1 During the FY 2013-14, company has filed applications with District Industries Centre under Andhra Pradesh Industrial Investment Promotion Policy 2010-15 for claiming sales tax incentive of ₹ 128 Lakhs and power incentive for an amount of ₹5 lakhs totalling to ₹133 Lakhs.

NOTE 23 : OTHER INCOME

₹ in lakhs

Particulars	For the year ended	For the year ended
	31st March, 2015	31st March, 2014
Interest Income	89	55
Miscellaneous Income	15	20
Rent received	11	1
Total	115	76

Notes forming Part of Financial Statements

NOTE 24 : RAW MATERIAL CONSUMED

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks	1,708	2,048
Add : Purchases	61,196	56,445
	62,904	58,493
Less : Closing Stocks	2,523	1,708
Net Material Cost	60,381	56,785

NOTE 25 : CHANGE IN INVENTORIES

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks		
Work in Progress	4,878	5,039
Finished Goods	1,756	1,534
Scrap	297	244
	6,931	6,817
Closing Stocks		
Work in Progress	5,108	4,878
Finished Goods	1,811	1,756
Scrap	173	297
	7,092	6,931
Net (Increase)/Decrease	(161)	(114)

NOTE 26 : MANUFACTURING EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Job work charges	1,598	1,735
Stores & Spares	3,984	4,687
Power	1,355	1,471
Repairs & Maintenance - Buildings	35	6
Repairs & Maintenance - Plant & Machinery	133	52
Repairs & Maintenance - Others	117	66
Miscellaneous manufacturing expenses	365	260
Total	7,587	8,277

26.1 Stores and Spares Consumption

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks	3,482	3,072
Add : Purchases	4,055	5,097
Less : Closing Stocks	3,553	3,482
Consumption	3,984	4,687

NOTE 27 : EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Salaries & Wages	3,814	3,886
Contribution to Gratuity, PF & Super Annuation	274	293
Staff Welfare Expenses	267	295
Total	4,355	4,474

27.1 Out of the contribution to Gratuity, PF & Superannuation, Gratuity is a funded Scheme.

Notes forming Part of Financial Statements

NOTE 28 : OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Insurance	4	9
Travelling & Conveyance	465	460
Rent	188	185
Rates & Taxes	41	26
Advertisement & Sales Promotion	29	50
Sales Commission	270	198
Communication Expenses	61	66
Freight Outward	2,099	1,706
Technical, Legal & Professional	144	273
Managerial Remuneration	92	55
Directors' Fees & Expenses	2	2
Printing & Stationery	40	52
Repairs and Maintenance	21	72
Office Maintenance	97	100
Auditors' Remuneration (Note 28.1)	27	23
Loss on sale of asset	15	7
Corporate Social responsibility Expenses (Note 28.2)	20	15
Miscellaneous Expenses	121	121
Total	3,736	3,420

28.1 Auditors Remuneration (Excluding Service Tax)

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Audit Fees	23	20
Tax Audit Fees	3	2
Certification & Others	1	1
Total	27	23

28.2 As per Section 135 (1) of Companies Act, 2013 the Company has to spend ₹101 Lakhs towards Corporate Social Responsibility during the Financial Year 2014-15. Out of the Said ₹101 Lakhs an amount of ₹20 Lakhs was only spent during the Financial Year 2014-15

NOTE 29 : FINANCE COST

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest on Term Loans	555	198
Interest on Working Capital	904	814
Interest on Vehicle Loans	8	7
Bank Charges	1,139	828
Total	2,606	1,847

NOTE 30 : EARNING PER SHARE

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Net profit for basic EPS (₹ in Lakhs)	2,133	1,258
Weighted Average No. of shares	12,03,51,113	12,13,30,905
Annualized Basic Earning per share - (₹)	1.77	1.04

Notes forming Part of Financial Statements

NOTE 31 : CONTINGENT LIABILITIES

₹ in lakhs

Sl No	Particulars	As at 31st March, 2015	As at 31st March, 2014
i)	Bank Guarantees	915	1,038
ii)	Corporate Guarantee given for loans taken by subsidiary (Note 31.1 & 31.2)	23,068	18,473
iii)	Claims by Customs & Sales Tax (Note 31.3 & 31.4)	210	210
iv)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	55	983
v)	LC/Bills Discounted	185	347

31.1 Corporate guarantee has been given to State bank of India and Axis Bank Limited to the tune of ₹ 21568 Lakhs for Working capital loans and Term Loans taken by the subsidiary M/s Pennar Engineered Building Systems Ltd (PEBSL). The company also provided a collateral security by way of lien on fixed deposit of ₹ 200 lacs and pledge of shares of Pennar Engineered Building Systems Ltd to the extent of 61,50,000 shares of ₹10/- each amounting to ₹ 615 Lacs.

31.2 Corporate guarantee to Axis Bank Limited to the tune of ₹1,500 lakhs for Working capital loans, Letter of credit and Bank guarantee facilities taken by the subsidiary M/s Pennar Enviro Ltd.

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

₹ in lakhs

Sl No	Nature of Statute	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

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

NOTE 32 : DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ in lakhs

Particulars	As at 31st March, 2015	As at 31st March, 2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year (Refer note 9)	55.00	1.00
(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.

NOTE 33 : MANAGERIAL REMUNERATION

₹ in lakhs

Sl No	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
1	Directors Salaries & Allowances	177	184
2	Provident Fund & Superannuation	19	34
3	Other Perquisites	20	15
4	Commission	92	55
	Total	308	288

Notes forming Part of Financial Statements

NOTE 34 : RELATED PARTY DISCLOSURES

SI No	Relationship	Name
1	Subsidiary Companies	Pennar Engineered Building Systems Limited Pennar Enviro Limited
2	Significant Influence	Saven Technologies Limited
3	Key Management Personnel	Mr. Nrupender Rao Mr. Aditya N Rao Mr. Lavanya Kumar Kondapalli
4	Relatives of Key Management Personnel	Mrs J Rajya Lakshmi

34.1 Aggregate Related Party Transactions:

₹ in lakhs

SI No	Particulars	Subsidiaries		Significant Influence		Key Managerial Personnel		Relatives of Key Managerial Personnel	
		For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
		1	Purchases Made during the year	147	28	-	-	-	-
2	Sales Made during the year	4,170	4,681	-	-	-	-	-	-
3	Other Services Rendered	134	34	-	-	-	-	-	-
4	Other Services Received	200	221	20	17	-	-	-	-
5	Remuneration	-	-	-	-	308	288	-	-
6	Rent	-	-	-	-	-	-	3	3
7	Advances Paid	534	130	-	-	-	-	-	-
8	Advances Received	-	130	-	-	-	-	-	-

NOTE 35 : EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN

₹ in lakhs

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Components of employer expense				
Current service cost	34	31	39	37
Interest cost	40	8	35	7
Actuarial losses/(gains)	(21)	(16)	(11)	(27)
Total expense recognised in the Statement of Profit and Loss	53	23	63	17
Actual contribution and benefit payments for year				
Actual benefit payments	(38)	(18)	(76)	(20)
Actual contributions	105	18	80	20
Net liability recognised in the Balance Sheet				
Present value of defined benefit obligation	465	97	478	101
Expenses as above	53	23	63	17
Benefit payments	(38)	(18)	(76)	(20)
	480	102	465	98

Notes forming Part of Financial Statements

NOTE 35 : EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN

₹ in lakhs

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Classification of Net liability recognised in the Balance Sheet				
Long term provision	461	96	446	89
Short term provision	19	6	19	9
	480	102	465	98

35.1 Employee Benefits under defined Benefits Plan

₹ in lakhs

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Change in defined benefit obligations (DBO) during the year				
Current service cost	34	31	35	37
Interest cost	40	8	39	7
Actuarial (gains) / losses	(21)	(16)	(10)	(27)
Benefits paid	(38)	(18)	(76)	(20)
Present value of DBO at the end of the year	480	102	465	98
Actuarial assumptions				
Discount rate	9.00%	9.00%	9.00%	9.00%
Salary escalation	2.00%	2.00%	3.00%	3.00%
Attrition	3.00%	3.00%	3.00%	3.00%

NOTE 36 : 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.

NOTE 37 : FOREIGN CURRENCY TRANSACTIONS

₹ in lakhs

Sl No	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
a)	Outflow in foreign currency		
i)	Foreign Travel Expense	17	8
ii)	Raw Material	-	-
iii)	Capital Equipment & Components	53	-
b)	Inflow in foreign currency		
i)	FOB value of exports	397	-

NOTE 38

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

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad

Date : May 13, 2015

Independent Auditors' Report

To the Members of
Pennar Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **PENNAR INDUSTRIES LIMITED** ("the Company") and its subsidiaries (collectively referred to as "the group" which comprise the Consolidated Balance Sheet as at 31st March 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated 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 the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 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 consolidated 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 to the extent applicable.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered

Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31st, 2015, and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

1. We have audited the Financial statements of the subsidiary namely M/s. Pennar Enviro Limited which reflects total assets (net) of ₹2928.2 lakhs as at March 31, 2015, total revenue (net) of ₹ 2736.7 lakhs and net cash flows amounting to ₹ 1.33 lakhs for the year ended 31st March, 2015.

2. We did not audit the financial statements of Subsidiary namely M/s. Pennar Engineered Building Systems Limited, whose financial statements reflect total assets (net) of ₹ 31851.6 lakhs as at March 31, 2015, total revenues (net) of ₹ 45128.3 lakhs and net cash flows amounting to ₹ 2.3 lakhs for the year ended 31st March, 2015. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 (the Order), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated 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 the written representations received from the

directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports, wherever received, of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice—also refer Note 19.1 and Note 33, 33.1 and 33.2 to the consolidated financial statements;
 - ii) The Group, its subsidiaries did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. In respect of its subsidiary companies there were no amounts which were required to be transferred to the Investor Education and Protection Fund..

For **RAMBABU & Co.**
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place: Hyderabad
Date: 13-05-2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes two subsidiary companies incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of its fixed assets of the Holding Company, subsidiary companies:
 - a. The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified during the year where applicable, by the Management of the respective entities in accordance with a programme of verification, which in our opinion and opinion of other auditors provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of the inventories:
 - a. As explained to us and the other auditors, inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
 - b. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - c. In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Holding Company, has not granted loans secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, there is an adequate internal control system in the Holding Company, subsidiary companies commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our and the other auditors audit no major weaknesses in such internal control system has been observed.
- (v) According to the information and explanations given to us, the Holding Company, subsidiary companies have not accepted any deposit within the meaning of section 73 to 76 or any other relevant provisions of the Act named there under.
- (vi) According to the information and explanations given to us and the other auditors, in our opinion and the opinion of the other auditors, the Holding Company, prima facie, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. Neither we nor the other auditors have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary companies:
 - a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March 2015 for a

period of more than six months from the date they became payable.

c) Details of dues of Income-Tax, Sales Tax, Wealth Tax, Service

Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31 March 2015 on account of disputes are given below:

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount (₹ in lakhs)	Deposit Amount (₹ in lakhs)	Unpaid Deposit Amount (₹ in lakhs)
Customs Act, 1962	Interest on Customs Duty Paid	High Court	45	-	45
A.P. VAT Act, 2005	Entry Tax on CIX	The Supreme Court of India	219	54	165
Central Excise Act, 1944	Excise Duty	The Customs, Excise, Service Tax Tribunal (CESTAT - Bangalore)	0.3	-	0.3
		Total	264.3	54	210.3

d) The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and Rules made there under within time. As per the reports furnished by other auditors of subsidiary companies there were no amounts which were required to be transferred to the Investor Education and Protection Fund by such entities.

(viii) The Group does not have consolidated accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, having regard to the rollover of buyer's credit by banks, the Holding Company, subsidiary companies have not defaulted in the repayment of dues to financial institutions and banks. The Holding Company, subsidiary companies, has not issued any debentures.

(x) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, no guarantees given by the Holding Company, subsidiary

companies for loans taken by others outside of the Group from banks and financial institutions.

(xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, subsidiary companies during the year for the purposes for which they were obtained.

(xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary companies no material fraud on the Holding Company, its subsidiary companies has been noticed or reported during the year.

For **RAMBABU & Co.**
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner

Place: Hyderabad
Date: 13-05-2015

Consolidated Balance Sheet as at 31st March, 2015

₹ in lakhs

Particulars	Note	As at 31st March, 2015	As at 31st March, 2014
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
a) Share Capital	3	6,295	6,579
b) Reserves & Surplus	4	34,194	31,057
c) Minority Interest		4,359	3,647
		44,848	41,283
2) Non Current Liabilities			
a) Long Term Borrowings	5		
- Secured		2,238	1,996
- Unsecured		2,304	2,304
b) Deferred Tax Liability (Net)	6	2,736	1,872
c) Other Long Term Liabilities	7	357	229
d) Long Term Provisions	8	313	243
		7,948	6,644
3) Current Liabilities			
a) Short Term Borrowings	9		
- Secured		13,776	10,667
b) Trade Payables	10	19,612	17,867
c) Other Current Liabilities	11	6,509	6,208
d) Short Term Provisions	12	450	556
		40,347	35,298
Total (1+2+3)		93,143	83,225
II ASSETS			
1) Non Current Assets			
a) Fixed Assets	13		
- Tangible Assets		26,583	25,303
- Intangible Assets		1,591	1,468
- Capital Work In Progress		319	1,282
b) Non Current Investments	14	2	2
c) Long Term Loans and Advances	15	165	593
d) Other Non Current Assets	16	1,039	1,035
		29,699	29,683
2) Current Assets			
a) Current Investments	17	2,603	2,550
b) Inventories	18	20,471	18,881
c) Trade Receivables	19	33,756	24,977
d) Cash and Bank Balances	20	1,676	1,905
e) Short Term Loans & Advances	21	3,101	3,851
f) Other Current Assets	22	1,837	1,378
		63,444	53,542
Total (1+2)		93,143	83,225
Significant Accounting Policies and Notes on Financial Statements	1 to 41		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Consolidated Statement of Profit & Loss for the Year ended 31st March, 2015

₹ in lakhs

Particulars	Note	For the year ended 31st March, 2015	For the year ended 31st March, 2014
I Revenue from operations	23	1,26,340	1,12,092
II Other Operating Revenue	24	406	395
III Other Income	25	333	368
IV Total Revenue (I + II + III)		1,27,079	1,12,855
V Expenditure :			
Raw Material Consumed	26	85,347	75,660
Changes in Inventory	27	(766)	(1,391)
Manufacturing Expenses	28	15,340	15,415
Employee Benefits Expense	29	7,828	7,035
Other Expenses	30	7,244	6,789
		1,14,993	1,03,508
Profit before Interest, Depreciation & Tax		12,086	9,347
Finance Cost	31	3,641	2,647
Depreciation		1,785	1,884
		5,426	4,531
Profit before Tax		6,660	4,816
VI Tax Expenses			
Current Tax		1,475	1,354
Deferred Tax Liability/(Asset)		872	388
		2,347	1,742
Net Profit after Tax		4,313	3,074
Less : Minority Interest		723	480
Net Profit after Tax after Minority Interest		3,590	2,594
Earning Per Share (having a face value of ₹5 each)	32		
- Basic and Diluted		2.98	2.13
Significant Accounting Policies and Notes on Financial Statements	1 to 41		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Consolidated Cash Flow Statement for the Year ended 31st March, 2015

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
A CASH FLOWS FROM OPERATING ACTIVITIES :		
Net Profit Before Tax	6,606	4,816
Add: Loss from sale of assets	21	14
Add : Depreciation	1,795	1,887
Add : Finance Cost	3,636	2,648
Add: Bad Debts written off	159	(1)
Add: Dividend received	(73)	-
Add: Provision for doubtful trade and other receivables, loans and advances	-	204
Less: Interest Received	(42)	(269)
Less: Rent Received	(124)	(164)
Operating Profit before working capital changes	11,978	9,135
Adjustment for:		
Trade receivables	(10,385)	(2,794)
Inventories	(1,581)	(2,124)
Loans and Advances & other assets	104	561
Trade payables and Other Payables	4,095	5,401
	(7,767)	1,044
Cash Generated From Operation	4,211	10,179
Less : Income Tax Paid	(1,202)	(1,812)
Net cash from operating activities " A "	3,009	8,367
B CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	(2,999)	(5,079)
Proceedings from sale of fixed assets	32	6
Purchase of Current Investments	(53)	(2,550)
Investments	(40)	-
Interest Received	42	261
Dividend Received	72	
Increase in other Non current assets	(139)	
Rent Received	124	165
Net cash used in investing activities " B "	(2,961)	(7,197)
C CASH FLOWS FROM FINANCING ACTIVITIES :		
Repayment of Equity share capital	(26)	(357)
Repayment of preference share capital	(278)	1,857
Proceeds from issues of preference shares	-	-
Proceeds from Long Term Borrowings	1,400	1,531
Repayment of Long Term Borrowings	(572)	(796)
Net increase/(decrease) of working capital borrowings	2,247	125
Proceeds from other short term borrowings	-	-
Repayment of other short-term borrowings	500	(1,732)
Finance Cost	(3,639)	(2,686)
Dividends and Dividend Distribution Tax paid	-	(1,427)
Net Cash used in financing activities " C "	(368)	(3,485)
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(320)	(2,315)
Cash and Cash Equivalents at the beginning #	921	3,236
Cash and Cash Equivalents at the end	601	921

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

In terms of our report attached.

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD

Nrupender Rao
Chairman

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Place : Hyderabad
Date : May 13, 2015

Notes forming Part of Consolidated Financial Statements

NOTE 1: CORPORATE INFORMATION

Pennar Industries Limited is a multi-location, multi-product company manufacturing Cold Rolled Steel Strips, Precision Tubes, Cold Rolled Formed Sections, Electro Static Precipitators, Profiles, Railway Wagons and Coach Components, Press Steel Components and Road Safety Systems. Pennar Industries Limited has manufacturing facilities at Patancheru and Isnapur (Telangana), 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 Sadashivpet, near Hyderabad designs, manufactures and erects pre-engineered steel buildings. During the year, company has acquired the subsidiary Pennar Enviro Limited which is engaged in the business of manufacturing and distribution of Fuel Additives and Water Treatment Chemicals, Water and Waste Water Treatment Solution Providers and EPC contracts.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

2.1 Accounting Conventions :

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 Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as applicable. 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 except for change in the accounting policy for depreciation.

2.2 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.

2.3 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.

2.4 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.

2.5 Depreciation and Amortization:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

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

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.

Notes forming Part of Consolidated Financial Statements

2.6 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.

2.7 Expenditure:

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

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 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.

Notes forming Part of Consolidated Financial Statements

2.13 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.

2.14 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

2.15 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.

2.16 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.

2.17 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.

Notes forming Part of Consolidated Financial Statements

NOTE 3 : SHARE CAPITAL

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
3.1 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
3.2 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	2000
	10,000	10,000
3.3 ISSUED, SUBSCRIBED & PAID UP		
Equity Shares		
12,03,49,514 Equity Shares of ₹5/- each (Previous Year 12,04,61,410 Equity Shares of ₹5/- each) (Note 3.3.1 and 3.3.2)	6,017	6,023
3.4 Preference Shares - Series B		
1,66,49,199 Cumulative redeemable Preference Shares of ₹1.67/- each (Previous Year 1,66,49,199 Cumulative redeemable Preference Shares of ₹3.34/- each) (Note 3.4.1)	278	556
Total	6,295	6,579

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

3.3.2 Pursuant to board of directors approval for buy back of equity shares under section 77 A of the companies act, 1956, the company has bought back 1,11,896 equity Shares of ₹5/- each through open market for an aggregate amount of ₹26 lakhs (₹25,96,609/-). Out of the said amount, an amount of ₹20 lakhs (₹ 20,37,129/-) debited to share premium account and the balance amount of ₹6 lakhs (₹5,59,480/-) has been reduced from equity share capital. 61,27,965 equity shares out of the issued, subscribed and paid up capital were bought back and extinguished in the last Six years out of which 1,11,896 pertains to current Financial year.

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

Name of the share holder	As at 31st March, 2015		As at 31st March, 2014	
	No of Shares	% held	No of Shares	% held
Thapati Trading Private Limited	1,93,79,811	16.10	69,55,218	5.77
Saif Advisors Mauritius Limited A/C Saif India IV	1,21,38,080	10.09	1,21,38,080	10.08
Eight Capital Master Fund Limited	70,90,157	5.89	87,11,854	7.23

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

Particulars	As at	
	31st March, 2015	31st March, 2014
	No. of shares	No. of shares
Equity Shares at the beginning of the year	12,04,61,410	12,20,24,000
Add/(Less) : Shares bought back and extinguished	1,11,896	15,62,590
Equity Shares at the end of the year	12,03,49,514	12,04,61,410

3.4.1 During the year 1,66,49,119 Cumulative redeemable preference shares were partially redeemed @ ₹1.67 per share amounting to ₹278 Lakhs and the balance of ₹1.67 per Share will be redeemable during Financial Year 2015-16.

Notes forming Part of Consolidated Financial Statements

NOTE 4 : RESERVES AND SURPLUS

₹ in lakhs

Particulars	As at 31st March, 2015		As at 31st March, 2014	
Revaluation Reserve (Note 4.1)				
Opening Balance	2,505		2,759	
Less : Transferred to Statement of Profit and Loss on account of depreciation on revalued assets.	249		254	
Closing Balance		2,257		2,505
Capital Redemption Reserve				
Opening Balance	623		223	
Add : Transferred from General reserve (Note 4.2)	284	907	400	623
Capital Reserve on account of consolidation of Pennar Enviro Limited	23	23	23	23
Profit on forfeiture of shares				
Opening Balance	6	6	6	6
Securities Premium				
Opening Balance	7,066		6,158	
Add : Premium on shares issued during the year by PEBS	(18)		1,187	
Less: Utilized for extinguishment of equity shares (Note 4.3)	(20)	7,028	(279)	7,066
General Reserve				
Opening Balance	1,951		2,351	
Less : Transferred to Capital Redemption Reserve (Note 4.2)	(284)		(400)	
Less : Depreciation on transition to Schedule II of the Companies Act,2013 on tangible fixed assets with NIL remaining useful life (Note 4.4)	(160)		-	
Add : Transferred from statement of Profit and Loss	-		-	
Closing Balance		1,507		1,951
Statement of Profit and Loss				
Opening Balance	18,883		16,289	
Less : Depreciation on transition to Schedule II of the Companies Act,2013 on tangible fixed assets with NIL remaining useful life (Note 4.4)	(7)		-	
Add : Profit for the year	3,590		2,594	
	22,466		18,883	
Less : Appropriations				
Proposed dividend on Equity Shares	-		-	
Proposed dividend on Preference Shares	-		-	
Dividend Distribution Tax	-		-	
General Reserve	-		-	
Closing Balance		22,466		18,883
Total		34,194		31,057

- 4.1 Cumulative amount withdrawn from the Revaluation reserve on account of depreciation on revaluation of Fixed Assets is ₹ 4,039 Lakhs as on 31.03.2015 out of the total Revaluation reserve of ₹6,296 lakhs.
- 4.2 An amount of ₹284 Lakhs is transferred from General reserve to Capital Redumption reserve on account of (i) ₹278 Lakhs being partial redumption of 1/3rd nominal value of 1,66,49,119 Cumulative redeemable Preference shares of ₹5/- each. and (ii) ₹6 Lakhs being the nominal value for 1,11,896 Equity shares of ₹5/- each brought back and extinguished during the year.
- 4.3 Pursuant to board of directors approval for buy back of equity shares under section 77 A of the companies act, 1956, the company has bought back 1,11,896 shares of ₹5/- each through open market for an aggregate amount of ₹26 lakhs. Out of the said amount, an amount of ₹20 lakhs debited to share premium account and the balance amount ₹6 lakhs has been reduced from share capital.
- 4.4 The Company reassessed the useful life of Fixed Assets as per Part C of Schedule -II of the Companies Act ,2013. The Depreciation on carrying value of the asset whose useful life expired as at 01.04.2014 aggregating to ₹160 Lakhs has been adjusted against the opening balance of General reserve as on 01.04.2014 and ₹7 Lakhs has been adjusted against opening Balance of Statement of Profit and Loss.

Notes forming Part of Consolidated Financial Statements

NOTE 5 : LONG TERM BORROWINGS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
From Banks - Secured		
Axis Bank Limited (Note 5.1,5.2 and 5.3)	2,181	1,906
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans) (Note 5.4)	57	90
	2,238	1,996
Unsecured		
Sales Tax Deferment Loan (Note 5.5)	2,304	2,304
Total	4,542	4,300

- 5.1 During the Financial Year 2011-12, company has taken term loan from Axis Bank for an amount of ₹1500 lakhs at interest rate of 12.25% p.a which is repayable in 16 quarterly installments being ₹93.75 lakhs per quarter starting from Dec 2012.
- 5.2 During the Financial year 2013-14, Axis Bank Limited sanctioned Term Loan for an amount of ₹3000 Lakhs carrying interest rate of 12.25% p.a. Out of the sanctioned amount, an amount of ₹1531 Lakhs withdrawn during the Financial Year 2013-14 and ₹1400 Lakhs withdrawn during the current Financial year 2014-15. The Term loan is repayable in 16 equal quarterly installments of ₹187.50 lakhs each starting from March 2015.
- 5.3 Term Loans obtained from Axis Bank 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 the chairman of the company in his personal capacity.
- 5.4 Vehicle loans from Kotak Mahindra Prime Ltd carries an interest rate of 10.07 % p.a are secured by way of hypothecation of same vehicles. The said loans are repayable in 60 equal monthly installments and are secured by way of hypothecation of same vehicles.
- 5.5 Sales Tax deferment availed till the current account period is due for repayment as under :

Year of Repayment	₹ in lakhs
2018-19	258
2019-20	375
2020-21	393
2021-22	431
2022-23	297
2023-24	335
2024-25	215
Total	2,304

NOTE 6 : DEFERRED TAX LIABILITY

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Opening Deferred Tax Liability	1,872	1,484
Deferred Tax Liability recognised during the year		
On a/c of depreciation	864	388
Net Deferred Tax Liability	2,736	1,872

NOTE 7 : OTHER LONG TERM LIABILITIES

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Trade Payables	277	149
Trade/Security Deposits Received	80	80
Total	357	229

NOTE 8 : LONG TERM PROVISIONS

in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Compensated absences	175	145
Gratuity	138	98
Total	313	243

Notes forming Part of Consolidated Financial Statements

NOTE 9 : SHORT TERM BORROWINGS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Secured		
Cash Credit from Banks - Secured (Note 9.1 to 9.4)		
State Bank of India	9,391	7,179
Axis Bank Limited	3,286	2,701
State Bank of Patiala	1,099	787
Term Loans repayable on demand	-	-
Total	13,776	10,667

- 9.1 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 the Chairman of the company in his personal capacity.
- 9.2 Working Capital loan of Subsidiary M/s Pennar Engineered building Systems Limited of ₹ 3,000 lakhs from State Bank of India (SBI) is primarily secured by Pari passu first charge on present and future Current Assets of the Company along with Axis Bank and secured by second charge on fixed assets of the Company including Equitable Mortgage of Acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivpet Mandal, Medak District (the land on which the plant is located), on pari passu basis along with Axis Bank, and pledge of 24.60% of the total paid up equity capital (61,50,000 shares of ₹ 10 each) held by Pennar Industries Limited. Further secured by personal guarantee of Mr.Nrupender Rao, Mr. Aditya N Rao and corporate guarantee of Pennar Industries Limited.
- 9.3 Working Capital loan of Subsidiary M/s Pennar Engineered building Systems Limited of ₹1,000 lakhs from Axis Bank Limited is primarily secured by Pari passu first charge on present and future Current Assets of the Company and pari passu secured by second charge on present and future fixed assets of the Company including Equitable Mortgage of Acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivpet Mandal, Medak District (the land on which the plant is located). Further secured by personal guarantee of promoter director Mr.Aditya Rao and Corporate guarantee of Pennar Industries Limited.
- 9.4 Working Capital loan of Subsidiary M/s Pennar Enviro Limited of ₹350 lakhs from Axis Bank is secured by first charge on the entire current assets of the company both present and future and entire movable fixed assets (excluding vehicles) and factory land and buildings standing in the name of the company. The said working capital facilities are further secured by way of corporate guarantee given by Pennar Industries Limited holding company and personal guarantee of Mr. Aditya Rao, Vice Chairman and Director of the company.

NOTE 10 : TRADE PAYABLES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Creditors for Raw Materials	5,739	6,643
Creditors for expenses	13,628	10,835
Due to Micro, Small and Medium Enterprises	245	389
Total	19,612	17,867

NOTE 11 : OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Current Maturities of Long Term Debt		
a. From Banks - Secured (Note 11.1)		
Axis Bank Limited	1,125	563
b. From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans)	23	29
c. Sales Tax Deferment Loan	23	18
Interest accrued but not due on borrowings	15	18
Interest accrued and due on borrowings	-	-
Creditors for capital goods	47	1,063
Unclaimed Dividend	64	68
Preference share Capital payable	302	276
Advances from customers	2,563	2,658
VAT Payable	504	202
Other Liabilities	1,843	1,313
Total	6,509	6,208

- 11.1 Out of the Axis bank Limited Current maturities of ₹1125 Lakhs an amount of ₹375 Lakhs pertains to the Term loan of ₹1500 lakhs taken during the Financial Year 2011-12 and ₹750 Lakhs pertains to the Term loan of ₹3000 Lakhs taken in the Financial Year 2013-14

Notes forming Part of Consolidated Financial Statements

NOTE 12 : SHORT TERM PROVISIONS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Provision for Gratuity	42	34
Provision for Leave Encashment	48	22
Provision for Tax (net of advance tax)	360	500
Total	450	556

NOTE 13 : FIXED ASSETS SCHEDULE

₹ in lakhs

S. NO	Asset Group	Gross Block (At Cost)				Accumulated Depreciation & Amortisation					Net Book Value		
		Op Block As on 1.4.2014	Additions FY 2014-15	Disposals FY 2014-15	Other Adjustment	As on 31.03.2015	Op Block As on 1.4.2014	For the year 2014-15	Disposals FY 2014-15	Other Adjustment	As on 31.03.2015	As on 31.03.2015	As on 31.03.2014
	Tangible Assets												
1	LAND	1,440	5	-	-	1,445	-	-	-	-	-	1,445	1,440
	(Previous Year)	1,331	109	-	-	1,440	-	-	-	-	-	1,440	1,331
2	ROADS	495	4	-	-	499	56	95	-	-	151	348	456
	(Previous Year)	495	-	-	-	495	31	8	-	-	39	456	464
3	BUILDINGS	11,499	316	-	-	11,815	2,704	333	-	-	3,037	8,778	8,810
	(Previous Year)	10,016	1,457	-	-	11,473	2,346	317	-	-	2,663	8,810	7,670
4	PLANT & MACHINERY	27,262	2,826	15	-	30,073	15,119	1,042	(5)	-	16,156	13,917	12,123
	(Previous Year)	25,020	2,207	7	-	27,220	13,684	1,419	(4)	(2)	15,097	12,123	11,336
5	ELECTRICALS	2,837	97	-	-	2,934	1,439	94	-	-	1,533	1,401	1,411
	(Previous Year)	2,769	80	-	-	2,849	1,268	170	-	-	1,438	1,411	1,501
6	COMPUTERS	748	44	1	-	791	534	109	(1)	12	654	137	245
	(Previous Year)	673	78	2	-	749	430	76	(2)	-	504	245	243
7	OFFICE EQUIPMENTS	569	21	25	-	565	323	94	(6)	5	416	149	309
	(Previous Year)	463	96	-	-	559	223	27	-	-	250	309	240
8	FURNITURE	375	22	8	-	389	139	36	(4)	-	171	218	237
	(Previous Year)	329	46	-	-	375	124	18	-	(4)	138	237	205
9	VEHICLES	320	0	34	-	286	88	34	(13)	-	109	177	236
	(Previous Year)	205	155	42	-	318	68	26	(12)	-	82	236	137
10	LEASE HOLD IMPROVEMENTS	84	-	22	-	62	56	12	(20)	-	48	14	36
	(Previous Year)	84	-	-	-	84	39	13	-	(4)	48	36	45
	SUB TOTAL-1	45,629	3,334	105	-	48,858	20,458	1,849	(49)	17	22,275	26,583	25,303
		41,385	4,228	51	-	45,562	18,213	2,074	(18)	(10)	20,259	25,303	23,172
	Intangible Assets												
11	LICENCE FEE	1,673	231	-	-	1,904	204	108	-	-	312	1,591	1,468
	SUB TOTAL-2	1,673	231	-	-	1,904	204	108	-	-	312	1,591	1,468
	(Previous Year)	436	1,237	-	-	1,673	137	68	-	-	205	1,468	299
	TOTAL (1 + 2)	47,302	3,565	105	-	50,762	20,662	1,957	(49)	17	22,587	28,174	26,771
	(Previous Year)	41,821	5,465	51	-	47,235	18,350	2,142	(18)	(10)	20,464	26,771	23,471

13.1 Depreciation for the year includes an amount of ₹249 Lacs on revalued value of the Fixed assets and has been debited to Revaluation Reserve Account

13.2 Depreciation for the year includes Depreciation on carrying value of the asset whose useful life expired as at 01.04.2014 aggregating to ₹ 200 Lakhs has been adjusted against the opening balance of General reserve and Profit and Loss Account as on 01.04.2014

Notes forming Part of Consolidated Financial Statements

NOTE 14 : NON CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Unquoted		
200 Equity shares of ₹1000/- each in Mana Effluent Treatment Plant Limited	2	2
Total	2	2

NOTE 15 : LONG TERM LOANS AND ADVANCES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Unsecured and Considered Good		
Capital Advances	-	17
Advance Tax (Net of Provision)	165	576
Total	165	593

NOTE 16 : OTHER NON CURRENT ASSETS

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Deposit against sales tax liability	54	54
VAT receivable	90	63
Electricity Deposit	140	208
Rental and Other Deposit	299	316
Water Deposit	22	21
Deferred Revenue Expenses		
- Expenses for increasing Authorised Share Capital(Note 16.1)	1	1
- Water Treatment Chemicals (Technology) (Note 16.2)	-	1
- Water Treatment Chemical (Market Development) (Note 16.3)	6	9
- Water Projects Division (Note 16.4)	427	362
Total	1,039	1,035

16.1 The Subsidiary M/s Pennar Enviro Limited has incurred an amount ₹2.60 Lakhs towards increasing the Authorised Share Capital during the Financial Year 2011- 12 was deferred and amortized over a period of five years. Accordingly, this being the fourth year the company has amortized an amount of ₹0.52 Lakh and charged to the statement of Profit and Loss under the head depreciation and amortization expenses.

16.2 The Subsidiary M/s Pennar Enviro Limited has incurred an amount of ₹ 6.00 lakhs during the Financial Year 2009 - 10 towards technology for manufacture of Water Treatment Chemicals was deferred and amortized over a period of five years starting from Financial Year 2010-11. Accordingly, this being the fifth year, the company has amortized an amount of ₹ 1.20 Lakh and charged to statement of Profit and Loss under the head depreciation and amortization expenses.

16.3 The Subsidiary M/s Pennar Enviro Limited has incurred an amount of ₹ 14.95 lakhs towards market development expenditure for Water Treatment Chemicals was deferred and amortized over a period of five years. Accordingly, this being the third year the company has amortized an amount of ₹ 2.99 Lakhs and charged to statement of Profit and Loss under the head depreciation and amortization expenses.

16.4 The Subsidiary M/s Pennar Enviro Limited has incurred an amount of ₹138.11 lakhs towards business development, designing various models of ETPs, Bio Toilets and softner plants were accumulated and treated as deferred revenue expenditure and will be amortized over a period of five years from Financial Year 2015-16. During the year the company has amortized an amount of ₹ 72.28 Lakhs out of ₹361.41 Lakhs deferred during earlier years and the same was charged to statement of Profit and Loss under the head depreciation and amortization expenses.

Notes forming Part of Consolidated Financial Statements

NOTE 17 : CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Investment in equity instruments of subsidiaries (unquoted, fully paid up)		
9,999 equity shares of ₹10/- each in Pennar Building Systems Private Limited	-	1
Less: Provision for diminution in value of current portion of long-term investments	-	1
Total	-	-
Investment in mutual funds (Note 17.1)	2,603	2,550
Total	2,603	2,550
Aggregate value of quoted Investment	2,603	2,550
Aggregate market value of quoted Investment	2,603	2,552
Aggregate value of un-quoted investment	-	-

17.1 Note: Investment in mutual funds

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Nil (31 March, 2014 - 102,089.156) units of Birla sun life cash plus - Daily dividend-Regular Plan-Reinvestment face value of ₹100.3288 each	-	102.00
Nil (31 March, 2014 - 2,006,898.915) units of HDFC liquid fund dividend daily investment Reinvest face value of ₹10.1982	-	205.00
Nil (31 March, 2014 - 317,029.972) units of ICICI pru liquid - Regular Plan -Daily dividend face value of ₹100.0662	-	317.00
Nil (31 March, 2014 - 1,994,733.701) units of JM Floater Short Term Fund-Daily dividend Option (73) face value of ₹10.0883	-	201.00
Nil (31 March, 2014 - 2,000,000) units of IDBI FMP-Dividend Pay-out face value of ₹10.0993	-	200.00
Nil (31 March, 2014 - 24,719.84) units of L NT Liquid Fund Daily dividend Reinvestment plan - face value of ₹1,011.6349	-	250.00
Nil (31 March, 2014 - 56,771.866) units of SBI Debt fund Series - 90 DAYS Plan dividend face value of ₹1,003.2500	-	570.00
Nil (31 March, 2014 29,740.328) units of Reliance liquid -treasury plan face value of ₹1,528.7400	-	455.00
Nil (31 March, 2014 - 24,996.995) units of Axis Liquid - Daily Dividend face value of ₹1,000.1178	-	250.00
SBI Premier Liquid Fund	1,001	-
(31 March, 2015 - 99,806.084) units of Premier Liquid - Daily Dividend face value of ₹1,003.2500		
Reliance Liquid Fund- Treasury plan	250	-
(31 March, 2015 - 16,362.051) units of Reliance Liquid - Daily Dividend face value of ₹1,528.7400		
Axis Bank Liquid Fund Daily Divided	951	-
(31 March, 2015 - 95,066.733) units of Axis Liquid - Daily Dividend face value of ₹1,000.3396		
IDFC Cash Fund	200	-
(31 March, 2015 - 20,032.723) units of IDFC Liquid - Daily Dividend face value of ₹1,000.5382		
SBI Ultra Short Term Debt Fund	201	-
(31 March, 2015 - 19,956.267) units of SBI Ultra Liquid - Daily Dividend face value of ₹1,004.9129		
Total	2,603	2,550

Notes forming Part of Consolidated Financial Statements

NOTE 18 : INVENTORIES (AS VALUED AND CERTIFIED BY MANAGEMENT)

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Raw Material	5,248	4,272
Raw Material - in transit	273	328
Work in Progress	7,591	6,994
Finished Goods	3,284	3,000
Stores & Spares	3,869	3,802
Stores & Spares - in transit	25	188
Scrap	181	297
Total	20,471	18,881

NOTE 19 : TRADE RECEIVABLES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
Outstanding for more than 6 months		
Secured	-	5
Unsecured (Note 19.1)	5,333	2,077
Doubtful	355	204
	5,688	2,286
Less : Provision for doubtful trade receivables	(355)	(204)
	5,333	2,082
Other Trade Receivables		
Secured	375	2,602
Unsecured	28,048	20,293
	28,423	22,895
Total	33,756	24,977

19.1 Trade receivables outstanding for a period exceeding 6 months includes an amount of ₹573 lakhs which is doubtful for recovery. Company has filed legal cases against customers for recovery of such dues. However, management is confident of recovering the same.

NOTE 20 : CASH AND BANK BALANCES

₹ in lakhs

Particulars	As at	
	31st March, 2015	31st March, 2014
i) Cash and Cash Equivalents		
a. Cash on hand	11	10
b. Cheques on hand	-	-
c. Balances with banks		
- in Current accounts	227	305
- in Deposit accounts	-	-
- in Collection accounts	363	606
ii) Other Bank Balances		
a. in Unclaimed dividend accounts	89	68
b. in Margin money accounts	786	677
c. Fixed Deposit under lien (20.1)	200	239
Total	1,676	1,905
Cash and Cash Equivalents for Cash Flow Statement	601	921

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

Notes forming Part of Consolidated Financial Statements

NOTE 21 : SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good, recoverable in cash or in kind for value to be received)

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Security Deposits	25	46
Loans & Advances to Staff	52	49
Advances for Raw Material	520	85
Advances for Capital Goods	522	1,051
Advances to others (Note 21.1)	1,105	1,436
Balances with Government authorities	851	1,077
Inter-corporate deposits	-	100
Other Deposits	26	7
Total	3,101	3,851

21.1 The Subsidiary Company M/s Pennar Engineered Building systems Limited has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI), pursuant to the resolution taken in the Extraordinary General Meeting held on 16 March, 2015, resolving to issue equity shares consisting of "Fresh issue" and an "Offer for Sales" through an "Initial Public Offer" (IPO). As at 31 March, 2015, incurred expenditure aggregating ₹201.70 Lakhs which is included in advances to others pending closure of the Initial Public Offer and treatment of such expenses in accordance with the accounting policy on share issue expenses.

NOTE 22 : OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at	As at
	31st March, 2015	31st March, 2014
Prepaid Expenses	371	240
Sales tax incentive receivable	1,134	978
Interest Receivable	124	84
Unbilled Revenue	158	17
Interest Accrued on Deposits	17	20
Others		
i) Amortised Premium on Forward Contract	-	-
ii) Receivables from related parties	33	39
iii) Forward Contract Receivable	-	-
Total	1,837	1,378

NOTE 23 : REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended	For the year ended
	31st March, 2015	31st March, 2014
Revenue From Operations		
Sale of Products	1,38,248	1,25,455
Contract Sales	2,084	1,080
Sale of Services	3,910	2,534
	1,44,242	1,29,069
Less : Excise Duty	13,384	12,832
Sales Tax	4,518	4,145
	17,902	16,977
Total	1,26,340	1,12,092

NOTE 24 : OTHER OPERATING REVENUE

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Incentives on Sales tax & Power	406	395
Total	406	395

24.1 During the year, the Subsidiary M/s Pennar Engineered Building Systems Limited has filed applications with District Industries Centre under Andhra Pradesh Industrial Investment Promotion Policy 2010-15 for claiming sales tax and power incentive for an amount of ₹406 lakhs.

NOTE 25 : OTHER INCOME

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest Income	133	202
Dividend Income on mutual funds	73	40
Net profit on sales on Mutual Funds	-	83
Rent received	11	1
Gain on Foreign exchange fluctuations	1	2
Liabilities/Provision no longer required written back	-	1
Miscellaneous Income	115	39
Total	333	368

NOTE 26 : RAW MATERIAL CONSUMED

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks	4,098	3,729
Add : Purchases	86,378	76,109
	90,476	79,838
Less: Expenses incurred towards capital projects	24	80
Less : Closing Stocks	5,105	4,098
Consumption	85,347	75,660

NOTE 27 : CHANGES IN INVENTORY (OTHER THAN RAW MATERIAL)

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks		
Work in Progress	6,994	6,087
Finished Goods	3,000	2,559
Scrap	297	253
	10,291	8,899
Closing Stocks		
Work in Progress	7,591	6,994
Finished Goods	3,284	2,999
Scrap	182	297
	11,057	10,290
Net (Increase)/Decrease	(766)	(1,391)

Notes forming Part of Consolidated Financial Statements

NOTE 28 : MANUFACTURING EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Job Work Charges	4,054	4,212
Stores & Spares	6,419	7,128
Erection Expenses	2,361	2,004
Power	1,523	1,614
Repairs & Maintenance - Buildings	35	6
Repairs & Maintenance - Plant & Machinery	145	54
Repairs & Maintenance - Others	130	70
Miscellaneous manufacturing expenses	673	327
Total	15,340	15,415

28.1 Stores and Spares Consumption

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Opening Stocks	3,990	2,377
Add : Purchases	6,323	8,741
	10,313	11,118
Less : Closing Stocks	3,894	3,990
Consumption	6,419	7,128

NOTE 29 : EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Salaries & Wages	6,921	6,134
Contribution to Gratuity, PF & Super Annuation	507	500
Staff Welfare Expenses	400	401
Total	7,828	7,035

29.1 Out of the contribution to Gratuity, PF & Superannuation, Gratuity is a funded Scheme.

Notes forming Part of Consolidated Financial Statements

NOTE 30 : OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Insurance	48	44
Travelling & Conveyance	1,038	965
Rent	400	358
Rates & Taxes	58	96
Advertisement & Sales Promotion	35	58
Sales Commission	706	407
Communication Expenses	124	126
Freight Outward	3,567	3,117
Technical, Legal & Professional	392	433
Managerial Remuneration	92	288
Directors' Fees & Expenses	2	3
Printing & Stationery	81	92
Provision for Doubtful Trade and Other Receivables	159	204
Repairs and Maintenance	21	72
Office Maintenance	216	245
Loss on sale of Fixed Assets	21	14
Auditors' Remuneration (Note 30.1)	38	36
Corporate Social Responsibility expenses (Note 30.2)	28	-
Miscellaneous Expenses	224	254
Less : Capitalised towards capital projects	(6)	(23)
Total	7,244	6,789

30.1 Auditors Remuneration (Excluding Service Tax)

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Audit Fees	34	32
Tax Audit Fees	2	3
Certification & Others	2	1
Total	38	36

30.2 As per Section 135 (1) of Companies Act, 2013 the Company has to spend ₹147 Lakhs towards Corporate Social Responsibility during the Financial Year 2014-15. Out of the Said ₹147 Lakhs an amount of ₹28 Lakhs was only spent during the Financial Year 2014-15

NOTE 31 : FINANCE COST

₹ in lakhs

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Interest on Term Loans	555	198
Interest on Working Capital	1,244	1,343
Interest on delayed payment of Taxes	32	14
Interest others	5	-
Bank Charges	1,797	1,085
Interest on Vehicle Loan	8	7
Total	3,641	2,647

NOTE 32 : EARNING PER SHARE (EPS)

Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
Net profit after adjusting minority interest (₹ in Lakhs)	3,590	2,594
Weighted Average No. of shares	12,03,51,113	12,13,30,905
Annualized Basic Earning per share (₹)	2.98	2.13

Notes forming Part of Consolidated Financial Statements

NOTE 33 : CONTINGENT LIABILITIES

₹ in lakhs

Sl No	Particulars	As at 31st March, 2015	As at 31st March, 2014
i)	Bank Guarantees given by banks	1,474	1,038
ii)	Claims by Customs & Sales Tax	210	210
iii)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net)	55	983
iv)	LC/Bills Discounted	381	347

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

₹ in lakhs

Sl No	Nature of Statute	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

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

NOTE 34 : DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

₹ in lakhs

Particulars	As at 31st March, 2015	As at 31st March, 2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	142	390
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	42	9
(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	32	9
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	42	9
(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	-	-

NOTE 35 : MANAGERIAL REMUNERATION

₹ in lakhs

Sl No	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
1	Directors Salaries & Allowances	177	184
2	Providend Fund & Superannuation	19	34
3	Other Perquisites	20	15
4	Commission	92	55
	Total	308	288

NOTE 36 : RELATED PARTY DISCLOSURES

Sl No	Relationship	Name
1	Significant Influence	Saven Technologies Limited
2	Key Management Personnel	Mr. Nrupender Rao
		Mr. Aditya N Rao
		Mr. Lavanya Kumar Kondapalli
3	Relatives of Key Management Personnel	Mrs J Rajya Lakshmi

Notes forming Part of Consolidated Financial Statements

36.1 Aggregate Related Party Transactions:

₹ in lakhs

Sl No	Particulars	Significant Influence		Key Managerial Personnel		Relatives of Key Managerial Personnel	
		For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2015	For the year ended 31st March, 2014
		1	Purchases Made during the year	-	-	-	-
2	Sales Made during the year	-	-	-	-	-	-
3	Other Services Rendered	-	-	-	-	-	-
4	Other Services Received	28	17	-	-	-	-
5	Remuneration	-	-	308	288	-	-
6	Rent	-	-	-	-	3	3

NOTE 37 : EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN

₹ in lakhs

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Components of employer expense				
Current service cost	78	94	79	69
Interest cost	50	13	41	13
Actuarial losses/(gains)	(25)	(19)	(21)	(66)
Total expense recognised in the Statement of Profit and Loss	103	88	99	16
Actual contribution and benefit payments for year				
Actual benefit payments	(38)	(18)	(76)	(20)
Actual contributions	105	18	80	20
Net liability recognised in the Balance Sheet				
Present value of defined benefit obligation	578	162	556	181
Expenses as above	103	88	99	17
Settlements made	(41)	(39)	(77)	(35)
	640	211	578	163
Classification of Net liability recognised in the Balance Sheet				
Long term provision	599	168	543	145
Short term provision	42	43	35	18
	641	211	578	163

37.1 Employee Benefits under defined Benefits Plan

₹ in lakhs

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	578	163	556	181
Current service cost	78	93	75	69
Interest cost	50	13	45	13
Actuarial (gains) / losses	(25)	(19)	(20)	(66)
Benefits paid	(41)	(39)	(77)	(35)
Present value of DBO at the end of the year	641	211	578	163
Actuarial assumptions				
Discount rate	8.4%	8.4%	9.0%	9.0%
Salary escalation	5.0%	5.0%	5.5%	5.5%
Attrition	8.5%	8.5%	8.5%	8.5%

Notes forming Part of Consolidated Financial Statements

NOTE 38 : 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.

NOTE 39 : FOREIGN CURRENCY TRANSACTIONS

₹ in lakhs

Sl No	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
a)	Outflow in foreign currency		
i)	Foreign Travel Expense	44	11
ii)	Raw Material	114	-
iii)	Capital Equipment & Components	53	173
iv)	Royalty	10	12
b)	Inflow in foreign currency		
i)	FOB value of exports	809	8

NOTE 40 : DETAILS OF LEASING ARRANGEMENTS

₹ in lakhs

Note	Particulars	For the year ended 31st March, 2015	For the year ended 31st March, 2014
	Details of leasing arrangements		
	As Lessee		
	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	211	263
	later than one year and not later than five years	648	672
	later than five years	361	540
		1,220	1,475

40.1 Lease payment recognized in statement of profit and loss for the year ₹301 Lakhs (Previous year ₹315 Lakhs)

40.2 Aggregate lease payment received under operating lease amount to ₹111 lakhs (Previous Year ₹ 164 Lakhs) has been net off with rentals.

NOTE 41

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

In terms of our report attached.

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

Ravi Rambabu
Partner
Membership.No:018541

Place : Hyderabad
Date : May 13, 2015

For and on behalf of the Board of Directors

Aditya N Rao
Vice Chairman and MD

Mirza Mohammed Ali Baig
Company Secretary

Nrupender Rao
Chairman

JS Krishna Prasad
Chief Financial Officer



Pennar Industries Limited

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

Tel No. 40 4006 1621, e-Mail ID : corporatecommunications@pennarindia.com

Website: WWW.Pennarindia.com, Corporate Identification No. L27109AP1975PLC001919

ATTENDANCE SLIP

Please fill this attendance slip and hand it over at the entrance of the meeting. Only members or their proxies are entitled to be present at the meeting.

Regd. Folio No: _____	No. of Shares held : _____
*DP. Id.: _____	*Client Id : _____

I certify that I am a registered shareholder / Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 39th Annual General Meeting held on Wednesday, the 30th September, 2015 at 10.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032.

Name of the Member/Proxy (in BLOCK Letters):	
Signature of the Shareholder/Proxy:	

Note :

- i. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall
- ii. Electronic copy of the Annual Report along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
- iii. Physical copy of Annual Report along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

* Applicable for investors holding shares in electronic form.



Pennar Industries Limited

Registered Office: Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084
Tel No. 40 4006 1621, e-Mail ID : corporatecommunications@pennarindia.com
Website: WWW.Pennarindia.com, Corporate Identification No. L27109AP1975PLC001919

PROXY FORM

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

Name of the Members(s):		
Registered address:		
e-Mail ID:	Folio No. /Client ID:	DP ID:

I/We, being the member (s) of _____, Shares of the above named Company, hereby appoint:

1	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
Or failing him/her		
2	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
Or failing him/her		
3	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 39th Annual General Meeting of the Company to be held on Wednesday, the 30th September, 2015 at 10.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032 or at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
1.	To receive, consider and adopt: <ul style="list-style-type: none"> ■ the audited financial statements of the company for the financial year ended 31st March, 2015 together with the reports of the Board of directors and the auditors thereon. ■ the audited consolidated financial statements of the company for the financial year ended 31st March, 2015 together with the report of the auditors thereon. 		

Resolution No.	Resolutions	Optional*	
		For	Against
Ordinary Business:			
2	Reappointment of Mr. Nrupender Rao who retires by rotation and being eligible offers himself for re-appointment.		
3.	Reappointment of Mr. Ravi Chachra who retires by rotation and being eligible offers himself for re-appointment.		
4.	Ratification of the Appointment of Statutory Auditors and fixation of remuneration.		
Special Business:			
5.	To designate Mr. J Ramu Rao as an Independent Director.		
6.	Regularisation of the appointment of Ms. Sita Vanka as Director not liable to retire by rotation.		
7.	Appointment of Ms. Sita Vanka as Independent Director		
8.	Re-appointment of Mr. Nrupender Rao as Chairman, liable to retire by rotation.		
9.	Re-appointment of Mr. Aditya Rao as Vice-Chairman & Managing Director, liable to retire by rotation.		
10.	Re-appointment of Mr. K Lavanya Kumar as Whole-Time Director.		
11.	To approve the remuneration of the Cost Auditors for the financial year ending 31st March, 2016		
12.	To approve the material related party transactions		
13.	To Create Charges		
14.	To borrow in excess of paid-up capital and free reserves		

Signed this _____ day of _____ 2015.

Affixing Revenue Stamp

Signature of the Member

Signature of the Proxy Holder(s)

Note:

- i. The proxy form should be signed across the stamp as per the specimen signature registered with the Company.
- ii. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- iii. The proxy need not be a member of the Company.
- *iv. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
- v. Please complete all details including detail of member(s) in above box before submission.

Corporate Information

BOARD OF DIRECTORS

Mr. Nrupender Rao - *Chairman*

Mr. Aditya Rao - *VC & MD*

Mr. Ravi Chachra

Mr. B Kamalaker Rao

Mr. Manish Sabharwal

Mr. J Ramu Rao

Mr. Vishal Sood

Mr. Varun Chawla

Ms. Sita Vanka

Mr. K Lavanya Kumar

Key Managerial Personnel

Chief Financial Officer

Mr. J S Krishna Prasad

Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

Registered Office Address

Floor No. 3, DHFLVC Silicon Towers,

Kondapur, Hyderabad - 500 084

CIN: L27109AP1975PLC001919

Statutory Auditors

M/s. Rambabu & Co.,

Chartered Accountants

31, Pancom Chambers, 6-3-1090/1/A,

Rajbhavan Road, Somajiguda, Hyderabad - 500 003

Registrar and Transfer Agents

M/s. Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli, Financial

District, Nanakramguda,

Seriligampalli, Hyderabad - 500 008

Internal Auditors

M/s. R Krishna & Associates

Chartered Accountants

Flat No.501, Indra Dhanush Pavani Estates,

Road No.2, Banjara Hills, Hyderabad-500 034

Bankers

State Bank of India

State Bank of Patiala

M/s. Axis Bank Limited

Cost Auditors

M/s. DZR & Co.,

Cost and Management Accountants

104, Praveen Residency, H.No. 2-2-14/2/104,

Durgabai Deshmukh Colony,

Hyderabad - 500 007

Secretarial Auditor

Ms. Srivani Tyarla

Company Secretary in Practice

H. No. 3118, Road No. 2, New MIG,

Phase - II, Vidyut Nagar, BHEL,

Hyderabad - 502 032

Plants

Patancheru Unit:

IDA Patancheru - 502 319

Medak (Dist), T.G.

Isnapur Unit:

Isnapur Village - 502 307

Medak (Dist), T.G.

Chennai Unit:

Kannigaipair Village,

Uthukottai Tq Thiruvellore Dist,

Tamil Nadu - 601 102

Tarapur Unit:

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

Hosur Unit:

43, SIDCO Industrial Estate, II Phase,

Hosur, Tamil Nadu

Pennar Engineered Building Systems Limited

Chandapur Village, Sadasivpet Mandal,

Medak (Dist)

Pennar Enviro Limited

186/A & 188/A, IDA Mallapur,

RR (Dist) - 500 076



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