

Date: September 30, 2017

To,

M/s. Bombay Stock Exchange of India Limited  
PJ Towers, Dalal Street  
Mumbai Samachar Marg, Mumbai - 400 001

M/s. National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai-400051

Dear Sir/Madam,

**Subject: Annual Report**

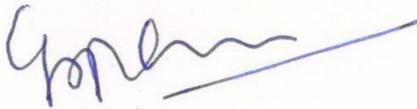
**Reference: Company Name: Pennar Engineered Building Systems Limited**  
**Security ID/ Symbol: PENPEBS**  
**Security Code: 539333**  
**ISIN: INE455O01019**

Dear Sir/Madam,

With reference captioned subject, we are hereby submitting Annual Report of the Company for the financial year 2016-2017.

Thanking you,

**For Pennar Engineered Building Systems Limited**



**Gopal Ladda**  
**Company Secretary & Compliance Officer**  
**ACS 34522**



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Building Systems Limited  
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CIN: U45400AP2008PLC057182



# Onward.

Annual Report 2016 – 2017



Pennar Engineered Building Systems Limited

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#### Cautionary Statement

The report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking-statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

## Vision



To be a leader in the metal building solutions industry by leveraging our engineering expertise

## Mission



PEBS Pennar delivers end-to-end building solutions for commercial, industrial, logistics, aviation, agriculture, sports stadium and other sectors – powered by technical collaborations with global leaders, to surpass customer expectations through innovation, design versatility, world-class service, high end engineering expertise and cost-effective solutions



**Values**

Enterprising, Perseverance, Collaboration, Empowerment

**Where We Are**

- Headquartered in Hyderabad, Telangana
- Established a state-of-art manufacturing facility near Hyderabad across an area of 29,000 metres<sup>2</sup> and a production capacity of 90,000 metric tonnes per annum
- Listed and traded actively on the Bombay and National Stock Exchanges

**Who We Are**

Pennar Engineered Building Systems Limited (PEBS Pennar) was set up in 2008 with a vision to emerge as a leader in the pre-engineered buildings and structural steel industry space.

The Company is led by Mr. Nrupender Rao (Chairman), Mr. Aditya Rao (Vice-Chairman) and Mr. P.V. Rao (Managing Director) supported by a team of experienced and talented professionals.

**What We Offer**

The Company is engaged in designing, fabricating and installing pre-engineered steel buildings, supplying structural steel and components for manufacturing industries, warehouses, aircraft hangars, commercial buildings, High Rises, metro stations, stadiums and power plants, among others. The Company is also engaged in designing, fabricating and installing solar module mounting structures, telecom transmission towers and cold-form buildings for low-cost housing projects, among others.

**Products Delivered**

# 62,017

**Metric Tonnes**

(as on March 31, 2017)

**58,195 Metric Tonnes**

(as on March 31, 2016)

**Area Covered**

# 3.8 Lakh

**Square Metres**

(as on March 31, 2017)

**2.97 Lakh Square Metres**

(as on March 31, 2016)

**Employees**

# 588

(as on March 31, 2017)

**509**

as on March 31, 2016

**Order Book**

# ₹ 425 Crore

(as on March 31, 2017)

**₹ 424 Crore**

(as on March 31, 2016)

**Production Capacity**

# 90,000

**Metric Tonnes**

(as on March 31, 2017)

**58,195 Metric Tonnes**

(as on March 31, 2016)

# Clientele

The Company's clientele include diverse businesses across industries such as cement, food, textiles, warehousing, and automotives. As well as working to help them leverage the advantages of Pennar pre-engineered buildings over RCC, we continue to enhance our after-sales service. Reducing response time, exceeding expectations, and improving communication channels across teams form the core of our strategy to improve client relations.



# Chairman's Statement

Over the last few years, we have diversified into solutions across multiple verticals.

Dear Shareholder,

I am glad to have this opportunity to address you in the Annual Report for Pennar Engineered Building Systems Limited (PEBS). PEBS was commenced operations in 2010 for the purpose of providing custom designed building solutions for the industrial, agricultural and commercial sectors. PEBS has over the last few years diversified into providing solutions for the high rise building sector, solar module mounting systems and engineering services for the metal buildings and structural fabrication sectors.

The last financial year saw PEBS achieve its highest ever gross sales of ₹570.46 crores. The EBIDTA for the year was ₹56.35 crores and the profit after tax was ₹24.40 crores. The EBIDTA and PAT were substantially lower than the previous years numbers inspite of a substantially larger revenue base. The reason for the underperformance on the EBIDTA and PAT were largely due to the increased volatility in steel prices. During the financial year the company was exposed to raw material price increases — specifically in the price of hot rolled and pre-galvanized steel — of over 30%. The company is working and has achieved substantial progress in addressing continuing steel price volatility and we believe that we will be able to address any future risks to our margins from procurement price volatility.



PEBS has the following business verticals

- Pre-engineered buildings
- High rise buildings
- Solar Module Mounting Systems
- Engineering Services
- Structural Fabrication

The pre-engineered buildings vertical provides turn-key solutions to our customers in a diverse range of sectors including manufacturing, warehousing, process industries, commercial and agriculture. The value proposition consists of designing, manufacturing the building components and erecting these buildings at site. Since inception PEBS has delivered some of the most iconic projects in India such as one of the largest buildings in India in terms of square footage (14 million square feet), a 100 metre clear span building, buildings with 120MT of load bearing capacity and India's first Gold Rated Green Factory. The business division comprises the majority of PEBS' revenue and will continue to be an important part of the company's growth strategy. The company currently has a production capacity of 120,000MT for pre-engineered buildings.

High-rise buildings represent a large untapped market opportunity for PEBS. These buildings were traditionally constructed in concrete in India but our solutions offer several distinct advantages which will help us gain market share. In the last financial year around 15% of our revenue was sourced from the high-rise vertical. We have over the last year built a strong design capability in this sector and the addition of an effective project management team has ensured that we are well placed for growth in this vertical.

PEBS also provides custom designed module mounting systems to developers of large grid connected solar power plants in India. The solar sector in India has been booming in the past three years and this has resulted in a strong market opportunity for the company. In the last financial year we recorded sales of around 55Cr in this vertical and I have every expectation that we will strongly grow in this vertical

**In the last financial year, we recorded sales of around ₹55 Crore in solar, and I have every expectation that we will strongly grow in this vertical.**

over the next few financial years. The company has also added solar single axis tracker solutions to our product portfolio in the past year which will serve to further increase our addressable market size.

Engineering services represents a compelling opportunity for PEBS. Over the past two years we have grounded the capability to provide design, detailing and drafting services to metal buildings and fabrication companies. We currently provide these services to companies in the US and it remains one of our most profitable business verticals. With the growth in our Vizag and Hyderabad engineering offices and the set up of dedicated directly link MPLS capabilities, we are confident of growing this vertical further. In the last financial year 15% of our EBIDTA was

High-rise buildings represent a large untapped market opportunity. Our solutions offer several distinct advantages which will help us gain market share.

contributed by this business vertical and I am sure that the share of EBIDTA for this business vertical will continue to grow in the next few years.

Complex Structural fabrication seeks to monetize the strong manufacturing capabilities that PEBS possesses. The structural fabrication industry is vast but we intend to build an order book consisting of high margin fabrication work to bring about revenue and profit scalability. In the current financial year we expect to have over 10% of our revenue come from this division.

In addition to these verticals there are several capabilities that PEBS is adding that will dramatically increase our addressable market size and in turn — our revenue and profitability. Some of these projects are metallizing capabilities, metal doors, export manufacturing, retail buildings, low-cost housing and solar rooftop structurals. We are focused on building our export business as well. With the set up of dedicated offices in the US we are very confident we can begin to tap those markets for some of our products and services — specifically engineering services and solar MMS systems.

PEBS possesses a strong management and operating team. The company has very low leverage, a strong balance sheet and substantial reserve funds to be deployed in expanding capacities and capabilities. The company can service customers across India and adjacent countries cost effectively. One of our strongest capabilities I believe is our engineering team — one of the largest structural design and detailing teams in the country. With a strong order book

and an addressable market that is in the thousands of crores we stand to benefit from infrastructure investments, process industry growth, warehousing sector opportunities and any gross fixed capital investment growth.

**We are focused on building our export business... with the set up of dedicated offices in the US.**

I am thankful to have enjoyed the support of all you as we continue to craft PEBS growth strategy. I look forward to working with all of you as we continue to evolve PEBS into one of the premier engineering companies in India.

Thank you,  
**Nrupender Rao**  
Chairman — Pennar Engineered Building  
Systems

# Managing Director's Statement

I am pleased that the Company has stepped further towards growth through its 2016-17 performance.



Dear Shareholder,

I am happy to present to you our Annual Financial Performance for FY17. I am pleased to inform you that the Company has stepped further towards growth through its 2016-17 performance.

We reported a Gross Revenue of ₹ 547.61 crore (including all taxes), 11.48% higher than 2015-16; EBIDTA of ₹ 56.35 crore, 13.36% decrease over 2015-16; PAT of ₹ 24.4 crore, 19.09% decrease over 2015-16. The Company reported an ROCE of 18.11% in 2016-17 that was 8 basis points lower than 2015-16.

## Highlights of 2016-2017

The year under review represented a significant growth in the High Rise, Solar and Engineering services segments with steady growth in each. We are also expanding our footprint by entering the US market with NCI to whom we will be providing our competency in engineering services. In addition to the US markets, we are in the process of hiring local sales personnel for our Sales Offices in Houston, Texas. Since High Rise is one of the growth areas we have identified, we have begun this in right earnest by developing a 20-storey High Rise commercial steel building for Phoenix.

This is slated to be among the largest steel buildings in India and is expected to be completed by the end of 2017.

### **High-Rise Steel Buildings — Our next growth area**

Through the years, we have continually built on our competencies which include Engineering, Project Management and Sales. Now, with the focus on High Rise Buildings, we are looking to capitalize on our proven competencies with plans on the anvil to increase volumes by taking up more commercial building projects across the country. In addition to this, we have also ventured into the development of residential buildings as well and with a well chartered road map we plan to excel in this niche segment as well. Residential buildings offer especially increasing scope for opportunities and growth as this sector is currently hampered by lack of skilled labor for civil works which has led more and more builders to consider the smarter option of steel buildings.

We have already begun proving our competencies through various projects, among them being High Rise structures for Phoenix (Hyderabad), UltraTech (Tadipatri) and Schindler (Pune). Our list of clientele carries some of leading corporates such as Amazon for whom we are developing a warehouse project through GMR in Hyderabad; a logistic parks project for Mussaddilal in Vapi and Guna.

Thanks to the implementation of GST this fiscal year, we are expecting a steady growth in our Warehousing business. E-commerce is another

thrust area of growth in logistic business which we have focused on this year.

### **Solar — The way forward**

At PEBS Pennar, the Solar Power segment continues to be one of the fastest growing in the country with the rise of projects in civil works, foundations and execution. We have identified a huge opportunity and growth curve in the Solar Module Mounting Structure services and are expecting a two-fold growth in this segment next year. Our integrated services approach has led us to design and develop rooftop solar projects which has been designed in-house, another strategic move to optimize cost effectiveness. In fact, we have successfully transformed 50% of our outsourced business into in-house production which is resulting in reduced costs and better ROIs.

In all, the outlook for our Solar business continues to be optimistic and we expect to leverage a high number of projects on one hand and a larger configuration of order on the other which we believe will result in overall profitability.

The company finished the year under review with an order book of ₹425 crore. We believe that the speed of order booking, composition of order book, the corresponding margins at which these orders have been booked and the nature of clients from whom these orders have been procured bode well for the Company's prospects in the future.

We have complete faith that this growth will continue to increase steadily and are hopeful that the journey will be exciting while creating value to our shareholders in the years to come.

### **Challenges and Optimism**

The Company delivered attractive growth while facing market challenges during the year under review. Growth in the building construction sector was slower than anticipated and we have faced challenges with fluctuating raw material prices that in turn impacted our customers. Regardless, we have prevailed in this sector through diversification of our services, expanding our forte in various segments of the industry, hiring and training skilled manpower in new areas to establish a strong foundation of our capabilities.

We are currently executing large-span buildings with 90m, 96m clear span building projects for UltraTech and also venturing into the development of low cost housing models with an exclusive R&D team set up for this purpose. This will basically cater to the Pradhan Mantri Awas Yojana for developing affordable houses for slum dwellers. This initiative is supported by a tie-up with IIT Hyderabad for developing models and designs for housing structures. We are completely focused on continuous improvement of this sector during the following year.

### **Awards & Accolades**

Our capabilities have won us many awards across various segments. We have been recognized as the Top Challenger in 'Construction world' 2015-16. Our PEB project has been selected as the runner-up in the Construction Week India awards 2016.

We have been awarded the D&B Infra Award 2016 under the Industrial Buildings category and also the IEI Industry Excellence award 2016. We have also been recognised as the Best Professionally Managed Company in 2017 and been awarded the CIDC Viswakarma award.

We are now a certified company of the Bridge Girders — Fabrication and Supplier, instituted by the Research Designs and Standards Organization (RDSO), certified for the Railways. We are optimistic of winning more such prestigious projects in this sector, this year.

#### Outlook

PEBS Pennar is among the few Indian companies to seamlessly integrate Engineering with Design Capabilities which has led it to convert more of its outsourcing to in-house manufacturing. PEBS Pennar's integrated capabilities enable it to offer customers the ideal ratio of reduced project cost while subscribing to the core structural requirement of the customer as per design codes.

The company has already demonstrated its credibility in executing large scale commercial buildings and is now graduating towards residential projects. We are also strengthening our capabilities in Cold Form Structures, High-rises, Communication Towers, Portable Toilets, Modular Solutions for camp offices and engineering services.

We have complete faith that this growth will continue to increase steadily and are hopeful that the journey will be exciting while creating value to our shareholders in the years to come.

**PEBS Pennar is built on a firm foundation, inspired by a spirit of excellence and a determination to succeed through a talented and experienced team.**

The testament to this is our significant growth in revenues since last year and we are proud of it.

**P.V. Rao**  
Managing Director

# Pre-engineering success

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A company that is rightly aligned for profitable growth begins with a strong business strategy. One that is built on a foundation of technical expertise, business acumen, and stakeholder-focused values.

Our business roadmap amplifies existing strengths, and aligns internal competencies with market opportunities. It is what assures us of growth in the years to come.

This year, we are delighted to present this roadmap through two verticals that will form the blueprint of the company's bright future: High Rise and Solar. This will enable us to leverage existing and upcoming opportunities to our advantage.

Our first vertical of concentration, High Rise structures, reaffirms our position as a market leader in pre-engineered buildings, and at the same time offers considerable financial potential. The sky truly is the limit when it comes to High Rise steel structures, which have proven to be a profitable enterprise for the Company in financial year 2016-17.

Our ongoing 20-floor project with Phoenix, which will be completed by the end of 2017, will pave the way for further involvement in commercial building development.

We are shifting our line of business that underscores our commitment to sustainability. And thanks to active, steadfast support for solar energy by the Government of India, subsidies and attractive financial terms have made Solar a vertical where growth is virtually assured. This makes it imperative for the company to invest in and enhance our capabilities in Photovoltaic (PV) module mounting solutions.

Simultaneously, backward integration with pre-engineered building competencies make us the ideal turnkey partner for not just mounting solutions, but project site infrastructure as well.

Driven forth by a collective yet singular vision, we continue to move in the only direction we know. Onward.

# Our future began yesterday

Built on a 35-year legacy of success with Pennar Group, the Company has since inception gone from strength to strength. This history of successful engineering is what enables us to focus on financially responsive verticals, with High Rise steel structures and PV mounting solutions featuring at the forefront of that list.

Improving client services is a key factor in merging 'now' and 'next' to optimise capital efficiency, with particular focus on after-sales support and project management to stay ahead in the market. While our competitors continue to focus on specific segments, we are diversifying our offerings to anticipate and stay proactive in the market.

Over the past eight years, the Company has earned around ₹570 Crore in revenue, Solar and other verticals included. Constant innovation leads to the addition of new business segments — engineering services, Solar technology, High Rises, and more. These segments are expected to grow at 70-80% year on year, whereas PEB is expected to grow at a steadier rate.

This is how we have aligned ourselves at the apex of a multi-disciplinary industry.

**We are driven by data-focused capex allocation for maximum efficiency, as well as seamless backward integration of components production and steel structures.**

Since the business landscape of tomorrow promises to be highly competitive, the Company has also assembled purpose-built sales and marketing design teams for the lucrative High Rise vertical. This is a step up from one collective PEB sales team, ensuring wiser investment today for stronger yields in the years to come.

In terms of competency building, the Company continues to educate our people on the advantages of steel.

This makes them better poised to convert prospective clients from conventional construction techniques to new technologies, thereby improving our market share through revenue generation. Our participation in exhibitions and sponsored seminars like PEBSCON 2017 is a means to this end.

Another high-yield opportunity which the Company has identified is undertaking turnkey projects that competitors are unwilling or unable to acquire, giving us a competitive edge in today's market.



# We travel the onward path

Fulfilling our fiduciary duty to our various stakeholders begins with a water-tight business model – one that identifies opportunities for profitability, aligns the Company's strengths and competencies, and puts us in the best position to optimise capital expenditure for peak fiscal efficiency.

Key components of this business roadmap include:

**Presence in Key Sectors:** PEBS Pennar is active in the fast-growing pre-engineered building segment which enjoys increasing acceptance, replacing RCC and conventional steel structures. The sector is poised to grow even further with the rising demand for warehouses owing to the rise of e-commerce and agricultural enterprise, as well as increasing investments in manufacturing, metro railways, aviation, solar and automotives. Increasing demand for housing and commercial High Rise buildings adds to the profitability of our investments.

**Design Capabilities:** A success driver in pre-engineered products, our technical expertise helps balance structural weight-to-strength with minimum raw material consumption.

**Financials:** The Company has built its business around margin expansion. Despite the business being working capital-intensive, the Company possesses a strong balance sheet free from long-term debt.

This gives us ample space to enhance our capacities in existing locations for marginal additional capital expenditure.

**Commitment:** The Company enjoys a hard-earned and well deserved reputation for timely delivery. We executed more than 461 projects on time. Our control of the entire ecosystem — from design and procurement to manufacturing and installation — contributes significantly to our ability to complete projects on time and without cost-overruns.

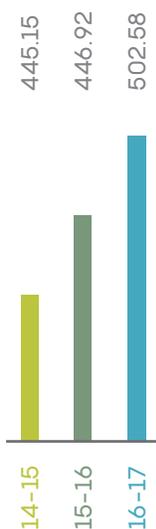
**Total Integration:** The Company provides total solutions consisting of product concept, design, manufacture, testing, supply and assembly, making us the preferred pre-engineered buildings solution provider.

**Investments:** The Company has invested in a manufacturing facility with annual capacity of 90,000 MT per annum. Located close to Hyderabad, this helps to service our growing pan-India clientele. It features state-of-the-art engineering technology, with output of optimised designs using the latest tools and software.

**Presence:** To address national demand with a pan-India integrated service delivery model (through sales offices), the Company plans to commission a manufacturing base in North India to cater to growing regional demand.

# Impact of Our Business Model

## Revenues (in ₹ Crore)



### Definition

Sales post deduction of excise duty

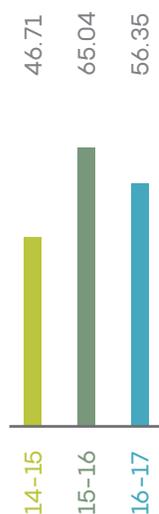
### Rationale

To measure our ability to understand the demand trends across the globe, supply chain efficiency as well as product acceptance.

### Performance

Revenues reported a CAGR growth of 13% in the last six years leading to 2016-17.

## EBIDTA (in ₹ Crore)



### Definition

An EBIDTA is a measurement of a company's earnings before interest, taxes, depreciation, and amortisation.

### Rationale

To measure the operating profits of the Company.

### Performance

EBIDTA reported a CAGR growth of 12% in the last six years leading to 2016-17.

## EBIDTA Margin (%)



### Definition

An EBIDTA margin is a measurement of a company's earnings before interest, taxes, depreciation, and amortisation as a percentage of its total revenue.

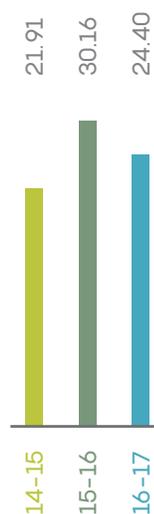
### Rationale

To measure how effectively the Company managed its operating costs.

### Performance

EBIDTA margin decreased from 13% in 2015-16 to 11% in 2016-17

## Profit After Tax (in ₹ Crore)



### Definition

PAT is the net earnings of the company post deduction of all the costs.

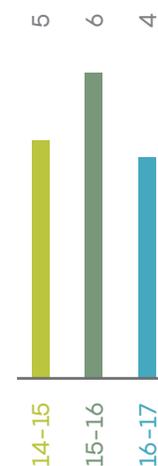
### Rationale

To measure the overall profitability of the Company.

### Performance

PAT reported a CAGR growth of 15% in the last six years leading to 2016-17.

## PAT Margin (%)



### Definition

PAT margin is a financial performance ratio, calculated by dividing net profit after taxes by revenue.

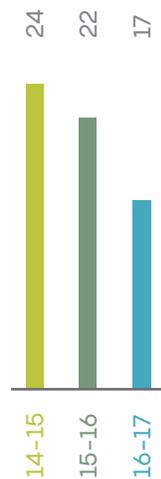
### Rationale

To measure actual earnings per rupee of revenue.

### Performance

PAT margin decreased from 6% in 2015-16 to 4% in 2016-17.

### ROCE (%)



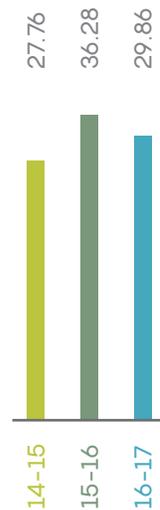
#### Definition

Return derived from every single rupee invested in the business.

#### Rationale

To assess the effectiveness of the investments we are making and the strength of our business model.

### Cash Profit (in ₹ Crore)



#### Definition

The surplus generated (sum of profit after tax and depreciation) for reinvestment.

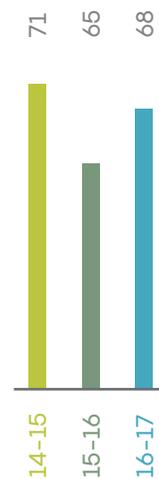
#### Rationale

To gauge accruals available for reinvestment from captive resources.

#### Performance

The Company's cash profit reported a 14% CAGR growth in the last six years leading to 2016-17

### Cost Optimisation (%)



#### Definition

Operating cost as a proportion of total revenue.

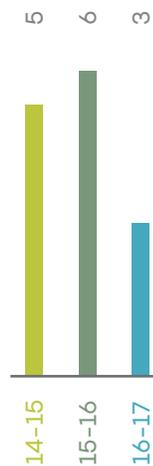
#### Rationale

This impact is measured to assess our efficiency and margin improvement.

#### Performance

Operating cost as a proportion of total revenue increased from 67% in 2015-16 to 68% in 2016-17 due to increase in the price for raw materials.

### Interest Cover



#### Definition

The number of times EBITDA for a financial year is able to service interest cost in that particular financial year.

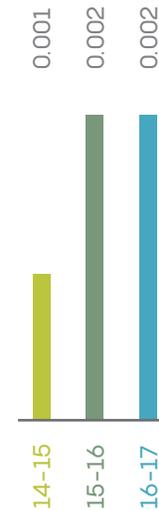
#### Rationale

This shows the Company's financial strength and its ability service debt with ease.

#### Performance

The Company's interest cover decreased from 6 in 2015-16 to 3 in 2016-17

### Debt-Equity Ratio



#### Definition

The ratio of long-term debt to net-worth (excluding revaluation reserves).

#### Rationale

This measures how the Company's balance sheet is leveraged. The lower debt-equity ensures more profit for appropriation between the shareholders and the reserves.

# We turn challenges into opportunities

Our quest for fiscal efficiency begins with market analysis that highlights key growth sectors. By identifying core areas that offer the opportunity to leverage challenges to our benefit, we have positioned ourselves to meet future market demands in the best possible way.

Due to the effects of GST, demand for warehousing is expected to grow. E-commerce is growing exponentially, along with warehousing requirements for the industry.

The Solar Energy industry is on a steep and steady rise in projects across civil works, foundations, and execution. We also continue to service opportunities in module mounting structure solutions, where a 100% increase in growth is expected next year with rooftop solar projects being designed in-house.

Approximately 50% of component and product outsourcing has been converted to in-house production.

The Company continues to develop large-span buildings, with 90m, 96m clear span building projects currently in hand.

The Company is venturing into low-cost housing models, with a dedicated R&D team in place to cater to the Pradhan Mantri Awas Yojana. This is supported by a tie-up with IIT Hyderabad for developing models.

Certification in bridge girders — fabrication and supply by Research Designs and Standards Organisation (RDSO) — makes us better poised to do business with Indian Railways.

PEBS Pennar is developing products – including solar assets – independent of our parent company. This saves costs and enhances ROI. Returns on engineering services are better. This helps us register stronger returns, directly and without any investment.

# What drives us onward



## Core Engineering Capabilities

Our business model is now focused on developing the engineering services vertical. The Company plans to enter the USA market with NCI to provide these services. Included in our strategy for international expansion is the hiring of a local sales force at our office in Houston, Texas.



## Strong Sales Teams

Another unique factor related to capital efficiency is our expertise in developing High Rise buildings. As well as our ongoing 20-floor steel structure for Phoenix, we are confident of acquiring many more such projects in the coming years.



## Meticulous Project Execution

Due to the lack of available skilled labour for civil works, the scope for growth is considerable. Meanwhile, revenues have more than doubled, reaffirming our confidence and the promise of continuous growth in year-on-year yields.

Together, our USPs and core competencies offer the Company virtually limitless possibilities for financial as well as technical growth, converting success on the balance sheets into favourable brand equity in the process.

As well as our unmatched 35-year legacy, our reputation as a market leader has been painstakingly acquired thanks to our USPs. These unique traits set us apart, enabling us to perform above market expectations.

### Recent Projects

Project Name	Location
Phoenix	Hyderabad
UltraTech	Tadipatri
Schindler	Pune
Amazon Warehouse (For GMR)	Hyderabad
Musaddilal Warehouse	Vapi & Guna

# Awards and Recognition

We perceive industry acclaim as an acknowledgment of our goals - to engineer excellence and deliver value to our stakeholders, every step of the way. This recognition reaffirms our commitment to the highest standards, and represents a victory for us, for our people, and for the shareholders who place their faith and support in us.

## Construction World Top Challenger Award 2015-2016

Category: Top Challenger



## Runner-up, Construction Week India Awards 2016

Category: PEB Project of the Year

## D&B Infra Awards 2016

Category: Industrial Building



## IEI Industry Excellence Award 2016

Category: Excellence Award

## CIDC Vishwakarma Award 2017

Category: Best Professionally Managed Company (₹ 100-500 cr.)



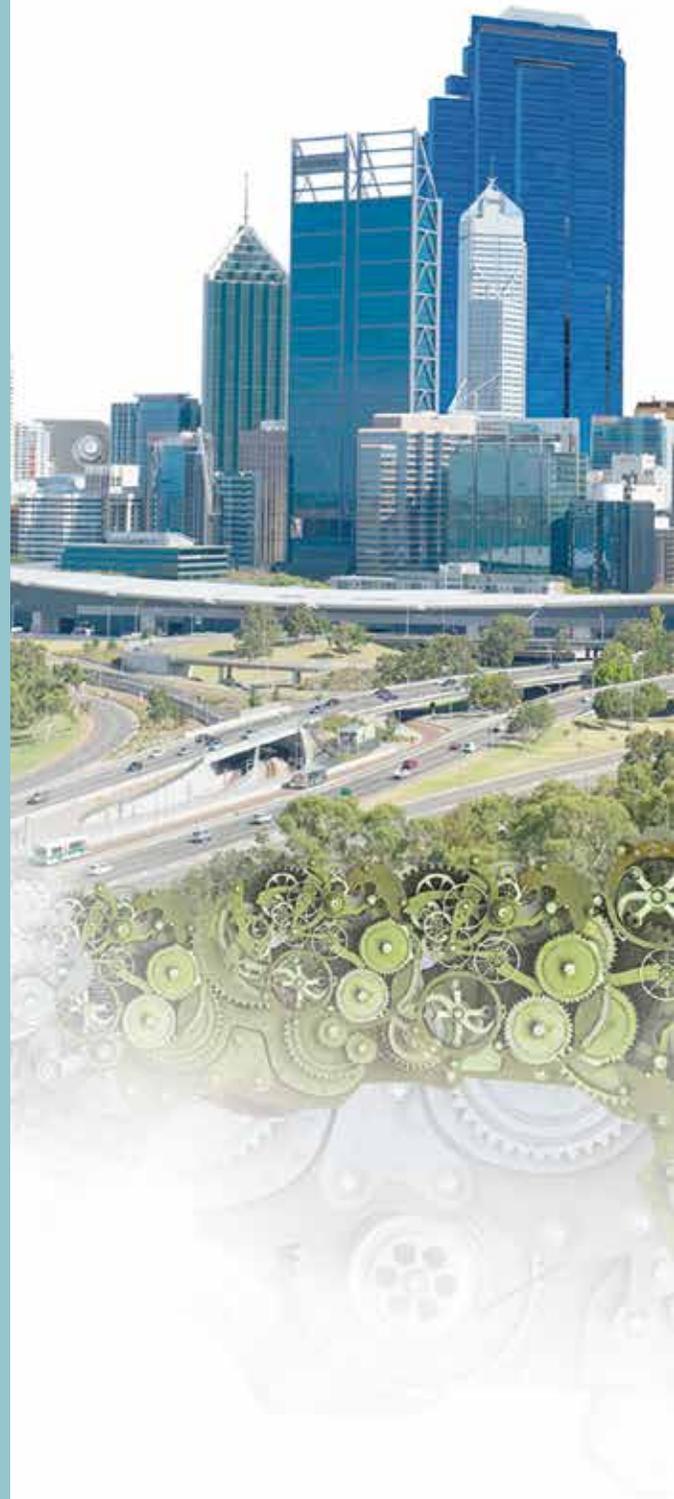
# Accelerating skyward

One of our significant achievements this year has been to make PEBS a vertical in its own right, and hire High Rise design experts. This has enabled us to optimise resource usage within the scope of this vertical, allowing us to further develop our competencies within High Rise engineering technology.

The result is generation of more and better business enquiries, leading to a sharp increase in revenues throughout the financial year. We have been receiving more orders, leading to wider and more independent market exploration. This is how we continue to deliver service to customers in a highly focused manner.

Due to the competitive nature of the High Rise industry, customers have access to multiple players who offer similar services to our own. This has improved not just the overall quality of service in the industry, but elevated our own standards as well.

As more and more businesses continue to see the advantages of steel over RCC in High Rise construction, our goal remains to ensure that PEBS Pennar is the best choice in the business.



## Financial Impact

Projected Revenue  
**₹ 100 Crore**

Approximately  
**75%**  
increase from FY 16 (₹ 40 Crore)

High Rise Share  
**₹ 70 Crore**  
(70%)

# The sun shows us the way

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Solar Division Contribution (FY 17)

**₹ 57 Crore**

Projection (FY 18)

**₹ 80 Crore**





Our focus on Solar Energy as a vertical is driven by multiple factors, including a conducive market and favourable government policies.

Through a combination of in-house engineering expertise and dedicated support in sales and after-sales service, we are able to position the Company as an ideal partner for turnkey photovoltaic mounting solutions. Since we share our customers' vision for a shining future, we are able to offer a variety of differentiators that allows us to make the most of a highly profitable market.

#### Key Services/Attributes

- PV Mounting Solutions with fixed and seasonal tilt
- Single-Axis Tracking for efficient payload orientation
- Backward integration with Pre-Engineered Buildings
- Turnkey housing for turbines, generators & site offices
- A legacy of over 550 MW in utility-scale Solar Power projects

#### Strategies for FY 18 to help achieve this target:

- In-house manufacturing of major components instead of outsourcing
- Optimised design of solar structures
- Increase in project management team strength
- Entry into Single-Axis Tracker Systems manufacturing

# Beyond the balance sheet

At PEBS Pennar, we believe that financial performance should be followed by social impact. That's why our commitment to CSR initiatives remains as steadfast as our ability to navigate the market in real time. Our initiatives during FY-17 reaffirm our belief in bringing to life our vision of all-round growth, for ourselves and our communities.

- Provided all students with notebooks and textbooks as per annual curriculum requirements
- Donated three computer systems each to Sri Satya Sai Krupa Orphanage and J.V. Narasinga Rao School, Adilabad district

## Education & Schools

- Distributed uniforms to Anganvadi schoolchildren at Ankanapally village
- Gave scholarships to top-ranked students from Classes V-VII of Chandapur and Ankanapally schools
- Held multi-discipline competitions for children from adjacent village schools, including transportation, lunch and prizes
- Repaired roofs, doors, and floors to improve school infrastructure
- Supplied benches, tables, wall clocks, DVD players, sweets and fans to higher-primary schools of Ankanapally village (2) and Chandapur village (2) in the presence of district collector



## Water & Food Security

- Provided nutritious foodstuffs for the schoolchildren of Chandapur and Ankanapally villages thrice a week
- Supply of RO water to Chandapur and Ankanapally schools every day

### Hygiene Infrastructure

- Inspired by Swachh Bharat Abhiyan, constructed two toilets (boys and girls separately) per school in both villages (maintenance to be funded by PEBS)



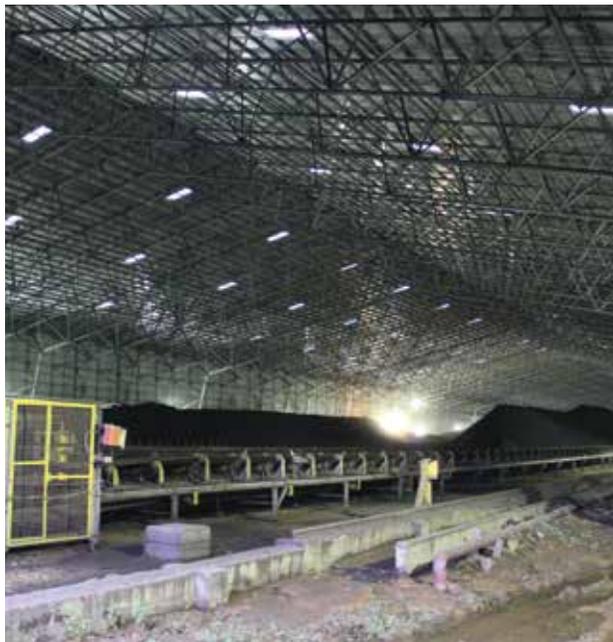
### Health

- Conducted mega-health camp at the plant in association with Factories Department
- Distributed vital medicines free of cost to all villagers
- Held comprehensive eye camp for Chandapur and Ankanapally school students with support of Dr. Agarwal's Eye Hospitals, Kukatpally



# Our Projects

Amazon  
Fulfilment  
Centre,  
Hyderabad



UltraTech Cement



Solar Projects

**MRF Tyres Ltd.**



**ETNA Phoenix, Hyderabad**



**Volvo India, Bangalore**



**L&T Valves, Bangalore**

# Our Management Team



**Altaeur Rahman**

Senior Vice President - Engineering



**Durgesh Makhijani**

Chief - Sales (West)



**Sankara Rao Reesu**

Head - HR & Admin



**Nataraj Money**

Chief - OMD & PMD



**Shrikant Bhakkad**

Chief Financial Officer



**Gopal Ladda**

Company Secretary



**I V Ramana Raju**

Chief - Sales & Marketing



**K.V.S. Rao**

Head - Procurement



**Hari Krishnan**

Sr. General Manager - Sales



**B.V. Ramakrishna**

Head - Operations



**Ramesh Babu**

Senior General Manager - Solar

# Notice

Notice is hereby given that the 9<sup>th</sup> Annual General Meeting (AGM) of members of M/s. Pennar Engineered Building Systems Limited will be held on Thursday, the 28<sup>th</sup> day of September, 2017 at 9.30 A.M. at Hotel Radisson, 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 31<sup>st</sup> March, 2017 together with the reports of the Board of directors and the auditors thereon.
2. To appoint a Director in the place of Mr. Mukul Gulati (DIN: 00746183) who retires by rotation and being eligible offers himself for re-appointment.

## Special Business:

### 3. Appointment of Statutory Auditors

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(8) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), be and are hereby appointed as Statutory Auditors of the Company.

Resolved further that M/s), M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), be and are hereby appointed as Statutory Auditors of the Company from this Annual General Meeting and that they shall hold the office of the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the ensuing Annual General Meeting and that they shall conduct the Statutory Audit for the period ending 31<sup>st</sup> March, 2018 on such remuneration as may be fixed by the Board of Directors in consultation with them."

### 4. Ratification of Remuneration To Cost Auditor

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(3) and other applicable provisions, if any, of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable during the year 2017 to 2018, Cost Accountants having Firm Registration No. 31775 appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 31<sup>st</sup> March 2018, at a remuneration, as may be decided and the tax as applicable and re-imburement of out of pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.”

#### **5. Revision In Remuneration of Mr. P V RAO – Managing Director (DIN: 03157581)**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

**“RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to re-appoint Mr. P V Rao (DIN: 03157581) as a Managing Director of the Company, for a further period of Two (2) years from the expiry of his present term of office, that is, with effect from 10<sup>th</sup> February 2017 on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit;

**RESOLVED FURTHER THAT** the Board 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 this resolution.”

#### **6. To Serve Documents on Members 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** pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company may serve documents on its members, by sending the document(s) that he/ she is entitled to receive as a member under the Act by post or by registered post or by speed post or by courier or by such electronic or other mode as may be prescribed depending on event and circumstance of each case from time to time.

**“RESOLVED FURTHER THAT** the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to decide, in respect of any advance request for sending documents provided at least one week in advance of the despatch of the document by the company along with requisite fee duly received by the company and that no such request shall be entertained by the company post-despatch of such documents by the company to the member, the charges payable for such delivery, as prescribed below for each mode of dispatch.

S. No.	Mode	Minimum Rate per document at the minimum slab of the weight of the document in each category in ₹	
		Within India	International
1.	Ordinary Post	15	1.2 times of the actual charges in each case
2.	Registered Post	100	
3.	Speed Post	100	
4.	Courier	100	
5.	Electronic mail (email)	20	20.00

“RESOLVED FURTHER THAT the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### 7. 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 provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 and to the extent applicable Regulations of SEBI (LODR) Regulations 2015, consent of the members of the Company be and is hereby accorded for entering into the Related Party Transaction by the Company with its holding Company, Pennar Industries Limited for the financial year 2017-2018, up to the maximum per annum amounts as appended in table below :

S. No.	Name of the related party	Nature of Transactions	Salient features of the transaction	Amount of Transaction (₹ In Crores)
1.	M/s. Pennar Industries Limited (PIL) (Holding Company)	Purchase of goods	As per the sale/ purchase orders to be entered into between the Company and PIL at the time of entering in to transaction	100.00
		Sale of Goods		
		Purchase of Fixed Assets		
		Other Services Received		
		Other Services Rendered		
		Receipt of Rent and Other Expenses		
		Others, if any incidental thereto		
<b>Total</b>				<b>100.00</b>

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board  
for **Pennar Engineered Building Systems Limited**

**Gopal Ladda**  
Company Secretary & Compliance Officer  
ACS No. 34522

Place : Hyderabad  
Date : August 10, 2017

Registered Office: 9<sup>th</sup> Floor,  
DHFLVC Silicon Tower  
Kondapur, Hyderabad -500084

**Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as a proxy on behalf of not exceeding 50 members and holding in aggregate not more than 10% of the total share capital 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 (on or before Thursday, September 28, 2017 at 9.30 AM IST). 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. Members / proxies / authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company

6. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.
7. Members are requested to address all correspondence to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500008.
8. With a view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
9. The Register of Members and the Share Transfer Books of the company will be closed from 22<sup>nd</sup> September, 2017 to 23<sup>rd</sup> September, 2017 (both days inclusive) in connection with the Annual General Meeting.
10. 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.
11. 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.
12. Copies of the Annual Report 2016-17 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 2017 are being sent by the permitted mode.
13. Members may also note that the Notice of the 9<sup>th</sup> AGM and the Annual Report 2016-17 will be available on the Company's website, [www.pebspennar.com](http://www.pebspennar.com). The physical copies of the documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: [cs@pebspennar.com](mailto:cs@pebspennar.com)
14. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the directors seeking appointment / re-appointment at the AGM, is furnished as annexure to the Notice. The directors have furnished consent / declaration for their appointment / re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
15. 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 Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500008.
16. Members/Proxies are requested to bring their copy of the Annual Report to the AGM.

17. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to exercise their vote electronically, through the e-voting services provided by M/s. Karvy Computershare Private Limited, in respect of all resolutions set forth in this Notice. S. Chidambaram, Practicing Company Secretary in Practice (Membership No: 2286) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The facility for voting through ballot paper or any other mode permitted will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

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

- a) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- b) Enter the login credentials (i.e., user-id & password) mentioned on the Ballot Form or via email. Your folio/DP Client ID will be your User-ID

User - ID	For Members holding shares in Demat Form:-
	For NSDL :- 8 Character DP ID followed by 8 Digits Client ID
	For CDSL :- 16 digits beneficiary ID
	For Members holding shares in Physical Form:-
	Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Ballot Form / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- c) Please contact our toll free No. 1-800-34-54-001 for any further clarifications.
- d) Members can cast their vote online from 25<sup>th</sup> September, 2017 @ 10:00 A.M. to 27<sup>th</sup> September, 2017 @ 5.00 P.M. During this period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of 22<sup>nd</sup> September, 2017, may cast their vote electronically.
- e) After entering these details appropriately, click on "LOGIN".
- f) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through M/s. Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any

contact details like mobile #, email ID etc on 1<sup>st</sup> login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- g) You need to login again with the new credentials.
- h) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- i) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- j) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting: Then Vote accordingly, but the total number of shares voted taken should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- k) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on " CANCEL "and accordingly modify your vote.
- l) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- m) Corporate/Institutional Members (corporate/FIs/FIIs/Trust/Mutual Funds/Banks, etc.) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to schid285@gmail.com or manishcs31@gmail.com with copy to evoting@karvy.com and cs@pebspennar.com. The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no."

## Explanatory Statement

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

### Item No. 3: Appointment of Auditor

M/s. Deloitte Haskins & Sells., Chartered Accountants, have expressed inability to continue working in the position of Statutory Auditors due to unavoidable circumstances. Board proposes that M/s. B S R & Associates LLP., Chartered Accountants, Hyderabad, be appointed as the Statutory Auditors of the Company. M/s. B S R & Associates LLP., Chartered Accountants, Hyderabad, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Accordingly, Ordinary Resolution is submitted to the meeting for the consideration and approval of members.

None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

### Item No. 4: Ratification of Remuneration to Cost Auditor

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s.Kandikonda & Associates, Cost Auditors having M.No. 31775 to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018 at a remuneration of ₹ 70,000/- (Rupees Seventy Thousand Only) as audit fee, 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2018.

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 No. 5: Revision in Remuneration of Mr. P V Rao - Managing Director (DIN:03157581)

The Board of Directors of the Company ("the Board") at its meeting held on 10/02/2017, has, subject to approval of members, re-appointed Mr. P V Rao (DIN:03157581) as a Managing Director of the Company, for a further period of 2 years from the expiry of his present term, that is, 10/02/2017, on terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee (the 'N&R Committee') of the Board and approved by the Board. It is proposed to seek members' approval for the reappointment of and remuneration payable to Mr. P.V Rao as a Managing Director of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. P.V Rao are as under:

- 1) Basic Salary: ₹ 80 Lakhs per annum
- 2) Perquisites : In addition to the salary as stated above

Mr. P.V. Rao shall be entitled to the following perquisites.

#### **Category A**

House Rent Allowance: House Rent Allowance to the extent of 40% of the Basic Salary.

Medical Reimbursement: Expenses incurred for self and his family subject to a ceiling of ₹ 4 lakhs per annum.

Leave Travel Allowance: ₹8.06 lakhs per annum towards Leave travel allowance for self and family.

Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.

Personal Insurance Policy: Of an amount, the premium of which shall not exceed ₹ 6.00 Lakhs per annum.

#### **Category B**

- i) Contributions by the Company to Provident Fund to the extent of ₹ 9.60 lakhs per annum.
- ii) Payment of gratuity as per rules of the Company

#### **Category C**

Performance Incentives: The Company will pay an amount not exceeding ₹ 20 Lakhs per annum as performance incentives which is to be paid subject to the approval of the Nomination and Remuneration committee.

#### **Category D**

- i) The Company shall provide a car with driver and a telephone at the residence.
- ii) The Car for use on Company's business and telephone and other communication facilities at residence will not be considered as perquisites.
- iii) Entitled for leave as per Company Policy.

No sitting fees will be paid to Managing Director for attending meeting of the Board of Directors or any committee thereof. The overall remuneration payable every year to the Managing Director by way of salary, perquisites and allowances, incentive / bonus / performance linked incentive, remuneration based on net profits, etc., as the case may be, shall not exceed in the aggregate 5% (Five percent) of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

**Other Terms and Conditions:**

The other terms and conditions of re-appointment of Managing Director are.

- i) The Managing Director will perform his duties as such with regard to all work of the Company and will manage and attend to such business and carry out the orders and directions given by the Board from time to time in all respects.
- ii) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
- iii) The Managing Director shall adhere to the Company's Code of Conduct.
- iv) The office of the Managing Director may be terminated by the Company or by him by giving the other 3 (three) months' prior notice in writing.

Mr. P.V Rao has rich and varied experience in the industry and has been involved in the operations of the Company. It would be in the interest of the Company to continue to avail of his considerable expertise and to re-appoint Mr. P.V Rao as a Managing Director. Accordingly, approval of the members is sought for passing a Special Resolution for re-appointment of Mr. P. V Rao as a Managing Director.

Save and except as provided Mr. P.V Rao satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. P.V Rao under Section 190 of the Act.

Details of Mr. P.V Rao are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mr. P.V Rao is interested in the resolution set out at Item No. 5 of the Notice.

The relatives of Mr. P.V Rao may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board commends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

**Item No. 6: To serve documents on members and to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

Section 20 of the Companies Act, 2013 deals with service of documents by the Company, inter-alia, enables the Company to dispatch any document to a member as per his mode of request subject to deposit of such fee as determined by the members in the annual general meeting. Accordingly, consent of the members is sought for passing a Special Resolution authorizing the Board of Directors to decide the fee payable as set out at Item No. 6 of the Notice on dispatch of document as per the choice of mode selected by any member of the Company. The Board recommends the resolution for approval of the members in the best interest of the Company. The rate indicated in the resolution is minimum rate per document at the minimum slab of the weight in the respective category of each of mode dispatch as mentioned thereat.

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 No. 7: Approval of material related party transactions**

Section 188 of the Companies Act, 2013 read with rules 15 and 16 of Companies (Meetings of Board and its Powers) Rules, 2014 prescribe certain procedure for approval of related party transactions. The proviso to section 188 also states that nothing in section 188(1) will apply to any transaction entered into by the company in its ordinary course of business and at arm's length basis. All the proposed transactions put up for approval are in ordinary course of business and at arm's length. Pursuant to the applicable provisions of SEBI (LODR) Regulations, 2015, the following contracts / arrangements / transactions are material in nature and require the approval of the unrelated shareholders of the Company by a special resolution:

S. No.	Name of the related party	Nature of Transactions	Salient features of the transaction	Amount of Transaction (₹ In Crores)
1.	M/s. Pennar Industries Limited (PIL) (Holding Company)	Purchase of goods	As per the sale/ purchase orders to be entered into between the Company and PIL at the time of entering in to transaction	100.00
		Sale of Goods		
		Purchase of Fixed Assets		
		Other Services Received		
		Other Services Rendered		
		Receipt of Rent and Other Expenses		
		Others, if any incidental thereto		
		<b>Total</b>		<b>100.00</b>

The Board recommends the resolution for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao (being a Chairman and promoter group), Mr. Aditya Rao (being a Vice Chairman and Managing Director and promoter) holding more than 2 % of shareholding in Pennar Industries Limited and to which the resolution relates, is interested or concerned in the resolution in the capacity stated above.

By Order of the Board  
for **Pennar Engineered Building Systems Limited**

Place : Hyderabad  
Date : August 10, 2017

Registered Office: 9<sup>th</sup> Floor,  
DHFLVC Silicon Tower  
Kondapur, Hyderabad -500084

**Gopal Ladda**  
Company Secretary & Compliance Officer  
ACS No. 34522

Name of the Director	Mr. Mukul Gulati	Mr. P V Rao
Director Identification Number (DIN)	00746183	03157581
Date of Birth	06/09/1973	15/08/1959
Nationality	USA	India
Date of Appointment on Board	9 <sup>th</sup> November 2015	26/05/2010
Qualification	MBA	B.E. (Civil)
Shareholding in the Company	NIL	3,00,000 Shares
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	NIL	1. Pennar Industries Limited 2. Caldery's India Refractories Limited 3. Pennar Enviro Limited
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	NIL	NIL

# Director's Report

Dear Members,

Your Directors hereby submit the ninth (9<sup>th</sup>) report of the business and operations of the Company ('the Company' or 'PEBS Pennar') along with audited financial statements, for the financial year ended March 31, 2017.

## 1. Results and Operations

### Financial Results and Performance:

Pennar Engineered Building Systems Limited		
Particulars	2016-2017	2015-2016
Revenue from operations (Gross)	54761	49121
Less: Excise duty	4503	4429
Revenue from operations (Net)	50258	44692
Less: Total expenditure except depreciation	46910	39328
Profit from operations before depreciation, other income	3348	5364
Less: Depreciation	546	612
Profit from operations before other income	2802	4752
Add: Other income	571	186
Profit before tax	3373	4937
<b>Tax Expenses</b>		
Current tax	1312	1767
Tax pertaining to earlier years	(335)	185
Deferred tax	(44)	(30)
Profit for the year	2440	3016

### Review of Business and Company Affairs:

The gross revenues of the Company for the current financial year are ₹ 54,761.00 Lakhs and net revenues are ₹ 50,258.00 Lakhs. EBITDA for the current financial year is ₹ 5,635.00 Lakhs, and profit after tax is ₹ 2,440.00 Lakhs.

The Company has received new major orders from Shahi Exports, TATA Projects, SG Pharma, Greenko Group, Hindustan Coca Cola Beverages, Technico-Vithalapur, JSW Cement, JSW Paint, Toyo Engineering, Amplus Energy Solutions, Aequus SEZ, Walmart India, AK Bandhus, Nandi Printers,

Amyraah Properties, RKV Developers, SOBISCO, Amazon, and Freight Systems.

Projects were executed for Shapoorji Pallonji & Co., KMV Projects Limited, Azure Power, UltraTech Cement Limited, RCC Infra, Bhagwat Chattels, RKV Developers, Indus Projects, Hetero Labs, and VEE Rubber.

Repeat orders were received from Shahi Exports, Greenko Group, Hindustan Coca Cola Beverages, Technico-Vithalapur, JSW Cement, Shapoorji Pallonji & Co., Aequs SEZ, AGI Glass PAC, Avenue Supermart, Hetero Drugs, HIL Limited, RCC Infra, L&T, and UltraTech.

New initiatives were taken in developing Telecom Towers Model for Reliance Phase II. The Company has signed a MOU with Ramboll (Denmark MNC) specialised in designing towers. The Company has developed models for toilets using steel structures for Thane Municipal Corporation.

The company has commenced the production from its leased Baroda facility. The Company is now in the leading position in India in PEB business.

The utilisation of IPO proceeds of the Company as on March 31, 2017 is as follows:

S. No.	Particulars	Objects of the issue as per prospectus	Utilised up to March 31, 2017	Unutilised up to March 31, 2017
1	Repayment/prepayment, in full or part, of certain working capital facilities availed by our Company	3400	3400	-
2	Financing the procurement of infrastructure (including software and hardware) for the expansion of our design and engineering services	800	214	586
3	General corporate purposes	1079	1079	-
4	Issue related expenses *	521	517	4
	<b>Total</b>	<b>5800</b>	<b>5210</b>	<b>590</b>

\*Company's Share

As on March 31, 2017, unutilised funds have been temporarily invested in short-term liquid scheme of mutual funds and in bank balances.

#### Change in the nature of business, if any:

There was no change in the nature of business of the Company

**Dividend:** Considering future prospects of the Company to become the leading player in providing engineered building system services, and considering the investment required for future projects, the Board has not recommended any Dividend to shareholders for the financial year 2016-2017.

**Reserves:** The Board does not propose to transfer any amount to reserves this year.

**Deposits:** The Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

**Particulars of loans, guarantees or investments**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the Financial Statements provided in this Annual Report.

**Particulars of contracts or arrangements with related parties:** The particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 is disclosed in the prescribed Form No. AOC-2, which forms part of the report as Annexure A.

**Particulars of Subsidiary/Joint Venture/Associate Companies:** The Company does not have any subsidiary/associate companies for the financial year 2016-2017. However, the Company has set up a joint venture in the United States of America in the month of June 2017 to supply their goods and services.

**Material changes and commitments affecting the financial position between the end of the financial year and the date of the report:** There are no material changes that have occurred subsequent to the end of the financial year and the date of the report.

**Significant and material orders:** There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

## 2. Human Resources Management

We have set up a strategic recruitment and human resources management process. Human resources management at PEBS Pennar goes beyond the set boundaries of compensation, performance reviews and development. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can give their best to support departments' missions. We look at the employee's entire lifecycle, to ensure timely interventions that help build a long-lasting and fruitful career. Employee value should appreciate with time. We invest in our employee training strategically to reap the reward that pays off now and for years to come. The Company added 79 employees this year, taking the total strength to 588 at the end of the financial year.

**Particulars of Employees and Directors:** The employees' drawn salary above ₹ 60 Lakhs in aggregate per annum and ₹ 5 Lakhs in aggregate per month, and Median Employee Comparison is enclosed as Annexure B.

Apart from the above, no other director is receiving any elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. except sitting fees.

Sitting fees of ₹ 0.52 Lakhs have been paid to Mr. Kamalakar Rao Bandari — Independent Director.

## 3. Auditors

**Statutory Auditors:** The Company in its General Meeting held on August 6, 2014 appointed M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration Number N0008072S) as Statutory

Auditors of the Company from 2014-2015 to 2018-2019, subject to ratification of the appointment by shareholders at every Annual General Meeting. The Auditors' Report for fiscal 2017 does not contain any qualification, reservation or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report. However, the existing Statutory Auditors of the Company M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration Number N0008072S) have tendered their resignation letter and expressed their unwillingness to act as Statutory Auditors for the Company.

Therefore, the Board of Directors of the Company recommends the appointment of M/s. B S R & Associates LLP, Chartered Accountants (Firm Registration No. 116231W/W-100024), as the Statutory Auditors of the Company for a period of 1 year commencing from the conclusion of the 9 th Annual General Meeting till the conclusion of the 10 th Annual General Meeting to be held in the year 2018.

**Secretarial Auditor and Secretarial Audit Report:** In terms of Section 204 of the Act and Rules made thereunder, Mr. Dwarka Prasad Asawa, Company Secretary in Practice (Membership No. 20636), has been appointed Secretarial Auditor of the Company. The secretarial audit report for fiscal 2017 forms part of the Annual Report as Annexure C to the Board's report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

**Cost Auditors:** The Board at their meeting held on August 10, 2017 appointed Kandikonda & Associates, Cost Accountant (Membership No. 31775) as Cost Auditors of the Company for conducting cost audit of the Company for the financial year 2017-2018. The remuneration proposed by the Board of Directors, excluding taxes and out-of-pocket expenses, shall be paid on actuals and requires ratification of the shareholders of the Company. The shareholders ratification for payment of remuneration to Cost Auditors is being sought at the ensuing AGM.

**Auditors' Certificate on Corporate Governance:** As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the auditors' certificate on corporate governance forms part of this report. The auditors' certificate for fiscal 2017 does not contain any qualification, reservation or adverse remarks.

**Internal Financial Control and its adequacy:** The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosure.

#### 4. Corporate Governance and Corporate Social Responsibility

##### Company's Corporate Governance Philosophy

Corporate governance is about maximising shareholder value legally, ethically and sustainably. At PEBS Pennar, the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions.

Corporate Governance Report for fiscal 2017 forms part of this Annual Report.

**PEBS Pennar Code of Conduct for the Prevention of Insider Trading**

The Board of Directors has adopted the Insider Trading Policy in accordance with the requirements of the SEBI (Prohibition of Insider Trading) Regulation, 2015. The Insider Trading Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Insider Trading Policy of the Company, covering code of practices and procedures for fair disclosure of unpublished, price-sensitive information and Code of Conduct for the prevention of insider trading, is available on our website ([www.pebspennar.com](http://www.pebspennar.com)).

**Listing Agreement**

The Securities and Exchange Board of India (SEBI), on September 2, 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company entered into Listing Agreement with BSE Limited and the National Stock Exchange of India Limited.

**Board Diversity**

The Company recognises and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us retain our competitive advantage. The Board has adopted the Board Diversity Policy, which sets out the approach to diversity of the Board of Directors. The Board Diversity Policy is available on our website ([www.pebspennar.com](http://www.pebspennar.com)).

**Board Meetings**

The Board met five (5) times during the financial year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

**Woman Director on the Board**

Dr. Sita Vanka is the woman director on the Board of the Company.

**Declaration by Independent Directors:** The Company has received necessary declarations from all the Independent Directors of the Company, confirming that they meet the criteria of independence as laid down in Section 149 of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Board Evaluation**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act 2013, mandates that the Board shall monitor and review the Board evaluation framework.

The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Decision making

- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committee effectiveness

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the director being evaluated.

The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

#### **Policy on Directors' Appointment and Remuneration**

The current policy is to have an appropriate mix of Executive and Independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As of March 31, 2017, the Board consists of ten members, one of whom is Executive, three are Non-Executive, and six are Independent Directors. The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is available on our website ([www.pebspennar.com](http://www.pebspennar.com)). We affirm that the remuneration paid to the directors is as per the terms laid out in the nomination and remuneration policy of the Company.

#### **Familiarisation Program for Independent Directors**

All new Independent Directors inducted into the Board attend an orientation program informing the business and background of the Company and Pennar Group as a whole. Furthermore, at the time of the appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities. The format of the letter of appointment is available on our website ([www.pebspennar.com](http://www.pebspennar.com)).

#### **Policies**

We seek to promote and follow the highest level of ethical standards in all our business transactions, guided by our value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandated the formulation of certain policies for all listed companies. All our policies are available on our website ([www.pebspennar.com](http://www.pebspennar.com)). The policies are reviewed periodically by the Board and updated based on need and new compliance requirement. In the opinion of the Board, there is no element of risk which may threaten the existence of the Company.

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy is uploaded to the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

#### **Transfer of Amounts to Investor Education and Protection Fund**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to the Investor Education and Protection Fund (IEPF).

#### **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has adopted a policy for prevention of Sexual Harassment of Women in the workplace. The policy is uploaded to the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)). During the year, the Company has not received any complaint of sexual harassment of women in the workplace.



₹ 50.98 Lakhs towards CSR activities, out of which ₹ 9.05 Lakhs was utilised on activities specified in Schedule VII of the Companies Act, 2013. Amount unspent is ₹ 41.93 Lakhs.

### **Pennar Foundation**

Established in the last year as a not-for-profit trust for social welfare activities, implementing programs in the areas of healthcare, education, hunger eradication, rural development, disaster relief, arts and culture, destitute care, etc. across India. The highlights of the Foundation's work in fiscal 2017 included village developments, school upgrading, building of toilets in schools, and spending on green initiatives.

We thank the trustees of the Foundation, who continue to devote their time and effort in planning, guiding and monitoring its activities.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure F. The prescribed CSR expenditure of the Company for the financial year 2016-2017 was ₹ 50.98 Lakhs, out of which ₹ 9.05 Lakhs was utilised on activities specified in Schedule VII of the Companies Act, 2013. Amount unspent is ₹ 41.93 Lakhs.

The Policy is updated on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)).

The Composition of CSR Committee is as follows:

- |                      |          |
|----------------------|----------|
| 1. Mr. Kamalakar Rao | Chairman |
| 2. Mr. Nrupender Rao | Member   |
| 3. Mr. P.V. Rao      | Member   |
| 4. Dr. Sita Vanka    | Member   |

**Directors' Responsibility Statement:** The financial statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP). GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Company has adopted IND AS with effect from April 1, 2017.

The Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for the financial year ended March 31, 2017;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- They have prepared the annual accounts on a going concern basis; and
- They have laid down internal financial controls, which are adequate and are operating effectively
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Statutory Disclosures and Green Initiatives**

Any member interested in obtaining any particulars may write to the Company Secretary of the Company. Electronic copies of the Annual Report 2016-17 and Notice of the 9<sup>th</sup> Annual General Meeting are sent to all members whose email addresses are registered with the Company/Depository Participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode. We hereby request shareholders to register their email addresses with the Company/Depository Participant(s)/Registrar and Share Transfer Agents (RTA) of the Company for receiving the communication of the Company in electronic mode.

**Acknowledgements:** We take this opportunity to express appreciation for the co-operation, assistance and guidance provided by financial institutions, your company's bankers, customers, suppliers, investors, regulatory and government authorities, business associates, and stakeholders. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support. The Directors look forward to their continued support in future. Your Directors value your involvement as shareholders and look forward to your continued support.

For and on behalf of the Board of Directors:

Place: Hyderabad  
Date: August 10, 2017

**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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. Not Applicable
2. Details of contracts or arrangements or transactions at Arm's length basis.

1	Name of the Related Party and Nature of Relationship	1. Pennar Industries Limited (Promoter and Holding Company) 2. Pennar Enviro Limited (Fellow Subsidiary Company) 3. Pennar Renewables Pvt Ltd (Fellow Subsidiary Company) 4. Saven Technologies Limited (Significant Influence held by directors)
2	Nature of Contracts/ arrangements/transactions	Sale of Steel Products, Purchase of Steel products, fixed assets, rent received, Job works, Inter Corporate Loans (ICD) etc.
3	Duration of the Contracts/ arrangements/transactions	April 01, 2016 to March 31, 2017
4	Salient features of the contracts/ arrangements/transactions	The contracts were entered into in the ordinary course of business and on arm's length basis. (for details of transactions during the year refer Note no 31.4 of the financial statements)
5	Amount Paid as Advances, if any	NIL

Note: Appropriate approvals have been taken for Related Party Transactions.

**For Pennar Engineered Building Systems Limited**

Place: Hyderabad  
Date: August 10, 2017

**Nrupender Rao**  
Chairman

## Particulars of Employees

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014								
S. No.	Name	Designation/ Nature of Duties	Remuneration [₹ in Lakhs]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held
1	2	3	4	5	6	7	8	9
1	Mr. P.V. Rao	Managing Director	129.81	BTech (Civil Engineering)	More than 34 years	57	May 26, 2010*	Tata Blue Scope Steel

Date of Joining: January 24, 2008

### Median Remuneration of Employees Comparison:

S. No.	Name	Designation/ Nature of Duties	Remuneration [₹ in Lakhs] (2016-2017)	Remuneration [₹ in Lakhs] (2015-2016)	No of Stock options granted	Increase in remuneration from previous year	Ratio/median of employee remuneration	Ratio of remuneration to Revenues (fiscal 2017)	Ratio of remuneration to Net Profit (fiscal 2017)
1	Mr. P.V. Rao	Managing Director	129.81	122	NIL	6.40%	40.69	0.23	5.32
2	Mr. Shrikant Bhakkad	CFO	41	39	NIL	5.12%	12.85	0.07	1.68
3	Mr. Gopal Ladda (w.e.f. November 30, 2016)	Company Secretary and Compliance Officer	1.07	N.A.	NIL	N.A.	0.33	----	----
4	Mr. Subhash Kishan Kandrapu (until November 30, 2016)	Company Secretary and Compliance Officer	4.49	4.70	NIL	N.A.	--	---	----

The median remuneration of employees was ₹ 3.19 Lakhs for the financial year 2017 respectively

The Company added 79 employees this year, taking the total strength to 588 at the end of the financial year. The remuneration paid to Directors and KMP in the previous is in accordance to the Nomination and Remuneration Policy of the Company. Our market capitalisation as of March 31, 2017 is:

Particulars	2017
Paid up capital as on March 31, 2017	₹ 3,42,74,911
Closing price at National Stock Exchange Limited as on March 31, 2017	₹ 126.90
Market Capitalisation as on March 31, 2017	₹ 43,494 Lakhs
Price Earnings Ratio as at the closing date (MPS/EPS)	13.40

### For Pennar Engineering Building Systems Limited:

Place: Hyderabad  
Date: August 10, 2017

Nrupender Rao  
Chairman

## Secretarial Audit Report

For the Financial Year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To:

The Members  
Pennar Engineered Building Systems Limited  
(CIN: L45400TG2008PLC057182)  
9<sup>th</sup> Floor, DHFLVC Silicon Towers  
Kondapur, Hyderabad - 500084

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pennar Engineered Building Systems Limited. 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 and declarations made by the Company, its officers, agents and authorised 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 March 31, 2017 complied with the statutory provisions listed hereunder, and also that the Company has proper Board processes and compliance mechanisms 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 March 31, 2017 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 by-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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Other applicable laws, include the following:
  - a) Payment of Gratuity Act, 1972
  - b) Competition Act, 2002

- c) Employees Provident Fund and Miscellaneous Provisions Act, 1952
- d) Employees State Insurance Act, 1948
- e) Income Tax Act, 1961
- f) Indian Stamp Act, 1899
- g) Maternity Benefit Act, 1961
- h) Minimum Wages Act, 1948
- i) Payment of Bonus Act, 1965
- j) Payment of Wages Act, 1936
- k) Shops and Establishments Act, 1948
- l) The Finance Act, 1994

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent applicable under the Companies Act, 2013; and
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

As per the information provided and declaration given by the Company and its offices, there are no special Acts specifically applicable to the Company.

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

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.

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.

Majority decision is carried through while the dissenting Board members' views, if any, are captured and recorded as part of the minutes.

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 no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

Place: Hyderabad  
Date: August 10, 2017

Signature:

**Dwaraka Prasad Asawa**  
Practicing Company Secretary  
ACS No. 20636  
CP No. 7546

To:  
The Members  
Pennar Engineered Building Systems Limited  
Hyderabad

My Secretarial Audit Report of even date is to be read along with this letter.

1. The maintenance of Secretarial Records is the responsibility of the management of the Company. Furthermore, the Company is also responsible for devising proper systems and processes to ensure the compliance of the various statutory requirements and Governance systems.
2. It is the responsibility of the management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
3. My responsibility is to express an opinion on these Secretarial Records based on my audit.
4. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the process and practices followed provide a reasonable basis for my opinion.
5. Wherever required, I have obtained management representations about the compliance of laws, rules and regulations and happening of events, etc.
6. The compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company, nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date: August 10, 2017

Signature:  
**Dwaraka Prasad Asawa**  
Practicing Company Secretary:  
ACS No. : 20636  
C P No: 7546

## Form No. MGT 9 Extract of Annual Return

As on financial year ended on 31.03.2017  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

### I. Registration & Other Details:

1.	CIN	L45400TG2008PLC057182
2.	Registration Date	January 17, 2008
3.	Name of the Company	Pennar Engineered Building Systems Limited
4.	Category/Sub-category of the Company	Pre Engineered Buildings, Steel Structures
5.	Address of the Registered office & contact details	9 <sup>th</sup> Floor, (West Wing) DHFLVC Silicon Towers, Kondapur, Hyderabad — 500084 Tel : 040 — 40210525, Fax : 040 - 40186992
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B   Plot number 31 & 32   Financial District   Nanakramguda   Serilingampally Mandal   Hyderabad - 500032   India Contact Person Rajiv Kumar Deputy Manager Tel : +91 040 67161524 Email : rajeev.kr@karvy.com

### 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)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Pre Engineered Building / Steel Structure Components and related activities	28112	100 %

### III. Particulars Of Holding, Subsidiary And Associate Companies

S. No.	Name and Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Pennar Industries Limited	L27109TG1975PLC001919	Holding	53.98	2(87)(ii)

## IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2944736	-	2944736	8.59	2948549	-	2948549	8.60	0.01
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	18500000	0	18500000	53.98	18500000	0	18500000	53.98	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>21444736</b>	<b>0</b>	<b>21444736</b>	<b>62.56</b>	<b>21448549</b>	<b>0</b>	<b>21448549</b>	<b>62.58</b>	<b>0.02</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	6272766	0	6272766	18.30	6002126	0	6002126	17.51	(0.79)
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	1036613	0	1036613	3.02	881621	0	881621	2.57	(0.45)
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	802198	0	802198	2.34	303023	0	303023	0.88	(1.46)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investor	135686	0	135686	0.40	814811	-	814811	2.38	1.98
<b>Sub-total (B) (1):-</b>	<b>8247263</b>	<b>0</b>	<b>8247263</b>	<b>24.06</b>	<b>8001581</b>	<b>0</b>	<b>8001581</b>	<b>23.34</b>	<b>(0.72)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	3057000	0	3057000	8.92	2841990	0	2841990	8.29	(0.63)
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									0

i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	650475	2002	652477	1.90	1036144	0	1036144	3.02	1.12
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakh	543511	300000	843511	2.46	918701	0	918701	2.68	0.22
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	4951	0	4951	0.01	15535	0	15535	0.05	0.04
Non Resident Indian Non Repatriable	-	-	-	-	5320	0	5320	0.02	0.02
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	306	0	306	0.00	0.00
Clearing Members	24973	0	24973	0.07	6785	0	6785	.02	(0.05)
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (2):-</b>	<b>4280910</b>	<b>302002</b>	<b>4582912</b>	<b>13.37</b>	<b>4824781</b>	<b>0</b>	<b>4824781</b>	<b>14.07</b>	<b>0.70</b>
Total Public Shareholding (B)=(B)(1)+ (B) (2)	12528173	302002	12830175	37.42	12826362	0	12826362	37.42	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>33972909</b>	<b>302002</b>	<b>34274911</b>	<b>100</b>	<b>34274911</b>	<b>0</b>	<b>34274911</b>		<b>-</b>

## B) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M/s. Pennar Industries Limited	18500000	53.98	33.24	18500000	53.98	33.24	-----
2	Venkata Nrupender Rao Joginapally	516000	1.51	-	516000	1.51	-	
3	Aditya N Rao	772498	2.25	-	772498	2.25	-	-----

4	Avanti Rao	254950	0.74	-	254950	0.74	-	-----
5	D Sudeeptha Rao	509899	1.49	-	509899	1.49	-	-----
6	J Nrupender Rao (HUF)	197989	0.58	-	197989	0.58	-	-----
7	Rajyalakshmi Rao Joginapally	690914	2.02	0	690914	2.02	-	-----
8	Pennar Holdings Private Limited	2486	0.01	-	6299	0.02	-	0.01
	Total	21444736	62.56	33.24	21448549	62.57	33.24	0.01

### C) Change in Promoters' Shareholding (please specify, if there is no change)

#### 1. Pennar Industries Limited

S. No.	Particulars	Shareholding 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
	At the beginning of the year	18500000	53.98	18500000	53.98
	At the end of the year			18500000	53.98

#### 2. Venkata Nrupender Rao Joginapally

S. No.	Particulars	Shareholding 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
	At the beginning of the year	516000	1.51	516000	1.51
	At the end of the year			516000	1.51

#### 3. Aditya N Rao

S. No.	Particulars	Shareholding 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
	At the beginning of the year	772498	2.25	772498	2.25
	At the end of the year			772498	2.25

#### 4. Avanti Rao

S. No.	Particulars	Shareholding 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
	At the beginning of the year	254950	0.74	254950	0.74
	At the end of the year			254950	0.74

## 5. D Sudeepta Rao

S. No.	Particulars	Shareholding 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
	At the beginning of the year	509899	1.49	509899	1.49
	At the end of the year			509899	1.49

## 6. J Nrupender Rao (HUF)

S. No.	Particulars	Shareholding 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
	At the beginning of the year	197989	0.58	197989	0.58
	At the end of the year			197989	0.58

## 7. Rajyalakshmi Rao Joginapally

S. No.	Particulars	Shareholding 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
	At the beginning of the year	690914	2.02	690914	2.02
	At the end of the year			690914	2.02

## 8. Pennar Holdings Private Limited

S. No.	Particulars	Shareholding 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
	At the beginning of the year	2486	0.01	6299	0.02
	At the end of the year			6299	0.02

## D) Shareholding Pattern of Top Ten Shareholders

(Other than Directors, Promoters and Holders of GD and AD:

S. No.	For Each of the Top 10	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Zephyr Peacock India Fund III Limited	2307481	6.73	1962473	5.73
2	DSP Black Rock Small and Mid Cap Fund	1180176	3.44	1678391	4.90
3	IL&FS Trust Company Limited	1036613	3.02	881621	2.57
4	Kotak Emerging Equity Scheme	841759	2.46	852807	2.49

5	The Nomura Trust and Banking Co Ltd as the trustee of Nomura India Stock Mother Fund	494382	1.44	814382	2.38
6	DSP Blackrock 3 Years Close Ended Equity Fund	644382	1.88	644382	1.88
7	Aruna Finecap Private Limited	NIL	NIL	421451	1.23
8	Birla Sunlife Trustee Company Private Limited A/c Birla Sun Life Emerging Leaders Fund- Series 3	404426	1.18	404026	1.18
9	Birla Sunlife Trustee Company Private Limited A/c Birla Sun Life Small and Midcap Fund	NIL	NIL	383732	1.12
10	Birla Sunlife Trustee Company Private Limited A/c Birla Sun Life Emerging Leaders Fund- Series 1	350030	1.02	375030	1.09

### EJ Shareholding of Directors and Key Managerial Personnel:

#### Mr P V Rao

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding 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
	At the beginning of the year	300000	0.88	300000	0.88
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year			300000	0.88

#### Mr Aditya Rao

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding 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
	At the beginning of the year	772498	2.25	772498	2.25
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year			772498	2.25

## Mr Venkata Nrupender Rao Joginapally

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding 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
	At the beginning of the year	516000	1.51	516000	1.51
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year			516000	1.51

**F) Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	5476	NIL	NIL	5476
ii) Interest due but not paid	178	NIL	NIL	178
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>5654</b>	<b>NIL</b>	<b>NIL</b>	<b>5654</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	NIL	NIL	NIL	NIL
* Reduction	(94)	NIL	NIL	(94)
<b>Net Change</b>	<b>(94)</b>	<b>NIL</b>	<b>NIL</b>	<b>(94)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5539	NIL	NIL	5539
ii) Interest due but not paid	21	NIL	NIL	21
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>5560</b>	<b>NIL</b>	<b>NIL</b>	<b>5560</b>

**V. Remuneration Of Directors And Key Managerial Personnel-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Mr. P.V. Rao (Managing Director)				Total Amount
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	115.81				115.81
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	© 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..	14.00				14.00

5	Others, please specify (Performance Variable Incentive)				
	Total (A)	129.81			129.81
	Ceiling as per the Act	175.12			175.12

#### B. Remuneration to other directors

The Company is not paying any remuneration to any other directors apart from Managing Director. The Sitting fees of ₹52,650 has been paid to Mr. Kamalakar Rao Bandari – Independent Director

#### C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel (₹ in Lakhs)		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.07	33.40	38.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	others, specify..	0	0	0
5	Others, please specify (Performance Variable Incentive)	0	5.60	5.60
	<b>Total</b>	<b>1.07</b>	<b>39.00</b>	<b>43.70</b>

#### VI. Penalties / Punishment/ Compounding of Offences:

Type	Section 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 (Not Applicable)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors (Not Applicable)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. Other Officers in Default (Not Applicable)					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

#### For Pennar Engineered Building Systems Limited

Place: Hyderabad  
Date: August 10, 2017

**Nrupender Rao**  
Chairman

**Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

## a) Conservation of Energy

Nil

## b) Technology Absorption

Nil

## c) Research and Development (R&amp;D):

The Company continues to look at opportunities in the areas of research and development in its present range of activities.

## d) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange used was ₹ 45 Lakhs and the total foreign exchange earned was ₹ 1,451 Lakhs.

**For Pennar Engineered Building Systems Limited**

Place: Hyderabad  
Date: August 10, 2017

**Nrupender Rao**  
Chairman

## Format for the Annual Report on CSR Activities to be Included in the Board's Report

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken, and a reference to the web link to the CSR policy and projects or programmes ([www.pebspennar.com](http://www.pebspennar.com));
2. The composition of the CSR Committee, provided in the Director's Report;
3. Average net profit of the company for the last three financial years (₹ 2,549 Lakhs);
4. Prescribed CSR expenditure (2% of the amount as in item 3 above): ₹ 50.98 Lakhs;
5. Details of CSR spent during the financial year:
  - (a) Total amount spent for the financial year: ₹ 9.05 Lakhs;
  - (b) Amount unspent, if any: ₹ 41.93 Lakhs; and
  - (c) Manner in which the amount spent during the financial year (detailed below);
6. In case the company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. The Company is evaluating proposals to ensure CSR funds are optimally utilised.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.

S. No.	Particulars	(1)	(2)	(3)	(4)	(5)
(1)	CSR project or activity identified	Sector in which the project is covered	Projects or Programme (Local area or other) Specify the state and district where projects or programs was undertaken	Amount outlay (budget project or Programme wise	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount Spent direct or through implementing agency
(2)	Welfare activities through Pennar Foundation	Promoting Education, Ensuring Environmental Sustainability	Medak, Telangana	-----	9.05	Direct
	<b>Total</b>				<b>9.05</b>	

**P.V. Rao**  
Managing Director

Place: Hyderabad  
Date: August 10, 2017

**Kamalakar Rao**  
CSR Committee Chairman

# Management Discussion and Analysis

For every journey to be successful, it is imperative to first determine a path that allows us to ride wave after wave of opportunity. In this year's Management Discussion & Analysis, we explore the various factors that will influence how we navigate conditions with minimal resistance and maximum efficiency.

## Global Economic Realities

Events around the world can have far-reaching effects on business close to home. A wide view of global financial conditions enables us to anticipate the ripple effect of economic chain reactions, and ensure that we choose the right way forward.

Global economic growth is firming broadly as expected. According to World Bank Report Global economic prospectus June 2017, Global growth is projected to strengthen to 2.7% in 2017 and 2.9% in 2018-19. In emerging market and developing economies (EMDEs), growth is predicted to recover to 4.1% in 2017 and reach an average of 4.6% in 2018-19, as obstacles to growth in commodity exporters diminish, while activity in commodity importers continues to be robust in activity. Growth in major advanced economies is also firming up slowly with monetary policy normalisation in the USA and political certainty in Eurozone area.

Risks to global outlook remain tilted to the downside. These include increased trade protectionism, elevated economic policy uncertainty, the possibility of financial market disruptions, and, over the longer term, weaker potential growth. Less-than-expected US fiscal spend and rapid tightening of the US monetary policy also pose significant threats to the outlook.

## Domestic Market Conditions

With positive signs on the horizon that industrial output will shore up over the coming years, it is more important than ever to map the best route. Our keen understanding of domestic economics offers insights that enable us to align our business strategy with the market realities of both today and tomorrow.

India's economy grew at 7.1% in 2016-17 compared to 7.6% in 2015-16. The slowdown in growth can primarily be attributed to lack of proper monsoon which led to slowing rural demand, and demonetisation of higher-currency notes in India, which had significant impact on the economy and slowed down the economic activity. However, the Indian economy is expected to grow at a rate of 7.2% in 2017 and 7.5% in 2018 which makes India the fastest-growing economy in the world.

India's economy is expected to post robust growth in the next 2-3 years primarily on account of controlled inflation, a lower interest rate regime, and structural reforms by the government which are setting the pace for robust growth.

The union budget 2017-18 has increased the allocation for the infrastructure and defense sectors along with which it also gave infrastructure status to residential housing. This will lead to strong growth and significant opportunities in the construction sector going forward.

Government reforms and significant push for the infrastructure sector coupled with growing demand to complete projects on time to significantly reduce the costs all these will lead to significant demand for the pre-engineered building (PEB) systems space in the future.

### Industry Review & Developments

A sharp awareness of the business climate can make the difference between performance and outperformance. For us, success begins with knowing current economic realities — and using that knowledge to ensure smooth sailing.

India has the second fastest-growing economy in the world and a lot of it, is attributed to its construction industry which figures just next to agriculture in its economic contribution to the nation. In order to cater to the growing needs of the Indian construction sector industry came out with a new innovation called Pre-engineered building systems (PEBs). As opposed to being on-site fabricated, PEBs are delivered as a complete finished product to the site from a single supplier with a basic structural steel framework with attached factory finished cladding and roofing components. The structure is erected on the site by bolting the various building components together as per specifications. PEBs are developed using potential design software and 3D modelling.

PEBs have hit the construction market in a major way owing to the many key benefits they possess. They exemplify the rising global construction, technology and while they oppose the practice of conventional building construction they simultaneously have taken it to a higher level too. Worldwide, they are a frequently used concept with studies revealing that 60% of the non-residential low-rise building in USA are pre-engineered; for India, the concept has been gaining momentum and the scope of growth is guaranteed looking at India's huge infrastructural requirements. Studies already validate that India has the fastest growing market in the PEB construction segment. The scope of using PEBs ranges from showrooms, low height commercial complexes, industrial building and workshops, stadiums, schools, bridges, fuel stations to aircraft hangers, exhibition centers, railway stations and metro applications. While we are still to see PEBs being used in residences in India, one can see their optimal use in warehouses, industrial sheds, sports facilities etc. The Delhi Airport and the metro projects of Delhi, Bengaluru and Mumbai are also examples of PEB applications.

India requires huge infrastructure development in the next two decades to sustain its growing needs. The Government initiatives like increased infrastructure spending, giving infrastructure status to residential housing and Housing for all by 2022, along with structural reforms in the construction sector are expected to drive the sector in future ahead.

### Opportunities Across Sectors

Acceleration of growth begins with a telescopic view of avenues across multiple sectors. Identifying these opportunities before they present themselves allows us to consolidate and redirect resources where they stand to yield the most efficient returns.

## Manufacturing

Government of India's focus on Make in India initiative is expected to drive the manufacturing sector in the country and will drive the growth of PEBs in India. The Industrial applications of the PEBs are very wide in nature. PEBs applications are spread across verticals like capital goods, auto, cement, FMCG etc. Indian commercial building spaces are growing at a much faster space because of growth in the services sector. The constraints for completing construction projects with in time and low cost create huge set of opportunities for PEBs going forward.

## Infrastructure

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. Indian infrastructure has witnessed significant investments in recent years. The Road Transport & Highways Ministry has invested around ₹3.17 trillion (US\$ 47.7 billion), while the Shipping Ministry has invested around ₹80,000 crores (US\$ 12.0 billion) in the past two and a half years for building world class highways and shipping infrastructure in the country. The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport. This significant investment into infrastructure space is going to create a strong demand in the future ahead.

## Solar Energy

The Government has added 8.5 GW of conventional generation capacity during the April 2016-January 2017 period. Under the 12th Five Year Plan, the Government has added 93.5 GW of power generation capacity, thereby surpassing its target of 88.5 GW during the period. The Government of India announced a massive renewable power production target of 175,000 MW by 2022; this comprises generation of 100,000 MW from solar power which will provide huge opportunities in the solar module mounting area for PEBs.

## Agricultural Warehousing

India requires good number of agricultural warehouses in order to store its bumper crop production each year. Agri-warehousing forms 10% of total warehousing in India. The Government initiatives to improve the public distribution systems and improving storage capacities across India is going to create a huge demand for PEBs in this sector.

Grain Silos: To meet the grain storage requirements of 200MT there is going to be a huge capacity addition in this segment adding demand to the PEBs

## Industrial Warehousing

Industrial warehousing is crucial in India to cater the needs of growing commerce. Industrial warehousing is going to attract significant demand on account of growth in E-Commerce and other industrial requirements for transporting goods. This will be a good driver of growth for PEBs

## Civil Aviation

With the air traffic improving significantly every year and the government initiative to cap the air

traffic fare for small distance travel at below ₹ 2500 there is going to be a huge demand for new airports in Tier-2 and Tier-3 cities which will create demand for the PEBs market.

### **Metro Rail**

With rising demand for metro rails in Tier 2 cities and governments view to create many new metro projects, this area is a huge demand driver for the PEBs market.

### **Railways**

With 3500 kms of railway new lines sanctioned for 2017-18 , with ease of installation and low cost PEBs are going to be the solution for all the new bridges and other constructions.

### **Housing**

The Government of India's Housing for all initiative by 2022 and infrastructure status for housing in the recent budget are going to create a huge demand for PEBs sector.

### **Challenges Ahead**

Like any business journey, ours features multiple challenges, yet offer opportunities to succeed where others have not. By being the first people to understand these challenges, we are then best-aligned to successfully navigate them.

### **Presence of Enhanced Competition**

PEBs sector which is still in the nascent stages in the country with a few number of players. The business is expected to become more and more competitive with the addition of new domestic and foreign players in the industry. The foreign players bring in years of expertise, innovative technologies and significant financial resources which can convert the industry into a very competitive sector going ahead.

### **Fluctuating Prices of Raw Materials**

Steel is our key raw material for the manufacturing of PEB products. Any fluctuations in the prices of steel on account of domestic or global conditions may create a significant threat to the profitability of the business.

### **Dearth of Skilled Manpower**

Manpower is a key resource in the PEBs sector. Availability of skilled man power in the market is a threat moving forward because of higher salaries and benefits offered by other players in the industry.

### **Economic Outlook**

Steadfast and pointing duly north, our finely honed business and engineering expertise continues to show us the way towards better capital efficiency. It's this ability to leverage prior experience to anticipate the future which sets us apart.

As the Indian economy continues to grow at a robust pace the demand for the PEBs is going to

improve significantly. Governments continuous efforts towards pushing the infrastructure space in the country can be witnessed by significant increase in infrastructure spend in the union budget 2017-18. This kind of rise in spending will lead to a huge demand for the engineering services sector. With its application in a wide variety of sectors across the infrastructure space the PEBs market is expected to rise significantly in the coming years. However, there are some threats associated such as slowing down of Indian economy and any change in government policies may significantly impact this industry and our business going forward.

## Risks & Concerns

Agility enables us to identify and surmount potential obstacles to capital and operational efficiency. Our customers are always a part of our overall growth strategies and that's why we believe they should have a complete understanding of the risks associated with the market. This includes giving them the complete picture of our business approach and market dependencies.

### Stagnation

Risk — Slowdown of the PEB vertical may lead to customers accepting lower prices, in turn affecting market margins, payment terms and profitability.

Mitigation — We are introducing new segments in our business to diversify our clients, products and expertise. We have already begun venturing into segments like cold form buildings, high rise steel structures, communication towers, portable toilets, modular solutions for camp offices and mainly Engineering Services.

### Execution

Risk — People may not be skilled enough to complete work in a timely manner despite receiving relevant training.

Mitigation — Through continuous tracking of processes at every level and monitoring the progress, we aim to minimize the risks involved. With frequent and relevant training regarding project skills, time management and managerial skills, the projects are being executed more efficiently.

### Suppliers

Risk — Raw material suppliers determine what we charge customers. If they increase their prices, it leads to us charging our customers a premium.

Mitigation — As long as raw material prices are within margins, we do not charge the customers despite working with very thin margins. Regardless, the effects of raw material price change directly affects the customers and we try to increase the contract value accordingly to our customer's benefit. The customer in the end does bear the brunt of the price change.

### Losses

Risk — The steel industry requires considerable capex investment of ₹ 10,000 to 12,000 crore to set up plants. Companies want customers to cover these losses.

Mitigation — The industry aims to utilize its capacity to cover the losses at any cost because it is a very competitive and open market. In the end, how each player devises the market strategy

decides how it covers the losses.

### Operations

**Risk** — Issues may arise with design, order booking, production delays, project management, and customer payment processes.

**Mitigation** — We monitor very closely every step of the operational process. We set internal timelines and budgets and work accordingly. With regular follow up and interaction with the customer, we ensure their payments are processed in time supported by us billing them on time. To facilitate the entire process, we have our own Order Management Department (OMD). It addresses design, manufacturing, project management and the customer's queries throughout the process. It coordinates with the customer as well as the plant acting as the single point of contact to facilitate easy traceability of the order.

### HR & Industry Relations

Every successful voyage begins with a capable crew. By ensuring productive working relationships with those who share our vision, we ensure that growth is consistent and the way forward is swift.

The company has an excellent track record of cordial and harmonious industrial relations. The company believes that, it is the human factor that makes all the difference to its sustained growth. New HR initiatives have been undertaken and various HR processes were automated, aiming at improving employee services. The new automated, online performance management system has helped us to reach out to all employees and systematically complete the whole performance management cycle including identifying training needs. This will no doubt have a positive impact on the morale and the productivity of the employees. Efforts are directed to help individuals recognize their potential through challenging assignments involving increased responsibilities. In view of its aggressive growth plans, the Company, during the year, augmented its manpower with experienced personnel in the technical and non-technical areas. Also, the company hired young talent from best engineering colleges through campus drives.

Learning is a continuum, especially in this ever-changing business dynamics. In a dynamic set-up keeping abreast with the best practices is all the more important in order to be competitive. Keeping this philosophy in mind, the company has started a new initiative titled PEBS Centre for Learning and Leadership Development (PCLLD), which focuses on learning interventions at all levels and aimed to nurture future leaders of PEBS by imparting training on best in class. The Company continues to take care of welfare of the employees. The Company organized camps for checking the health of operatives and staff by ESI and other medical agencies. During 2016-17 we added to the strength and agility of PEBS by deep rooting the roster of our workforce by 79 employees taking the total strength to 588. The company strives to be an Employer of Choice.

### Financial Results and Performance

Everything we do at PEBS Pennar leads to one destination — profitability. That's why we operate with a single-minded objective of delivering value at every step of the way. The result is balance sheets that tell the story of solid, consistent growth.

Particulars	2016-17	2015-16
Revenue from operations (Gross)	54,761	49,121
Less : Excise Duty	4,503	4,429
Revenue from operations (Net)	50,258	44,692
Less: Total Expenditure except Depreciation	47,456	39,328
Profit from Operations before Depreciation, Other Income	3,348	5,364
Less: Depreciation	546	612
Profit from Operations before Other Income	2,802	4,752
Add: Other Income	571	186
Profit before tax	3,373	4,938
<b>Tax Expenses</b>		
Current Tax	1,312	1,767
Tax Pertaining to earlier years	(335)	185
Deferred Tax	(44)	(30)
Profit for the year	2440	3,016

## Review of Business and Company Affairs

### Commentary on Financial Performance

During the year ended March 31, 2017, the company performed significantly well and the Gross revenue from operations went up by around 11.48%. Net revenue from the operations went up by 12.45% which indicates that there is a significant improvement in the business over the last one year. As the pre-engineered building systems is a niche segment which is bound to increase manifold times over the next decade, we expect to witness good growth rate in future revenues in a risk neutral scenario.

Expenses went up by 18.81% in the year ended on March 31, 2017. This is primarily because of the increase in cost of materials consumed, spurt in the inventories, sub-contracting expenses and erection expenditure. As the year witnessed a surge in raw material prices, to tackle rising raw material prices the company accumulated raw material which led to increase in cost of materials consumed and buildup of seven-fold inventories. The company also witnessed significant increase in expenses for sub-contractors to meet the rising demand as company is already operating at full capacity. Other significant expenses include erection expenditure and increased freight cost which led increase in expenses for the company.

The year ended on March 31 2017 witnessed a 19.09% decline in profit, even though the revenues increased, due to increase in expenses. But we strongly feel that the expenses witnessed above which include sub-contractor expenses to meet client demand, erection expenditure for future projects may take a toll on expenses in the short-term but will definitely add value to the company in the long-term. The company is enjoying a very strong demand for its products and

services and hence in order to meet the demand we have to raise our expenses in capacity addition and sub-contracting which indicates a strong growth prospectus for the company.

The company acquired fixed assets worth 5.98 Crore, had a 13.71% increase in reserves; also, the company is almost debt-free. This combination of strong reserves along with rising demand and debt free position makes the company well poised for significant growth in the future, our strong order book is already an indication of this position. Going forward, we would like to build a strong engineering services company which will add better value to our customers and deliver strong profitability to our investors.

### **Capital Efficiency**

There has been a definite top-line growth with bottom line and EBIDTA margins not completely up to our expectations. With money coming into the IPO in a separate segment, our revenues are improving. We are better in capital efficiencies compared to other companies.

### **Industrial Output**

Our production has increased since last year with 4 full-fledged facilities across India — 3 Beam Lines facilities in Hyderabad and 1 beam line facility in Baroda. New machineries have been introduced to Solar manufacturing plants. A lot of production work previously outsourced has now been converted to in-house. Additional facilities have been added to develop structural works in and around Hyderabad to increase our production. Our capital deployed on these facilities has led to better efficiency as compared to our competitors. Our focus is towards exports in Africa and Far East.

### **Debt Servicing**

We are one of the only companies with no long-term debts. We also have cash reserves saved for future growth with no increase in working capital but with consistent increase in revenue. Our receivables also have been consistently lowered. Due to spurt in raw material prices, we bought higher inventory leading to higher trade payables and higher acceptances.

### **Internal Control Systems**

The Company has appointed the Internal Auditors of the Company as Internal Financial Control Consultants to evaluate the Internal Financial Control Systems of the Company. The Company has set in place an effective internal control system which undergoes continuous review. In addition, corrective measures are taken to enhance their efficiency if required. In accordance with the highest industry standards, the Company has been accredited with ISO 9001 (quality systems). The Company's ERP system define queries for detection of exceptions and/or detection of deviating transactions, analytics on transactional data, unmatched flexibility when changing reporting structures.

### **Business Review**

Opportunities will never cease to present themselves, and we will continue to leverage them. That's why our future-readiness begins today. Because we know, when one journey concludes, another is always waiting to begin.

- Development of one of the tallest High Rise buildings in India — a 17-storey steel commercial building
- Venturing into the residential market with steel structures
- Expansion into the solar industry with solar MMS erection and foundation, making it ready for solar panel manufacturers to lay
- Diversification of projects like Kannur Airport, metro stations, Amazon Fulfillment Centres, portable toilets for Greater Hyderabad Municipal Corporation and Thane Municipal Corporation
- Agreement with Rambol to build towers, thereby expanding the towers vertical
- Expansion of engineering services by building pre-fabricated steel structures from India for NCI (revenue doubling)
- State warehousing and agri-marketing warehousing projects
- Development of market yards (steel structures of 2-3 storeys) municipal corporations
- Baroda facility catering to North and West markets; Hyderabad facility catering to South and East marke

The utilisation of IPO Proceeds of the Company as on March 31, 2017 is as follows:

S. No.	Particulars	Objects of the issue as per prospectus	Utilisation upto 31-Mar-17	Unutilised amount upto 31-Mar-17
A	Repayment / prepayment, in full or part, of certain working capital facilities availed by our Company	3,400	3,400	-
B	Financing the procurement of infrastructure (including software and hardware) for the expansion of our design and engineering services	800	214	586
C	General corporate purposes	1,079	1,079	-
D	Issue related expenses *	521	517	4
	<b>Total</b>	<b>5,800</b>	<b>5,210</b>	<b>590</b>
	<b>Bank balance</b>			
	HDFC Bank	-		
	Axis Bank	161.45		
	ICICI Bank	68.78		
	Yes Bank	-		
	Balance as on 31 December, 2015		230.24	

\*Company's Share

As on March 31, 2017, unutilised funds have been temporarily invested in short term liquid scheme of mutual funds.

### Change in the nature of business, if any

There was no change in the nature of business of the Company.

### Dividend

The Board considering future prospects of the Company and considering the investment required for future projects, the Board has not recommended any Dividend to the shareholders for the financial year 2015-2016.

### Reserves

The Board does not propose to transfer any amount to reserves this year.

### Deposits

The Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as of the Balance Sheet Date.

For **Pennar Engineered Building Systems Limited**

Place: Hyderabad  
Date: August 10, 2017

**Nrupender Rao**  
Chairman

# Corporate Governance Report

## Company Philosophy on Corporate Governance

Corporate Governance is about maximising shareholder value legally, ethically and sustainably. At Pennar Engineered Building Systems Limited ("Pebs Pennar"/"the Company"), the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance. We also endeavour to enhance long-term shareholder value and respect minority rights in all our business decisions.

Strong leadership and effective corporate governance practices have been the Company's hallmark, inherited from the Pennar culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and its Non-Executive Directors, which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). This code is available on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)). The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

## Board of Directors

As on March 31, 2017, the Company has Ten Directors. Of the Ten, Nine are Non-Executive Directors (90%), Six are Independent Directors (60%) including one Independent woman Director and one is Executive Director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

None of the Directors on the Board hold directorships in more than ten public companies. Furthermore, none of them is a 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. All the Independent Directors have confirmed that they meet the criteria as may be required for a Director to be an Independent Director.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year, and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships/Memberships of Board Committees shall only include Audit Committee and Stakeholders Relationship Committee.

Name of the Director	Category	Number of Shares held	Number of Board Meetings Held	Number of Board Meetings Attended	Attendance at the last AGM held on September 30, 2016	Number of Directorship in other public Companies	Number of post of Chairperson in Audit/ Stakeholder Committee held in other public companies	Number of Memberships in Audit/ Stakeholder Committee(s) held in other public companies
Mr. Nrupender Rao	NED, Promoter Group and Chairman	516000	5	5	Yes	5	NIL	NIL
Mr. Aditya Rao	NED, Promoter Group and Vice — Chairman	772498	5	5	Yes	3	1 Listed	2 Listed
Mr. B Kamalakar Rao	ID	NIL	5	5	Yes	2	5 Listed	6 Listed
Dr Sita Vanka	ID	NIL	5	2	No	1	NIL	NIL
Mr. Manish Sabharwal	ID	NIL	5	4	No	2	NIL	2 Listed
Mr. C Parthasarathy	ID	NIL	5	1	No	8	1 Listed	3 Listed
Mr. Varun Chawla	ID	NIL	5	3	No	1	NIL	4 Listed
Mr. Eric James Brown*	ID	NIL	5	2	NA	NIL	NIL	NIL
Mr. Mukul Gulati	NED	NIL	5	4	No	NIL	NIL	NIL
Mr. P V Rao	MD	300000	5	5	Yes	3	NIL	NIL

NED = Non-Executive Director

ID = Independent Director

MD = Managing Director

NA = Not Applicable

\*appointed as Independent Director w.e.f. December 14, 2016

The Company has not issued any convertible instruments.

Five Board meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days.

The dates on which the said meetings were held: May 16, 2016; August 04, 2016; November 07, 2016; February 03, 2017; and March 20, 2017.

The necessary quorum was present for all the meetings.

During the year 2016-17, information as mentioned in Schedule II Part A of the SEBI Listing Regulations has been placed before the Board for its consideration.

The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company. During the year, one meeting of the Independent Directors was held on March 20, 2017. The Independent Directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company and signed by the Managing Director.

The Board members are provided with necessary documents/brochures, reports and internal policies to familiarise them with the Company's procedures and practices. Updates on relevant statutory changes are circulated to the Directors. The details of the familiarisation programme of the Independent Directors are available on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

Except Mr. Nrupender Rao and Mr. Aditya Rao, who are father and son, none of the other Directors are related to each other.

### Audit Committee

The Audit Committee of the Company is in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Companies Act 2013.

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for Audit Committees under the SEBI (LODR) Regulations 2015 and Companies Act 2013. 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 under SEBI (LODR) Regulations 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.

The audit committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors, and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. The Chairman of the Board attends 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 previous Annual General Meeting ("AGM") of the Company was held on September 30, 2016 and was attended by Mr. B. Kamalakar Rao, Chairman of the Audit Committee.

The composition of the Audit Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2016-2017	
		Held	Attended
Mr. B. Kamalakar Rao	Chairman	4	4
Mr. Varun Chawla	Member	4	2
Mr. Manish Sabharwal	Member	4	3
Mr. C. Parthasarathy	Member	4	1

Four Audit Committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 16, 2016; August 04, 2016; November 07, 2016; and February 03, 2017.

The necessary quorum was present for all the meetings.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Companies Act, 2013.

The terms of reference of the nomination and remuneration committee are comprehensive and cover the matters specified for nomination and remuneration committees under the SEBI (LODR) Regulations 2015 and the Companies Act, 2013. 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 shall also carry out evaluation of every director's performance. Committee shall also formulate the criteria for determining qualifications, positive 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.

The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2016-2017	
		Held	Attended
Mr. Nrupender Rao	Chairman	2	2
Mr. Manish Sabharwal	Member	2	2
Mr. Varun Chawla	Member	2	1
Mr. C. Parthasarathy	Member	2	1

Two Nomination and Remuneration Committee meetings were held during the year. The dates on which the said meetings were held are as follows:

August 04, 2016 and November 07, 2016

The necessary quorum was present for all meetings.

The Company has ESOP Plan 2014. Until March 31, 2017 the Company has not granted any options under ESOP Plan 2014.

The performance evaluation criteria for Independent Directors are determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality, and independence of behavior and judgment.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors at a separate meeting held on March 20, 2017. 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.

### Remuneration Policy

Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant with local regulations.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component), and commission (variable component) to its Managing Director based on the performance of the Company, as well as that of the Managing Director and Annual increments are decided by the Nomination and Remuneration Committee and are effective April 1, each year. The payment of sitting fees to non-executive directors for attending meetings of the Board and meetings of committees of the Board has been approved by the Board during the financial year 2016-2017. The nomination and remuneration policy of the Company is disseminated on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)). The remuneration paid to the Directors is within the ceiling of provisions of the Companies Act, 2013.

Apart from the above Director, no other director is receiving any elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc.

The sitting fee of ₹ 52,650 was paid to Mr. Kamalakar Rao Bandari - Independent Director, during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

Details of the Remuneration of Managing Director for the year ended March 31, 2017

Name of Director and Period of appointment	Salary ( in Lakhs)	Benefits, Perquisites and Allowances ( in Lakhs)	commission ( variable component) ( in Lakhs)	ESOPS
Mr. P.V. Rao - Managing Director (w.e.f. April 1, 2016 to March 31, 2017)	114	16	NIL	NIL

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance.

Services of the Managing Director may be terminated by either party, giving the other party three months' notice or the Company paying three months' salary in lieu thereof. There is no separate provision for payment of severance fees.

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee of the Company is in line with the provisions of Regulation 20 of SEBI Listing Regulations, read with Section 178 of the Companies Act 2013. The committee meets as and when any complaint is received from the shareholders.

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

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

The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2016-2017	
		Held	Attended
Mr. Aditya Rao	Chairman	4	4
Mr. B. Kamalakar Rao	Member	4	4
Mr. Varun Chawla	Member	4	2

Four Stakeholder Relationship Committee meetings were held during the year. The dates on which the said meetings were held are as follows:

May 16, 2016; August 04, 2016; November 07, 2016; and February 03, 2017. The necessary quorum was present for all the meetings held.

Mr. Subhash Kishan Kandrapu was the Company Secretary and Compliance Officer until November 30, 2016.

Mr. Gopal Ladda is the Company Secretary and Compliance Officer from November 30, 2016.

During the financial year, the Company has not received any shareholder complaints and as such, there are no complaints not resolved to the satisfaction of shareholders, nor pending complaints.

### Corporate Social Responsibility (CSR)

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.

The composition of the CSR Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings held during the financial year 2016-2017	
		Held	Attended
Mr. Nrupender Rao	Chairman	2	2
Mr. B. Kamalakar Rao	Member	2	2
Mr. P.V. Rao	Member	2	2
Dr. Sita Vanka	Member	2	1

Two CSR committee meetings were held during the year. The date on which the said meetings were held are as follows:

May 16, 2016 and November 07, 2016. The necessary quorum was present for all meetings.

### General Body Meetings

#### (a) Details of the location and time of the last three Annual General meetings held:

Date	Year	Venue	Time
September 30, 2016	2015-16	Hotel Radisson	09.30 AM
August 12, 2015	2014-15	Registered Office	12.30 PM
August 06, 2014	2013-14	Registered Office	12.00 AM

#### (b) Special Resolutions

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM/EGM held on	Whether special resolution passed	Summary of the resolution
September 30, 2016	Yes	Approve material related party transaction with Pennar Industries Limited (Parent Company) for 2016-2017
August 12, 2015	Yes	Related Party Transactions with Pennar Industries Limited (Parent Company) for 2014-2015 Related Party Transactions with Pennar Industries Limited (Parent Company) for 2015-2016
August 06, 2014	No	Enhancement the limit of mortgage/ charge/ deal all the immovable and movable properties of the Company to the Board up to ₹ 500 Crores Enhancement the limit of borrowing power to the Board up to ₹ 500 Crores

**(c) Special Resolutions passed through postal ballot from April 01, 2016 to March 31, 2017**

During the year, the Company approached the shareholders once through postal ballots, in December 2016. A snapshot of the voting results of the above-mentioned postal ballots is as follows

Date of Postal Ballot Notice: December 13, 2016

Voting period: January 17, 2017 to February 16, 2017

Date of declaration of result: February 18, 2017

Date of approval: February 18, 2017

Name of the resolution	Type of resolution	No. of votes polled	Votes cast in favor	Percentage of Votes cast in favor	Votes cast against	Percentage of Votes cast against
To approve Company share of Increase of Initial Public Offer (IPO) Expenses	Special Resolution	26520784	26520335	100%*	289	0.00%*
To appoint Mr. Eric James Brown (DIN: 07670880) as an Independent Director	Special Resolution	26520784	26520326	100%*	298	0.00%*
To serve documents on members	Special Resolution	26520784	26520005	100%*	299	0.00%*

\*Rounded off

The Company successfully completed the process of obtaining approval of its shareholders for special resolutions on the items detailed above through a postal ballot.

S. Chidambaram, Practicing Company Secretary, was appointed as the scrutiniser for carrying out the postal ballot process in a fair and transparent manner.

**Procedure for Postal Ballot**

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting. The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding)/the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper

declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutiniser on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutiniser submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/authorised officer. The results are also displayed on the Company website ([www.pebspennar.com](http://www.pebspennar.com)), besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

#### Remote e-Voting and Ballot Voting at the AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Private Limited to provide e-voting facility to all the members. Members whose names appear on the register of members as on September 22, 2017 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

#### Means of Communication

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include Business Standard or Financial Express and regional newspapers which include Nava Telangana or Andhra Prabha. The results are also displayed on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)). Press releases made by the Company from time to time are also displayed on the Company's website. Presentations made to the institutional investors and analysts after the declaration of the quarterly, half-yearly and annual results are also displayed on the Company's website. Management Discussion and Analysis is a part of the Company's Annual Report.

#### General Shareholders Information

S. No.	Particulars	Description
1	Date, time and venue of Annual General Meeting	Thursday, 28 September, 2017 at 09:30 A.M. at Hotel Radisson Hi-Tech City, Gachibowli, Hyderabad - 500032
2	Financial Year	April 01, 2016 to March 31, 2017
3	Dividend Payment Date	Not Applicable

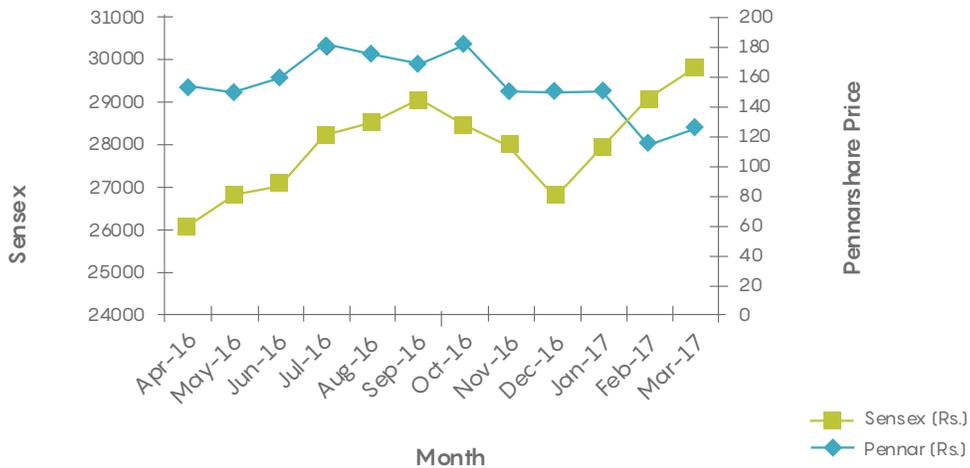
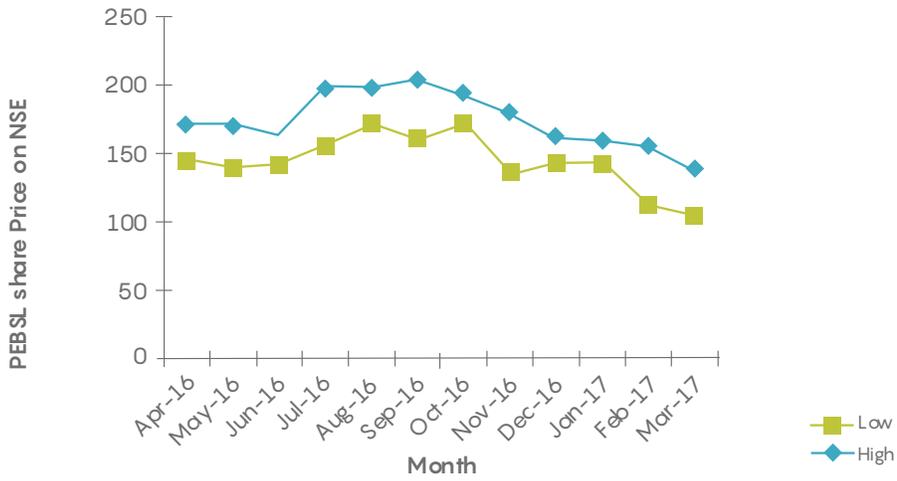
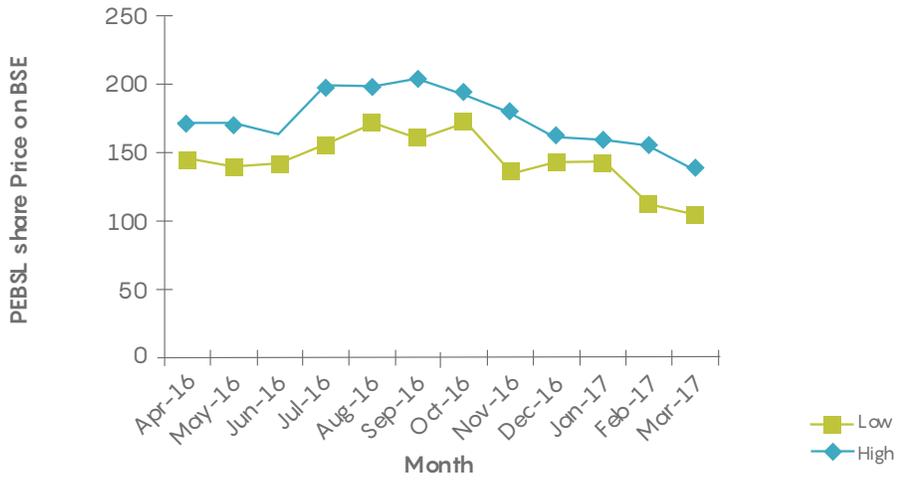
4	Listing on stock Exchanges	BSE Limited P. J. Towers, Dalal Street, Mumbai — 400001  The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai — 400051  <b>Listing Fees as applicable have been paid</b>
5	Stock Code/Symbol	BSE Equity : 539333 NSE Equity : PENPEBS
6	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, 28 <sup>th</sup> Floor Dalal Street, Mumbai — 400023
7	Registered Office (address for correspondence)	9 <sup>th</sup> Floor (West Wing) , DHFLVC Silicon Towers, Kondapur, Hyderabad — 500084 Telangana. India, Tel.No: +91 40 4021 0525 E-mail: cs@pebspennar.com

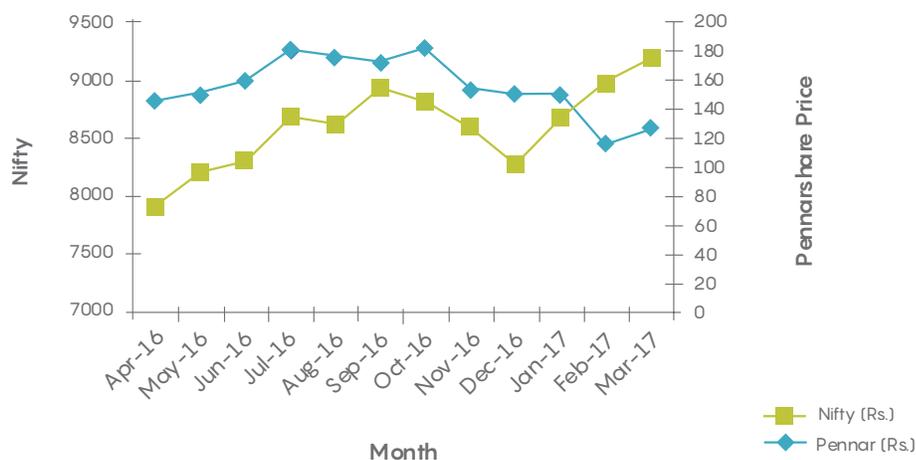
#### Market Price Data

The Company's shares are traded on BSE Limited 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 2016-17 were as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2016	171.00	144.50	11012	170.00	142.00	33558
May, 2016	170.00	140.00	17176	163.00	140.65	38806
June, 2016	164.95	142.20	17520	165.80	141.05	59413
July, 2016	198.00	155.70	84929	198.90	160.00	312082
August, 2016	198.00	172.00	41636	198.00	172.00	127863
September, 2016	204.00	161.55	117132	204.35	160.10	338854
October, 2016	193.90	172.00	29066	195.00	171.00	126057
November, 2016	180.00	136.00	15681	184.00	132.50	71841
December, 2016	161.95	143.10	352726	168.80	144.80	199549
January, 2017	160.00	143.00	179260	164.70	133.80	303331
February, 2017	154.85	112.80	201657	157.65	113.50	365520
March, 2017	138.85	105.00	132807	138.45	104.55	592498

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





### Registrar and Share Transfer Agents

M/s. Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli Financial District  
 Nanakramguda, Seriligampalli, Hyderabad - 500008  
 Phone: +91 040 67161524  
 E-mail: rajeev.kr@karvy.com

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

### Share Transfer System

Transfers of shares held in electronic mode are done through the depositories with no involvement of the Company. As regards transfer of shares held in physical form the transfer documents can be lodged with Karvy Computershare Private Limited at the above mentioned addresses. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The Directors and/or Company Secretary, under the authority of the board, severally approve transfers, which are noted at subsequent board meetings.

Distribution of shareholding as on March 31, 2017 was as under:

S. No	Category	No of Holders	% of Holders	No of Shares	% of Shares
1	Upto 5000	3979	90.66	416165	1.21
2	5001 - 10000	183	4.17	139232	0.41
3	10001 - 20000	94	2.14	136433	0.40
4	20001 - 30000	40	0.91	99001	0.29
5	30001 - 40000	16	0.36	58515	0.17
6	40001 - 50000	12	0.27	56783	0.17
7	50001 - 100000	19	0.43	130275	0.38
8	100001 & Above	46	1.05	33238507	96.98
	<b>Total:</b>	<b>4389</b>	<b>100.00</b>	<b>34274911</b>	<b>100.00</b>

A category of equity shareholders on March 31, 2017 was as under:

S. No.	Investor category	No. of Equity Shares of ₹ 10/- Each	%
1	Venture Capital	881621	2.57
2	Foreign Holdings [foreign Institutional investor(s), Foreign Nationals, foreign portfolio investor (s), Non-resident Indian(s), NRI Non- Repatriation]	1138995	3.33
3	Bodies Corporate	2841990	8.29
4	Promoter and Promoter Group	21448549	62.58
5	Government (Central and State )	-	-
6	Government companies	-	-
7	Public Financial companies	-	-
8	Nationalised or other banks	-	-
9	Mutual Funds	6002126	17.51
10	Others	1961630	5.72
	<b>Total</b>	<b>34274911</b>	<b>100.00</b>

Top ten equity shareholders of the Company as on March 31, 2017:

S. No.	Name of the shareholder	No of Shares	Percentage of holding
1	Pennar Industries Limited	18500000	53.98
2	Zephyr Peacock India Fund III Limited	1962473	5.73
3	Dsp Blackrock Small and Mid Cap Fund	1678391	4.90
4	Birla Sun Life Trustee Company Private Limited	1783700	5.20
5	Kotak Emerging Equity Scheme	852807	2.49
6	The Nomura Trust and Banking Company Limited	814382	2.38
7	Aditya Narsing Rao	772498	2.25
8	J. Rajyalakshmi	690914	2.02
9	Dsp Blackrock 3 years Close Ended Equity Fund	644382	1.88
10	Joginapally Venkata Nrupender Rao	516000	1.51

**Dematerialisation of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 100% of the Company's equity share capital are dematerialised as on March 31, 2017.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE455O01019**.

**Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:**

During the financial year 2016-17, the Company has not issued any GD AD and there are no outstanding warrants or any convertible instruments.

**Commodity Price Risk/Foreign Exchange Risk/Hedging Activities**

The Company does not go for commodity price risk hedging activities as it does not expect significant advantage in medium to long-term horizon. However, for minimising procurement risk for short duration, it enters into annual purchase contracts for key raw materials linked to input costs/published benchmark prices. Foreign exchange risks are tracked and managed within the risk management framework. Short-term foreign currency asset — liability mismatch is continuously monitored and hedged. The foreign exchange market is highly regulated and the Company ensures compliance with all the regulations.

**Plant Location**

Pennar Engineered Building Systems Ltd.  
Chandapur village,  
Sadasivpet Mandal, Dist. Medak  
Hyderabad, 500084

**Address for Correspondence**

Pennar Engineered Building Systems Ltd.  
9<sup>th</sup> Floor (West Wing)  
DHFLVC Silicon Towers  
Kondapur  
Hyderabad - 500 084  
Telangana, India  
T: +91 40 4021 0322  
F: +91 40186992

**Other Disclosures**

All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved or ratified by the audit committee. The board has approved a policy for related party transactions which has been uploaded to the Company's website ([www.pebspennar.com](http://www.pebspennar.com)).

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2014-15, 2015-16 and 2016-17 respectively: Nil

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

The Company has also adopted a policy on Determination of Materiality for Disclosures and Policy on Archival of Documents for Preservation of Documents. The said policies have been also put up on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

The Company does not have any subsidiary during the financial year 2016-2017.

The Company has followed the applicable accounting standards in the preparation of its financial statements.

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 SEBI (LODR) Regulations 2015 as may be required to comply from time to time.

#### **Compliance with Non-Mandatory Requirements**

The Company has adopted following non-mandatory requirements of the SEBI (LODR) Regulations 2015:

- (i) The Board - We ensure that the persons who are being appointed as Independent Directors have the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company.
- (ii) Shareholder Rights - The Company places all the information communicated to Stock Exchanges on its website ([www.pebspennar.com](http://www.pebspennar.com)), which is accessible to the public at large.
- (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) Separation of Chairman and Managing Director - Mr. Nrupender Rao is the Non-Executive Director and Chairman and Mr. P.V. Rao, Executive Director is the Managing Director.
- (v) Reporting of Internal Auditor - The Internal Auditor reports directly to the Audit Committee.

#### **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 minimise 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. The Risk Management policy has been uploaded on the website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

### **Code of Conduct**

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct ('the Code'). The Code is applicable to the members of the Board, the executive officers and all employees of the Company. The Code of Conduct is available on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)).

All members of the Board and senior officials have affirmed compliance to the Code as on March 31, 2017. A declaration to this effect, signed by the Managing Director, forms part of this report.

### **Policy on Prevention of Insider Trading**

The Company has also adopted a policy for prevention of Insider Trading which is 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.

### **Equity Shares in Suspense Account**

The Company does not have any equity shares lying in the demat suspense account/unclaimed suspense account during the financial year 2016-2017.

### **Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund ("IEPF")**

During the year, there was no amount which required to get transferred to the IEPF.

### **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 (CDSIL) 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 dematerialised form held with NSDL and CDSIL and the total number of shares in physical form.

### **MD and CFO Certification**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the MD and CFO certification is provided in this Annual Report.

### **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, Director's Report, Audited Financial Statements, Auditor's 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 bounced-mail cases. Shareholders are requested to register their email addresses 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.

## Declaration regarding compliance by Board Members and senior management personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees, including the Managing Director and its Non-Executive Directors, which suitably incorporates the duties of Independent Directors. This code is available on the Company's website ([www.pebspennar.com](http://www.pebspennar.com)).

I confirm that the Company has, in respect of the year ended March 31, 2017, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

**P.V. Rao**  
Managing Director  
DIN: 03157581

Place: Hyderabad  
Date: August 10, 2016

## Independent Auditor's Certificate on Corporate Governance

1. This certificate is issued in accordance with the terms of our engagement letter dated October 5, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Pennar Engineered Building Systems Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

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

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Place : SECUNDERABAD  
Date : August 10, 2017

**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)

## CEO and CFO Certification

The Board of Directors  
Pennar Engineered Building Systems Limited  
Hyderabad

Dear members of the Board,

We, P.V. Rao, Managing Director, and Shrikant Bhakkad, Chief Financial Officer of Pennar Engineered Building Systems Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the financial statements and the cash flow statements for the financial year end March 31, 2017.
2. These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading;
3. These statements together present a true and fair view of the company, and are in compliance with the existing accounting standards and/or applicable laws/regulations;
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct.
5. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting; and we have also disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
6. We have also disclosed to the auditors as well as the Audit Committee the following:
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. instances of significant fraud, of which we become aware and that involvement therein, if any management or employees having a significant role in the company's internal control systems over financial reporting.

**P.V. Rao**  
Managing Director

**Shrikant Bhakkad**  
Chief Financial Officer

Place : Hyderabad  
Date : August 10, 2017



# FINANCIAL STATEMENTS

# Independent Auditor's Report

To The Members of  
Pennar Engineered Building Systems Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of PENNAR ENGINEERED BUILDING SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the 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 prescribed under section 133 of the Act.

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.

In conducting 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 thereunder.

We conducted our audit of the financial statements 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit 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.
  - 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 prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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, as amended, 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 on its financial position in its 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;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
    - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Place : **Secunderabad**  
Date : May 11, 2017

**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)

## Annexure "A" to the Independent Auditor's Report

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

### Report on the Internal Financial Controls Over Financial Reporting 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 ENGINEERED BUILDING SYSTEMS LIMITED ("the Company") as at March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on 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.

#### Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 system 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 system 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Place : **Secunderabad**  
Date : May 11, 2017

**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)

## Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion 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.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits to which Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, as on 31 March, 2017 on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

- ix. In our opinion and according to the information and explanations given to us, money raised by way of initial public offer have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

Place : **Secunderabad**  
Date : May 11, 2017

**(Ganesh Balakrishnan)**  
(Partner)  
(Membership No. 201193)

## Balance Sheet as at 31 March, 2017

Particulars		Note No.	As at 31 March, 2017	As at 31 March, 2016
			₹ in lakhs	₹ in lakhs
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	3	3,427	3,427
	(b) Reserves and surplus	4	20,227	17,787
			23,654	21,214
<b>2</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	5	28	37
	(b) Deferred tax liabilities (net)	32	340	384
	(c) Other long-term liabilities	6	647	354
	(d) Long-term provisions	7	270	173
			1,285	948
<b>3</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings	8	5,502	5,431
	(b) Trade payables	9		
	- Dues of micro enterprises and small enterprises		166	263
	- Dues of creditors other than micro enterprises and small enterprises		16,616	12,924
	(c) Other current liabilities	10	7,624	6,168
	(d) Short-term provisions	11	194	1,627
			30,102	26,413
	<b>TOTAL</b>		<b>55,041</b>	<b>48,575</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	12 A	6,174	6,298
	(ii) Intangible assets	12 B	409	384
	(iii) Capital work-in-progress		111	-
			6,694	6,682
	(b) Long-term loans and advances	13	249	202
	(c) Other non-current assets	14	1,268	831
			8,211	7,715
<b>2</b>	<b>Current assets</b>			
	(a) Current investments	15	3,529	3,315
	(b) Inventories	16	20,607	8,895
	(c) Trade receivables	17	9,718	14,020
	(d) Cash and bank balances	18	1,538	6,669
	(e) Short-term loans and advances	19	8,101	5,386
	(f) Other current assets	20	3,337	2,575
			46,830	40,860
	<b>Total</b>		<b>55,041</b>	<b>48,575</b>
	Corporate information and significant accounting policies.	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner

Place : **Secunderabad**  
Date : 11 May, 2017

For and on behalf of the Board of Directors

**PV Rao**  
Managing Director  
**Gopal Ladda**  
Company Secretary

Place : Hyderabad  
Date : 11 May, 2017

**Aditya N Rao**  
Vice Chairman  
**Shrikant Bhakkad**  
Chief Financial Officer

## Statement of Profit and Loss for the year ended 31 March, 2017

Particulars		Note No.	For the year ended 31 March, 2017	For the year ended 31 March, 2016
			₹ in lakhs	₹ in lakhs
<b>1</b>	<b>Revenue from operations (gross)</b>	21	54,761	49,121
	Less: Excise duty		4,503	4,429
	Revenue from operations (net)		50,258	44,692
<b>2</b>	<b>Other operating revenue</b>	22	-	31
<b>3</b>	<b>Other income</b>	23	571	155
<b>4</b>	<b>Total Revenue (1+2+3)</b>		<b>50,829</b>	<b>44,878</b>
<b>5</b>	<b>Expenses</b>			
	(a) Cost of materials consumed	24 A	30,675	23,750
	(b) Changes in inventories of finished goods and work-in-progress	24 C	(7,045)	(1,058)
	(c) Employee benefits expense	25	3,698	3,223
	(d) Finance costs	26	1,716	1,109
	(e) Depreciation and amortisation expense	12 C	546	612
	(f) Other expenses	27	17,866	12,304
	<b>Total Expenses</b>		<b>47,456</b>	<b>39,940</b>
<b>6</b>	<b>Profit before tax (4-5)</b>		<b>3,373</b>	<b>4,938</b>
<b>7</b>	<b>Tax expense:</b>			
	(a) Current tax		1,312	1,767
	(b) Tax pertaining to earlier years	35	(335)	185
	(c) Deferred tax	32	(44)	(30)
			933	1,922
<b>8</b>	<b>Profit for the year (6-7)</b>		<b>2,440</b>	<b>3,016</b>
<b>9</b>	<b>Earnings per equity share (nominal value of share ₹ 10 each):</b>	28		
	(a) Basic		7.12	9.47
	(b) Diluted		7.12	9.47
	Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Balakrishnan**  
Partner

**PV Rao**  
Managing Director

**Aditya N Rao**  
Vice Chairman

**Gopal Ladda**  
Company Secretary

**Shrikant Bhakkad**  
Chief Financial Officer

Place : Secunderabad  
Date : 11 May, 2017

Place : Hyderabad  
Date : 11 May, 2017

## Cash Flow Statement for the year ended 31 March, 2017

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
<b>A. Cash flow from operating activities:</b>		
Profit before tax	3,373	4,938
Adjustments for:		
Depreciation and amortisation expense	546	612
Finance costs	1,716	1,109
Loss on sale of assets	2	17
Provision for doubtful trade receivables	383	100
Dividend income	(52)	(40)
Net gain on sale of current investments	(8)	(3)
Interest income	(368)	(33)
Liabilities no longer required written back	(82)	(81)
Operating profit before working capital changes	5,510	6,619
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	3,919	(1,406)
Inventories	(11,712)	(2,154)
Short-term loans and advances	(2,486)	(2,761)
Long-term loans and advances	(1)	(17)
Other current assets	(525)	(1,374)
Other non current assets	(437)	(831)
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	3,677	4,132
Other current liabilities	1,561	1,757
Short-term provisions	35	38
Other long-term liabilities	293	(3)
Long-term provisions	97	(37)
Cash generated from operations	(69)	3,963
Net income tax (paid)	(2,460)	(750)
<b>Net cash flow (used in) / generated from operating activities " A "</b>	<b>(2,529)</b>	<b>3,213</b>
<b>B. Cash from investing activities:</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(597)	(793)
Proceeds from sale of fixed assets	(1)	15
Moment in bank balances not considered as cash and cash equivalents	(12)	-
Dividend received	52	40
Interest received	131	33
Net gain on sale of current investments	8	3
Current Investments		
- Purchased	3,315	(14,986)
- Proceeds from sale	(3,529)	14,274
Inter corporate deposit placed	(429)	(1,350)
Inter corporate deposit matured	200	-
<b>Net cash flow (used in) investing activities " B "</b>	<b>(862)</b>	<b>(2,764)</b>
<b>C. Cash Flow from financing activities:</b>		
Proceeds from issue of equity shares (net of expenses)	-	5,242
Proceeds from long-term borrowings	-	48
Repayment of long term borrowings	(8)	(19)

Net (decrease)/increase in working capital borrowings	(3,429)	2,889
Proceeds of other short-term borrowings	3,500	10,900
Repayment of other short-term borrowings	-	(12,400)
Finance costs	(1,815)	(1,023)
<b>Net cash flow (used in) / generated from financing activities " C "</b>	<b>(1,752)</b>	<b>5,637</b>
<b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>	<b>(5,143)</b>	<b>6,086</b>
Cash and cash equivalents at the beginning of the year	6,289	203
<b>Cash and cash equivalents at the end of the year</b>	<b>1,146</b>	<b>6,289</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and bank balances (Refer Note 18)	1,538	6,669
Less: Bank balances not considered as Cash and cash equivalents In earmarked accounts (balances held as margin money towards bank guarantees and letter of credits)	392	380
<b>Cash and cash equivalents at the end of the year*</b>	<b>1,146</b>	<b>6,289</b>
<b>* Comprises:</b>		
(a) Cheques on hand	200	-
(b) Balances with banks		
(i) In current accounts	946	489
(ii) In deposit accounts	-	5,800
<b>Cash and cash equivalents at the end of the year</b>	<b>1,146</b>	<b>6,289</b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Balakrishnan**  
Partner

**PV Rao**  
Managing Director

**Aditya N Rao**  
Vice Chairman

**Gopal Ladda**  
Company Secretary

**Shrikant Bhakkad**  
Chief Financial Officer

Place : **Secunderabad**  
Date : 11 May, 2017

Place : **Hyderabad**  
Date : 11 May, 2017

**Note****1 Corporate information**

Pennar Engineered Building Systems Limited ("the Company") is into design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations, amongst others.

The company's registered office is at Hyderabad and manufacturing plant is located at Sadashivpet, Medak district of Telangana.

The Company made an Initial Public Offer during the previous year and the shares of the Company were listed on the Bombay Stock Exchange and the National Stock Exchange of India on 10 September, 2015.

**2 Significant accounting policies****2.1 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 Use of estimates**

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

**2.3 Inventories**

Raw materials, Finished goods, Work-in-progress, Stores & Spares are valued at the lower of cost and net realisable value (monthly weighted average basis) and scrap is at the net realisable value after providing for obsolescence and other losses (if any). Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty. Materials in transit are valued at cost.

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

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

**2.5 Cash flow statement**

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

**2.6 Depreciation and amortisation**

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 except in respect of the following:

Leasehold improvements are depreciated over the duration of the lease

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

Software over the duration of 10 years

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation

## 2.7 Revenue recognition

### Sale of goods and income from services

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

Revenue from services is recognised as per the terms of the contract using the proportionate completion method. Percentage of completion is determined as a proportion of the costs incurred upto the reporting date to the total estimated costs.

Sales include excise duty but exclude sales tax and value added tax.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

## 2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive dividend is established.

## 2.9 Tangible fixed assets

Fixed assets are carried at cost (net of taxes) less accumulated depreciation. The cost of fixed assets includes all the financial costs and other incidental expenses upto the date of commissioning. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

In accordance with the requirements of component accounting of fixed assets as per Schedule II to the Companies Act, 2013, the Company has identified and accounted for the components for the Plant and Equipment block of fixed assets which components are depreciated based on the assessed useful life.

Provision is made for costs associated with dismantling of the plant and equipment and other fixed assets. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets.

These costs are assessed by the management on an annual basis and are capitalised to the respective block of assets. A corresponding provision is created for the said costs.

The capitalised asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

### Capital work-in-progress:

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

## 2.10 Intangible assets

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

## 2.11 Foreign currency transactions and translations

### 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 at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

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

### Accounting of forward contracts

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

## 2.12 Government grants, subsidies and export incentives

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

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

## 2.13 Investments

### Current Investment

Current investments are carried individually, at the lower of cost and fair value.

## 2.14 Employee benefits

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

### Defined contribution plans

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

### Defined benefit plans

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

**Short-term employee benefits**

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

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

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

**2.15 Leases**

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

**2.16 Earnings per share**

Basic earnings per share is computed by dividing the profit after tax as adjusted for preference dividend by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax, 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.

**2.17 Taxes on income**

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

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

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

**2.18 Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

If the recoverable amount is the greater of the net selling price and their value in use no impairment is identified. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

#### **2.19 Provisions and contingencies**

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

#### **2.20 Share issue expenses**

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

#### **2.21 Insurance claims**

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

#### **2.22 Service tax input credit**

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

#### **2.23 Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**Note 3 Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	36,000,000	3,600	36,000,000	3,600
Compulsorily convertible preference shares of ₹ 10 each	6,000,000	600	6,000,000	600
Total Authorised share capital	42,000,000	4,200	42,000,000	4,200
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	34,274,911	3,427	34,274,911	3,427
<b>Total issued, subscribed and fully paid up share capital</b>	<b>34,274,911</b>	<b>3,427</b>	<b>34,274,911</b>	<b>3,427</b>

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

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
<b>Equity Shares</b>				
Opening balance	34,274,911	3,427	27,672,491	2,767
Add: Movement during the year- (Refer note (a) below)	-	-	6,602,420	660
Closing balance	34,274,911	3,427	34,274,911	3,427
<b>Compulsorily convertible preference shares</b>				
Opening balance	-	-	3,039,560	304
Add/(Less): Movement during the year - (Refer note (b) below)	-	-	(3,039,560)	(304)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- a) During the previous year the Company completed its Initial Public Offering (IPO) of 8,774,567 Equity Shares of ₹ 10 each consisting of a Fresh Issue of 3,258,426 Equity Shares and an offer for sale of 5,516,141 Equity Shares from selling share holders on 04 September, 2015. Out of the total proceeds from the IPO of ₹ 15,619 lakhs the Company's share is ₹ 5,800 lakhs on account of the said fresh issue. The fresh issue of 3,258,426 Equity Shares of face value ₹ 10 each was at a premium of ₹ 168 per share aggregating ₹ 5,474 lakhs. The said premium was recognised in securities premium account of the Company.
- b) Pursuant to a Board resolution dated 21 July, 2015, 2,097,348 CCPS held by Zephyr Peacock India Fund III Limited were converted to 2,307,412 Equity Shares and 942,212 CCPS held by Zephyr Peacock India III Fund were converted into 1,036,582 Equity Shares respectively of face value ₹ 10 per share at a premium of ₹ 48.17 per share. The net adjustment on such conversion was made to the securities premium account.

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

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Number of shares	Number of shares
Equity shares		
Pennar Industries Limited	18,500,000	18,500,000

**Note 3 Share capital (contd.)****(iii) Details of shares held by each shareholder holding more than 5% shares:**

Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	% holding in that class of shares	Number of shares	% holding in that class of shares
<b>Equity shares – Refer note (a) below</b>				
Pennar Industries Limited	18,500,000	53.98%	18,500,000	53.98%
Zephyr Peacock India Fund III Limited	1,962,473	5.73%	2,307,481	6.73%
DSP Blackrock small and mid cap fund	1,678,391	4.90%	1,824,558	5.32%
Birla sun life trustee company private limited	1,783,700	5.20%	1,954,100	5.70%

**(iv) Rights, preferences and restrictions attached to shares****(a) Equity shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

**(b) Details of shares reserved for issue**

Shares aggregating 1,000,000 (31 March, 2016 1,000,000) is reserved for issue under Employee Stock Option Scheme 2014 (Refer Note 34)

**Note 4 Reserves and surplus**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
<b>(a) Securities premium account</b>		
Opening balance	7,611	2,725
Add: On account of premium on equity shares issued during the year (Refer Note 3(i)(a))	-	5,474
Less: Adjustment on account of conversion of preference shares (Refer Note 3(i)(b))	-	30
	7,611	8,169
Less: Utilised during the year (Refer Note below)	-	558
Closing Balance	7,611	7,611
<b>(b) Surplus in Statement of Profit and Loss</b>		
Opening balance	10,176	7,160
Add: Profit for the year	2,440	3,016
Surplus in the Statement of Profit and Loss	12,616	10,176
<b>Total</b>	<b>20,227</b>	<b>17,787</b>

**Note:**

Share issue expenses comprise of expenses incurred in connection with issue of equity shares and their listing on stock exchanges. The total expenses in connection with the IPO were shared between the Company and the selling shareholders in the proportion of the amount received from the IPO proceeds. The Company's share of issue expenses were adjusted against securities premium account u/s 52(2)(c) of the Companies Act, 2013

**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Vehicle Loan		
From bank - secured (Refer Note below)	28	37
<b>Total</b>	<b>28</b>	<b>37</b>

**Note:**

Car loan from ICICI Bank of ₹ 37 Lakhs (31 March, 2016 ₹ 45 lakhs) is secured by hypothecation of the vehicle financed through the loan arrangement. The loan is repayable in 60 monthly installments of ₹ 1 Lakh each commencing from 10 November, 2015 and carries an interest of 9.35 % per annum. Current maturities of long term borrowings have been disclosed under the head Other Current Liabilities (Refer Note 10).

**Note 6 Other long-term liabilities**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(i) Retention money payable	567	274
(ii) Security deposits received	80	80
<b>Total</b>	<b>647</b>	<b>354</b>

**Note 7 Long-term provisions**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Provision for employee benefits: (Refer Note 31.2 b)		
(i) Provision for compensated absences	94	83
(ii) Provision for gratuity	38	90
(ii) Provision Others	138	-
<b>Total</b>	<b>270</b>	<b>173</b>

**Note 8 Short-term borrowings**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Loans repayable		
From banks - Secured - (Refer Note (i))	1,002	3,181
From banks - Secured - Demand Loans (Refer Note (i))	4,500	2,250
<b>Total</b>	<b>5,502</b>	<b>5,431</b>

**Notes:**

(i) Details of loan repayable on demand & other short term loans

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Loans repayable on demand and other short term loans from banks		
State Bank of India (Refer Note iii (a))	5,495	4,097
Axis Bank Limited (Refer Note iii (b))	7	84
Yes Bank (Refer Note iii (c))	-	1,250
<b>Total - from banks</b>	<b>5,502</b>	<b>5,431</b>

**Note 8 Short-term borrowings (contd.)****(ii) Details of short-term borrowings guaranteed by Directors and Holding Company**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Directors	8,000	8,000
Holding Company	8,000	8,000

**Note - iii (a)**

Working Capital loan of ₹4,500 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 Sadasivapet 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 Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 9.85% per annum (31 March, 2016 - 10.55% per annum).

**Note - iii (b)**

Working Capital loan 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 Sadasivapet Mandal, Medak District (the land on which the plant is located) on pari passu basis along with State Bank of India (SBI). Further secured by personal guarantee of promoter director Aditya Rao and Corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 10.82% per annum (31 March, 2016 - 11.55% per annum).

**Note - iii (c)**

Working Capital loan of ₹ 2,500 Lakhs from Yes Bank Limited is exclusively secured by receivables. Further secured by personal guarantee of director Aditya N Rao and Corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 10.25% per annum. (31 March, 2016 - 10.25%).

**Note 9 Trade payables**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Trade payables:		
(a) Dues of micro enterprises and small enterprises - (Refer note no.29.2)		
- Acceptances	-	-
- Other than acceptances	166	263
(b) Dues of creditors other than micro enterprises and small enterprises		
- Acceptances	10,269	7,119
- Other than acceptances	6,347	5,805
<b>Total</b>	<b>16,782</b>	<b>13,187</b>

**Note 10 Other current liabilities**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Current maturities of long-term borrowings		
From Banks - Secured		
Vehicle Loan	9	8
(b) Interest accrued and due on borrowings	21	178
(c) Statutory remittances	1,126	522
(d) Payables on purchase of fixed assets	24	31
(e) Interest accrued on trade payables	122	64
(f) Advances from customers	2,875	3,228
(g) Other Payables	3,447	2,137
<b>Total</b>	<b>7,624</b>	<b>6,168</b>

**Note 11 Short-term provisions**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences	86	64
(ii) Provision for gratuity	48	32
	134	96
(b) Provision - Others:		
(i) Provision for tax net of advance tax ₹ 3,223 lakhs [As at 31 March, 2016 ₹ 2,241 lakhs]	60	1,528
(ii) Provision for estimated loss on derivatives	-	3
<b>Total</b>	<b>194</b>	<b>1,627</b>

## Note 12 Fixed assets

Particulars	Gross block			
	As at 1 April, 2016	Additions	Disposals	As at 31 March, 2017
<b>A. Tangible assets</b>				
(a) Land Freehold	195	-	-	195
	(195)	(-)	(-)	(195)
(b) Buildings	4,212	50	-	4,262
	(3,754)	(458)	(-)	(4,212)
(c) Plant and Equipment*	3,207	251	-	3,458
	(3,164)	(68)	(25)	(3,207)
(d) Electrical Equipments	128	2	-	130
	(127)	(1)	(-)	(128)
(e) Furniture and Fixtures	135	3	5	133
	(123)	(12)	(-)	(135)
(f) Vehicles	58	-	-	58
	(29)	(58)	(29)	(58)
(g) Office equipment	93	5	-	98
	(90)	(13)	(10)	(93)
(h) Leasehold improvements	98	4	-	102
	(62)	(36)	(-)	(98)
(i) Computers	319	46	9	356
	(254)	(66)	(1)	(319)
<b>Total - tangible assets</b>	<b>8,445</b>	<b>361</b>	<b>14</b>	<b>8,792</b>
	<b>(7,798)</b>	<b>(712)</b>	<b>(65)</b>	<b>(8,445)</b>
<b>B. Intangible assets</b>				
Licenses	271	58	-	329
	(238)	(33)	(-)	(271)
Computer Software	293	29	-	322
	(242)	(51)	(-)	(293)
<b>Total - Intangible assets</b>	<b>564</b>	<b>87</b>	<b>-</b>	<b>651</b>
	<b>(480)</b>	<b>(84)</b>	<b>(-)</b>	<b>(564)</b>
<b>Total</b>	<b>9,009</b>	<b>448</b>	<b>14</b>	<b>9,443</b>
	<b>(8,278)</b>	<b>(796)</b>	<b>(65)</b>	<b>(9,009)</b>

\* Plant and Equipment includes leasehold improvements ₹ 365 lakhs (As at 31 March, 2016 ₹ 365 lakhs )

Note: Figures in brackets relate to the previous year

Accumulated Depreciation and Amortization					Net Block	
As at 1 April, 2016	Depreciation / amortisation expense for year	Other adjustments -Transfer Capital Expenditure	Eliminated on disposal of assets	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
-	-	-	-	-	195	195
(-)		(-)	(-)	(-)	(195)	(195)
543	142	-		685	3,577	3,669
(418)	(126)	(1)	(-)	(543)	(3,669)	(3,336)
1,113	242	-		1,355	2,103	2,094
(790)	(338)	(1)	(14)	(1,113)	(2,094)	(2,374)
45	15	-		60	70	83
(28)	(17)	(-)	(-)	(45)	(83)	(99)
65	17	-	4	78	55	70
(51)	(14)	(-)	(-)	(65)	(70)	(72)
4	7	-		11	47	54
(7)	(5)	(-)	(8)	(4)	(54)	(22)
78	9	-		87	11	15
(80)	(8)	(-)	(10)	(78)	(15)	(10)
57	9	-		66	36	41
(48)	(9)	(-)	(-)	(57)	(41)	(14)
242	43	-	9	276	80	77
(197)	(46)	(-)	(1)	(242)	(77)	(57)
<b>2,147</b>	<b>484</b>	<b>-</b>	<b>13</b>	<b>2,618</b>	<b>6,174</b>	<b>6,298</b>
<b>(1,619)</b>	<b>(563)</b>	<b>(2)</b>	<b>(33)</b>	<b>(2,147)</b>	<b>(6,298)</b>	<b>(6,179)</b>
124	30	-		154	175	147
(100)	(24)	(-)	(-)	(124)	(147)	(138)
56	32	-		88	234	237
(29)	(27)	(-)	(-)	(56)	(237)	(213)
180	62	-		242	409	384
(129)	(51)	(-)	(-)	(180)	(384)	(351)
<b>2,327</b>	<b>546</b>	<b>-</b>	<b>13</b>	<b>2,860</b>	<b>6,583</b>	<b>6,682</b>
<b>(1,748)</b>	<b>(614)</b>	<b>(2)</b>	<b>(33)</b>	<b>(2,327)</b>	<b>(6,682)</b>	<b>(6,530)</b>

**Note 12 Fixed assets (contd.)****C. Depreciation and Amortisation**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
On tangible assets as per Note 12 A	484	563
On intangible assets as per Note 12 B	62	51
	546	614
Less: Expenses incurred towards capital projects	-	2
<b>Depreciation and amortisation</b>	<b>546</b>	<b>612</b>

**Note 13 Long-term loans and advances**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Capital advances		
Unsecured, considered good	31	-
(b) Rental & Other Deposits		
Unsecured, considered good	194	193
(c) Advance Tax [Net of provision for tax ₹4,283 lakhs (as at 31 March, 2016 - ₹ 3,504 lakhs)]	24	9
<b>Total</b>	<b>249</b>	<b>202</b>

**Note 14 Other non-current assets**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Long-term Trade receivables		
Unsecured, considered good	1,268	831
<b>Total</b>	<b>1,268</b>	<b>831</b>

**Note 15 Current investments**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Investment in mutual funds (Refer note (i) below)	3,529	3,315
<b>Total</b>	<b>3,529</b>	<b>3,315</b>
Aggregate value of unquoted investment	-	-
Aggregate value of quoted investment	3,529	3,315
Aggregate market value of quoted investment	3,529	3,318

**Note 15 Current investments (contd.)****Note: (i) Investment in mutual funds**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
SBI Premier Liquid Fund -Regular Plan (31 March, 2016 - 49,882.14 units of Premier Liquid - Daily Dividend face value of ₹ 1,003.2500)	-	500
SBI Premier Liquid Fund -Direct Plan 10,051.21 units of Premier Liquid - Daily Dividend face value of ₹ 1,003.2500 (31 March, 2016 -Nil)	101	-
Birla Sunlife Cash Plus Collection 4,01,884.30 units of Birla Dividend - daily reinvestment face value of ₹ 100.1950 (31 March, 2016 - 249,674.86 units of Birla Dividend - daily reinvestment face value of ₹ 100.1950)	402	250
ICICI Prudential Liquid Mutual Fund -Direct Plan (31 March, 2016 - 249,984.037 units of ICICI Dividend - daily reinvestment face value of ₹ 100.0565)	-	250
ICICI Prudential Savings Fund 99,854.63 units of ICICI Dividend-daily reinvestment face value of ₹100.9153 (31 March, 2016- NIL)	101	-
Reliance Liquid Fund- Treasury plan (31 March, 2016 - 1,6363.4610 units of Reliance Liquid - Daily Dividend face value of ₹1,528.74)	-	250
Axis Bank Liquid Fund Daily Dividned 10,065.64 units of Axis Liquid - Daily Dividend face value of ₹1,000.6413 (31 March, 2016 - 49,999.408 units of Axis Liquid - Daily Dividend face value of ₹1,000.3420)	101	500
IDFC Cash Fund (31 March, 2016 - 24,990.91 units of IDFC Liquid - Daily Dividend face value of ₹1,000.6866)	-	250
Religare Invesco Liquidity Fund (31 March, 2016 -24,992.447 units of Religare Invesco- Daily reinvestment face value of ₹1,000.79)	-	250
Kotak Floater - Short Term - D 74,787.07 units of Kotak Floater - Daily reinvestment face value of ₹1,011.62 (31 March, 2016 - 24,727.9961units of Kotak Floater - Daily reinvestment face value of ₹1,011.62)	757	250
Kotak Low Duration Fund 25,057.55 units of Kotak Liquid Fund - Daily reinvestment face value of ₹1,200.51 (31 March, 2016 - Nil)	301	-
HDFC RIF STF WP - UST (31 March, 2016 - 1,010,282.793 units of HDFC RIF STF Dividend daily reinvestment face value of ₹10.0809)	-	102
HDFC Liquid Fund 24,665.05 units of HDFC Liquid Fund - Daily reinvestment face value of ₹1019.8200 (31 March, 2016 - Nil)	252	-

**Note 15 Current investments (contd.)**

Franklin India Ultra Short term Bond (31 March, 2016 - 2,029,830.08 units of Franklin India Dividend daily reinvestment face value of ₹ 10.0602)	-	204
UTI-Treasury Advantage Fund-Ins (31 March, 2016 - 10,166.006 units of UTI Treasure dividend daily reinvestment face value of ₹ 1002.3540)	-	102
Reliance Medium Term Fund -UST 6,31,962.70 units of Reliance medium term fund dividend daily reinvestment face value of ₹ 17.0959 (31 March, 2016 - 595,406.404 units of Reliance medium term fund dividend daily reinvestment face value of ₹ 17.0959)	108	102
ICICI Prudential -UST (31 March, 2016 - 658,791.91 units of ICICI Prudential - UST Growth plan face value of ₹ 15.1793)	-	100
Birla Sun Life Savings Fund-US (31 March, 2016 - 203,136.421 units of Birla sun life savings dividend daily reinvestment face value of ₹ 100.2972)	-	205
DSP Blackrock Liquid Mutual Fund 50,281.6890 units of DSP blackrock mutual fund dividend daily reinvestment face value of ₹ 1000.8071 (31 March, 2016 - Nil)	503	-
Sundaram Income Plus-Monthly dividend 75,60,147.85 units of Sundaram mutual fund dividend daily reinvestment face value of ₹ 11.9516 (31 March, 2016 - Nil)	903	-
<b>Total</b>	<b>3,529</b>	<b>3,315</b>

**Note 16 Inventories**

(At lower of cost or net realisable value)

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Raw materials	8,436	3,569
Goods-in-transit	243	347
(b) Work-in-progress	3,184	1,589
(c) Finished goods	8,455	3,020
(d) Stores and spares	228	264
Goods-in-transit	7	67
(e) Scrap	54	39
<b>Total</b>	<b>20,607</b>	<b>8,895</b>

**Note 17 Trade receivables**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment (Refer Note below)		
Secured, considered good	71	69
Unsecured, considered good	6,743	5,793
Doubtful	785	441
	7,599	6,303
Less: Provision for doubtful trade receivables	785	441
	6,814	5,862
Other Trade receivables		
Secured, considered good	377	319
Unsecured, considered good	2,527	7,839
	2,904	8,158
<b>Total</b>	<b>9,718</b>	<b>14,020</b>

Considered good	9,718	14,020
Considered doubtful	785	441
<b>Total</b>	<b>10,503</b>	<b>14,461</b>

**Note:** Trade receivables includes retention money aggregating ₹3,429 lakhs (As at 31 March, 2016 ₹ 3,031 lakhs)

**Note 18: Cash and bank balances**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Cheques on hand	200	-
(b) Balances with banks		
(i) In current accounts	946	489
(ii) In deposit accounts	-	5,800
(ii) In earmarked accounts		
- Balances held as margin money against guarantees and Letter of Credits	392	380
<b>Total</b>	<b>1,538</b>	<b>6,669</b>
Cash and bank balance that meet the definition of Cash and cash equivalents as per AS 3 'Cash Flow Statements'	1,146	6,289

**Note 19 Short-term loans and advances**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Security deposits		
Unsecured, considered good	473	441
(b) Prepaid expenses		
Unsecured, considered good	267	285
(c) Balances with government authorities		
Unsecured, considered good	825	118
(d) Inter-corporate deposits with related parties		
Unsecured, considered good	1,579	1,350
(e) Advances to Contractors, Suppliers and Others		
Unsecured, considered good	4,957	3,192
Considered doubtful	16	16
Less: Provision for doubtful advances	(16)	(16)
<b>Total</b>	<b>8,101</b>	<b>5,386</b>
Unsecured, considered good	8,101	5,386
Considered doubtful	16	16
<b>Total</b>	<b>8,117</b>	<b>5,402</b>

**Note 20 Other current assets**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Unbilled revenue	2,011	1,387
(b) Incentive receivable	589	589
(c) Interest accrued on deposits	246	9
(d) Other receivables		
from related parties	467	524
from others	24	66
<b>Total</b>	<b>3,337</b>	<b>2,575</b>

**Note 21 Revenue from operations (Gross)**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Sale of products (Refer Note (i) below)	46,955	44,175
(b) Sale of service (Refer Note (ii) below)	7,114	4,369
(c) Sale of Scrap	692	577
Revenue from operations (Gross)	<b>54,761</b>	<b>49,121</b>
Less: Excise duty	(4,503)	(4,429)
<b>Total</b>	<b>50,258</b>	<b>44,692</b>

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
(i)	Sale of products comprises : Sale of Steel Structures & Pre-engineered Building Components	46,955	44,175
	<b>Total - Sale of products</b>	<b>46,955</b>	<b>44,175</b>
(ii)	Sale of services comprises : Installation of Steel Structures & Pre-engineered building components Engineering services	6,110 1,004	3,868 501
	<b>Total - Sale of service</b>	<b>7,114</b>	<b>4,369</b>

**Note 22 Other operating revenue**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
(i)	Incentives on Sales tax & Power (Refer Note 30.1)	-	31
	<b>Total</b>	<b>-</b>	<b>31</b>

**Note 23 Other income**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
(i)	Interest income comprises: Interest from bank deposits Other Interest income	101 267	33 -
	<b>Total - Interest income</b>	<b>368</b>	<b>33</b>
(ii)	Net Foreign exchange (loss)	(8)	(25)
(iii)	Dividend income on mutual funds	52	40
(iv)	Net profit on sale of current investments	8	3
(v)	Other non-operating income comprises: Liabilities / Provision no longer required written back Miscellaneous Income	82 69	81 23
	<b>Total - Other non-operating income</b>	<b>203</b>	<b>122</b>
	<b>Total</b>	<b>571</b>	<b>155</b>

**Note 24A Cost of materials consumed – Refer Note : 24B**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
Opening stock	3,569	2,537
Add: Purchases	35,542	24,871
	39,111	27,408
Less: Expenses incurred towards capital projects	-	89
Less: Closing stock	8,436	3,569
<b>Total</b>	<b>30,675</b>	<b>23,750</b>

**Note 24B Cost of materials consumed**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
HR Plates	12,409	8,810
GP Coils	4,953	3,349
Sheeting Coils	5,078	2,931
HR Sections	2,987	2,974
Bought outs	5,248	5,686
<b>Total</b>	<b>30,675</b>	<b>23,750</b>

**Note 24C Changes in inventories of finished goods and work-in-progress**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
Inventories at the end of the year:		
Finished goods	8,455	3,020
Work-in-progress	3,184	1,589
Scrap	54	39
	11,693	4,648
Inventories at the beginning of the year:		
Finished goods	3,020	1,428
Work-in-progress	1,589	2,154
Scrap	39	8
	4,648	3,590
<b>Net (increase) in Inventories</b>	<b>(7,045)</b>	<b>(1,058)</b>

**Note 25 Employee benefits expense**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
Salaries, wages and bonus	3,376	2,915
Contributions to provident and other funds	156	139
Gratuity	54	50
Staff welfare expenses	112	123
	3,698	3,227
Less: Expenses incurred towards capital projects	-	4
<b>Total</b>	<b>3,698</b>	<b>3,223</b>

**Note 26 Finance costs**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Interest expense on:		
(i) Borrowings	463	396
(ii) Trade payables	66	22
(iii) Delayed payment of income taxes	53	70
(b) Other borrowing costs	1,134	621
<b>Total</b>	<b>1,716</b>	<b>1,109</b>

**Note 27 Other Expenses**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ in lakhs	₹ in lakhs
Consumption of stores and spare parts	2,095	2,067
Increase / (decrease) of excise duty on inventory	613	175
Subcontract expenses	4,470	2,588
Erection expenses	6,062	3,906
Power and fuel	212	179
Other manufacturing cost	106	82
Rent including lease rentals (net)	305	296
Repairs and maintenance	14	18
Insurance	61	51
Rates and taxes	22	17
Communication	71	68
Travelling and conveyance	584	459
Freight and forwarding	1,914	1,498
Marketing and Selling expenses	331	312
Donations and contributions	-	2
Expenditure on Corporate Social Responsibility	9	19
Legal and professional	266	182
Auditors remuneration (Refer Note below)	26	26
Loss on fixed assets sold / scrapped / written off	2	17
Provision for doubtful trade receivables	383	100
Miscellaneous expenses	320	258
	17,866	12,320
Less: Expenses incurred towards capital projects	-	16
<b>Total</b>	<b>17,866</b>	<b>12,304</b>

<b>Note</b>		
Auditors' remuneration (net of Service Tax) comprises of:		
For Statutory Audit	24	24
For other services	1	1
Reimbursement of expenses	1	1
<b>Total</b>	<b>26</b>	<b>26</b>

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
28	<b>Basic</b>		
	Net profit for the year (₹ in lakhs)	2,440	3,016
	Weighted average number of equity shares	34,274,911	31,853,872
	Earnings per share - Basic (₹)	7.12	9.47
	<b>Diluted</b>		
	Net profit for the year (₹ in lakhs)	2,440	3,016
	Weighted average number of equity shares - for diluted EPS	34,274,911	31,853,872
	Earnings per share - Diluted (₹)	7.12	9.47

**Note 29 Additional information to the financial statements**

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
		₹ in lakhs	₹ in lakhs
29.1 (i) a	<b>Contingent liabilities</b> Disputed excise duty liability for which the Company has preferred an appeal	-	-

29.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006			
Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
		₹ in lakhs	₹ in lakhs
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	166	263
(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	21	22
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	85	64
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
29.3	<b>Value of imports calculated on CIF basis</b>		
	Raw materials	-	2,103
	Spare parts & components	128	5
	Capital goods	-	25
	<b>Total</b>	128	2,133

## Note 29 Additional information to the financial statements (contd.)

29.4	Expenditure in foreign currency	For the year ended 31 March, 2017	For the year ended 31 March, 2016		
		₹ in lakhs	₹ in lakhs		
		Royalty	35	8	
		Professional charges	8	-	
		Travel expenditure	2	5	
	<b>Total</b>	45	13		
29.5	Details of consumption of imported and indigenous items	For the year ended 31 March, 2017			
		₹ in lakhs	%		
		<b>Imported</b>	-	0.00%	
		Raw materials	(2,314)	(9.74%)	
			128	6.12%	
		Stores & Spares	(9)	(0.44%)	
		<b>Indigenous</b>	30,675	100.00%	
		Raw materials	(21,436)	(90.26%)	
		Stores & spares	1,967	93.88%	
			(2,058)	(99.56%)	
			<b>Total</b>	32,770	100%
				(25,817)	100%
Note: Figures / percentages in brackets relates to the previous year					
29.6	Earnings in foreign exchange : (FOB basis)	For the year ended 31 March, 2017	For the year ended 31 March, 2016		
		₹ in lakhs	₹ in lakhs		
		Export of services	1,004	501	
		Others	447	96	
			1,451	597	
29.7	The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:	As at 31 March, 2017			
		USD	₹ in lakhs		
		Receivables	175,190	113	
		(110,398)	(73)		
Note: Figures in brackets relates to the previous year					

**Note 30 Disclosures under Accounting Standards**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
30.1	<b>Details of government grants</b>		
	Government grants accounted by the Company during the year towards	-	-
	- Incentives	-	-
	- Sales tax and power (recognised under other Operating Revenue)	-	31
	<b>Total</b>	<b>-</b>	<b>31</b>

**31.1 Employee benefit plans****31.2.a Defined contribution plans**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 156 lakhs (Year ended 31 March, 2016 ₹ 139 lakhs) for Provident Fund contributions and ₹ 17 lakhs (Year ended 31 March, 2016 ₹ 12 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**31.2.b Defined benefit plans**

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

- Gratuity
- Compensated Absences

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

Particulars	For the year ended 31 March, 2017			For the year ended 31 March, 2016		
	Gratuity	Compensated Absences-SL	Compensated Absences-PL	Gratuity	Compensated Absences-SL	Compensated Absences-PL
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>Components of employer expense</b>						
Current service cost	47	4	39	42	18	35
Interest cost	15	2	5	12	1	5
Actuarial losses/(gains)	(8)	3	(11)	(4)	1	(17)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>54</b>	<b>9</b>	<b>33</b>	<b>50</b>	<b>20</b>	<b>23</b>
<b>Actual contribution and benefit payments for year</b>						
Actual benefit payments	15	-	-	1	-	-
Actual contributions	70	-	-	86	-	-
<b>Net liability recognised in the Balance Sheet</b>						
Present value of defined benefit obligation	122	37	105	160	17	92
Fair value of plan assets	(85)	-	-	(87)	-	-
Expenses as above	54	9	33	50	20	23
Settlements made	(5)	-	(11)	(1)	-	(10)
	<b>86</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>105</b>
<b>Classification of Net liability recognised in the Balance Sheet</b>						
Long term provision	38	16	78	90	20	63
Short term provision	48	30	49	32	17	42
	<b>86</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>105</b>

## Note 31 Disclosures under Accounting Standards (contd.)

Particulars	For the year ended 31 March, 2017			For the year ended 31 March, 2016		
	Gratuity	Compensated Absences - SL	Compensated Absences - PL	Gratuity	Compensated Absences - SL	Compensated Absences - PL
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
<b>Change in defined benefit obligations (DBO) during the year</b>						
Present value of DBO at beginning of the year	122	37	105	160	17	92
Current service cost	47	4	39	42	18	35
Interest cost	15	2	5	12	1	5
Actuarial (gains) / losses	(8)	3	(11)	(4)	1	(17)
Fair value of plan assets	(85)	-	-	(87)	-	-
Benefits paid	(5)	-	(11)	(1)	-	(10)
<b>Present value of DBO at the end of the year</b>	<b>86</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>105</b>
<b>Actuarial assumptions</b>						
Discount rate	6.69%	6.69%	6.69%	7.46%	7.46%	7.46%
Expected return on plan assets *	7.71%	-	-	7.85%	-	-
Salary escalation	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Attrition	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Mortality tables	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)

**Note 31 Disclosures under Accounting Standards (contd.)**

Experience adjustments	₹ in lakhs				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
<b>Particulars</b>					
<b>Gratuity</b>					
Present value of DBO	86	122	160	113	78
Funded status [Surplus / (Deficit)]	(86)	(122)	-	-	-
Experience gain / (loss) adjustments on plan liabilities	(8)	(7)	-	-	-
Experience gain / (loss) adjustments on plan assets	(1)	(1)	-	-	-
<b>Compensated Absences</b>					
Present value of DBO	173	142	109	65	42
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	-	-	-	-	-
Experience gain / (loss) adjustments on plan liabilities	-	-	-	-	-
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

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

**31.2 (c) Short Term Employee Benefit**

The Company offers compensated absences in the nature of casual leaves to the employees which are fully considered as short-term employee benefits. The amount charged to Statement of Profit and Loss for the year was ₹2 lakhs (year ended 31 March, 2016 - ₹3 lakhs) and Short term compensated balances as at 31 March, 2017 was ₹7 lakhs (as at 31 March, 2016 - ₹5 lakhs)

**Note 31 Disclosures under Accounting Standards (contd.)**

- 31.3 (a)** The Company is engaged in manufacture and erection of steel products, i.e., pre engineered buildings, which in the context of Accounting Standard -17 issued by the Company's Accounting (Standard) Rules, 2006 is a single business segment.
- 31.3 (b)** The geographic segments individually contributing 10 per cent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Revenues For the year ended 31 March, 2017	Segment assets As at 31 March, 2017	Capital expenditure incurred during the year ended 31 March, 2017
	₹ in lakhs	₹ in lakhs	₹ in lakhs
India	53,310	54,928	559
	(48,485)	(48,502)	(796)
Others	1,451	113	-
	(636)	(73)	(-)

Note: Figures in bracket relates to the previous year / as at 31 March, 2016

**31.4 Related party transactions****31.4.a Details of related parties:**

Description of relationship	Names of related parties
Holding Company	Pennar Industries Limited
Key Management Personnel (KMP)	Nrupender Rao - Chairman PV Rao - Managing Director Aditya N Rao - Vice Chairman Shrikant Bhakkad - Chief Financial Officer
Relatives of KMP	J Rajyalakshmi (Wife of Nrupender Rao) Avanti Rao & Arathi Rao (Daughters of Nrupender Rao) Usha Ramani (Wife of PV Rao) D Sudeepta Rao (Wife of Aditya N Rao)
Fellow subsidiary	Pennar Enviro Limited (formerly Pennar Chemical Limited) Pennar Renewables private limited (Formerly New Era Enviro Ventures (Karimnagar) Private Limited)
Company in which KMP / Relatives of KMP have significant influence:	Pennar Holdings Limited Pennar Solar Limited Saven Technologies Limited

Note: Related parties have been identified by the Management.

## Note 31 Disclosures under Accounting Standards (contd.)

## Details of related party transactions for the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017

31.4.b	Particulars	Holding Company	KMP	Pennar Enviro Limited	Pennar Renewables Private Limited	Saven Technologies Limited
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
	<b>Transaction during the year</b>					
	Purchase of goods	2,307 (2,614)	- (-)	- (-)	- (-)	- (-)
	Sale of goods	270 (8)	- (-)	28 (-)	14 (866)	- (-)
	Purchase of fixed assets	-	-	-	-	-
	Rendering of services	18 (-)	- (-)	- (-)	189 (229)	- (-)
	Receipt of services	15 (104)	- (-)	- (-)	- (-)	- (10)
	Reimbursement of Rent and other expenses	110 (122)	- (-)	1 (-)	- (-)	- (-)
	Intercorporate deposits given	- (-)	- (-)	750 (1,350)	829 (-)	- (-)
	Guarantees and collaterals	34,765 (33,500)	34,150 (28,500)	- (-)	- (-)	- (-)
	<b>Remuneration to KMP</b>					
	P V Rao*	- (-)	130 (122)	- (-)	- (-)	- (-)
	Aditya N Rao	- (-)	- (15)	- (-)	- (-)	- (-)
	Shrikant Bhakkad*	- (-)	41 (39)	- (-)	- (-)	- (-)
	<b>Balances outstanding as at</b>					
	Trade and other receivables	294 (79)	- (-)	145 (-)	121 (-)	- (-)
	Unbilled revenue receivable	- (-)	- (-)	- (-)	- (229)	- (-)
	Other receivables	445 (445)	- (-)	- (-)	- (-)	- (-)
	Loans and advances	4,100 (1,910)	- (-)	- (-)	7 (-)	- (-)
	Intercorporate deposits given	- (-)	- (-)	- (1,350)	- (-)	- (-)
	Provision for doubtful advances	- (-)	- (-)	- (-)	- (-)	- (-)
	Trade and other payables	573 (67)	- (-)	- (-)	- (-)	- (4)
	Advance from customers	- (-)	- (-)	- (-)	- (247)	- (-)
	Rent deposit	76 (76)	- (-)	4 (4)	- (-)	- (-)
	Guarantees and collaterals	34,765 (33,500)	34,150 (28,500)	- (-)	- (-)	- (-)

Note: Figures in bracket relates to the previous year / as at 31 March, 2016

\* Does not include provision for gratuity and compensated absences

**31.5 Details of leasing arrangements**

Particulars		As at 31 March, 2017	As at 31 March, 2016
		₹ in lakhs	₹ in lakhs
<b>a</b>	<b>As Lessor</b>		
	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 5 years from 01 May, 2013 and may be renewed for a further period of 5 years based on mutual agreement of the parties.		
<b>b</b>	<b>As Lessee</b>		
	<b>Future minimum lease payments</b>		
	not later than one year	73	222
	later than one year and not later than five years	-	736
	later than five years	-	262
		<b>73</b>	<b>1,220</b>

**Note**

- a) Rent includes lease rental recognized in Statement of Profit and Loss for the year ₹249 lakhs (2015 - 16 ₹84 lakhs)  
b) Aggregate operating lease income amounting to ₹110 lakhs (2015-16 ₹69 lakhs) has been net off with rent expense.

**32. Deferred tax (liability) / asset**

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
		₹ in lakhs	₹ in lakhs
	<b>Tax effect of items constituting deferred tax liability</b>		
	On difference between book balance and tax balance of fixed assets	737	652
	Tax effect of items constituting deferred tax liability	737	652
	<b>Tax effect of items constituting deferred tax assets</b>		
	Provision for compensated absences and gratuity benefits	92	93
	Provision for doubtful debts / advances	269	152
	Straightline lease rent	36	23
	Tax effect of items constituting deferred tax assets	397	268
	<b>Net deferred tax liability</b>	<b>(340)</b>	<b>(384)</b>

**33. Capitalisation of expenditure**

Particulars		For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ in lakhs	₹ in lakhs
	Expenses disclosed under the respective notes are net of the following amounts capitalised by the Company under the buildings and plant and machinery blocks of fixed assts.		
	Cost of materials consumed	-	89
	Employee benefits expense	-	4
	Other expenses	-	16
	Depreciation and amortisation expense	-	2
	<b>Total</b>	<b>-</b>	<b>111</b>

34. During the previous year the Company approved the "Employee Stock Option Scheme 2014" for all eligible employees in pursuance of the special resolution approved by the share holders in Extra Ordinary General Meeting held on 11 November, 2014. Under the said scheme the number of options to be granted are 1,000,000 (March 31, 2016 - 1,000,000). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed.

Each option holder entitled to apply for and be allotted one ordinary share of ₹10 each upon payment at the exercise price.

35. Tax expenses for the year ended March 31, 2017 includes tax for earlier years of ₹(335) lakhs (March 31, 2016 - ₹185 Lakhs).
36. In accordance with the MCA notification GSR 308 (E) dated March 30, 2017, details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November, 8 2016 to December 30, 2016 is given below

Particulars	SBN's	Other Denominations	Total
Closing cash in hand as on 08.11.2016	4,000	598	4,598
(+) Permitted receipts	-	50,000	50,000
(-) Permitted payments	-	20,070	20,070
(-) Amount deposited in Banks	4,000		4,000
<b>Closing cash in hand as on 30.12.2016</b>		<b>30,528</b>	<b>30,528</b>

37. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification

For and on behalf of the Board of Directors

**PV Rao**  
Managing Director

**Aditya N Rao**  
Vice Chairman

**Gopal Ladda**  
Company Secretary

**Shrikant Bhakkad**  
Chief Financial Officer

Place : Hyderabad  
Date : 11 May, 2017







## Pennar Engineered Building Systems Limited.

Registered Office: 9<sup>th</sup> Floor (West Wing), DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084  
Tel No.: 040 4021 0525/26, Fax: 040 4018 6992, E-Mail id: cs@pebspennar.com  
Website: [www.pebspennar.com](http://www.pebspennar.com), Corporate Identification No.: L45400TG2008PLC057182

### 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 a registered shareholder of the Company. I hereby record my presence at the 9<sup>th</sup> Annual General Meeting held on Thursday, September 28, 2017 at 09.30 a.m. at Hotel Radisson,HITEC City, Gachibowli, Hyderabad - 500 032.

Name of the shareholder/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 a hard copy of the same. Members receiving electronic copy and attending the AGM can print a copy of this Attendance Slip.
- iii. Physical copy of the Annual Report along with Attendance Slip and Proxy Form are sent in the permitted mode(s) to all members whose email addresses are not registered or have requested a hard copy.

\* Applicable for investors holding shares in electronic form





## Pennar Engineered Building Systems Limited.

Registered Office: 9th Floor (West Wing), DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084  
Tel No.: 040 4021 0525/26, Fax: 040 4018 6992, E-Mail id: cs@pebspennar.com  
Website: [www.pebspennar.com](http://www.pebspennar.com), Corporate Identification No.: L45400TG2008PLC057182

### E-Mail Communication Registration Form

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.

1	Registered Folio No./DP ID No. & Client ID No. (applicable to investors holding shares in electronic form)	
2	Name & Address of the sole/first-named shareholder as registered with the Company	
3	Name(s) of the joint Shareholder(s), if any, registered with the Company	
4	Registered Address	
5	Email address (to be registered)	

I/We shareholder(s) of Pennar Engineered Building Systems Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail address in your records for sending communication through e-mail.

This form can also be downloaded from the official website of the Company ([www.pebspennar.com](http://www.pebspennar.com)).

Date: .....

Signature:.....

**Note:**

Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.



## Form No. MGT 11 Proxy Form

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



### Pennar Engineered Building Systems Limited.

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Website: www.pebspennar.com, Corporate Identification No.: L45400TG2008PLC057182

Name of the member(s):	
Registered address:	
Email address:	
Folio No. /Client ID:	
DP ID:	

I/We, being the member (s) of \_\_\_\_\_ shares of the  
above-named Company, hereby appoint:

1	Name:	
	Address:	
	Email address:	
	Signature:	

**Or failing him/her**

2	Name:	
	Address:	
	Email address:	
	Signature:	

**Or failing him/her**

3	Name:	
	Address:	
	Email address:	
	Signature:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 9<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, September 28, 2017 at 09.30 a. m. at Hotel Radisson Hyderabad,HITEC 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
Ordinary Business:			
1	To receive, consider and adopt the audited financial statements of the company for the financial year ended 31 <sup>st</sup> March, 2017 together with the reports of the Board of directors and 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.		
Special Business:			
3	Appointment of statutory auditors		
4	Ratification of Remuneration to Cost Auditor		
5	Revision in remuneration of Mr. P V Rao — Managing Director (DIN : 03157581)		
6	To serve documents on members		
7	To approve material related party transaction		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

Affixing  
Revenue  
Stamp

Signature of the Member Holder(s)

Signature of the Proxy

**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.
- vi. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.
- vii. For the Resolutions, Statement setting out material facts thereon and notes please refer to the Notice of the 9<sup>th</sup> Annual General Meeting.

# Corporate Information

## Board of Directors

Mr. Nrupender Rao — Non-Executive Chairman  
Mr. Aditya Rao – Non-Executive Vice Chairman  
Mr. Mukul Gulati – Non-Executive Director  
Mr. C. Parthasarathy – Independent Director  
Mr. B. Kamalakar Rao – Independent Director  
Mr. Manish Sabharwal – Independent Director  
Mr. Varun Chawla – Independent Director  
Dr. Sita Vanka – Independent Director  
Mr. Eric James Brown – Independent Director  
Mr. P.V. Rao — Managing Director

## Key Managerial Personnel

Chief Financial Officer  
Mr. Shrikant Bhakkad

## Company Secretary & Compliance Officer

Mr. Gopal Ladda

## Statutory Auditors

M/s. Deloitte Haskins & Sells  
Chartered Accountants  
1-8-384 & 385, 3<sup>rd</sup> Floor, Gowra Grand, S.P. Road,  
Begumpet, Secunderabad — 500 003,  
Telangana, India

## Internal Auditors

M/s. R Krishna & Associates  
Chartered Accountants  
Flat No.501, Indra Dhanush Pavani Estates,  
Road No.2, Banjara Hills, Hyderabad-500 034

## Cost Auditors

M/s. Kandikonda & Associates  
Cost Accountants  
H. No. 3-12-13/F, Ganesh Nagar, Ramanthapur,  
Hyderabad — 500 013

## Plant

Pennar Engineered Building Systems Limited  
Chandapur Village, Sadasivpet Mandal, Medak (Dist)

## Isnapur Unit Address

Plot No.61/E/1, I.D.A., Jeedimetla ,  
Hyderabad, Telangana. 500055  
040-23096142, 9849004589

## Pashamylaram Unit Address

Rajyalakshmi Estates, S No. 406,IDA,  
Phase-1, Patancheru-502319,  
Sangareddy Dist., Telangana.  
9866308648

## Registered Office Address

9<sup>th</sup> Floor (West Wing), DHFLVC Silicon Towers,  
Kondapur, Hyderabad – 500 084  
CIN: L45400TG2008PLC057182

## 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

## Bankers

State Bank of India  
Axis Bank Limited  
Yes Bank Limited  
RBL Bank Limited  
HDFC Bank Limited

## Secretarial Auditor

Dwaraka Prasad Asawa  
Practicing Company Secretary  
# 511, Raghava Ratna Towers,  
Chirag Ali Lane, Abids  
Hyderabad — 500 001



SHAPING YOUR IMAGINATION

**REGISTERED OFFICE:**

9<sup>th</sup> Floor (West Wing), DHFLVC Silicon Towers,  
Kondapur, Hyderabad - 500 084

CIN: L45400TG2008PLC057182