

**Pennar Enviro Limited**  
**Hyderabad**  
**Balance sheet as at 31st March 2016**

S.No	Particulars	Note	As at 31.03.2016	As at 31.03.2015
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
a	Share Capital	1	83,682,590	83,682,590
b	Reserves & Surplus	2	16,843,602	2,309,365
			100,526,192	85,991,955
2	NON CURRENT LIABILITIES			
a	Long Term Borrowings			
	- UnSecured	3	135,000,000	-
b	Deferred Tax Liability (Net)	4	13,423,759	2,256,820
			148,423,759	2,256,820
3	CURRENT LIABILITIES			
a	Short Term Borrowings	5	50,989,473	34,298,845
b	Trade Payables	6	423,061,485	75,476,789
c	Other Current Liabilities	7	66,919,180	94,798,237
d	Short Term Provisions	8	7,509,518	-
			548,479,656	204,573,870
	<b>Total (1+2+3)</b>		<b>797,429,606</b>	<b>292,822,645</b>
II	ASSETS			
1	NON CURRENT ASSETS			
a	Fixed Assets	9		
	- Tangible Assets		15,371,356	16,443,927
	- Capital Work- in- Progress		24,645,761	24,645,761
b	Non Current Investments	10	200,000	200,000
c	Other Non Current Assets	11	34,170,102	44,649,838
d	Long Term Loans & Advances	12	-	967,015
			74,387,219	86,906,541
2	CURRENT ASSETS			
a	Inventories	13	30,066,697	37,869,570
b	Trade Receivables	14	631,698,295	131,357,826
c	Cash and Bank Balances	15	8,000,200	8,478,430
d	Short Term Loans & Advances	16	52,151,840	27,040,282
e	Other Current Assets	17	1,125,355	1,169,998
			723,042,387	205,916,105
	<b>Total (1+2)</b>		<b>797,429,606</b>	<b>292,822,645</b>
	Significant Accounting Policies			
	Notes on Financial Statements	1 to 33		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu  
Partner  
Membership.No:018541



Shreepad N Purkar  
President & CEO

Aditya N Rao  
Vice Chariman  
DIN 01307343

Nrupender Rao  
Chairman  
DIN 00089922

Place : Hyderabad  
Date : May 13, 2016

Mirza Mohammed Ali Baig  
Company Secretary  
Membership No ACS29058



**Pennar Enviro Limited**  
Hyderabad

**Statement of Profit & Loss for the year ended 31st March 2016**

S.No	Particulars	Note	For the Year ended 31.03.2016	For the Year ended 31.03.2015
I	Gross Revenue	18	1,004,999,103	294,284,086
	Less: Excise Duty/Service Tax		13,403,085	8,659,888
	Sales Tax		22,199,354	13,045,553
	Revenue from operations (Net Sales)		969,396,663	272,578,644
II	Other Income	19	1,628,093	1,089,273
III	<b>Total Revenue (I + II)</b>		<b>971,024,756</b>	<b>273,667,917</b>
IV	<b>Expenditure :</b>			
	Raw Material Consumed	20	775,012,188	152,503,269
	Change in Inventories	21	7,532,343	(32,551,976)
	Manufacturing Expenses	22	22,248,752	21,806,698
	Employee Benefits Expense	23	79,685,234	78,185,690
	Other Expenses	24	30,823,504	35,060,680
			<b>915,302,021</b>	<b>255,004,362</b>
	<b>Profit before Interest, Depreciation &amp; Tax</b>		<b>55,722,735</b>	<b>18,663,555</b>
	Amortization of Deferred Expenses	25	10,341,361	7,699,224
	Finance Cost	26	8,366,847	6,806,034
	Depreciation	9	2,393,764	2,774,905
			21,101,972	17,280,163
	<b>Profit before Tax</b>		<b>34,620,763</b>	<b>1,383,393</b>
	<b>Tax Expenses</b>			
	Current Tax		8,800,000	280,000
	Deferred Tax Liability		11,166,939	-
	Prior Year tax		119,588	-
	<b>Net Profit after Tax</b>		<b>14,534,237</b>	<b>1,103,393</b>
	Earning Per Share (having a face value of Rs 10 each)			
	- Basic and Diluted	27	1.74	0.13
	Significant Accounting Policies			
	Notes on Financial Statements	1 to 33		

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu  
Partner  
Membership.No:018541



Shreepad N Purkar  
President & CEO

Aditya N Rao  
Vice Chariman  
DIN 01307343

Nrupender Rao  
Chairman  
DIN 00089922

Place : Hyderabad  
Date : May 13, 2016

Mirza Mohammed Ali Baig  
Company Secretary  
Membership No ACS29058



Pennar Enviro Limited			
Cash Flow Statement for the year ended 31.03.2016			
Sl No	Particulars	For the year ended	
		31.03.2016	31.03.2015
<b>A</b>	<b>Cash Flow from operating activities</b>		
	Profit Before Tax	34,620,763	1,383,393
	Depreciation & Amortisation	12,735,125	10,474,129
	Finance Costs	8,366,847	6,806,034
	Loss on sale of Assets	-	364,219
	Bad Debts written off	459,746	-
	<b>Operating Profit Before working capital changes</b>	<b>56,182,481</b>	<b>19,027,774</b>
	Adjustments for (increase)/decrease in operating assets		
	Trade Receivables	(500,340,469)	(64,555,737)
	Inventories	7,802,873	(29708445)
	short Term Borrowings - Banks	16,690,628	16,986,248
	Short Term Loans & Advances	(25,111,558)	(23,393,537)
	Other Current Assets	44,643	(238,167)
	Adjustments for (increase)/decrease in operating liabilities		
	Other Current Liabilities	(28,220,964)	80,727,385
	Trade Payables	347,584,696	27,632,125
	<b>Cash Generated from operating activities</b>	<b>(125,367,670)</b>	<b>26,477,646</b>
	Less: Taxes paid	(560,895)	(681,746)
	<b>Net Cash from operating activities (A)</b>	<b>(125,928,565)</b>	<b>25,795,900</b>
<b>B</b>	<b>Net Cash from Investing Activities</b>		
	Movement for payment towards Capital Goods	(1,321,193)	(1,343,119)
	Margin Money Deposits made	1,242,125	(4,020,386)
	Proceeds from Sale of Assets	-	767,986
	Increase In non Current Assets	138,375	(13,810,687)
	<b>Net cash from Investing Activities (B)</b>	<b>59,307</b>	<b>(18,406,206)</b>
<b>C</b>	<b>Cash Flow from financing Activities</b>		
	Repayment of long term borrowings	-	(450,599)
	Proceeds from Long Term borrowings	135,000,000	-
	Finance Cost	(8,366,847)	(6,806,034)
	<b>Net Cashfrom (used) in financing activities (C)</b>	<b>126,633,153</b>	<b>(7,256,633)</b>
	Net increase/(decrease) in Cash and Cash equivalents(A+B+C)	763,895	133,061
	Cash and Cash equivalents at the beginning of the year	522,643	389,582
	Cash and Cash equivalents at the end of the year	1,286,538	522,643

In terms of our report attached.

For and on behalf of the Board of Directors

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

Ravi Rambabu  
Partner  
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Shreepad N Purkar  
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Place : Hyderabad  
Date : May 13, 2016

Mirza Mohammed Ali Baig  
Company Secretary  
Membership No ACS29058



## Notes forming part of the Financial Statements

### I Corporate Information

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

### II Significant Accounting Policies and Practices

#### 1. Accounting Conventions

The financial statements have been prepared under the historical conventions in accordance with the generally accepted principles in India including the Accounting Standards notified by the Government of India and issued by the Institute of Chartered Accountants of India, as applicable, and the provisions of the Companies Act, 2013 as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

#### 2) Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits, valuation of inventories, provision for taxation, useful lives of fixed assets etc; management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

#### 3. Inventories

Inventories have been valued as under:

Raw Materials, Stores and spares are valued at cost.

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

#### 4. Depreciation and Amortization

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

Intangible assets are amortized over the estimated useful life.



## 5. Revenue Recognition

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

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

Interest income is recognized on time proportionate basis.

## 6. Expenditure

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

## 7. Tangible Fixed Assets

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

## 8. Intangible Assets

Intangible Assets if any are stated at cost less amortization.

## 9. Foreign Currency Transaction

### Initial Recognition

Transactions in foreign currencies entered into are accounted at the exchange rate prevailing on the date of the transaction or at rates that closely approximate at the date of the transaction. Foreign currency monetary items (other than derivative contracts of the company) at the Balance Sheet date are restated at the year end rates.

### Treatment of Exchange Rate difference

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

## 10. Deferred Revenue Expenses

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

## 11. Employee Benefits

### a) Short Term Employee Benefits



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

**b) Defined Benefit Plan**

The company makes annual contributions to a Gratuity Fund administered by trustees and managed by LIC. The company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year by LIC.

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

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

**12. Taxes on Income**

Income Tax Liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company.

Deferred Tax is recognized on timing differences; being the differences between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**13. Impairment of Assets**

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

**14. Provisions & Contingencies**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 SHARE CAPITAL

Particulars	As at	
	31.03.2016	31.03.2015
1.1 Authorised Share Capital Equity Shares 90,00,000 Equity Shares of Rs. 10/- each (Previous Year 90,00,000 Equity Shares of Rs. 10/- each)	90,000,000	90,000,000
1.3 ISSUED, SUBSCRIBED & PAID UP Equity Shares 83,68,259 Equity Shares of Rs. 10/- each  (Previous Year 83,68,259 Equity Shares of Rs. 10/- each)	83,682,590	83,682,590
Total	83,682,590	83,682,590

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

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

Name of the share holder	As at 31.03.2016		As at 31.03.2015	
	No of Shares	% held	No of Shares	% held
Pennar Industries Limited	4,270,000	51.03	4,270,000	51.03
Aditya N Rao	1,500,000	17.92	1,500,000	17.92
Sudeepta Rao	958,925	11.46	958,925	11.46

2 Reserves and Surplus

Particulars	As at	
	31.03.2016	31.03.2015
General Reserve	1,749,571	1,749,571
Balance in Profit and Loss	559,794	4,396,393
Opening Balance	14,534,237	1,103,393
Add : Profit for the year	15,094,031	5,499,786
Less: Depreciation on transition to Schedule II of the Companies' Act, 2013 on tangible fixed assets with nil remaining useful life.	-	(4939992)
Total	16,843,602	2,309,365

3 Long Term Borrowings

Particulars	As at	
	31.03.2016	31.03.2015
Unsecured Inter Corporate Loan	135,000,000	-
Total	135,000,000	-

The company has taken an ICL of Rs 13.50 crores from Pennar Engineered Buildings Systems Ltd a fellow subsidiary company carrying Interest @ 12% per annum repayable in 90 days.



**4 Deferred Tax Liability**

Particulars	As at	
	31.03.2016	31.03.2015
Opening Deferred Tax Liability	2,256,820	2,256,820
Deferred tax liability recognized during the year		
on a/c of Depreciation	245,503	-
on a/c of Deferred Revenue Expenses	10,921,436	-
Closing Deferred Tax Liability	13,423,759	2,256,820

**5 Short Term Borrowings**

Particulars	As at	
	31.03.2016	31.03.2015
Axis Bank Limited	50,989,473	34,298,845
	50,989,473	34,298,845

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

**6 Trade Payables**

Particulars	As at	
	31.03.2016	31.03.2015
Creditors for Raw Material ( Note 6.1)	399,732,058	45,987,919
Creditors for expenses	15,121,827	17,755,398
Creditors for Services (Note 6.2)	6,402,534	10,294,336
Dues to Micro Small and Medium Enterprises (Note 30)	1,805,066	1,439,135
Total	423,061,485	75,476,789

6.1 Creditors for Raw Material include an amount of Rs 32,75,16,855 payable to Pennar Industries Limited, holding company

6.2 Creditors for services include an amount of Rs 1,56,750 payable to Saven Technologies Limited, a related party

**7 Other Current Liabilities**

Particulars	As at	
	31.03.2016	31.03.2015
Advances from customers	60,128,954	87,119,731
Sales Tax Deferment Loan	-	2,261,399
VAT Payable	2,666,563	3,435,058
Statutory dues Payable		
Tax Deducted at Source	1,154,708	524,276
Service Tax	2,360,624	802,678
Provident Fund/SI/Profession Tax	608,331	655,095
Total	66,919,180	94,798,237

7.1 Advance from customers include an amount of Rs 2,82,28,936 payable to Pennar Industries Limited, holding company

**8 Short Term Provisions**

Particulars	As at	
	31.03.2016	31.03.2015
Provision for Tax (Net of Advance Tax Rs 26,85,376)	7,509,518	-
Total	7,509,518	-



**PENNAR ENVIRO LIMITED**

**Note 9**

**Fixed Assets**

Rupees

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	01.04.2015	Additions	Disposal	31.03.2016	01.04.2015	Additions	Disposal, 31.03.2016	31.03.2016	31.03.2015	
<b>Tangible Assets</b>										
Land	2,737,929	-	-	2,737,929	-	-	-	2,737,929	2,737,929	
Factory Buildings	6,193,990	-	-	6,193,990	2,411,830	188,937	-	2,600,767	3,593,223	
Plant & Machinery	10,025,318	-	-	10,025,318	6,091,641	1,026,661	-	7,118,302	2,907,016	
Equipments	9,982,678	237,299	-	10,219,977	7,439,206	315,192	-	7,754,398	2,465,579	
Furniture & Fixtures	5,026,543	142,667	-	5,169,210	3,389,608	173,207	-	3,562,815	1,606,395	
Vehicles	3,656,820	59,579	-	3,716,399	2,988,571	160,417	-	3,148,988	567,411	
Computers	7,061,056	881,648	-	7,942,704	5,919,551	529,350	-	6,448,901	1,493,803	
<b>Total</b>	<b>44,684,334</b>	<b>1,321,193</b>	<b>-</b>	<b>46,005,527</b>	<b>28,240,407</b>	<b>2,393,764</b>	<b>-</b>	<b>30,634,171</b>	<b>15,371,356</b>	
Previous Year	45,668,272	1,343,119	2,327,057	44,684,334	26,660,354	2,774,905	119,485	21,720,362	16,443,927	
Capital work in progress	24,645,761	-	-	24,645,761	-	-	-	-	24,645,761	



**10 Non Current Investments**

Particulars	As at	
	31.03.2016	31.03.2015
Unquoted ( at cost ) Mana Effluent Treatment Plant Limited	200,000	200,000
<b>Total</b>	<b>200,000</b>	<b>200,000</b>

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

**11 Other Non Current Assets**

Particulars	As at	
	31.03.2016	31.03.2015
Electricity Deposit	127,943	127,943
Rent Deposit	749,559	1,011,934
Other Deposits	260,400	136,400
Deferred Revenue Expenses		
- Expenses for increasing Authorised Share Capital(Refer note 25)	-	52,000
- Water Treatment Chemical (Market Development) (Refer note 25)	299,010	598,020
- Water Projects Division (Refer note 25)	32,733,190	42,723,541
<b>Total</b>	<b>34,170,102</b>	<b>44,649,838</b>

**12 Long Term Loans & Advances**

Particulars	As at	
	31.03.2016	31.03.2015
( Unsecured, considered good, recoverable in cash or in kind for value to be received )		
Prepaid Taxes	-	967,015
(Previous year Net of Provision for Tax Rs 15,12,734	-	967,015

**13 Inventories (As valued and certified by Management)**

Particulars	As at	
	31.03.2016	31.03.2015
Raw Material	4,263,623	4,534,153
Finished Goods	559,746	412,547
Work in Progress	25,243,328	32,922,870
<b>Total</b>	<b>30,066,697</b>	<b>37,869,570</b>

**14 Trade Receivables**

Particulars	As at	
	31.03.2016	31.03.2015
Trade Receivables outstanding for a period of exceeding six months from the date they were payable		
Secured Considered good		
Unsecured, considered good	8,242,454	5,111,606
Unsecured considered doubtful	1,041,144	423,287
	9,283,598	5,534,893
Less: Bad Debts Written off	459,746	-
<b>Other Trade Receivables</b>		
Unsecured, Considered Good	622,874,443	125,822,933
<b>Total</b>	<b>631,698,295</b>	<b>131,357,826</b>

14.1 Trade Receivables outstanding for a period exceeding six months include an amount of Rs 5,81,398 which is doubtful for recovery. However the management is confident of recovering the same.



**15 Cash and Bank Balances**

Particulars	As at	
	31.03.2016	31.03.2015
<b>Cash and Cash Equivalents</b>		
Balances with banks		
- in current accounts	894,623	149,163
cash on hand	391,915	373,480
<b>Other Bank Balances</b>		
Margin Money Deposit	6,713,661	7,955,786
<b>Total</b>	<b>8,000,200</b>	<b>8,478,430</b>

15.1 Out of the above, cash and cash equivalents that meet the definition of cash flow statement is Rs 12,86,538. (Previous Year Rs 5,22,643)

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

**16 Short Term Loans & Advances**

Particulars	As at	
	31.03.2016	31.03.2015
( Unsecured, considered good, recoverable in cash or in kind for value to be received )		
Loans & Advances to Staff	922,958	794,631
Advances for Raw Material	30,078,750	24,220,067
Advances to others	20,412,299	144,850
Earnest Money Deposit	399,279	270,974
Cenvat Credit	338,555	1,609,760
<b>Total</b>	<b>52,151,840</b>	<b>27,040,282</b>

**17 Other Current Assets**

Particulars	As at	
	31.03.2016	31.03.2015
Prepaid Expenses	1,125,355	1,001,263
Interest Receivable	-	168,735
	1,125,355	1,169,998

**18 Revenue from operations**

Particulars	For the year ended	
	31.03.2016	31.03.2015
Revenue From Operations		
Sale of Products	77,835,463	61,710,746
Contract Sales	915,287,195	208,355,432
Sale of Services	11,876,444	24,217,907
	<b>1,004,999,103</b>	<b>294,284,086</b>

**19 Other Income**

Particulars	For the year ended	
	31.03.2016	31.03.2015
Interest Income	1,195,670	214,350
Miscellaneous Income	415,532	874,923
Gain on Exchange Fluctuations	16,891	-
<b>Total</b>	<b>1,628,093</b>	<b>1,089,273</b>



**20 Raw Material Consumed**

Particulars	For the year ended	
	31.03.2016	31.03.2015
Opening Stocks	4,534,153	5,203,865
Add : Purchases	774,741,658	151,833,557
	<b>779,275,811</b>	<b>157,037,422</b>
Less : Closing Stocks	4,263,623	4,534,153
Raw Material Consumed	775,012,188	152,503,269

20.1 Purchases include a sum of Rs. 29,60,002/- (previous year 22,95,557) towards freight inwards and Rs.1,22,795/- (Previous Year Rs 19,33,789/-) towards clearing & forwarding charges.

**21 Changes in Inventories (other than RM)**

Particulars	For the year ended	
	31.03.2016	31.03.2015
<b>Opening Stocks</b>		
Finished Goods	412,547	783,441
Work in Progress	32,922,870	-
<b>Closing Stocks</b>		
Finished Goods	559,746	412,547
Work in Progress	25,243,328	32,922,870
<b>(Increase)/Decrease in Stocks</b>	<b>7,532,343</b>	<b>(32,551,976)</b>

**22 Manufacturing Expenses**

Particulars	For the year ended	
	31.03.2016	31.03.2015
Stores & Spares	681,327	1,515,328
Power	193,194	188,869
Repairs & Maintenance - Plant & Machinery	268,969	198,866
Miscellaneous manufacturing expenses	21,105,262	19,903,635
<b>Total</b>	<b>22,248,752</b>	<b>21,806,698</b>

**23 Employee Benefits Expense**

Particulars	For the year ended	
	31.03.2016	31.03.2015
Salaries & Wages	71,286,716	70,402,333
Contribution to Gratuity, PF & Super Annuation	4,888,467	4,660,320
Staff Welfare Expenses	3,510,051	3,123,037
<b>Total</b>	<b>79,685,234</b>	<b>78,185,690</b>

23.1 Salaries & Wages includes an amount of Rs 8,89,741 towards current year bonus and Rs 7,01,935 towards previous year bonus.



24 Other Expenses

Particulars	For the year ended	
	31.03.2016	31.03.2015
Insurance	278,963	106,952
Travelling & Conveyance	12,694,747	13,088,264
Rent	1,225,548	2,191,965
Rates & Taxes	267,508	333,078
Advertisement & Sales Promotion	1,108,590	618,284
Selling Expenses	1,793,256	1,846,870
Communication Expenses	1,155,580	1,563,465
Freight Outward	2,986,832	3,432,967
Directors Fees & Expenses	16,500	22,500
Technical, Legal & Professional	4,295,505	6,174,234
Printing & Stationery	710,020	693,335
Recruitment Expenses	60,833	179,548
Repairs & Maintenance - Others	204,545	967,850
Interest and Penalty on Taxes & Duties	440,696	378,124
Auditors' Remuneration (Note no 24.1)	250,000	130,000
Vehicle Maintenance	2,013,468	1,362,561
Loss on Sale of Assets	-	364,219
Miscellaneous Expenses	861,168	1,547,187
Foreign Exchange Fluctuation	-	59,278
Bad Debts Written off	459,746	-
<b>Total</b>	<b>30,823,504</b>	<b>35,060,680</b>

24.1 Auditors Remuneration (Excluding Service Tax)

Particulars	For the year ended	
	31.03.2016	31.03.2015
Audit Fee	200,000	90,000
Tax Audit Fee	50,000	40,000
<b>Total</b>	<b>250,000</b>	<b>130,000</b>

25 Amortization of Deferred Revenue Expenses

Particulars	For the year ended	
	31.03.2016	31.03.2015
Expenses Increasing Authorised Share Capital	52,000	104,000
A: Less Written off during the Year	52,000	52,000
	-	52,000
Market Development Expenses Chemical Division	598,020	897,030
B: Less Written off during the Year	299,010	299,010
	299,010	598,020
Water Projects Division	42,723,541	36,141,068
C: Less Written off during the Year	9,990,351	7,228,214
Additions during the year	-	13,810,687
	32,733,190	42,723,541
Technology Fee written off	-	120,000
Deferred Revenue Expenses Written off A+B+C	10,341,361	7,699,224

26 Finance Cost

Particulars	For the year ended	
	31.03.2016	31.03.2015
Interest on Cash Credit Account	4,946,128	3,539,400
Interest on Vehicle loan	-	32,566
Interest Others	113,420	464,698
Interest on TDS	97,294	-
Bank Charges	3,210,005	2,769,370
<b>Total</b>	<b>8,366,847</b>	<b>6,806,034</b>

27 Earning Per Share

Particulars	For the year ended	
	31.03.2016	31.03.2015
Net profit for basic EPS (Rs.)	14,534,237	1,103,393
Weighted Average No. of shares	8,368,259	8,368,259
Annualized Basic Earning per share (Rs.)	1.74	0.13



**28 Contingent Liabilities not acknowledged as Debt**  
Bank guarantees given by Banks Rs. 4,25,04,093

**29 Related Party Disclosures**

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

**29.1 Aggregate Related Party Transactions :**

Rupees

SI No	Particulars	Holding Company		Fellow Subsidiary		Associate Enterprise	
		2015 - 16	2014 - 15	2015 - 16	2014 - 15	2015 - 16	2014 - 15
1	Sales Made during the year	650,848	1,103,625	-	-	-	-
2	purchases Made during the year	581,202,543	55,565	-	-	-	-
3	Other Services Rendered	1,842,099	3,028,102	-	442,895	-	-
4	Other Services Received	-	-	128,080	128,080	365,732	452,720
5	Inter Corporate Deposit Received	-	-	13,50,00,000	-	-	-
6	Advances Received	100,293,689	56,900,000	-	-	-	-
7	Advances Paid	120,700,000	3,500,000	-	-	-	-
8	Balances payable	355,745,791	51,183,759	13,50,00,000	-	176,770	76,770
9	Balances Receivable	-	-	-	94,531	-	-

**29.2 Key Managerial Personnel**

No Transactions with Key Managerial Personnel

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

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


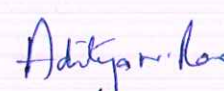

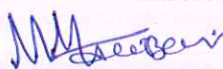
Particulars	Rs in lakhs	Rs in lakhs
	2015- 16	2014- 15
Principal amount remaining unpaid as at the end of the year	18.50	14.39
Interest due on the above but not provided	1.45	0.80
Interest paid on above	Nil	Nil

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

**31 Loans & Advances and Trade Receivables are subject to confirmation.**

32 Foreign Currency Transactions	For the Year Ended	
	31.03.2016	31.03.2015
a) Outflow in foreign currency		
1. Raw Material	3,949,444	11,414,772
2. Consultancy Fee	661,456	-
b) Inflow in foreign currency		
1 Sale of goods	53,201,956	26,876,281

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

In terms of our report attached	For and on behalf of the Board of Directors		
For Rambabu & Co Chartered Accountants Firm Regn No 0029765			
<b>Ravi Rambabu</b> Partner Membership No 018541	<b>Shreepad N Purkar</b> President & CEO	<b>Aditya N Rao</b> Vice Chairman DIN 01307343	<b>Nrupender Rao</b> Chairman DIN 00089922
Place : Hyderabad Date : May 13, 2016	Place : Hyderabad Date : May 13, 2016	 <b>Mirza Mohammed Ali Baig</b> Company Secretary Membership No ACS29058	



Independent Auditor's Report

To the Members of  
**PENNAR ENVIRO LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of PENNAR ENVIRO LIMITED ("*the Company*") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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



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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

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





- e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in its financial statements as referred to in note no.28 in financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Hyderabad  
Date: 13-05-2016



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

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

RAVI RAMBABU  
Partner  
M.No.018541

**"Annexure A" to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, the fixed assets have not been physically verified by the management according to the phased program designed to cover all the fixed assets over the year.
- ii) The Company does not maintain inventory and therefore we have not reported on the related matters of this clause and sub-clauses (a), (b) and (c).
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security. .
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has not been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.



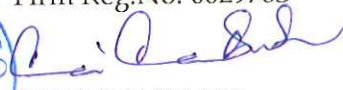


- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad  
Date: 13-05-2016

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



  
**RAVI RAMBABU**  
Partner  
M.No.018541



**"Annexure B" to the Independent Auditor's Report**

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

We have audited the internal financial controls over financial reporting of PENNAR ENVIRO LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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





### Meaning of Internal Financial Controls over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

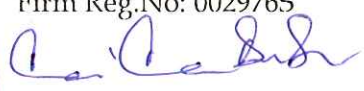
### Opinion

In our opinion the Company has, in all material respects, an adequate internal financial control over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad  
Date: 13-05-2016



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

  
RAVI RAMBABU  
Partner  
M.No.018541